Banco Davivienda S.A. and Subsidiaries

Consolidated financial statements as of December 31, 2015 with comparative figures as of December 31 and January 1, 2014.

Contents

KPMG Ltda.
Calle 90 No. 19C - 74
Bogotá, D.C. - Colombia

Teléfono 57 (1) 6188100
Fax 57 (1) 2185490
www.kpmg.com.co

AUDFINBOG-IES2016-12179

FREE ENGLISH LANGUAGE TRANSLATION
STATUTORY AUDITOR'S REPORT

To the Shareholders
Banco Davivienda S.A.:

I have audited the consolidated financial statements of Banco Davivienda S.A. and Subsidiaries, which comprise the consolidated statement of financial position at December 31, 2015 and the consolidated statements of income, other comprehensive income, of 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. The consolidated financial statements corresponding to the year 2014 prepared in accordance with Accounting Principles Generally Accepted in Colombia and instructions from the Financial Superintendence of Colombia in force for that year were audited by me and in my report, dated February 13, 2015, expressed an unqualified opinion thereon; these consolidated financial statements, including the opening balances at January 1, 2014, were adjusted to conform to the Accounting and Financial Reporting Standards accepted in Colombia.

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 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 auditing standards generally 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 evaluating 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 my audit provides a reasonable basis for my audit opinion expressed below.

Opinion

In my opinion, the above mentioned consolidated financial statements and attached to this report, present fairly, in all significant respects, the consolidated financial position of Banco Davivienda S.A. at December 31, 2015, 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.

Other matters

The consolidated financial statements corresponding to 2015 are the first that the Bank's management prepared under Accounting and Financial Reporting Standards accepted in Colombia. The note 14 to the consolidated financial statements of 2015, explains how the implementation of the new regulatory technical framework affected the consolidated financial position of the Bank, the consolidated results of its operations and its consolidated cash flows previously reported.

Original signed by
María Ligia Cifuentes Zapata
Statutory Auditor of Banco Davivienda S.A.
Registration 30070 - T
Member of KPMG Ltda.

February 17, 2016

Bank Davivienda S. A. and Subsidiaries
Consolidated Financial Situation Balance sheet
Up to December 31 2015 with comparative figures to December 31 and January 1 2014
(in Millions Colombian pesos (COP))

	Score	2015	2014	January 1, 2014
ASSETS				
Cash and Cash equivalents	10.1	7,432,562	5,269,215	4,845,128
Monetary market operations and related	10.2	506,847	508,858	427,068
Investments measured at a reasonable value	10.3	7,249,603	6,698,752	6,455,995
Derivatives	10.4	441,708	418,027	76,463
Credit portfolio and financial leasing operations, net	10.5	62,368,759	50,272,046	40,527,542
Accounts payable, net	10.6	616,250	441,540	363,946
Assets held for sale	10.7	92,741	24,386	33,941
Investments measured at a amortized cost, net	10.3	1,241,268	1,028,222	955,911
Investments in associates	10.8	96,257	84,839	69,039
Investments in other companies	10.9	177,231	108,954	114,085
Property and equipment, net	10.10	1,268,403	1,162,660	1,106,324
Investment properties	10.11	65,698	62,959	74,856
Capital gains	10.12	1,634,882	1,629,258	1,627,847
Intangibles	10.13	127,895	75,447	40,801
Deferred tax	10.21	93,211	73,735	54,795
Other non-financial assets, net	10.14	304,984	258,292	232,310
Total Assets		**83,718,300**	**68,117,190**	**57,006,051**
PASSIVES				
Deposits and liabilities	10.16	52,848,941	43,756,126	36,577,650
Savings account		23,127,663	19,756,590	16,878,115
Deposits in current account		8,186,223	7,046,791	5,914,097
Term deposit certificates		20,717,046	16,271,052	13,208,034
Other liabilities		818,009	681,693	577,403
Monetary market operations and related	10.17	1,147,302	1,164,776	1,235,284
Derivatives	10.4	365,118	300,744	60,878
Bank Credits and other obligations	10.18	8,769,168	5,472,743	4,108,717
Emitted debt securities	10.19	9,252,730	7,759,988	6,711,403
Accounts payable	10.20	989,758	815,228	699,731
Taxes Payable		59,537	38,788	91,589
Deferred payable taxes	10.21	1,062,915	958,109	718,554
Technical reserves	10.22	170,930	114,634	95,737
Other non-financial passives and estimated passive:	10.23	335,911	284,148	252,218
Total passive		**75,002,309**	**60,665,285**	**50,551,762**
PATRIMONY				
Capital	10.24	71,074	62,190	62,190
Issue premium		4,133,667	3,389,608	3,389,608
Legal reserve	10.24	1,041,015	783,379	561,444
Occasional Reserves	10.24	453,966	939,178	614,829
Results on operations		1,233,122	958,774	0
Results on previous operations		0	0	851,106
Other comprehensive results		1,387,115	939,270	605,307
First time application adjustments		306,662	321,942	315,351
Total patrimony attributable to the instrument holders of the b		**8,626,621**	**7,394,341**	**6,399,836**
Non-controlling interests	10.25	**89,371**	**57,564**	**54,454**
Total patrimony		**8,715,992**	**7,451,905**	**6,454,289**
TOTAL PASSIVO AND PATRIMONY		**83,718,300**	**68,117,190**	**57,006,051**

See notes attached with the consolidated financial statements

OLGA LUCIA RODRÍGUEZ SALAZAR
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Financial Director
TP. No. 35089-T

MARIA LIGIA CIFUENTES ZAPATA
Statutory Auditor Banco Davivienda S.A.
TP. No. 30070-T
Member of KPMG Ltda.
(See my report from February 17 2016)

Bank Davivienda S. A. and Subsidiaries
Consolidated Balance Sheet
For the closing year on December 31 2015 with comparative figures for the closing year on December 31 2014
(in Millions Colombian pesos (COP), except for net income per share

	Score	2015	2014
Interest income		6,530,875	5,243,791
Portfolio		6,066,429	4,835,023
Investment and valuation, net	11.1	431,627	383,673
Interbank funds, overnight, repo y simultaneous		32,820	25,095
Interest Expenses		2,258,576	1,648,074
Deposits and liabilities		1,434,990	1,067,929
Bank credits and other financial obligations		228,569	176,160
Emitted Debt instrument		525,503	375,302
Other interest		69,515	28,683
Gross financial Margin		**4,272,299**	**3,595,718**
Portfolio deterioration and accounts receivable, net		1,154,874	765,604
Portfolio deterioration and accounts receivable		1,352,577	951,581
Portfolio provision reimbursment and Accounts receivable		197,703	185,977
Net financial Margin		**3,117,425**	**2,830,114**
Insurance operation revenues, net		66,188	51,713
Comissions and service revenues,net	11.2	910,509	834,330
result from investments in associate, net		6,623	3,656
Operational expenses	11.3	2,524,553	2,202,346
Staff expenses	11.4	1,110,406	941,115
Administrative and operative	11.5	1,340,052	1,207,399
Amortizations and depreciations		74,095	53,832
Gain (loss) in exchanges, net		227,656	-91,269
Derivatives, net		-84,076	-5,962
Dividends recieved		5,076	11,066
Other net revenues and expenses	11.6	-8,177	5,438
Operational Margin		**1,716,671**	**1,436,740**
Current income tax and derivatives	10.21	424,428	254,822
Diferred income tax and derivatives	10.21	55,526	218,433
Profit attibutable to holders of controlling interests		**1,233,122**	**958,774**
Profit attributable to non-controlling participations		3,595	4,711
Profits		**1,236,717**	**963,486**
Current period Profit per share		2,784	2,169

See notes attached with the consolidated financial statements

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Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Financial Director
TP. No. 35089-T

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Statutory Auditor Banco Davivienda S.A.
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Bank Davivienda S. A. and Subsidiaries
Consolidated Statement of Other Comprehensive Income
For the closing year on December 31 2015 with comparative figures for the closing year on December 31 2014
(in Millions Colombian pesos (COP))

	2015	2014
Other comprehensive income		
Profit attributable to holders of controlling interests	**1,233,122**	**958,774**
Profit attributable to non-controlling participations	**3,595**	**4,711**
Components of other comprehensive income, tax net		
financial instruments with changes in other comprehensive income	70,038	-2,705
surplus equity method investee associates	2,394	-4,777
Deterioration of credit portfolio for consolidated financial statement purposes	95,657	51,733
Conversion exchange difference of overseas subsidiaries	279,757	289,712
Total other comprehensive income, tax net	**447,846**	**333,963**
Comprehensive income attributable to holders of controlling interests	**1,684,563**	**1,297,448**
Comprehensive income attributable to holders of controlling interests	1,678,629	1,292,488
Comprehensive income attributable to non-controlling participations	5,933	4,960
comprehensive income total	1,684,563	1,297,448

See notes attached with the consolidated financial statements

OLGA LUCIA RODRÍGUEZ SALAZAR
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Financial Director
TP. No. 35089-T

MARIA LIGIA CIFUENTES ZAPATA
Statutory Auditor Bunco Davivienda S.A.
TP. No. 30070-T
Member of KPMG Ltda.
(See my report from February 17 2016)

Bank Davivienda S. A. and Subsidiaries

Consolidated statement of changes in equity

For the closing year on December 31 2015 with comparative figures for the closing year on December 31 and January 01 2014

(in Millions Colombian pesos (COP))

	CAPITAL Y RESERVES						CUMULATIVE RESULTS				
	Capital	**Emission premium**	**Legal reserve**	**Occasional Reserve**	**First Time Adoption**	**Unrealized Gain (ORI)**	**Previous year profits**	**results of operations**	**Total Patrimony holder of controlling**	**Non-controlling participation**	**Total Share holder patrimony**
Balance up to January 01 2014	**62,190**	**3,389,608**	**561,444**	**614,829**	**315,351**	**605,307**	**851,106**	**0**	**6,399,836**	**54,454**	**6,454,289**
donations				(970)					(970)		**(970)**
Dividend Distribution:											
Dividends declared in cash at a ratio of $630 pesos per share over 444.214.234 subscribed and paid. March 26 2014				(279,855)					(279,855)		**(279,855)**
Reserve transactions:											
Legal Reserve			185,813				(185,813)		0	632	**632**
Occasional non-taxable reserve				179,911			(179,911)		0		**0**
Occasional reserve at disposition of the general assembly for future profit allocation.				461,384			(478,791)		(17,408)	325	**(17,082)**
From reserves at the disposition of the general assembly from non-taxed profits if capitalized on previous years, to be freed in order to increase taxed reserve.			36,122	(36,122)					0		**0**
Other comprehensive result , net from profit tax											
First time NIIF applications					6,591		(6,591)		0		**0**
Difference between the impairment model incurred losses and expected losses						51,733			51,733		**51,733**
Equity participation method associates						(4,777)			(4,777)	(427)	**(5,204)**
Conversion of financial statements						289,712			289,712		**289,712**
Financial instruments with exchange in others integral result						(2,705)			(2,705)		**(2,705)**
decrease non-controlling participation									0	(2,131)	**(2,131)**
Exercise results								958,774	958,774	4,711	**963,486**
Balance up to December 31 2014	**62,190**	**3,389,608**	**783,379**	**939,178**	**321,942**	**939,270**	**0**	**958,774**	**7,394,341**	**57,564**	**7,451,905**
Rich tax				(60,563)					(60,563)		**(60,563)**
Convergence adjustment 2014							(38,084)		(38,084)		**(38,084)**
Dividend Distribution:											
Cash dividends at a ratio of $788 pesos per share over 444.214.234 shares subscribed and paid. March 26 2015								(350,041)	(350,041)		**(350,041)**
Reserve transactions:											
Legal Reserve			247,177					(247,177)	0	1,129	**1,129**
Occasional Reserve for future capitalization				338,753			38,084	(376,837)	(1)	(2,182)	**(2,183)**
Liberation of occasional reserve for a valuation of investments at market value - decree 2336/95, to increase legal reserve			10,459	(10,459)					0		**0**
Share emission											
Payment of dividends in shares at a ratio of $1.695 pesos per share. April 8 2015, over 444.214.234 shares subscribed and paid (2)	8,884	744,059		(752,943)					0		**0**
Other comprehensive result , net from profit tax											
First time NIIF applications					(15,280)			15,280	(0)		**(0)**
Difference between the impairment model incurred losses and expected losses						95,657			95,657		**95,657**
Equity participation method associates						2,394			2,394		**2,394**
Conversion of financial statements						279,757			279,757	10,085	**289,844**
Financial instruments with exchange in others integral result						70,038			70,038	(347)	**69,690**
Increase of non-controlling participation									0	19,527	**19,527**
Exercise results								1,233,122	1,233,122	3,595	**1,236,717**
Balance up to December 31 2015	**71,074**	**4,133,667**	**1,041,015**	**453,966**	**306,662**	**1,387,115**	**0**	**1,233,122**	**8,626,621**	**89,371**	**8,715,992**

(1) In the extraordinary assembly of December 30 2015, it was authorized to uppute rich tax, in compliance with law 1739 of 2014 , to the patrimonial reserves , for years 2015, 2016 and 2017.

(2) The nominal value of shares is increased $20 for a total of $160 per share and the difference of $1,675 pesos corresponds to share placement bonus.

See notes attached with the consolidated financial statements

OLGA LUCIA RODRÍGUEZ SALAZAR
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Financial Director
TP. No. 35089-T

MARIA LIGIA CIFUENTES ZAPATA
Statutory Auditor Banco Davivienda S.A.
TP. No. 30070-T
Member of KPMG Ltda.
(See my report from February 17 2016)

Bank Davivienda S. A. and Subsidiaries

Consolidated Cash Flow Statements

For the closing year on December 31 2015 with comparative figures for the closing year on December 31 and January 01 2014

(in Millions Colombian pesos (COP))

	Score		2015	2014
Operation activities cash flows				
Profits		**$**	**1,233,122**	**958,774**
Non-controlled participations			**3,595**	**4,711**
Conciliation Between profits and net cash provided				
Operation activities				
Deterioration of credit portfolio and financial leasing, net	10.5		1,301,613	912,283
Deterioration of accounts receivable, net	10.6		11,506	9,479
Deterioration of assets held for sale, net	10.7		637	42
Reimbursement of other assets, net	10.14		10,157	798
severance provision			17,908	15,775
Reimbursement of other provisions, net			-3,435	-1,937
Depreciations	10.10		57,154	43,134
Amortization			16,941	10,698
Exchange Difference and non-realized UVR			1,707,002	600,200
Investment sales profit			-26,477	-28,647
Gain patrimonial participation method of associates			-6,623	-3,656
Investment Valuation, net			-405,150	-355,026
Devaluation of derivate and spot transactions, net			84,076	5,962
Portfolio sales profit	10.5		-12,262	-8,245
Property, plant and equipment sales Profit			-2,810	-2,051
Sales profit of assets held for sale	10.7		-2,021	-626
Other assets sales profit			-121	-73
Provision gains tax			479,954	473,254
Changes in operational assets and passives:				
(Increase) decrease in active positions of monetary and related markets			-36,117	211,456
(Increase) of acceptances, spot operations and derivatives.			-107,757	-347,527
Increase, Decrease in investments measured at a reasonable value			-238,666	58,771
(Increase) of credit portfolio and financial leasing operations			-19,671,732	-16,001,472
(Increase) accounts receivable			-186,217	-87,073
Additions to assets held for sale	10.7		-97,709	-19,039
Withdrawals of assets held for sale	10.7		15,741	28,552
Product of sales of assets held for sale			14,998	290
(Increase) other assets			-151,218	-92,402
Increase deposits and liabilities			10,739,635	8,246,844
(Decrease), increase ordinary buyer interbank funds			-100,010	8,018
Increase accounts payable			172,210	95,300
Increase labor obligations			35,282	15,447
Increase technical insurance reserves			56,296	18,898
Rich tax			-60,563	0
Gains tax paid			-391,474	-283,852
Increase (decrease) estimated passives and provisions			64,932	-408
(Decrease) other passives			-9,734	34,274
Interest received			5,835,611	4,764,742
Interest paid			-1,548,958	-1,143,601
Severance payment			-13,796	-13,674
Net cash used for activity operations		**$**	**-1,214,479**	**-1,871,604**

Bank Davivienda S. A. and Subsidiaries

Consolidated Cash Flow Statements (continued)

For the closing year on December 31 2015 with comparative figures for the closing year on December 31 and January 01 2014

(In millions of pesos)

		2015	2014
Cash flow in investment activities			
Received Dividends		3,769	4,711
(Increase), decrease in investments measured at amortized cost		-93,604	9,834
(Increase) in investment of associate and other companies		-4,758	-26,703
Product from sales of credit portfolio	10.5	506,579	632,231
Addition to equipment properties	10.10	-140,711	-63,453
withdrawal from equipment properties	10.10	52,048	20,849
Product from sales of property and equipment	10.10	33,015	7,636

Addition to investment properties	10.11		-12,481	-1,068
Withdrawal from Investment properties	10.11		8,093	6,937
Product from sales of investment properties			359	27
Increase (Decrease) Non-controlling participation			19,527	-2,131
Net cash provided by investment activities		**$**	**371,835**	**588,871**
Cash flows in financing activities:				
Increase financial obligations			6,262,801	4,548,291
Financial obligation payments			-4,147,829	-3,741,183
Increase on debt instrument emissions			1,866,754	1,275,961
Redemption on emitted debt instruments			-1,286,618	-779,464
Increase passive derivate			64,373	239,866
Dividend payment			-350,041	-279,855
Donations			0	-970
Net cash provided by financing activities		**$**	**2,409,441**	**1,262,646**
Difference effect in cash change and cash equivalents			**558,423**	**737,421**
Cash net increase and cash equivalent			**1,566,797**	**-20,088**
Cash and cash equivalents at the beginning of the period			**5,562,461**	**4,845,128**
Cash and cash equivalents at the end of the period (*)		**$**	**7,687,680**	**5,562,461**

(*) Includes cash equivalents prior to 90 days in active operation of the monetary market and related, by $255,118 for 2015 and $293,245 for 2014 according to score 10.2

OLGA LUCIA RODRÍGUEZ SALAZAR
Legal Representative

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(Millions of Pesos (COP))

1. Reporting Entity

Banco Davivienda S.A, ("the Bank") is a private entity which has its main domicile in the city of Bogotá D.C. at Avenida El Dorado 68 C-61 and was constituted by notarized deed number 3892 on the 16th of October of 1972, in the Fourteenth Notary Public Office of Bogotá; it has its main domicile in the city of Bogotá D.C. under Resolution 562 of June 10, 1997 which authorizes its functioning. The established duration under notarized deed 5145 of October 2003 is valid until October 17, 2053, but can be ended or extended before this term. The Bank forms part of Grupo Empresarial Bolívar and has as a social objective to sign or carry out all the transactions and contracts legally permitted to banking establishments of a commercial character with subjectability to the requisites and limitations of Colombian law.

The number of employees and offices that the Bank had as of December 31, 2015 and 2014 respectively is as follows:

	December 31, 2015		December 31st, 2014	
	No. Employees	No. Offices	No. Employees	No. Offices
Banco Davivienda S.A.	12,010	590	11,783	583
Banco Davivienda Miami International Bank Branch	45	1	43	1
National Subsidiaries				
Fiduciaria Davivienda S.A.	205	1	214	-
Corredores Davivivienda S.A.	352	4	299	-
Davivalores S.A.	-	-	53	-
	557	5	566	-
Foreign Subsidiaries				
Grupo del Istmo S.A (*)	923	28	879	28
Inversiones Financieras Davivienda S.A.	1852	59	1773	57
Banco Davivienda Honduras S.A.	1128	55	1137	62
Seguros Bolívar Honduras S.A.	162	4	163	3
Banco Davivienda Panamá S.A.	4	1	2	1
Banco Davivienda Panamá S.A.	139	6	125	5
Banco Davivienda Internacional S.A	1	-	-	-
	4,209	153	4,079	156
	16,821	749	16,471	739

(*) It is a Holding for: Corporación Davivienda Costa Rica S.A, Banco Davivienda Costa Rica S.A, Davivienda Puesto de Bolsa Costa Rica S.A., Davivienda Sociedad Agencia de Seguros Costa Rica S.A, Davivienda Leasing Costa Rica S.A., and Seguros Bolívar Aseguradora Mixta S.A.

(**) It is a Holding for: Banco Davivienda Salvadoreño S.A, Almacenadora Davivienda El Salvador S.A. de C.V, Factoraje Davivienda El Salvador S.A de C.V, Seguros Comerciales Bolívar S.A, Valores Davivienda El Salvador S.A, Seguros Bolívar S.A Seguros de Personas.

(Millions of Pesos (COP))

2. Significant Facts

Issuance of Bonds

Davivienda Colombia issued $1.7 trillion bonds, as such:

On February 12, 2015 $700,000 million in ordinary CPI bonds were issued for an average fixed-term of 6 years and an average rate of CPI + 4.15%; on May 13, 2015 was the issuance of Subordinated CPI bonds for a value of $400,000 million with a fixed-term of 10 years and a rate of CPI + 4.14 APR, and on November 10, 2015 The Bank auctioned ordinary bonds for $600,000 million pesos at an average fixed-term of 4.97 years and an average rate of 9.44% APR.

Additionally, $1.1 trillion bonds were redeemed, mainly in February ($514 billion) and in December ($316 billion).

Banco Costa Rica, made a standardized bond issue in the month of July for USD $ 20 million and 10 million in colons, with a period between 2 and 3 years and an average of 4.4% in dollar and 8.26% rate in Colons.

Panama Split-up

On June 3 the split-up occurred of Banco Davivienda (Panama) S.A., in order to constitute the new Subsidiary Banco Davivienda International S.A. (Panama), with a capital of USD 10,000,000 corresponding to 10,000 shares at a unit Price of USD 1,000, this new entity is 100% property of Banco Davivienda Colombia; as a result, the new capital paid from Banco Davivienda (Panama) S.A. remained in USD 19,099,800.

Assets were transferred for USD 109,117 composed of $ 84,054 of loan portfolio and $ 25,063 of investments in bonds and deposits for $ 109,117. The excision process will finish in the year 2016.

Securitization

On June 10 and October 15, 2015 the Bank effected securitization of the loan portfolio for $493,000 thousand million through the Titularizadora Colombiana S.A., generating a profit of $12 thousand million and a recuperation of provisions for $10 thousand million; securities were acquired for $160 billion.

Leasing Merger

On September 23, 2015 the General Stockholders Meeting approved a merger between Banco Davivienda S.A. and Leasing Bolivar S.A. Financing Company and the terms of trade; authorization was received from the SFC (Financial Superintendence of Colombia) on December 2, 2015.

The approved terms of trade are:

	Shares Banco Davivienda S.A.	**Shares Leasing Bolívar S.A.**
Banco Davivienda S.A. shares	One share	3.22163
Leasing Bolívar S.A. shares	0.3104	One share

Aquisitions

On October 8, 2015 the Corporation Davivienda Costa Rica acquires Riesgos Inversiones Bolívar Internacional S.A, 51% of the common registered shares of Seguros Bolívar Aseguradora Mixta S.A, this transaction was authorized by the regulator in Costa Rica (National Council of Financial System Supervision) on September 17, 2015 by the sum of USD $ 6,052,537.

(Millions of Pesos (COP))

Distribution of Results 2015

The Meeting held on March 13, 2015 approved:

a) To pay dividends in shares of $752,943, at $1,695 pesos per share. To that effect, the nominal value was increased by $ 20 pesos increasing it from $ 140 to $ 160 pesos per share and $ 1,675 pesos difference corresponded to paid-in capital.
b) To pay dividends in cash of $350,041, at $788 pesos per share, on March 26, 2015.
c) c)To make the irrevocable commitment to capitalize or increase the legal reserve for the term of 5 years for a value of $425,000 million generated from the net profit of the year 2014.

Debt Acquisition

El Salvador took a loan of USD $ 175 million, on August 15 at a term of seven years and a rate of 3.15%, guaranteed flow of international remittances.

Exchange Rate Effect

La TRM (Representative Market Rate) reached $3,149.47 per dollar, originating a devaluation of 31.6% equivalent to $757.01, compared with $2,392.46 as of December 2014. It impacted Growth investment in $24,680, portfolio in $1,007,188, of financial obligations in $ 636,536 and $381,270 in bonds.

3. Basis of Preparation

a. Declaration of fulfillment of the Accounting Norms and Financial Reporting accepted in Colombia

The financial statements have been prepared in accordance with Accounting Standards and Financial Reporting accepted in Colombia (NCIF), established by Law 1314 of 2009, regulated by the Unified Regulatory Decree 2420 of 2015 as amended by Decree 2496 of 2015 and instructions of the Financial Superintendence of Colombia (SFC), in accordance with the provisions of Decree 1851 of 2013 and 2267 of 2014 and the external circulars 034 and 036 of 2014, NCIF are based on International Financial Reporting Standards (IFRS) along with their interpretations, issued by the Council of International Accounting Standards (International Accounting Standards Board - IASB, for its acronym in English); the basic rules correspond to those translated into Spanish and issued January 1, 2012 and the amendments made in 2012 by the IASB. Except for the treatment of the following excepted items:

Item	Normative	Exception
Treatment of the loan portfolio and its impairment	Decree 1851 of 2013 External Circular 036 from 2014 issued by SFC	In the consolidated financial statements the deteriorating loan portfolio is shown according to NCIF and the difference between the impairment value recognized under NCIF in regards to the provisions calculated under the rules established by the SFC with the methodology of expected losses is reflected in Other Comprehensive Income in the terms defined in the External Circular 36 from December 2014 and External Circular 37 from October 2015.
Wealth Tax	Law 1739 from December, 2014	It allows the an annual causation of wealth tax and the recognition option under equity reserves.

In Note 14, the adoption for the first time of the IFRS described the effect of the transition of the adoption of NCIF, with the effect on the Financial Situation Statement, Result Statement, and Cash Flows Statement. This note includes the reconcilements of capital and of the yearly earnings for the comparative period (December 31, 2014) and the capital on the transition date (January 1, 2014) presented in conformity to the PCGA (Principles of Accounting of General Acceptance) of Colombia before (COLGAAP) with those registered for such periods and on the date of transition .

The last financial statements of the Bank issued under COLGAAP were emitted as of December 31, 2014 and were approved by the Board of Directors of the Bank last Tuesday, February 24, 2015 and the Statutory Auditor's opinion was given on Friday, February 13, 2015 without any reservations. The consolidated financial statements of the year ended December 31, 2015 were approved by the Board of directors on February 9, 2016, in order to be submitted to the General Stockholders Meeting for its approval which may approve or modify them.

According to Colombian law, the Bank must prepare consolidated and separate financial statements, which are presented by the Board of Directors, the General Meeting of Shareholders to approve or reject. The consolidated financial statements are those that present assets, liabilities, equity, revenue, expenditure, and cash flow of the Bank and its subordinates as if they were one single economic entity; they are statements that are placed in consideration of the highest corporate bodies with the purpose to inform the management of the parent company and its subsidiaries. Additionally, the separate financial statements are those in which investments in subsidiaries are accounted for using the equity method. These financial statements are presented to the General Assembly of Shareholders so that, prior approval or disapproval thereof, it determines the distribution of dividends and appropriations.

Decree 2548 of December 12, 2014, for tax purposes, states that the references contained in the tax rules to accounting standards remain in effect for the next four years from the date of mandatory implementation of the NCIF for Group entities 1. The accounting norms referred to are the ones established in the decrees 2649 and 2650 of 1993 and the Technical Standards established by the SFC applicable as of December 31, 2014. The Bank was classified in this group for being an entity of public interest and an issuer of securities.

b. Ongoing business

The preparation of the separate financial statements was done on the basis of a going concern: it was determined that there is no uncertainty at all about facts, events or conditions that could express significant doubt about the possibility that the Bank continues to operate normally. The judgments by which it was determined that the entities that are integrated into the Consolidated Financial Statement are going concerns, equivalent to the assessment of the current financial situation, its current intentions, the results of operations and access to financial resources in the financial market, where the impact of these factors on future operations was also considered and no position was determined that manifests preclude operation of the Bank as a going concern.

c. Accrual Basis of Accounting

The Bank elaborates its financial statements, except for those related with the information of cash flows, utilizing the accrual basis of accounting; in this manner the Bank recognizes accounting items as assets, liabilities, equity, income and expenses, when these satisfy the definitions and criteria of recognition provided by the conceptual framework of international norms of financial information adopted in Colombia.

d. Materiality

The administration of the Bank determined the relative importance of the figures to present in separate financial statements according to their function or nature. In other words, if a concrete item lacks relative importance, it is grouped with other items, since it is not necessary that the bank provides a specific disclosure required by IFRS, when the information lacks relative importance.

(Millions of Pesos (COP))

e. Uniformity of Presentation

The administration of the Bank will maintain the presentation and classification of the disclosed items in the separate financial statements from one period to another, except when there is a revision of activities of relevant importance to the separate financial statements, or when it becomes apparent that another presentation or classification would be more appropriate, taking into consideration the defined criteria according to the current polices of the Bank.

The disclosure, in respect to the criteria and estimates utilized for the recognition of the asset and liability components of the Bank will be shown in the note related with the accounting policies. When required for the purposes of comprehension, the importance of the use of these estimates and hypotheses that affect the amounts presented in the separate financial statements will be stipulated in the details of the explicative notes generated by each component that requires a segregated description in respect to the judgments of the value utilized relevant to the presentation of the separate financial statements.

Uniformed accounting policies under NCIF have been used in the preparation of the consolidated financial statements, except the policy applied from January 1, 2015 on the appointment of financial liability for exchange coverage in net investments abroad, indicated in note 4.13).

For comparative purposes the figures as of December 31, 2014 indicating each item of the financial statement, applying retroactively the designation of hedging liabilities:

	Accumulated results			Equity	
Designation Coverage Bonds	**Changes and derivatives (net)**	**Income tax and complementary**	**Income for the year**	**Surplus - Other Comprehensive Income**	**Income for the year**
Balance December 2014	(97,231)	473,255	963,486	917,350	963,486
Net Investment abroad	5,559	(1,890)	3,669	(3,669)	3,669
Conversion assets (net)	(229,240)		(229,240)	234,799	(229,240)
Bonds Restatement	234,799		234,799	(234,799)	234,799
Current and Deferred Tax		(1,890)	(1,890)	(1,890)	(1,890)
Balance December 2014 (Retroactive Application)	(91,672)	475,145	967,155	913,681	967,155
Balance December 2015	143,580	479,954	1,236,717	1,387,115	1,236,717

The figures as of the close of year 2014 were determined under the previous applicable normative in Colombia and for comparative purposes the figures were adjusted to be presented in this report with the requirements of the NCIF.

f. Presentation of consolidated financial statements defined by the Bank

i. Financial situation statement

It is presented showing the different accounts of assets and liabilities organized addressing their liquidity, by considering that, for a financial entity, this form of presentation provides the most relevant reliable information. Consequently, the development of each one of the notes of financial assets and liabilities is disclosed in the anticipated amount to be recovered or cancelled with twelve months or after twelve months.

ii. Results statement and other comprehensive result statements

They are presented separately in two states as permitted by IAS 1 "Presentation of Financial Statements". In the same way, the results statement is presented by the nature of the income and expenditures because it is a presentation that provides more reliable and more relevant information for the financial entities.

iii. Cash flows statement

It is presented by the indirect method. . The income and expenditures for interests are presented in the activities of operation, the dividends received as investment activities and the dividends paid as finance activities

4. Main accounting policies

4.1 Basis of measurement

The separate financial statements were elaborated on the basis of historical costs except in reference to the following financial instruments which are measured at their fair values at the close of each period, as is explained in the accounting policies included below:

Item	Measurement Base
Derivative financial instruments	Fair Value
Financial instruments at fair value with changes in the result and in other comprehensive income results	Fair Value

i. Historical cost

The historical cost generally is based on the fair value of consideration given in exchange of goods and services.

ii. Fair Value

The fair value is defined as the price that would be received upon sale of an asset or price that would be paid to transfer a liability in an ordinary transaction between participants in the market at the date of valuation independently of whether that price is observable or estimated directly using another valuation technique. When estimating the fair value of an asset or a liability, the Bank keeps in mind the characteristics of the asset or liability; whether the participants of the market would consider these characteristics at the moment of setting the price of the asset or liability on the date of measurement. The fair value for purposes of measurement and / or disclosure of those consolidated financial statements is determined in such a way, with the exceptions of the rental operations that are within the reach of the IAS 17, and the valuations that have some similarities with fair value, but is not a fair value, such as the value in use of the IAS 36.

4.2 Functional and presentation currency

The separate financial statements have been elaborated and presented in Colombian pesos to conform with the functional currency of the Bank and comply with the instructions of the Financial Superintendence of Colombia according to External Circular Letter 038 of 2013.

The items included in the separate financial statements of the Bank are expressed in the currency of the primary economic sphere where the Bank operates (Colombian peso). The financial statements are presented "in

Colombian pesos," which is the functional currency of the Bank and the presentation currency. All information is presented in millions of pesos and has been rounded to the nearest unit.

4.3 Basis of consolidation of financial statements

The consolidated year-end financial statements include the assets, liabilities, income and cash flows of the Bank and its subsidiaries, and are prepared using uniform accounting policies for transactions and events in similar circumstances, balances and intercompany transactions and any income or expense not realized is eliminated in the consolidation process. Unrealized gains from transactions with companies whose investment is recognized under the equity method are eliminated in proportion to the share in investment. Unrealized losses are eliminated in the same way as unrealized gains.

The Bank controls an entity when: : a) there are rights present that give the current ability to direct the significant activities of the investee to affect significantly the performance thereof, b) the bank has rights over and /or is exposed to variable returns in the investee c) It has the authority to use power over the investee to affect its gains.

Subsidiaries

The Bank exercises control indirectly in companies in which subsidiaries consolidate other entities. All consolidated entities are subsidiaries.

Subsidiaries are entities controlled by the Bank. An entity is controlled by the Bank when it has power over the investee; it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to influence on those returns through its power over the investee. Generally, the control exercise is aligned with the absorbed risks and returns of the Subsidiaries. Moreover, the Subsidiaries are consolidated from the date on which control is obtained to the date when control ceases.

The Bank evaluates, for each year, investments in which it has a less than 50% interest to establish if there is control and, therefore, required to consolidate these entities, taking into account the following elements: a) Substantial changes in Bank ownership assessed, purchases or sales of shares in the period are considered; b) contractual changes in government; c) additional activities in the exercise as providing liquidity, not originally contemplated transactions; and d) changes in the funding evaluated structure of the Bank .

All balances, transactions and intercompany cash flows have been eliminated in the consolidation.

When the Bank loses control of a subsidiary, the gain or loss on the disposal is calculated as the difference between (i) the sum of the fair value of the remuneration received and the fair value of any retained interest and (ii) the previous carrying value of assets (including goodwill) and subsidiary’s liabilities and any non-controlling interest.

The amounts previously recognized in other items of comprehensive income related to the subsidiary are recorded in the same manner intended for the case that the availability of the relevant assets or liabilities (ie., they are reclassified to profit or transferred directly to other items of stockholders' equity according to what is specified / allowed by applicable IFRS). The fair value of any investment retained in the subsidiary at the date when control is lost is regarded as the fair value for initial recognition under IAS 39 or, where appropriate, the cost on initial recognition of an investment in an associate or joint venture.

The consolidated financial statements of the Bank as of December 31, 2015, 2014 and January 1, 2014
They include the following subsidiaries:

National Subsidiaries

Fiduciaria Davivienda S.A.

Of private nature, was incorporated by Public Deed No. 7940 issued on December 14, 1992 of Notary 18 of Bogotá, DC, authorized by the Financial Superintendence of Colombia through Resolution 5413 of December 30, 1992 with current operating permit and duration until 14 December 2043, with its headquarters in the city of Bogotá DC

On December 13, 2012 Fiduciaria Davivienda S.A. merged with Fiduciaria Cafetera S.A., subsidiaries of Banco Davivienda, so Fiduciaria Davivienda S.A. ranks among the leading companies of the trust sector. The company complements its value to customers with a broad portfolio of products and Investment Funds, Structured Trust, backed by the knowledge and experience of its staff.

Corredores Davivienda S.A. – Stockbroker

Corredores Asociados S.A. - Stockbroker, is a private entity that was incorporated on 5 December 1980 by public deed No. 6710 of Notary 1 of Bogotá D.C. .; its main domicile is the city of Bogota D.C. and it was authorized by the Financial Superintendence of Colombia, through Resolution No. 061 of March 9, 1981; The duration is until December 31, 2030.

On February 24, 2011 Subsidiary Corredores Asociados SA was established Panama SA, incorporated under the laws of the Republic of Panama, registered with record No. 719028, document 1880528 of the Mercantile branch of the Public Registry, broker-dealer house licensing under the Resolution of the National Securities Commission Number 235-11 of 5 July 2011.

On February 28, 2013 purchase agreement was concluded for 100% of shares of the firm Corredores Asociados worth $120,000 between Banco Davivienda, Fiduciaria Davivienda and Sociedades Bolivar, where the Bank acquired 94.899%. This purchase was authorized by the Financial Superintendence of Colombia on May 16, 2013 and was formalized on September 25, 2013.

By Resolution No. 2247 of 19 December 2014, the Financial Superintendence of Colombia presented no objection to consummate the merger between the two stockbrocker companies: Corredores Asociados S.A. and Davivalores S.A.

On January 2, 2015 Davivalores S.A. ceased to exist and became together with Corredores Asociados S.A, through the merger, in Corredores Davivienda S.A.

Foreign Subsidiaries

Inversiones Financieras Davivienda S.A. - El Salvador

On June 25, 2003, the Superintendence of the Financial System authorized the company Inversiones Financieras Bancosal, S.A. to become the sole purpose holding company of the financial conglomerate of Banco Davivienda Salvadoreño, which is composed of the following companies: Inversiones Financieras Davivienda, SA, sole purpose holding company, Banco Davivienda Salvadoreño, S.A. and its subsidiaries: Almacenadora Davivienda El Salvador, S.A. Valores Davivienda El Salvador, S.A. of C.V., and, Seguros Comerciales Bolivar, S.A., Seguros de personas Bolivar, S.A. Factoraje Davivienda El Salvador, S.A. de C.V.

Inversiones Financieras Davivienda S.A. has as its exclusive purpose the investment in the share capital of Salvadoran companies or Companies incorporated abroad, engaged in financial intermediation or complementary purpose to banking and financial businesses permitted by the laws of the Republic of El Salvador, prior approval of the Financial System Superintendence.

El Banco Paticular of El Salvador was formed on January 5, 1885 and Davivienda Seguros was established on March 6, 1958 and the company Davivienda Vida Seguros, S. A. Seguros de Personas was incorporated on July 13, 2000.

On November 30, 2012 Banco Davivienda Colombia acquired the affiliate Inversiones Financieras Davivienda El Salvador.

There is a representative office in Guatemala which began operations in May 2014.

<u>Banco Davivienda Honduras S.A</u>

It was established in the city of Tegucigalpa M.D.C. by public instrument No. 12 from March 31st, 1948, with the corporate name of the Banco la Capitalizadora Hondureña S.A.

During 2004, this Bank became a subsidiary of Primer Banco del Istmo, S.A. (BANISTMO), a Panamanian financial business, and in June 2006, the Board of BANITSMO decided to sign a sale agreement with HSBC, selling 99.985% of the company shares.

In February 2007, the change of the corporate name was approved, Banco el Ahorro Hondureño S.A. a Banco HSBC Honduras, S.A. by deed number 265 of May 9, 2007, which was effective from 23 July 2007".

On December 7, 2012 el Banco Davivienda Colombia acquired Banco HSBC Honduras S.A, in Deed 198, with a change of name to what is now “Banco DAVIVIENDA Honduras S.A., Reg. No. 63.147, Entry 16.077 of the Social Registry Traders of the Mercantile property Registry, Associated Center.

<u>Grupo del Istmo Costa Rica S.A.</u>

Grupo del Istmo was organized as a corporation under the laws of the Republic of Costa Rica, its main activity is the holding of shares, with its headquarters in San Jose, Costa Rica.

At December 31, 2014, Grupo del Istmo (Costa Rica), S.A. held 99,92% of Corporación Davivienda (Costa Rica), S.A. formerly Corporación HSBC (Costa Rica), S.A. licensed by the national financial sector regulator (CONASSIF), since April 15, 1999, through Art. 23 Minute 86-993.

The Financial Group is formed at December 31, 2014 by Corporación Davivienda (Costa Rica). S.A, subsidiary of Grupo del Istmo, which holds 100% of the following companies registered in San José:

- Banco Davivienda (Costa Rica), S.A. (formerly Banco HSBC (Costa Rica), S.A.
- Davivienda Puesto de Bolsa (Costa Rica), S.A. (formerly HSBC Puesto de Bolsa (Costa Rica), S.A.) (Securities)
- Davivienda Sociedad Agencia de Seguros (Costa Rica) S.A. (formerly HSBC Sociedad Agencia de Seguros (Costa Rica) S.A.) (Insurance)

On November 23, 2012 Banco Davivienda Colombia acquired the affiliate Grupo del Istmo Costa Rica.

In March 2015 the Grupo del Istmo acquired the leasing company business GDICR, S.A. for 1 million colones and Davivienda Corporation (Costa Rica) acquired the equity stake held by the Grupo del Istmo of the subsidiary company Lessor GDICR, changing the trade name of the leasing company for "Leasing Davivienda SA Costa Rica", being capitalized at 270 million colones (approximately US $0.5). This new company presents as of 31 December 2015, assets of US $ 10.8 million represented in loan portfolio and available, liabilities USD 10.4 million mainly represented in financial obligations, equity of $ 0.4 million and an accumulated loss for 2015 of USD 0.1 million.

In October 2015 the Grupo del Istmo(Costa Rica) S.A. made capital contribution to Davivienda Corporation (Costa Rica), with the proceeds of a loan for $ 6.1 million received from Banco Davivienda Panama Licencia General, so that this in turn acquired Riesgos e Inversiones Bolívar Internacional S.A, a company established in Panama city, 51% of the common shares and nominative of the societies Seguros Bolívar Aseguradora Mixta S.A. This new company in December 2015 has assets of USD 17.7 million, USD 11.4 million equity and for the year 2015 USD 0.6 million accumulated loss.

Seguros Bolívar Honduras S.A.

Incorporated by deed No. 21 of January 17, 1917, and certified by a deed of November 11, 1987 as a stock corporation for indefinite term, with registered offices in Tegucigalpa, Honduras.

During 2005 the parent Primer Banco del Istmo, S.A. (BANISTMO), sold Seguros Bolívar Honduras S.A to another Panamanian subsidiary, HSBC Seguros (Panamá), S.A... Then, in July 2006, the Board of HSBC Seguros (Panamá) S.A. decided to sell to HSBC Asia Holdings, and thus sold 99.98% of the shares of the Parent.

Also during 2005, the headquarters of the company, sold the shares of Seguros El Ahorro Hondureño, S.A. (Now Seguros Bolivar Honduras, S.A.) to another of its Panamanian subsidiary companies: HSBC Seguros (Panama), SA (formerly National Insurance Company, S.A. (CONASE), which became the owner that consolidates the financial statements of the Subsidiary.

In February 2007 there was approval for a change of name from“Seguros El Ahorro Hondureño S.A.” to “Seguros HSBC Honduras S.A.”, (Seguros HSBC, S.A) and a capital increase of 3.468.000 shares.

In 2009, HSBC Seguros Panamá, S.A. came under the ownership of HSBC Bank (Panamá) S.A., On January 24, 2012 HSBC Bank (Panamá) S.A. signed the purchase agreement of 88.64% of the shares of Seguros HSBC Honduras S.A. to Banco Davivienda S.A.The operation was finalized on December 7, 2012 and Resolution No. 502-11/2012 of Banco Central de Honduras, authorized a change of name to Seguros Bolívar Honduras, S.A.

The main purpose of the company is the acceptance of risk coverage to cover compensation for losses suffered by the goods or assets of the parent company and which are known as property and people insurance, including accidents contracts.

Banco Davivienda Panamá

Banco Davivienda (Panama), SA (the "Bank") previously called Bancafé (Panama), S.A., was established on September 13, 1966 under the laws of the Republic of Panama, and started operations under a general banking license granted by the National banking Commission, now Superintendence of Banks of Panama (the "Superintendence"), which allows it to perform banking transactions in Panama and abroad. On May 3, 1988, by Resolution No. 34-88, the entity granted, additionally, an international license. By Resolution No. 0067 of June 29, 2011, the Superintendence of Banks of Panama, S.B.P., authorized the transfer and consolidation of the activities it held under the International License, under the General License. Therefore, this resolution supersedes Resolution No. 34-88.

Banking operations in the Republic of Panama are regulated and supervised by the Superintendence of Banks, according to Decree Law 9 of February 26, 1998 and other applicable legal standards. The headquarters are in the city of Panama, Republic of Panama.

On 16 February 2007 the Banco Davivienda Colombia acquired the subsidiary Bancafé Panama and currently owns 100% of the shares.

On November 19, 2012 Bancafé Panama changes name and logo becoming Banco Davivienda Panama.

Banco Davivienda Panama adopted International Financial Reporting Standards and presented its opening statement and its first comparative statement in December 2014.

(Millions of Pesos (COP))

Spin-off process Internationaionl License

Authorized by the Financial Superintendence of Colombia by the submitted 2014035808-010-000 of 29 May 2014 and 2014088027-015-000 of 20 October 2014 and from the Superbancos in Panama with resolution SBP-0106-2015 of June 19, 2015, we proceeded to make the following accounting records that support the authorized Spin-off process:

On June 3 the split-up occurred of Banco Davivienda (Panama) S.A., in order to constitute the new Subsidiary Banco Davivienda International S.A. (Panama), with a capital of USD 10,000,000 corresponding to 10,000 shares at a unit Price of USD 1,000, this new entity is 100% property of Banco Davivienda Colombia; as a result, the new capital paid from Banco Davivienda (Panama) S.A. remained in USD 19,099,800.

Assets were transferred for USD 109,117 composed of $ 84,054 of loan portfolio and $ 25,063 of investments in bonds and deposits for $ 109,117. The excision process will finish in the year 2016.

As a product of the Spin-off part of the capital reserve by USD 1.3 million was transferred from equity to be the dynamic reserve.

As of 31 December 2015 the International License records a solvency ratio of 10.40% compared to 9% required by the regulation of the Superintendence of Banks of Panama, which in this case corresponds to the consolidated solvency limit in Colombia.

Below the situation in assets, liabilities, equities and net income of the Bank and the companies included in consolidation without approval, removal and homogenization effect to NCRF (NCIF) Financial Reporting Accounting Standards.

	December 31st, 2015			
	Assets	Liabilities	Equity	Profit (Loss)
Banco Davivienda SA (Matrix) Excepted	63,102,687	55,384,171	7,718,516	1,214,263
Grupo del Istmo Costa Rica S.A. (*)	6,980,396	6,314,917	772,688	51,535
Inversiones Financiera Davivienda S.A. (*)	7,301,081	6,434,805	941,040	64,770
Banco Davivienda Honduras S.A	3,403,957	3,051,800	352,158	34,076
Seguros Bolívar Honduras S.A.	231,035	145,113	85,922	12,552
Banco Davivienda Panamá S.A.	4,275,121	3,826,209	448,912	41,043
Davivienda Internacional Panamá S.A.	379,421	343,588	35,833	323
Corredores Asociados Colombia S.A. (*)	102,958	35,859	69,433	3,730
Fiduciaria Davivienda S.A.	156,119	17,587	138,532	26,236
Total	85,932,775	75,554,049	10,563,034	1,448,528

(Millions of Pesos (COP))

	December 31st, 2014			
	Assets	Liabilities	Equity	Profit (Loss)
Banco Davivienda SA (Matrix) Excepted	54,496,117	47,661,250	6,834,866	1,095,478
Grupo del Istmo Costa Rica S.A. (*)	4,229,221	3,785,583	443,638	41,026
Inversiones Financiera Davivienda S.A. (*)	5,086,273	4,418,424	667,849	60,482
Banco Davivienda Honduras S.A	2,323,848	2,075,946	247,902	18,080
Seguros Bolívar Honduras S.A.	176,556	105,383	71,173	10,253
Banco Davivienda Panamá S.A.	3,054,088	2,715,114	338,974	31,358
Corredores Asociados Colombia S.A. (*)	125,273	79,024	46,249	775
Fiduciaria Davivienda S.A.	146,852	16,385	130,468	23,345
Davivalores S.A.	19,299	7,862	18,513	1,302
	69,657,527	60,864,971	8,799,632	1,282,099

	January 1st, 2014		
	Assets	Liabilities	Equity
Banco Davivienda S.A. (Matrix) Excepted	46,899,791	41,024,087	5,875,706
Grupo del Istmo Costa Rica S.A. (*)	2,856,312	2,503,642	352,670
Inversiones Financiera Davivienda S.A. (*)	3,972,418	3,420,939	551,480
Banco Davivienda Honduras S.A	1,760,132	1,566,473	193,659
Seguros Bolívar Honduras S.A.	158,286	90,173	68,112
Corredores Asociados Colombia S.A. (*)	165,991	120,605	45,386
Banco Davivienda Panamá S.A.	2,299,643	2,065,857	233,786
Fiduciaria Davivienda S.A.	138,582	14,851	123,731
Davivalores S.A.	18,727	1,108	17,619
	58,269,882	50,807,735	7,462,149

(*) Sub-consolidated

To date there are no contractual restrictions on the use of assets and liquidation of Bank liabilities except the legal banking reserve for protection of customer deposits.

4.4 homogenization of accounting policies

Homogenization is done by the Bank to apply uniform accounting policies for transactions and other events which, being similar, have occurred in similar circumstances.

	December 31, 2015			
Description	Davivienda	National Subsidiaries	Foreign Subsidiaries	Total Consolidated
Separated Profit Origin	1,214,263	29,966	204,299	1,448,528
Homogenisations	17,217	(826)	(173,814)	(157,423)
Portfolio impairment	59,927	0	(19,511)	40,416
Financial Income Portfolio	(7,920)	0	7,442	(478)
Investment Rating	(25,439)	0	1,382	(24,057)
Dividends unawareness	(27,712)	0	0	(27,712)
Recognition Equity Participation Method	18,353	(826)	(175,291)	(157,764)
Deferred Tax	(5,095)	0	5,362	267
Other Recoveries	5,104	0	6,802	11,906
Homogenized Profit	1,231,480	29,966	205,202	1,466,648
Deletions	(254,271)	19,548	180,335	(54,388)

(Millions of Pesos (COP))

Consolidated profit	977,208	48,688	210,820	1,236,717

		December 31, 2014		
Description	Davivienda	National Subsidiaries	Foreign Subsidiaries	Total Consolidated
Separated Profit Origin	1,095,478	25,423	161,199	1,282,099
Homogenisations	(119,979)	351	(11,127)	(130,755)
Portfolio impairment	103,032	0	(38,669)	64,363
Financial Income Portfolio	14,563	0	6,422	20,984
Investment Rating	5,959	(969)	6,365	11,356
Dividends unawareness	(105,836)	0	0	(105,836)
Recognition Equity Participation Method	172,133	0	0	172,133
Deferred Tax	(89,631)	75	6,900	(82,656)
Controlled Derecognition for Difference in Change	(219,850)	0	54	(219,796)
Other Recoveries	(351)	1,245	7,801	8,695
Homogenized Profit	975,498	25,774	150,072	1,151,344
Deletions	(193,583)	25,335	(19,610)	(187,858)
Consolidated profit	781,915	51,109	130,462	963,486

4.5 Cash and cash equivalents

Cash and equivalents of cash include available balances maintained with central banks, correspondent banks and financial instruments that are highly liquid, with original maturity of three months or less, subject to little significant risk and are used by the Bank for managing its obligations in the short run. The Bank defines as low significant risk financial instruments that rely on wide and deep markets, about which there is total certainty and facility for their valuation; and with minimum credit risk, shown in the ratings that support a strong capacity of the issuer or counterpart to fulfill the financial obligations.

The equivalents of cash are measured at a fair value or at the amortized cost the financial instruments that fulfill the conditions of this valuation have.

4.6 Money market and related operations

Money market and related operations embrace the operations of purchase and sale of interbank funds, the repo operations, the simultaneous operations and the temporary transfer of securities operations.

Repo operations, simultaneous and temporary transfer of securities are recorded in the statement of financial position as an obligation or a right according to the appropriate position. These operations are considered guaranteed financings and are recognized initially at a fair value, the amount of cash being disbursed and received, respectively. The party that makes the payment takes possession of the securities that serve as a guarantee for the financing and they have a value equal or superior to the amount of capital lent.

For repo operations the initial amount can be calculated with a discount on the market price of securities object of the transaction; it can be established that over the term of the transaction, the initial securities delivered can be substituted for others and restrictions can be imposed to the mobility of the securities object of the operation.

In the case of simultaneous operations, it cannot be established that the initial amount is calculated at a discount on the market price of the values subject matter of the transaction, or it may not be provided that during the life of the operation, securities initially delivered are replaced by others and restrictions cannot be placed on the mobility of the securities of the operation.

The securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not derecognized in the financial situation statement, since the risks and benefits of the financial asset are not transferable.

The yield of repo or simultaneous operations and the interbank interests are registered in the results.

Interbank with a period less or equal than 90 days are considered as cash equivalents for cash flow presentation.

4.7 Financial Instruments

The financial assets and liabilities are recognized when the Bank becomes part of the contractual terms of the instruments.

The financial assets and liabilities are valued initially at their fair value. The transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets at fair value through profit or loss) are added or subtracted from the fair value of financial assets or liabilities, if any, on initial recognition. The costs of transaction directly attributable to the acquisition of financial assets and liabilities at their fair value with changes in results are immediately recognized in results.

4.8 Financial Instruments

The Bank has classified its financial assets at amortized cost or fair value according to the business model defined to manage the risks and benefits as well as the characteristics of contractual cash flows of financial assets.

The Bank established two business models for the administration of the investment portfolio; i) structural management: investments whose objective is associated with financial intermediation, management of market risks of the balance sheet and the need to count on a backing of liquid assets in the process of financial intermediation; and ii) negotiation management: investments whose purpose is to maximize the profits generated by the Treasury by means of the purchase and sale of financial instruments.

All of the purchases and sales of financial assets completed in a habitual manner are recognized and eliminated based on the date of negotiation. The purchases and sales made on a regular basis are those purchases or sales of financial assets that require the delivery of the assets within the time period established by norm or custom in such market.

Financial assets at amortized cost

The Bank has financial instruments measured at amortized cost when its goal is to keep them in order to collect contractual cash flows, and the contractual terms of asset give rise on specific dates to cash flows that are solely payments of pricipal and interest on the outstanding principal and the Bank has the ability to hold to maturity.

Financial assets are recognized at amortized net cost of impairment provisions. Interest income is recognized by the effective interest method and is recorded in income under interest income.

Investments that are measured at amortized cost are evaluated in each period if there is evidence of impairment, the losses arising from impairment provisions are recognized in the income statement.

Reclassifications of financial instruments are made only when there is a change in the business model of the Bank

Financial assets at fair value through profit or loss

Financial assets that are purchased for the purpose of selling or repurchasing in the short term are held for trading. The Bank manages these investments and takes buying and selling decisions based on their fair values in accordance with risk management or investment strategy. These assets are recognized at fair value on the trade date, changes in fair value and gains or losses on sale are expensed.

Financial assets at fair value with changes in equity

Financial assets that are designated at fair value with changes in equity are recognized at fair value on the trade date. Changes in fair value are recorded in other comprehensive income, interests are recognized when they incurred the income statement, profits or losses generated when sold are calculated on the cost and recognized in net income by profit (loss) in other income.

Certain equity investments that complement the Bank's business are recognized at fair value with changes in equity, taking the irrevocable election to classify them in this category and are recognized at fair value plus any transaction costs on the trade date. Changes in the equity securities are recognized in other comprehensive income.

Impairment of financial instruments at amortized cost - Investments

The impairment for these investments is recognized when there is objective evidence of impairment as a result of an event or more that has occurred after the initial recognition and loss events result in a decrease in the estimated cash flows for the instrument. The Bank reviews these investments at least annually or semiannually, depending on the type of company concerned, situations, subject to be reviewed individually or by sectors, that impact the credit quality of counterparties.

For equity investments, a significant and prolonged decline in fair value below cost is considered as an event of impairment.. For investments in debt securities, deterioration of credit rating is considered objective evidence of impairment. Other factors taken into account in assessing impairment include the financial position, the main financial indicators of the issuer of the instrument, significant and continuing losses of the issuer or contractual default, including non-payment of interest or defaults (to covenants) agreed in loans.

Derecognition of financial assets

The accounting treatment of transfers of financial assets depends on the extent to which the risks and benefits associated with the transferred assets are transferred to third parties.

- The Bank ceases to recognize a financial asset only when the contractual rights expire on the cash flows of the financial asset or when all the risks and rewards of ownership of the financial asset are transferred substantially. For example, the unconditional sale of financial assets, the sale of financial assets with a promise to repurchase them at fair value to the date of repurchase, the securitization of assets in which the transferor does not retain subordinated financing or grant any credit enhancement to new holders and other similar cases

- Upon derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset and the sum of the consideration received and because of receiving and the cumulative gain or loss that has been recognized in other comprehensive income and retained earnings are recognized in results.

- If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to retain control of the transferred asset, the Bank will recognize its interest in the asset and the liability associated with the amounts that it would have to pay. For example, sales of financial assets with the promise of repurchase at a fixed price or the sale price plus interest.

In this case, the following elements are recognized:

a) An associated financial liability, which is recognized in an amount equal to the consideration received and is subsequently measured at its amortized cost unless it meets the requirements for classification in other financial liabilities at fair value through profit or loss.

b) The income from the transferred financial asset not derecognised and expenses of the new financial liability remain uncompensated.

If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateral loan for funds received. For example, securitization of assets in which the transferor retains a subordinated debt or other type of credit enhancement for a portion of the asset transferred.

4.9 Loan Portfolio

The loan portfolio consists of assets with fixed or determinable payments and of which the Bank does not intend to sell in the short term and are not quoted in an active market. The loans are recorded at amortized cost, net of impairment provisions, penalties and unearned income, including paid interest, costs and origination fees, syndicated loans commissions and unamortized discounts or premiums when the conditions are met.

Interest income is recognized by the effective interest method. Costs and origination commissions are considered to adjust the interest rate of the loan and recognized in interest income over the term of the loan.

Credit quotas commissions are recognized as commission income according to what is contractually agreed with customers. Otherwise, the fees are recognized by the method of the effective interest rate during the term of the loan.

Credit quotas commissions are recognized as commission income according to what is contractually agreed with customers and are recognized in income at the time of collection. Otherwise, the fees are recognized by the method of the effective interest rate during the term of the loan.

By decrees from 1143/1109, 1190/12, 0701/13, 2480/14 and 161/14 issued by the government, the "conditional coverage" mechanism that facilitates the acquisition of housing is created. The Bank implements the procedures for the implementation of this mechanism in the disbursements of housing portfolio and housing leasing contracts for the purchase of new housing. Loans granted from July 2012 have an interest rate hedging granted by the national government and until a predefined global quota. The Bank offered its customers an additional stimulus from quota 85 up to a maximum of the following eight (8) years and will assume the value that the government was paying as long as the customer meets the same conditions. To fulfill this obligation, a provision based on a model that considers the actual behavior of the credits which must be adjusted to the extent that coverage is given by the Bank, was estimated.

Housing leasing

In view of the provisions of External Circular 033 of 2014 residential leasing loans previously classified as commercial loans are classified as Housing portfolio, from January 1, 2015.

The property subject of this type of operations is owned by the Bank and is insured for fire and earthquake.

The funded value of delivered housing real estate leased to the user for his/her use and enjoyment, in exchange for the payment of a periodic fee during the agreed term, when this period has expired the good is returned to its owner or transferred to the lessee if this decides to exercise the purchase option agreed in his/her favor and pay its value.

Restructured loans

It is understood by restructured credit any credit that by holding any legal business, tends to change the conditions initially raised in order to allow the debtor proper care of their obligation. For these purposes, novations are considered restructurings. Loan modifications that do not correspond to customer payment problems are not considered restructured. Before restructuring a loan it should reasonably be established that the same will be recovered under the new conditions.

The restructured portfolio under the terms of Law 546 of 1999 for the housing portfolio is not considered restructurings.

Portfolio purchases

They are initially recognized at acquisition cost equal to their fair value, taking into account any discount or premium adjustment on purchases.

Insolvency regime Law 1116 of 2006

The judicial insolvency regime seeks credit protection and the recovery and conservation of the company as a unit of economic exploitation and job source, through the process of reorganization and judicial liquidation, always under the criterion of value aggregation.

Provisions for impairment

In order to ensure the funds raised to the clients, the Bank in a prudential form makes reasonable provisions that seek to cover losses from credit activity.

Loan or group of loans that are measured at amortized cost, are considered to be impaired if objective evidence of deterioration in credit quality after initial recognition (loss event) is estimated and the event has an impact on estimated future cash flows of the financial asset that can be reliably estimated.

This implies that the generated provisions should be consistent with the incurred losses in the portfolio; that the provisions are generated as a result of sustainable evidence of impairment; and that the calculation of the amount of provisions be considered as effect of the lower value of the expected cash flows of the portfolio, compared with contractual flows.

Indicators of impairment, may include but are not limited to one or more of the following events: a) significant financial difficulty of the borrower or issuer, b) default or delinquency by a borrower, c) restructuring the loan, d) indications that a borrower or issuer will enter bankruptcy, e) disappearance of an active market for an instrument, f) other observable data relating to an assets bank such as adverse changes in the payment status of borrowers or issuers in the bank, or economic conditions that correlate with defaults on the assets of the Bank.

Significant loans measured at amortized cost presenting impairment are assessed individually and those who remain significant have no impairment are collectively assessed for any signs of deterioration they may have incurred but not yet been identified. Loans measured at amortized cost that are not individually significant are collectively assessed looking for impairment, grouping them by similar risk characteristics.

The individual impairment evaluation model takes into account the expected flows affected by factors such as arrears presented, the antiquity of these arrears, exposure of the loan, the associated guarantees and costs incurred to enforce the guarantees.

Additionally, the evaluation model of collective impairment considers the historical payment behavior presented by the client to the cutoff date, allowing the construction of transition matrixes from which the existence of significant deterioration in the obligations of the portfolio could be objectively determined. The collective impairment model also has in mind the credit exposure and recoveries that may present impaired loans.

If the conditions of a financial asset measured at amortized cost are re-negotiated or otherwise modified due to financial difficulties of the borrower or issuer, impairment is measured using the original effective interest rate before the modification of terms.

Estimates of impairment provisions represent the best estimate of management for impairment of loans including off-balance sheet exposures, at closing date of the exercise. Provisions for loans are presented as a deduction of loans in the presentation of assets in the consolidated financial statements.

Portfolio provisions increase with the provisions of deterioration and decline with net punishment recoveries or sales.

The individual impairment evaluation model takes into account the expected flows affected by factors such as arrears presented, the antiquity of these arrears, exposure of the loan, the associated guarantees and costs incurred to enforce the guarantees.

Additionally, the evaluation model of collective impairment considers the historical payment behavior presented by the client to the cutoff date, allowing the construction of transition matrixes from which the existence of significant deterioration in the obligations of the portfolio could be objectively determined. The collective impairment model also has in mind the credit exposure and recoveries that may present impaired loans.

Punishments

A loan is derecognized when there is no chance of recovery and extensive recovery efforts have been done or legal authorities are over. Consumer loans not secured by mortgage and/or pledge are derecognized when exhaustive efforts of recovery have been made and/or contractual payments are in arrears for more than 180 days and for commercial loans to 570 days. Housing loans that are past due more than 900 days are derecognized.

Specific punishments under the parameters defined by the Bank as authorized by the Board may also be applied.

Leasing credits are not subject to punishment because the property is owned by the Bank.

Punishment does not relieve Bank management to continue collection efforts deemed appropriate.

4.10 Guarantees

The guarantee represents a right acquired by the Bank when the debtor ceases payment for non-compliance of their obligations, and it reduces the likelihood of loss when there is an event of default.

Credit approvals in the Bank and Subsidiaries must include the guarantee under which the transaction is authorized. Perfecting it will be prior to disbursement.

The analysis of the guarantees should include the following characteristics:

Suitability: According to legal definition.

Legality: Document duly perfected offering legal support to facilitate management of the collection of duties granted.
Value: Established based on technical and objective criteria.
Possibility of realization: reasonably adequate possibility to implement the guarantees.

First degree are required and for an undetermined amount for the Bank when it comes to mortgages for housing loans, on property offered as support. Mortgages must be improved through public deed before a notary and register in the relevant Registry Office of Public Instruments.

Updating the realizable value of the guarantee for mortgage-secured portfolio is made by applying the values of the annual adjustment of Rural and Urban Real Estate Appraisal Indexes (IVIUR) and the Property Rating Index (IVP) (PRI), as appropriate.

4.11 Portfolio sales

It is the process by which financial assets held by the Bank are 100% transferred with all the rights and risks or derivatives thereof to a third party as a firm sale and the consideration received can be money or other property. The assets being sold are removed from the consolidated financial statements for their net value on books on the trade date and the difference between the book value and the value received is recorded as a profit or loss for the year, registered according to valuation studies issued by experts.

The Bank has management contracts for securitized portfolio where through its applications it operatively controls a third party´s portfolio receiving in return for the service a defined percentage as commission for this work.

Loans that have been derecognized and subsequently sold are recorded at fair value and the profit or loss is recognized against income.

The Bank has management contracts where through its applications it operationally manages the portfolio of a third party receiving in return for the service a defined percentage as a fee for this work.

4.12 Derivative financial instruments

Derivatives are financial instruments that derive their value from changes in interest rates, exchange rates, credit spreads, commodities prices, stock prices, or other financial or non-financial metrics. The Bank's derivatives portfolio is made up of contracts on interest rates, exchange rates and debt securities. The Bank uses derivatives for trading purposes and risk management purposes associated with the balance sheet structure and are recognized at fair value in the statement of financial position.

Notional amounts of derivatives are not recognized as assets or liabilities as they represent the face value of the contract to which a rate or price is applied to determine the cash flow which it will be changed for in terms of the contract. The notional amount does not represent the potential gain or loss associated with market risk or the risk indicator associated with the derivative.

Derivatives held for purposes of risk management are recognized at fair value in the statement of financial position and changes in fair value are recognized in earnings along with changes in the fair value of the hedged item that are attributable to risk coverage, in the same state line of comprehensive income as the hedged item.

<u>Derivatives that are held for trading purposes</u>

On trading activity, the utility can be generated in three ways: i) by the distribution activity, defined as the intermediation carried out by the Treasury between professional markets, offshore clients, institutional and real sector; ii) by the activity of own position, by which positions are taken for short periods of time to take advantage of trends in valuation or devaluation of financial assets and derivative instruments; iii) by arbitrage activity, which allows by combining financial assets and derivative instruments, to generate financial margins without incurring market risks.

Realized or unrealized Profits of trading derivatives are recognized in the income statement as revenue associated with the business model of trading.

Derivatives that are held for the purpose of managing risks

The derivatives that are held for the purpose of managing risks correspond to derivatives in which the Bank enters with the purpose of covering market risks, interest rate or foreign currency within traditional banking business operations. If derivatives are held to manage risks and also meet the requirements of hedge accounting they are recorded with the requirements of hedge accounting. Certain derivatives that are held for hedging purposes, and do not meet hedging requirements are recognized as derivatives to manage risks and their changes in fair value are recognized in income.

Embedded derivatives

Embedded Derivatives in other financial instruments or other contracts (host contracts) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and when such contracts are not carried at fair value through results.

4.13 Hedge accounting

The Bank designates certain instruments as hedging, which include derivatives and non-derivative with respect to foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investment in a foreign operation. Foreign currency risk cover of a firm commitment is accounted for as cash flow hedges.

At the inception of the hedge, the Bank documents the relationship between the hedging instrument and the hedged item, as well as the objectives of risk management and management strategy for undertaking various hedge transactions. Additionally, the inception of the hedge and on an ongoing basis, the Bank documents whether the hedging instrument is highly effective in offsetting the exposure to changes in fair value or changes in cash flows of the hedged item.

- • Fair value hedges

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recognized immediately in the results, along with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk. The change in fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the income statement in the item related to the hedged item.

Hedge accounting is discontinued when the Bank revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or no longer meet the criteria for hedge accounting. The fair value adjustment of the carrying value of the hedged item arising from the hedged risk is amortized against income from that date.

- • Cash flow hedges

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of hedged cash flows reserve. Profit and loss related to the ineffective portion of the hedging instrument, is immediately recognized in income, and is included under "other income and expenses".

Amounts previously recognized in other comprehensive income and accumulated in equity, are reclassified to earnings in the periods in which the hedged item is recognized in income, in the same area of the recognized hedged item. However, when a forecasted transaction that is covered results in the recognition of a non-financial asset or non-financial liability, the gains or losses previously accumulated in equity, are transferred and included in the initial valuation of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Bank revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or no longer meet the criteria for hedge accounting. Any cumulative profit or loss on the hedging instrument that has been recognized in equity remains in equity until the forecasted transaction is eventually recognized in the income statement. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss in equity is recognized immediately in the income statement.

(Millions of Pesos (COP))

- • Hedges of net investment changes in a foreign operation

Hedges of a net investment in a foreign operation are accounted in a similar way to the cash flow hedges. Any profit or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the translation reserve of foreign operations. The gain or loss related to the ineffective portion is recognized in the results.

Gains and losses on the hedging instrument relating to the effective portion of the accumulated hedge in the translation reserve of foreign currencies are reclassified to income in the sale of the foreign operation.

The Bank has a strategy of partial coverage (successive), in order to maintain the rate coverage of change of net investment abroad by replacing the non-derivate liability in dollars at maturity given that there are no expected sales of these investments in the short term.

Currently the Bank has only net investment hedges the in a foreign operation.

Note 10.4 (e) include details on the fair value of the instruments used for hedging purposes.

4.14 Property and Equipment

Land and buildings, computer equipment, furniture and fixtures and other equipment are recognized at cost, less depreciation because of impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. Land is not depreciated. Gains or losses on sale of assets are recorded in other income or expense in the income statement.

Maintenance costs and remodeling of own assets that do not extend the useful life of the property are recorded in the income statement; the costs of remodeling leased offices are recorded directly to income.

The carrying amount of an item of property and equipment is derecognized on disposal; or when no future economic benefits from its use or disposal are expected.

4.15 Depreciation

Depreciation is calculated using the straight-line method, on the cost of the assets less its residual value. The lands are not subject to depreciation. Such depreciation that is charged to income is calculated based on the following useful lives:

Category	Service Life (years)	Residual Value
Buildings	30 - 100	10% Cost
Vehicles	3 – 5	20% acquisition value
Furniture and equipment	3 - 10	Up to 5%
Computer equipment and other equipment	3 – 20	Up to 5%

The useful lives and residual values are reviewed each year and adjusted if necessary. 4.19.

4.16 Assets held for sale

Assets are classified as available for sale when their present conditions allow their sale and it is highly probable that their sale occurs in the following year and from the second year they are classified as other assets. For the sale to be probable the Bank's management is required to make sales plans and start an active marketing program to ensure its sale.

Assets that are classified as held for sale are recorded at the lower value among their carrying amount and the fair value less sale costs, in this classification it is no longer depreciated or amortized and subsequent changes in their fair value less sales costs are carried to the income statement.

<u>Sales plan</u>

The following are the sales plans established for assets held for sale:

- Goods available, once written off legally and administratively by the areas of collection, are received by the Bank and are delivered to sales channels (real estate, specialized individuals and suppliers of vehicles) with which the Bank works, to start their marketing process.
- All available assets are published in the official internal disclosure through the Bank, Informer Express, as well as in the official external channel of the Bank, as its page www.davivienda.com is, through the link "Properties at the reach of everyone", additionally emails addressed to internal and external customers are sent with the information. In addition to this, sales channels also published in other media such as newspapers, own websites, radio stations, regional TV among others.
- Regarding difficult marketing goods, that are categorized so when they have already served more than twelve months for property or more than 3 months for vehicles without receiving any offer from the beginning of their publication, specific action plans are carried out for the sale, with greater emphasis on those who have served this time, analyzing each case and creating strategies to achieve their disposal.
- Pricewise, the general policy is determined by a commercial appraisal (no greater than six months for property and three months for private vehicles), salability of good, physical conditions and real estate or vehicles market conditions in the specific area, among others.
- •Business monitoring is performed monthly, in order to verify the efforts of sales channels to meet the times set in the marketing of goods, generating commitments between the parties aimed at finding effective sale solutions.

4.17 Investment Property

Real estate that are not in use by the Bank and which are held to earn rentals and / or goodwill are classified as investment property.

Investment properties are initially valued at acquisition cost, including costs incurred in the transaction. After initial recognition, investment properties are valued under the cost model indicated in the policy of property and equipment.

An investment property is derecognized upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected from disposal.

Any gain or loss arising from the declining of the property (calculated as the difference between the net disposal income and the carrying value of the asset) is included in the income statement in the period in which the property is derecognized.

Investment properties are recognized as assets only when it is probable that future economic benefits that are associated with such investment property will flow to the Bank and the cost of the investment property can be measured reliably.

When the use of a property changes to investment property, this is measured at fair value and reclassified as investment property. The dispute between the carrying value and fair value is recognized in income. According to the NCIF 40 when the entity uses the cost model, transfers between investment property, facilities occupied by owner and inventories do not change the carrying amount or the cost of such properties, for measurement purposes or disclosure.

4.18 Investments in associates and joint ventures

Associates are those entities in which the Bank has significant influence, but does not have control or joint control over the financial and operating policies or it owns more than 20% and less than 50% stake. Investments in associates and joint ventures are initially recognized at cost including any transaction costs and increase or decrease by the equity method to recognize participation in income and changes in equity and any decrease to reflect provisions for impairment in the value of the investment. Changes in investment are recognized in income and equity in the other comprehensive income.

When the Bank's share in the losses of an associated entity or a joint venture of the Bank exceeds the Bank's participation in the associate or joint venture (which includes long-term interests that, in substance, form part of the net investment of the Bank in the associate or joint venture) the Bank ceases to recognize its share of losses. Additional losses are always recognized if the Bank has undertaken any legal or constructive obligation or has made payments on behalf of the associate or joint venture.

The equity method is estimated based on financial statements harmonized to policies of the matrix.

In the acquisition of the investment in an associate or joint venture, the excess of the cost of acquisition over the Bank's share in the net fair value of identifiable assets and liabilities on the investment it is recognized as goodwill, which is included in the carrying amount of the investment. Any excess in the Bank's participation in the net fair value of identifiable assets and liabilities at the acquisition cost of the investment, after reassessment, is recognized immediately in income in the period in which the investment was acquired.

When necessary the Bank tests impairment of total carrying amount of the investment in an associate or joint venture (including goodwill) in accordance with IAS 36 (IAS 36) Impairment of Assets as a single asset, by comparing its recoverable amount (higher among value in use and fair value less sell cost) against its book value. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of such an impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Bank discontinues the use of the equity method from the date the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Bank maintains interest in the associate or joint venture, retained investment is measured at fair value at that date and is regarded as its fair value at initial recognition in accordance with IAS 39 (IAS 39) and the difference between the book value of the associate or joint venture at the date the equity method was discontinued and the attributable fair value is included in determining the profit or loss on disposal of the associate or joint venture. Additionally, the profit or loss previously recognized in other comprehensive income by that associate or joint venture is reclassified to the income statement.

The Bank continues to use the equity method when an investment in an associate becomes an investment in a joint business or an investment in a joint venture becomes an investment in an associate. There is no revaluation to fair value of such changes in participation.

When the Bank reduces its ownership interest in an associate or a joint venture but the Bank continues using the equity method, the Bank reclassifies to income the ratio of the profit or loss that had been previously recognized in other comprehensive income in relation to the reduction of its investment share if that profit or loss had been reclassified to the income statement on the disposal of assets or relative liabilities.

When the Bank conducts transactions with its associate or joint venture, the profit or loss resulting from such transactions with the associate or joint venture is recognized in the separate financial statements of the Bank only to the extent of participation in the associate or joint venture that is not related to the Bank.

The Bank determines that it has significant influence over the following investments:

- •Colombian entities: Multiactivos, Redeban y Titularizadora de Colombia
- •Indirect investments in Salvador: Sersaprosa, Serfinsa y ACH
- •Indirect investments in Honduras: Zip Amareteca y Bancajero BANET

Joint ventures are those entities in which the Bank has joint control over their activities, established by contractual agreement and requiring unanimous consent for determining the financial and operating policies. In joint operations assets, liabilities, income and expenses relating to participation in the joint operation are accounted for, from each of the joint operators in joint ventures participation is recognized as an investment using the equity method.

The Bank participates in joint operations related to retail financial business through a business partnership agreement where each party makes contributions that remain within the agreement in part owned by each contributor receiving a percentage of participation on profits and other operations performed by the affiliate in Colombia Fiduciaria Davivienda S. A., through contracts of consortium agreements, each entity has a share percentage in consortia of structured Trust. These agreements are signed with other fiduciaries for the purpose of participating in public tenders to run and develop together a service delivery activity.

4.19 Business Combinations

Business acquisitions are accounted for using the purchase method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the entity less liabilities incurred by the entity with the previous owners of the acquired company and equity securities issued by the entity in exchange for control over the company. Costs related to the acquisition are generally recognized in the income statement as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at fair value except:

- • Deferred tax assets or liabilities and assets or liabilities related to employee benefits, which are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- • Liabilities or equity instruments related to payment agreements based on shares of the acquired company or payment arrangements based on shares of the Bank held to replace payment agreements based on shares of the acquired company that are measured in accordance with IFRS 2 share-based payments at the date of acquisition and (See Note 10.12); and
- • Assets (or group of assets for disposal) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations that are measured in accordance with that standard.

The capital gain or goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the previous shareholding of the acquirer in the acquiree (if any) on net amounts of identifiable acquired assets and liabilities assumed at the acquisition date. If after a revaluation the net of amounts of identifiable acquired assets and liabilities assumed at the acquisition date exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the previous shareholding of the acquirer in the acquiree (if any), the excess is recognized immediately in the consolidated income statement as a gain on bargain purchase price.

Non-controlling interests that are equity interests and give their holders a proportionate share of the net assets of the entity in the event of liquidation may be initially measured either at fair value or at the value of the proportionate share of the non-controlling interest in the recognized amounts of the identifiable net assets of the acquired company. The measurement basis option is made on each transaction. Other types of non-controlling interests are measured at fair value or, when applicable, based on the specification by another IFRS.

When the consideration transferred by the entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at fair value at the acquisition date and is included as part of the consideration transferred in a combination of business. Changes in the fair value of the contingent consideration that qualify as adjustments of the measurement period are adjusted retrospectively with the corresponding adjustments against trade credit. The adjustments of the measurement period are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the date of acquisition.

The accounting treatment for changes in fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. A contingent consideration that is classified as capital is not remeasured in future report dates and its subsequent settlement is accounted for within capital. Contingent consideration that is classified as an asset or liability is remeasured at report subsequent dates under IAS 39, or IAS 37, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, recognizing the corresponding profit or loss in the income statement.

When a business combination is achieved in stages, the previous shareholding of the Company in the acquiree is remeasured to fair value at the acquisition date and the resulting profit or loss, if any, is recognized in the income statement. Amounts arising from interests in the acquired company before the acquisition date that have been previously recognized in other comprehensive income are reclassified to the income statement when this treatment is appropriate if such participation is eliminated.

If the initial accounting for a business combination is incomplete at the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above) or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the amounts recognized at that date.

4.20 Investments in other companies

Certain equity investments are recognized at fair value with changes in equity, taking the irrevocable election to classify them in this category.

Regulation for banks only allow investment in companies of technical services to support the operation of banks in entities where it does not have control, joint control or significant influence, which are recognized at the beginning and after their recognition they are measured at fair value less impairment that is identified at the end of each reporting period. Dividends received are recognized in the income statement unless they arise from earnings of periods prior to the acquisition, in which case they are deducted from the permitted investment.

4.21 Intangible Assets

The Bank will proceed to record an intangible asset once it is identified: the existence of control, the separability of the asset, and the fact that is expected to generate a future economic benefit, for recognition is essential that it complies with all the features described above. The initial measurement of intangible assets depends on the way the Bank obtains the asset. An intangible asset can be obtained through the following ways: by the acquisition separately, as part of a business combination, or internally generated by the Bank.

The intangible asset acquired in a separate transaction is measured as the sum of the purchase price, including import duties and taxes not reimbursable on the acquisition, after deducting discounts and rebates, and the costs directly attributable to preparing the asset for the use provided. In business combinations, the value of the corresponding cost will be the fair value to the date of acquisition. For internally generated intangible assets, all disbursements in the research phase are recognized in spending and the ones incurred in the development phase to create, produce and prepare the asset for it to operate as intended are capitalized.

The Bank will assess if the useful life of an intangible asset is finite or indefinite. An intangible asset with a finite useful life is amortized unlike one with an indefinite useful life. In the subsequent recognition, intangible assets with indefinite useful life are amortized on a straight-line over their estimated useful life.

Intangible assets acquired separately which generally corresponds to software licenses or software, are amortized over an estimated lifespan between 1 and 11 years. Maintenance or support costs are recorded against income.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

4.22 Tangible and intangible assets impairment excluding goodwill

At the end of each period, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there are indications that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent distribution base can be identified, corporate assets are also assigned to the cash-generating individual units, or otherwise, they are assigned to the smaller Bank of cash-generating units for which a reasonable and consistent distribution base could be identified.

Intangible assets with an indefinite lifespan or not yet available for use, are subject to testing for purposes of impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher between the fair value less the cost to sell and the value in use. In assessing value in use, flows of estimated future cash flows are discounted to their present value using a discount rate before tax that reflects the current market assessment regarding the value of money over time and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If it is estimated that the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately in income.

Later, when an impairment loss is reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimated value of its recoverable amount, in such manner that the adjusted carrying amount does not exceed the carrying amount that would have been determined if an impairment loss would have not been recognized for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognized immediately in results.

4.23 Goodwill

Goodwill represents the price excess paid over the fair value of assets and liabilities acquired in a business combination. Goodwill is initially recorded at fair value and subsequently updated by decreasing its value because of impairment losses.

Goodwill represents the future economic benefits arising from the business combination that are not individually identified and can be recognized separately. It is assigned to a cash-generating unit or a group of cash generating units if economic benefit from the synergies of the business combination is expected.

A cash-generating unit, to which goodwill has been allocated, shall be subjected to testing for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of it. If the carrying amount of the unit exceeds the recoverable amount, the Bank will immediately recognize the impairment loss in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit, in the following order: first, the carrying amount of any goodwill allocated to the generating unit is reduced; and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

4.24 Other non-financial assets

There are assets for which it is not possible to find similar recognition and measurement criteria that enable them to be classified into categories or available financial assets groups; they will be classified in the category of other non-financial assets, among them are, art assets and culture, prepaid expenses, assets received in lieu of payment with restrictions for sale, among others.

4.25 Leases

Leases are classified as finance when lease terms transfer substantially all risks and rewards of ownership to tenants. All other leases are classified as operating leases.

<u>The Bank as lessor</u>

The amounts payable by lessees under finance leases are recognized as receivables (loan portfolio) for the amount of the loan that is granted to the customer. Income from finance leases is distributed in the accounting periods to reflect a constant periodic rate of return on the net investment of the Bank with respect to leases.

The Bank will present, in its statement of financial position, assets subject to operating leases in accordance with the nature of the asset. Costs incurred in obtaining lease income, including depreciation of the asset, are recognized as expenses. Lease income is recognized in a linear fashion in the lease term. Depreciation and impairment of leased assets shall be made consistent with the policies for similar assets.

4.26 Foreign currency transactions

In preparing the financial statements of each individual entity that is integrated into the consolidated financial statement of the Bank, transactions in currencies other than the functional currency of the Bank (foreign currency) are recognized using exchange rates prevailing at the date operations are made. At the end of each period, the monetary items denominated in foreign currency are reconverted at the exchange rate in effect on that date. Non-monetary items that are calculated in terms of historical cost in foreign currency are not reconverted.

The differences in exchange rates in monetary items are recognized in the results of the period, except when they arise because of:

- Differences in exchange rates stemming from transactions related with hedging against exchange rate risk (see Note 4.13 related with accounting policies for hedging); and

For purposes of the presentation of separate financial statements, assets and liabilities in foreign currency of the Bank are expressed in Colombian pesos, using the exchange rate in effect at the end of the period. The entries of income and expenditures are converted to the average exchange rates prevailing for the period, unless the fluctuation is very significant during the period, in which case, the exchange rates used are the ones on the date the transaction was effected and equity at historical cost. The exchange rate differences arising, if applicable, are recognized in other comprehensive income and are accumulated in equity (attributed to non-controlling interests as appropriate).

In the sale of a foreign operation (i.e., sale of all the Bank's participation in a foreign operation, or a disposal involving loss of control in the affiliate that includes a foreign operation, partial loss of joint control over a entity controlled together that includes a foreign operation, part of which retained interest becomes a financial instrument; all exchange rate differences accumulated in capital related to that operation attributable to the Bank are reclassified to the income statement.

The conversion rates applied as of December 31, 2015 and 2014 are $ 3,149.47 and $ 2,392.46 per 1 USD respectively.

4.27 Financial Liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or other financial assets where appropriate; it will or may be settled in a variable number of its own equity instruments.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified at fair value through profit or loss when the financial liability is (i) held for trading or (ii) is designated at fair value through profit or loss.

A financial liability is classified as held for trading if:

- It is acquired principally for the purpose of buying in the near future; or
- • It is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of taking short-term profits; or
- It is a derivative that is not designated as a hedging instrument and meets the conditions to be effective.

Financial liabilities at fair value through profit or loss are recorded at fair value, recognizing any gain or loss arising from remeasurement in the income statement. The net gain or loss recognized in income includes any interest earned from the financial liability and it is recorded under the heading of 'other income and expenses' in the separate income statement. The fair value is determined as described in Note 7.

Other financial liabilities

Other financial liabilities, (including loans, bonds and accounts payable), are subsequently measured at amortized cost using the method of effective interest rate.

The method of effective interest rate is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated cash flows over the expected life of the financial liability or (when appropriate) in a shorter period with the net carrying amount of the financial liability on initial recognition.

Financial liability instruments that include deposits, issued debt instruments and financings are recognized on the date they are negotiated and are carried at amortized cost more or less the accumulated depreciation calculated with the method of the effective interest rate.

Subordinated debt and bonds are recorded at transaction value and are subsequently recorded at amortized cost, paid interest are recorded using the method of effective interest rate, the costs of the issue are recognized and are expensed in the interest expenses.

It also includes rediscount operations, corresponding to credit programs that the Colombian government has established to promote the development of specific sectors of the economy, including foreign trade, agriculture, tourism, housing construction and other industries.

Derecognition of financial liabilities

The Bank derecognises financial liabilities if, and only if, the Bank's obligations are met, canceled or have expired. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in income.

4.28 Insurance

Premiums for single premium business are recognized as income when received. This is the date the policy takes effect. For regular premium contracts, receivables are recognized on the date payments are due. Premiums are shown before deduction of commission. When policies expire because premiums are not received, all premium income accrued but that has not been collected, since that date is considered to have expired, net of expenses and offset against premiums.

Claims for losses are recognized as an expense when incurred, and reflect the cost of all claims arising during the year.

Tests on the adequacy of liabilities are held for insurance portfolios on the basis of estimated future claims, costs, premiums earned and proportionate investment income. For long-term contracts, if actual experience regarding investment yields, mortality, morbidity, terminations or expense indicate that liabilities for existing contracts, together with the present value of future gross premiums, will not be enough to cover the present value of future benefits and to recover deferred policies acquisition costs, then, a premium deficiency is recognized.

Costs directly attributable to the acquisition of incremental insurance and investment business are deferred to the extent they are expected to be recoverable from future income margins on these contracts.

These costs are amortized over a period not exceeding one in which it is expected they are recovered from these future margins.

The unearned premium reserve represents the portion of written premiums of existing policies and of policies with future onset of effect, discounted the shipping costs, for the time not run of the risk. These premiums are recorded as income and a reserve in liabilities is constituted.

This reserve is established on the date of issuance of the policy and calculated as the result of multiplying the premium issued, net of issue expenses. . Without prejudice of the way of payment of insurance, the reserve is calculated based on its validity

For individual life insurance a mathematical reserve should be constituted, whose calculation corresponds to the difference between the actuarial present value of future obligations of the insurer and the actuarial present value of future payments by the insured to the calculation date.

Warned claims reserve corresponds to the amount of resources that the entity must allocate to meet payments of claims incurred once they have been advised and the costs associated with these. The Reserve of claims incurred but not reported is an estimate of the amount of resources that the entity must allocate to meet future claims payments that have already occurred at the date of calculation of this reserve but have not yet been notified or for which there is not enough information.

The catastrophic reserves are not recognized in the consolidated financial statement because there is not an accurate fact that can predict its realization.

4.29 Capital gains tax

Strategy and tax policy

Based on the analysis and interpretation of the applicable tax regulations, the Bank gives adequate and timely compliance to different tax obligations, identifying opportunities for improvement and optimizing resources for payment of taxes.

Updating, analysis and ongoing research of the rules allow the planning, implementation and effective decision-making and risk management in tax matters. Current taxes

Current taxes

The tax expense or income comprises the income tax and tax equity (CREE) current and deferred. Current tax is the amount payable or to recover by current income tax and tax equity (CREE), is calculated based on the tax laws enacted or substantively enacted at the date of statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations where tax laws are subject to interpretation and, if necessary, makes provisions on the amounts expected to be paid to the tax authorities. Current tax is recognized in income for the period, except those items recognized in equity or in other comprehensive income.

Deferred taxes

Deferred tax is recognized in profit or loss, except when it relates to items recognized in equity or in other comprehensive income. In these cases, the tax is also recognized in equity or in other comprehensive result, respectively. The deferred tax liabilities are the amounts payable in the future in respect of income tax related to taxable temporary differences, while deferred tax assets are the amounts to be recovered by way of income tax due to the existence of deductible temporary differences, tax loss carryforwards or deductions pending application. Temporary difference means the existing between the carrying value of assets and liabilities and their tax base.

For buildings classified in property and equipment, and investment property, the applicable rate for the calculation of deferred tax corresponds to the approach of use of property, except in cases that are classified as held for sale, in which the rate used is the ordinary statutory rate and for land the applicable rate is the occasional profit if the asset has been owned for more than two years.

The carrying value of deferred tax assets is reviewed at the date of the financial position statement and reduced to the extent that it is no longer probable that sufficient available taxable profits are generated to allow use of all or part of the assets for deferred tax.

Recognition of taxable temporary differences

Deferred tax liabilities arising from taxable temporary differences are recognized in all cases except that:

- - Arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the date of the transaction does not affect the accounting profit or the taxable profit;
- - Correspond to differences associated with investments in subsidiaries, associates and joint ventures over which the Bank has the ability to control the timing of their reversal and it is not likely to reverse in the foreseeable future

Recognition of deductible temporary differences

Deferred tax assets arising from deductible temporary differences are recognized provided that:

- - It is probable that there are sufficient future taxable earnings for compensation, except in those cases where differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and the date of the transaction does not affect the accounting nor taxable profit;

- - Correspond to temporary differences associated with investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will reverse in the foreseeable future and is expected to generate positive future tax gains to compensate for differences;

Tax planning opportunities are only considered in the evaluation of the recovery of deferred tax assets, if the Group intends to adopt them or is likely that it will adopt them.

Measurement

Deferred tax assets and liabilities are measured using the tax rates that apply in the periods in which it is expected to realize the asset or settle the liabilities, based on the regulations approved or is about to be approved and once considered the tax consequences that will arise from the way in which the Bank expects to recover assets or liquidate liabilities.

The Bank reviews at the close of the year, the carrying amount of deferred tax assets, in order to reduce this value to the extent that it is unlikely that there will be sufficient future taxable income to compensate them.

Deferred tax assets that do not meet the above conditions are not recognized in the consolidated statement of financial position. The Bank reconsiders at year end, if the conditions are met to recognize deferred tax assets that had not previously been recognized.

Compensation and classification

The Bank only compensates deferred income tax assets and liabilities if there is a legal right of setoff against tax authorities and those assets and liabilities relate to the same taxation authority and the same taxpayer.

Wealth Tax

Law 1739 of 23 December 2014 in its first article creates from January 1, 2015 an extraordinary tax called wealth tax, which will be temporary for the Taxable years 2015, 2016 and 2017. The tax will be caused annually on January 1 of each year.

The Bank recorded the wealth tax charged to equity reserves without affecting the income statement, according to Article 10 of Law 1739 of 2014.

4.30 Provisions

Provisions are recognized when the Bank has a present obligation (whether legal or constructive) as a result of a past event, it is likely that the Bank has to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period is reported, taking into account the risks and uncertainties surrounding the obligation. When a provision is valued using cash flows estimated to settle the present obligation, its carrying amount represents the present value of those cash flows.

When the recovery is expected of some or all of the economic benefits required to settle a provision by a third party, an account receivable is recognized as an asset if it is virtually certain that the payment and the amount of the account receivable can be reliably valued.

Litigation

Disputes analyzed are those with a probability of failure against the Bank, which should be recognized at fair value, recognizing the likely value of the fault and the estimated resolution date. The estimated cash flows are discounted at the rate of bank funding.

When the probability of occurrence of the event indicates that litigation is likely, it is provisioned 100%. Possible disputes are revealed.

The Bank has provisions covered by guarantee contracts made in acquisitions of other companies, which are disclosed in Note 10.23.

4.31 Bank Guarantees

They correspond to documents issued by the Bank to ensure compliance with one or more obligations in whole or in part, contracted by the client to third parties. In case of default by customers, the bank will respond to the third party paying the sum of money agreed in the document, and a credit obligation on behalf of the customer for the amount paid is created, at a deadline agreed by the customer.

4.32 Employee Benefits

Short and long term employee benefits

Employee benefits in the short term are those that the Bank expects to settle completely before the twelve months following the end of the annual reporting period, such as wages and salaries, annual leave, sick leave, severance pay and interest on severance pay, among others. When an employee has rendered service to the Bank during the accounting period, the amount will be recognized (undiscounted) of short-term benefits to be paid for such services as a liability (accumulated or accrued expenditure) and as a expense.

Liabilities recognized for employee benefits in the short term are valued at an undiscounted amount for the benefits expected to be paid for that service.

The contractual or implicit obligation of the Bank shall be limited to the recognition of the amount that has been agreed with the employee, and shall be calculated based on a reliable estimate of the amounts payable, spending is generated only based on the occurrence of the consideration since the services provided by employees do not increase the amount of benefits.

The long-term benefits are all benefits to employees different form benefits from short term employees, benefits subsequent to the period of employment and termination indemnities, the Bank will recognize a liability and an expense for termination benefits at the time the Bank can no longer withdraw the offer of those benefits.

The Bank grants to staff members who have a minimum period of two years, loans for house purchase at a preferential variable rate, which is accessed only during the time of employment relationship, that is, in case of withdrawal the benefit is immediately lost. The estimate of the amount of the benefit on interest rate compared to the prevailing market rate on the date of origination of loans, this difference recognized in rates as the sum of the present values and recognized in the statement of financial position.

To date the Bank has no long-term benefits, post-employment or termination that is material. 1.

4.33 Compensation of Financial instruments in the statement of financial position

Financial assets and liabilities are compensated and the net amount reported in the separate statement of financial position, when there is legally the right to compensate the recognized amounts and there is an intention of the Bank to settle them on a net basis or realize the asset and settle the liability simultaneously. As of December 31, 2015, 2014 and January 1, 2014, the Bank was not subject to compensation.

4.34 Heritage

Capital

The Bank classifies capital instruments as equity instruments in accordance with the substance and characteristics thereof. An equity instrument is any contract that evidences a residual interest in the Bank's assets after deducting all of its liabilities. Capital instruments issued by the Bank are recognized by the funds received, net of direct issue costs and any tax effect.

Common shares

Common shares are classified as equity when they have no contractual obligation to transfer cash or another financial asset. Dividend payments are recognized as a deduction from equity.

Shares with minimum preferential dividend

The minimum preferential dividend shares are classified as equity when they have no contractual obligation to transfer cash or another financial asset. The payment of the Minimum Preferential Dividend will be made with the frequency and manner determined by the General Assembly of Shareholders. The Minimum Preferential Dividend is not combinable.

Paid-in shares

The additional Paid-in capital corresponds to the difference between the nominal value and the value paid for the share.

Reserves

i) Legal reserve - Banks in Colombia must constitute a legal reserve of 10% of the net profits of each year until reaching 50% of the subscribed capital. The reserve can be reduced to less than 50% of the subscribed capital, when it is intended to cover losses in excess of undistributed profits. The legal reserve cannot be used to pay dividends or to assume expenses or losses during the time that the Bank has undistributed profits. The Bank has set a legal reserve that is higher than policy parameters and has exceeded 8 times the established value of the subscribed and paid capital.

ii) Statutory and voluntary reserves - Includes the following reservations that must be approved by the General Assembly of Shareholders:

- Reserve for valuation of investments at market prices. Decree 2336 of 1995
- •Reserve for wealth tax
- Reserve available to General Shareholders Meeting for future distributions of profits.
- Others

To meet solvency standards the Bank can make commitments of capitalization of reserves available to the assembly.

Other Comprehensive Income

Includes income and expenses items that are not recognized in profit or loss, such as: unrealized gains on debt securities valued at equity, the effective portion of gains and losses on hedging instruments of net investment abroad and effect of the deferred tax of items recognized in the ORI.

According to the provisions of External Circular 036 of 2014, issued by the SFC, the difference between the models of loss incurred of loan portfolio under NCRF (NCIF) and the models of expected loss recognized in the individual or separate financial statements of domestic subsidiaries and abroad according to regulations of the SFC, shall be recognized in other comprehensive income.

Earnings per share

Basic earnings per common share are calculated by dividing the controlling interest between the weighted average numbers of ordinary shares outstanding during the year. See note 10.24.

4.35 Income and expense recognition

Revenue is recognized when the amount of revenue and associated costs can be measured reliably, it is probable that the economic benefits associated with the transaction will be realized and the degree of completion of the transaction can be measured reliably.

The most significant criteria used by the Bank to recognize its income and expenses are summarized below:

Interest income, interest expenses and similar items

Interest income, interest expenses and similar items are generally recognized as earned using the effective interest method.

Fees from banking services are recognized when earned.

Fees or credit card income, including fees from credit or debit cards interchange and quarterly or annual handling fees are recognized when earned, except quarterly commissions that are recognized monthly. Interchange fees are recorded net of the estimated points that are paid when purchases are made.

The credit fees whether by availability of credit quotas, restructuring and syndicated loans, are recognized when the payment is made.

Fees for investment management services include fees for asset management, investment banking, custody and securities trading, are recognized in each period when the service is provided.

Dividends are recognized in income when the right to receive payment is established and in the case of dividends from subsidiaries they are recorded as a lower value of investment (goodwill?), for non-controlled entities and associates they are recognized at income statement the date on which it is entitled his collection.

Revenue gain on sale of goods is recognized when: a) the significant risks and rewards of ownership of the goods are transferred to the buyer, b) it is probable that associated economic benefits are received with the transaction, c) costs incurred and potential returns of goods can be measured reliably.

4.36 Customer loyalty programs

The Bank operates a loyalty program where customers earn points for purchases, through credit and debit cards, which entitles them to redeem points for prizes in accordance with the policies and the prizes plan in force on the date of redemption, the points as prizes are recognized as a separately identifiable component of the initial sales transaction by allocating the fair value of the consideration received between the award points and other components of the sale, so that loyalty points are initially recognized as deferred income at fair value and are recognized as income when the points are redeemed by the customer, points are canceled according to maturity, except in loyalty programs of foreign subsidiaries where the points do not expire.

4.37 Operation segments

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses whose operating results are reviewed regularly by the Strategic Committee of the Bank that decides on the resources to be allocated to segment, evaluates their performance and for which discrete financial information is available.

5. Use of estimates and judgments

For the preparation of these separate financial statements, the Bank's management provided criteria, judgments and estimates, according to the understanding and applicability of regulatory and technical framework for the preparation of financial information, and instructions issued by the Financial Superintendence of Colombia. In the application of accounting policies, different types of estimates and assumptions were used. The administration made these value judgments, on the analysis of assumptions that were based eloquently on historical experience and factors deemed relevant in determining the carrying value of certain assets and liabilities that are in fact not readily apparent, and that therefore required an additional effort for analysis and interpretation. Actual results could differ from these estimates.

Estimates and assumptions are reviewed on a regular basis. Changes to accounting estimates are recognized in the period in which the change is made and future periods if the change affects both the current period and subsequent periods.

5.1. Critical judgments in applying accounting policies

Critical judgments are presented below, apart from those involving estimates, made by the administration during the process of implementation of the Bank's accounting policies and that have a significant effect on the separate financial statements.

Significant influence assessment

The Bank determined that it has significant influence in entities disclosed in Note 10.8 and represents its investment by the equity method.

Key sources of uncertainty in estimates

Here are the key assumptions concerning the future and other key sources of uncertainty estimation at the end of the period, that have a significant risk of resulting in significant adjustments to the carrying amounts of assets and liabilities within the next year are as follows:

Fair value measurements and evaluation processes

Financial assets and liabilities that are traded in active markets are recognized in the statement of financial position at their fair value and are valued at market prices.

An active market is one in which transactions for assets or liabilities are carried out with sufficient frequency and volume to provide pricing information on an ongoing basis.

In Colombia the SFC has authorized official price providers and the Bank uses the price information published daily by PIPCO to assess the investment portfolio and derivatives, in compliance with the provisions of External Circular 034 of 2014 indicating the use of information supplied by price providers in accordance with the instructions provided in the Basic Legal Circular part 3, title IV, Chapter IV - Price Providers.

Derivative financial instruments are recognized in the consolidated statement of financial position at fair value at each reporting date. Additionally, the fair value of certain financial instruments, mainly loans and long-term debt, although it does not involve a risk of adjustment to the carrying instruments is disclosed. The above is described in Note 10.4.

The fair values described are estimated using valuation techniques that include data that are observable and unobservable in a market. The main assumptions used in the valuation are described in the notes. Management believes that the valuation techniques and assumptions selected are appropriate for determining fair values.

Impairment of goodwill

To determine whether goodwill is impaired involves calculating the use value of the cash-generating units to which it is assigned. The calculation of the use value requires the Bank to determine the future cash flows that the cash generating units are expected to obtain and deemed an appropriate discount rate to calculate the present value.

The Bank makes this recovery with an external, specialized, independent consultant approved by the SFC.

Useful lives, residual values and depreciation methods of long-lived assets

As described in Note 4.15., the Bank periodically reviews the useful lives, residual values and depreciation methods of long-lived assets, including property and equipment and intangibles, valuations are carried out by technical experts. For intangible, it determines additionally whether its life is finite or indefinite. During the periods presented, these estimates were not changed.

Income tax

The Bank assesses the performance over time of deferred income tax asset, which represents income tax recoverable through future deductions from taxable profits and is recorded in the separate statement of financial position. Deferred tax assets are recoverable to the extent that the realization of the relative tax benefits is likely. As of December 31, 2015, 2014 and January 1, 2014 the Bank estimates that the items of deferred income tax assets will be recoverable according to its estimates of future taxable profits. Deferred tax liabilities as taxable differences in the calculation of deferred taxes, will reflect the values to be paid for income tax in future periods.

Provisions and contingencies

A contingency requires to be classified according to a reliable estimate according to the probability of occurrence of a fact or an event. Unless the possibility of any outflow in settlement is remote, the Bank shall disclose, for each class of contingent liabilities, at the end of the reporting period, a brief description of the nature of the contingent liability. When there is a probability of an inflow of economic benefits, the Bank shall disclose a brief description of the nature of the contingent assets at the end of the reporting period and, where feasible, an estimate of its financial effect. Estimates regarding contingencies are based on the criteria adopted pursuant NCIF, as follows:

- The classification of a contingency establishes the manner in which provisions should be recognized. Bank provisions are determined based on the probability established by the legal area for each event, fact or legal process.

Deterioration of loan portfolio

The Bank regularly reviews its loan portfolio for impairment and to determine the amount of such impairment, to analyze its reasonableness and record it under current earnings.

This evidence may include data indicating that there has been an adverse change in the behavior of debtors in each loan portfolio (commercial, consumer, mortgage housing, microcredit and leasing) in the bank or in the country or in local conditions of the economy that correlate with defaults on the assets of the Bank. Management uses estimates based on historical experiences of loans with similar risk characteristics and objective evidence of impairment similar to those loans portfolio when its future cash flows expire. The methodologies and assumptions used to estimate the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

6. New standards and interpretations issued but not yet effective

New standards applicable from January 1, 2016

In Colombia, by Law 1314 of 2009, the Technical Council of Public Accounting (CTCP) was designated as a "body of technical standardization of accounting standards, financial reporting and information assurance" to propose before the expedition, principles, standards, interpretations and accounting guides and financial reporting and assurance information to the Ministry of Finance and public Credit and Commerce, Industry and Tourism, annually updating applicable standards in Colombia in Spanish version.

On December 14, 2015, Decree 2420 was issued: "Unique Regulatory Decree of Accounting Standards, Financial Reporting and Information Assurance and other provisions", which includes the standards that have been issued by the IASB and adopted in Colombia, whose validity will be effective from January 1, 2016, and Decree 2496 of December 23, 2015, which allows the application of the amendments made by the IASB of the Cycle 2012-2014 and updates the standards contained in the "Red Book version 2015" with effect from 1 January 2017.

The Bank is currently assessing the impact of these standards.

IFRS 9 - Financial Instruments, (November 2013), a chapter related to hedge accounting is added, Chapter 4 of classification of financial instruments is modified, likewise, IFRS 7 and IAS 39 are amended in accordance with the new classification (fair value and amortized cost). This shall apply from January 1, 2016.

In July 2014, the IASB completed the reform of the accounting for financial instruments and IFRS 9 was issued - Accounting for financial instruments (version revised 2014), which will replace IAS 39 - Financial Instruments: recognition and measurement, this version is applicable in Colombia from January 1, 2018 and includes the replacement project of IFRS 9, contained in the following phases:

Phase 1: Classification and measurement of financial assets and liabilities
Phase 2: Methodology of impairment
Phase 3: Hedge accounting

IAS 27 - Separate Financial Statements - the use of the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements, applicable from January 1 2017, is allowed. The SFC allowed the use of the equity method from January 1, 2015, by external Circular 034 of 2014.

IAS 28 - Investment Entities - Implementation of consolidation exception applies for a controlling entity that is a subsidiary of an investment entity when the investment entity measures all its subsidiaries at fair value according to the IFRS10.

The application of the equity method is allowed to an investor in an associate or joint venture if it is a subsidiary of an investment entity that measures all its subsidiaries at fair value, applicable from January 1st, 2017.
Additionally, the treatment of loss of control of a subsidiary that is sold or contributed to an associate or joint venture and it is clarified that the gain or loss resulting from the sale or contribution of assets represents a business, is defined as it is determined in IFRS 3.

IAS 16 - Property, plant and equipment / IAS 38 - Intangible Assets - Annual Improvements 2010 - 2012 Cycle (December 2013) - When an asset is revalued the carrying amount is adjusted to the revalued amount and sets the proportionate restatement of accumulated depreciation, when a portion of property, plant and equipment is revalued, applicable starting on the 1st of January 2016.

The methods that are acceptable for depreciation are clarified. It prohibits the use of a depreciation method based on the income for items of property, plant and equipment, applicable starting on January 1st, 2017.

IAS40 - Investment Property, annual improvements 2011-2013 Cycle - Clarification of the interrelation of the IFRS 3 Business Combinations and explanatory paragraphs are included to classify property as investment property or as property occupied by the owner, it also clarifies the determination whether the acquisition of an asset or group of assets is an investment property or a business combination within the IFRS 3 scope, these amendments apply starting on January 1st, 2016.

IAS 38 - Intangible assets, annual improvements 2010 - 2012 Cycle (December 2013) - When an intangible asset is revalued the carrying amount is adjusted to the revalued amount and it defines options for handling the accumulated depreciation at the date of the revaluation, applicable from January 1st, 2016.

Establishes conditions related to the amortization of intangible assets on:

a) when the intangible asset is expressed as a measure of income.
b) when it can be shown that the income and consumption of the economic benefits of the intangible assets are closely related.

Applicable from January 1, 2016

IFRS 3 - Business Combinations, annual improvements 2010 - 2012 Cycle (December 2013), Accounting for contingent consideration in a business combination where the acquirer will classify an obligation to pay contingent consideration that meets the definition of a financial instrument as financial liabilities or equity based on the definitions of equity instruments and financial liabilities included in paragraph 11 of IAS 32 *Financial Instruments*:

Presentation, or other applicable IFRSs and the acquirer shall classify as an asset a right to the return of previously transferred considerations if specified conditions are met.

It was also amended in the annual improvements document 2011-2013 Cycle specifying the exception to apply IFRS 3 in accounting for the formation of a joint venture in the financial statements of the same joint agreement, applicable from January 1st, 2016.

IFRS 11 - Joint Operations - Provides guidance on accounting of the acquisition of an interest in a joint operation in which activities constitute a business, according to the way it is stated in the definition of IFRS 3 - Business Combinations, applicable from January 1st, 2017.

IFRS 15 - Revenue from contracts with customers - Establishes a model of five (5) steps that applies to revenue from customer contracts, applicable from January 1st, 2018.

It will replace the following standards and interpretations of income after the date it comes into force:

- IAS 18 - Income;
- IAS 11 - Construction contracts;
- IFRIC 13 - Customer Loyalty Programs;
- IFRIC 15 - Agreements for the construction of property;
- IFRIC 18 - Transfers of assets from the customers and
- SIC 31 - Barter transactions involving advertising services.

Furthermore, we have made changes that seek the improvement the disclosure issues to the following standards:

IFRS 8 - Operation segments - annual improvements 2010 - 2012 Cycle (December 2013) - Aggregation of operating segments and reconciliation of total assets of reportable segments to the entity's assets, applicable from January 1st, 2016 .

IFRS 13 - Fair value measurement, annual improvements 2011-2013 Cycle - Compensation of financial assets and liabilities in relation to market risk or credit risk of the counterpart, applicable from January 1st, 2016.

7. Fair Value Measurement

According to IFRS 13, fair value is the price received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the measurement date. Such transaction would take place in the main market; in its absence, it would be done in the “most advantageous” market. For this reason, the Bank will perform the valuation considering the market in which the transaction would normally perform with the best available information.

The Bank assesses the financial assets and liabilities traded in an active market with available information and sufficient to the valuation date such as derivatives and debt and equity, through price information published by the supplier of official prices (PIP S.A.), whose methodologies are endorsed by the Colombian Financial Superintendence and its procedures are certified by the Statutory Auditor. Thus, the Bank uses prices and curves published by the supplier and assigns them according to the instrument being valued.

For those instruments that do not have an active market, the Bank develops methodologies that uses market information, prices of similar banks and in certain cases, unobservable data. Methodologies seek to maximize the use of observable data, to reach the closest approximation of a starting price of assets and liabilities that do not have large markets.

IFRS 13 provides the following hierarchy for fair value measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Different variables to the quoted prices from Level 1, observable for the asset or the liability, either direct or indirectly.
Level 3: Non observable for the asset or the liability.

The Bank classifies the financial assets or liabilities in each one of the hierarchies starting from the evaluation of the input data used to obtain the reasonable value. For these purposes, the Bank determines which variables are observable based on criteria such as availability of prices in markets, its publication and regular updating, reliability and verifiability, and its publication on behalf of independent sources involved in the markets.

Measurements of fair value on recurring basis

Recurrent measurements are those that require or permit IFRS accounting standards in the financial position statement at the end of each reporting period on which it is reported. If required circumstantially, they are categorized as non-recurring.

The assets and liabilities measured at fair value on a recurring basis are presented by type of instrument, indicating the corresponding hierarchy for December 31st, 2015, December 31st and January 1st, 2014.

(Millions of Pesos (COP))

December 31st, 2015	Fair Value	Hierarchy 1	Hierarchy 2	Hierarchy 3
Asset				
Investments in debt securities issued and guaranteed	7,237,913	4,231,228	1,349,630	1,657,056
In Colombian pesos	5,026,176	3,792,233	321,536	912,408
Colombian government	3,675,967	3,668,741	7,225	-
Foreign Governments	7,593	-	7,593	-
Financial Institutions	414,357	81,419	272,424	60,513
Real Sector Entities	17,648	4,715	12,933	-
Others	910,612	37,357	21,360	851,894
In Foreign currency	2,211,737	438,995	1,028,094	744,648
Colombian government	59,794	59,794	-	-
Foreign Governments	1,592,495	17,934	829,912	744,648
Financial Institutions	315,153	250,943	64,211	-
Real Sector Entities	219,686	87,084	132,602	-
Others	24,610	23,240	1,370	-
Investments in equity instruments	8,575	8,575	-	-
With change in results	8,575	8,575	-	-
Trading derivatives	441,317	-	441,317	-
Forward currency	314,337	-	314,337	-
Interest rate forward	-	-	-	-
Forward securities	76	-	76	-
Interest rates swap	113,110	-	113,110	-
Currency swap	1,524	-	1,524	-
Others	12,269	-	12,269	-
Derivative hedging	-	-	-	-
Forward currency	-	-	-	-
Interest rate forward	-	-	-	-
Forward securities	-	-	-	-
Total assets	7,687,804	4,239,802	1,790,946	1,657,056
Liabilities				
Trading derivatives	364,825	-	364,825	-
Forward currency	257,328	-	257,328	-
Interest rate forward	-	-	-	-
Forward securities	1,350	-	1,350	-
Rate swap	88,497	-	88,497	-
Currency swap	1,456	-	1,456	-
Others	16,194	-	16,194	-
Derivative hedging	-	-	-	-
Forward currency	-	-	-	-
Interest rate forward	-	-	-	-
Forward securities	-	-	-	-
Total Liabilities	364,825	-	364,825	-

(Millions of Pesos (COP))

December 31st, 2014	Fair Value	Hierarchy 1	Hierarchy 2	Hierarchy 3
Asset				
Investments in debt securities issued and guaranteed	6,694,175	4,607,706	965,865	1,120,605
In Colombian pesos	5,315,062	4,271,452	259,914	783,696
Colombian government	4,044,044	4,032,366	11,678	-
Foreign Governments	-	-	-	-
Financial Institutions	366,676	93,429	215,313	57,934
Real Sector Entities	30,647	26,594	4,054	-
Others	873,694	119,063	28,868	725,762
In Foreign currency	1,379,114	336,254	705,951	336,909
Colombian government	12,499	12,499	-	-
Foreign Governments	918,546	9,437	572,200	336,909
Financial Institutions	209,146	176,778	32,368	-
Real Sector Entities	221,807	120,424	101,383	-
Others	17,116	17,116	-	-
Investments in equity instruments	996	996	-	-
With change in results	996	996	-	-
Trading derivatives	417,708	-	417,708	-
Forward currency	370,588	-	370,588	-
Interest rate forward	-	-	-	-
Forward securities	5,848	-	5,848	-
Interest rates swap	12,751	-	12,751	-
Currency swap	-	-	-	-
Others	28,522	-	28,522	-
Derivative hedging	-	-	-	-
Forward currency	-	-	-	-
Interest rate forward	-	-	-	-
Forward securities	-	-	-	-
Total assets	7,112,879	4,608,702	1,383,572	1,120,605
Liabilities				
Trading derivatives	300,420	-	300,420	-
Forward currency	269,982	-	269,982	-
Interest rate forward	106	-	106	-
Forward securities	-	-	-	-
Rate swap	8,995	-	8,995	-
Currency swap	-	-	-	-
Others	21,336	-	21,336	-
Derivative hedging	-	-	-	-
Forward currency	-	-	-	-
Interest rate forward	-	-	-	-
Forward securities	-	-	-	-
Total Liabilities	300,420	-	300,420	-

(Millions of Pesos (COP))

January 1st, 2014	Fair Value	Hierarchy 1	Hierarchy 2	Hierarchy 3
Asset				
Investments in debt securities issued and guaranteed	6,444,512	4,640,717	813,711	990,084
In Colombian pesos	5,128,032	4,178,016	241,244	708,772
Colombian government	3,813,703	3,800,243	13,460	-
Foreign Governments	-	-	-	-
Financial Institutions	280,857	97,791	183,066	-
Real Sector Entities	29,393	18,895	10,499	-
Others	1,004,078	261,087	34,219	708,772
In Foreign currency	1,316,480	462,701	572,467	281,312
Colombian government	65,308	65,308	-	-
Foreign Governments	611,113	12,089	416,280	182,744
Financial Institutions	383,156	217,200	77,080	88,876
Real Sector Entities	237,810	158,703	79,107	-
Others	19,093	9,401	-	9,691
Investments in equity instruments	717	717	-	-
With change in results	717	717	-	-
…				
Trading derivatives	75,680	-	75,680	-
Forward currency	51,850	-	51,850	-
Interest rate forward	292	-	292	-
Forward securities	-	-	-	-
Interest rates swap	6,484	-	6,484	-
Currency swap	3,886	-	3,886	-
Others	13,167	-	13,167	-
Derivative hedging	-	-	-	-
Forward currency	-	-	-	-
Interest rate forward	-	-	-	-
Forward securities	-	-	-	-
Total assets	6,520,909	4,641,434	889,392	990,084
Liabilities				
Trading derivatives	60,099	-	60,099	-
Forward currency	41,633	-	41,633	-
Interest rate forward	-	-	-	-
Forward securities	1,061	-	1,061	-
Rate swap	5,852	-	5,852	-
Currency swap	1,432	-	1,432	-
Others	10,120	-	10,120	-
Derivative hedging	-	-	-	-
Forward currency	-	-	-	-
Interest rate forward	-	-	-	-
Forward securities	-	-	-	-
Total Liabilities	60,099	-	60,099	-

To determine the levels of fair value hierarchy an assessment of the methodologies used by the supplier of official prices and the expert judgment of the areas of treasury and risk, those with knowledge of the markets, inputs and approximations used for the estimation of fair values.

Methodologies applicable to the valuation of investments in debt and participating securities:

- Market Price: methodology applied to assets and liabilities that have sufficiently large markets in which the sufficient volume and number of transactions are generated to establish a starting price for each traded reference. This methodology, equivalent to a Level 1 hierarchy is generally used for investments in sovereign debt, financial institutions and corporate debt in local and international markets.

- Margins and reference curves: methodology applied to assets and liabilities for which market variables are used as reference curves and spreads or margins regarding recent quotes from the asset or liability in question or similar. This methodology, equivalent to a Level 2 is usually used for investments in debt titles of financial institutions and local corporate debt market infrequent issuers with low amounts outstanding. In the same way the credit content securities and senior portfolio mortgage securitizations are located under this methodology.

- Other methods: for assets to which the official price provider does not report the prices from the previously described methodologies, the Bank uses approximations to estimate a fair value maximizing the use of observable data. These methods, which are located in a Level 3 hierarchy, usually based on the use of an internal rate of return obtained from the primary market of the instrument, in the last observed quotes and in the use of reference curves. In the Level 3 hierarchy, investments in subordinated mortgage portfolio securitizations and residual rights product thereof, are located. For these assets there is no secondary market from which evidence may be obtained of a fair exchange price, making the best reference price generated by the transaction at the time of issuance of each instrument. The valuation of these instruments, which is based on the income approach, has as its main variable the internal rate of return implicit in the purchase value. If this variable changes by 1%, keeping the other factors constant it would affect the fair value by an equal amount of 2.8% of book value.

  Likewise at this level the short-term government debt security investments are located in which the investment portfolio has its position of the Central American subsidiaries. In particular it is about securities issued by the Government of Honduras and El Salvador, usually with in a time period inferior to one year, they do not have secondary markets, and where the best benchmark for a price output is generated by the transaction at the time of issuance. As the previously described securitizations, valuation is based on the method of discounted cash flow whose main variable is the internal rate of return implicit in the purchase value. If this variable changes by 1%, keeping the other factors constant it would affect the fair value by an equal amount of 2.8% of book value.

  For those equity instruments that are not quoted in an active market and does not have an available reference information on the used market models and standardized techniques in the financial sector, the investments in subsidiaries are carried at fair value at the acquisition cost and they are valued by the participation equity method. Other capital investments where no control or significant influence is recognized at its acquisition cost because of absence of market prices and because they are investments that financial institutions in Colombia required to operate according to local regulation, in addition to assessing the cost benefit of making recurring valuation models does not justify the financial impact of these investments in the statement of financial position.

Methodologies applicable to the valuation of derivative financial instruments:

- OTC financial derivatives instruments: these instruments are valued using the approach of discounted cash flow, in which from published inputs by the price supplier of curves for domestic, foreign and implicit interest rates and exchange rates, project and discount future cash flows of each contract depending on the underlying asset in question. The portfolio of these instruments classified in Level 2 for fair value, are composed of interest rate swaps and foreign exchange contracts forwards on currencies and bonds, and European currency options.

(Millions of Pesos (COP))

- Standardized derivative financial instruments: these instruments are valued from prices published by the designated supplier as official. Some of these contracts have sufficient depth to form a price under the market approach, and others are based on an discounted cash flow approach in which prices of the underlying curves and market interest rates are taken. The portfolio of these instruments is made up of future currency hedges on debt securities and interest rates. Since for these instruments we have incoming inputs from level 1 and 2, the Bank classifies fair value based on the lowest level, in this case, level 2.

For the period from December 31st, 2015 and December 31st, 2014 no transfers between levels of fair value are presented.

Measurements of fair value on non recurring basis

The assets and liabilities of the Bank at fair value and book value at December 31st, 2015 December 31st, 2014 and January 1st, 2014 are as follows:

		December 31st, 2015			
			Hierarchy		
	Fair Value	**1**	**2**	**3**	**Book Value**
Assets					
Credit portfolio	62,578,752	-	-	62,578,752	64,097,379
Investments at amortized cost	1,319,161	249,746	669,998	399,417	1,241,268
Total financial assets	**63,897,914**	249,746	669,998	62,978,170	**65,338,647**
Liabilities					
Certificate of deposit	20,728,018	-	-	20,728,018	20,717,046
Debt instruments issued	9,233,205	8,625,683	-	607,523	9,252,730
Bank loans and other obligations	9,046,054	-	-	9,046,054	8,769,168
Total Liabilities	**39,007,278**	8,625,683	-	30,381,595	**38,738,944**

		December 31st, 2014			
			Hierarchy		
	Fair Value	**1**	**2**	**3**	**Book Value**
Assets					
Credit portfolio	50,539,620	-	-	50,539,620	51,645,921
Investments at amortized cost	1,026,258	140,746	708,323	177,189	1,028,222
Total financial assets	**51,565,878**	140,746	708,323	50,716,809	**52,674,143**
Liabilities					
Certificate of deposit	16,468,866	-	-	16,468,866	16,271,052
Debt instruments issued	7,892,321	7,473,951	-	418,369	7,759,988
Bank loans and other obligations	5,725,654	-	-	5,725,654	5,472,743
Total Liabilities	**30,086,841**	7,473,951	-	22,612,889	**29,503,784**

(Millions of Pesos (COP))

	January 1st, 2014				
	Fair Value	Hierarchy 1	2	3	Book Value
Assets					
Credit portfolio	40,735,084	-	-	40,735,084	41,675,137
Investments at amortized cost	941,031	58,577	749,786	132,668	955,911
Total financial assets	**41,676,116**	58,577	749,786	40,867,753	**42,631,048**
Liabilities					
Certificate of deposit	13,306,879	-	-	13,306,879	13,208,034
Debt instruments issued	6,761,547	6,338,324	-	423,223	6,711,403
Bank loans and other obligations	4,268,495	-	-	4,268,495	4,108,717
Total Liabilities	**24,336,922**	6,338,324	-	17,998,598	**24,028,154**

8. Operation segments

Operating segments are components of the matrix, that includes the results of the different countries where Davivienda is located, so that their results are classified and presented in segments established by the Bank:

1. People

   This segment has all of the products and services that are offered to individuals. Davivienda offers a high variety of products and services focused on meeting its customers needs including investment products, financing and savings services.

2. Companies

   This segment includes the supply of products and services aimed at corporations. It provides financial and transactional solutions in local and foreign currency and financing products, savings and investment in order to meet the needs of these customers in different sectors of the economy.

3. ALM Unit

   The Treasury and Others segment includes different areas to the treasury, as is the mismatching management between assets and liabilities and any effects of re-expression because of change, either because of the treasury position or the banking book. That is why the outcome of this segment reflects not only the result of a business line but reflects corporate management decisions over the management of emissions and bank financing. Yet, by managing the bank's cash resources it has a monitoring system done by management, as well as the other segments. With this in mind we present the primary dynamic in the segment.

4. International:

   This segment corresponds to the International Bank operation therefore includes financial information of foreign subsidiaries, which are located in: Panama, Costa Rica, Salvador and Honduras. These subsidiaries derive their income from a variety of financial products and services offered in each country, which are based on an effective supply of integral value for its Multi-Latin customers, with a focus on quality and service.

Following the results per segment of Banco Davivienda S.A. as 2015 was the first publication year of the results after the implementation of the International Financial Reporting Standards, the segment results presented here were prepared in COLGAAP following the guidelines that were established by the senior management. Additionally in the last section the respective reconciliation of the COLGAAP results will be included with the results generated through the application of international standards.

(Millions of Pesos (COP))

Results by segment
January - December 2015

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

(Millions of Pesos (COP))

Results by segment
January - December 2014

INCOME STATEMENTS	**People**	**Companies**	**ALM Unit**	**International**	**Adjustments and reclassifications**	**Total Consolidated Bank**
Interest revenue	2,664,090	1,429,848	313,806	782,333	53,715	5,243,791
Interest expense	(122,917)	(722,335)	(541,500)	(281,211)	19,889	(1,648,074)
FTP Net (*)	(666,167)	443,503	222,665	0	(0)	0
Provisions and net accounts receivable	(548,251)	(188,844)	1,086	(61,384)	31,789	(765,604)
Net Interest Income	**1,326,754**	**962,172**	**(3,943)**	**439,738**	**105,392**	**2,830,114**
Net revenue from services, commissions and insurance	643,692	199,659	138,389	277,245	(372,942)	886,043
Income from investments in associated companies, net			3,656			3,656
Dividends	0	0	11,066	0	0	11,066
Operating costs	(1,391,877)	(513,177)	(310,254)	(567,697)	580,658	(2,202,346)
Changes and derivatives, net	0	0	96,659	24,038	(217,928)	(97,231)
Other Income and Expenses, net	29,834	40,275	16,234	7,769	(88,674)	5,438
Operating margin	**608,404**	**688,929**	**(48,192)**	**181,094**	**6,506**	**1,436,740**
Income tax and complementary	(90,380)	(221,827)	(15,062)	(46,360)	(99,625)	(473,254)
Net profit	**518,023**	**467,102**	**(63,254)**	**134,733**	**(93,118)**	**963,486**
Assets	20,801,802	20,250,956	13,400,039	14,865,108	(1,200,715)	68,117,190
Liabilities	9,616,716	23,750,261	14,415,274	13,095,820	(212,786)	60,665,285

FTP* Net refers to the costs of resources transfer between segments, which are assigned in a systematic and coherent and is managed within the entity.

Balance by Segment to the 1st of January, 2014

Account	**People**	**Companies**	**ALM Unit**	**International**	**Adjustments and reclassifications**	**Total Consolidated Bank**
Assets	17,663,417	16,556,567	12,118,207	11,041,558	(373,698)	57,006,051
Liabilities	8,712,307	19,769,146	12,542,336	9,641,454	(113,482)	50,551,762

Retail banking

The accumulated profit to December 2015 in the retail banking segment totaled $ 573,923,000, 10.8% more compared with the accumulated earnings retained as of December 2014, achieving a share of 46.4% of the total profit of the Bank.

The net interest margin for the retail banking segment at the end of 2015 showed an increase of 13.0% compared to 2014, totaling $ 1,498 trillion thanks to the good performance of housing and promissory notes revenues which presented an annual growth of 16.1% and 21.8% respectively.

In addition, we highlight the income of fixed consumer loans which grew 37.0%, an increase of $ 65.693 billion compared to 2014. While the portfolio of private vehicles closed at $ 182,953,000, 17.1% more than 2014.

Financial expenses for the segment increased 35.5% due to the increased participation of financial term instruments with comparatively higher rates with in the funding sources in this segment.

Spending net provisions in the retail banking segment increased by $ 78 billion to close at $ 626 billion. This was mainly explained by the higher spending provisions in the consumer portfolio (26.3% additional compared to 2014) as a result of the deterioration of the portfolio at 43 basic points, mainly customers working in the oil sector as well as in imports. Moreover, in the housing portfolio we had a release of provisions of approximately $ 54.92 trillion.

Finally, the income from commissions and service fees increased by 3.0% to close at $ 662.82 billion, due to the fact that capture, its biggest source of revenue with 38.9% of the total participation, showed an increase of 0.8% over the registered one during 2014, followed by the income fee of the management of the portfolio which increased 25.6% with only 10.2% share in the total revenues.

Corporate banking

The results up to December 2015 for the Corporate Banking segment totaled $ 447,309,000, representing 36.2% of the Bank's profits.

The net interest margin for this segment at the end of 2015 showed an increase of 5.5% versus 2014 thanks to the good behavior of the SME portfolio, with an increase of 28.8% and Constructor portfolio which increased 39.4%.

The revenues from the company banking segment portfolio totaled $ 1,843,997,000,000, 29.0% additional compared to 2014, mostly due to the 26.2% increase in revenues of the Corporate portfolio, totaling $ 1,083,163,000,000 income, with an increase in the balance of 20.0%.
Financial expenses increased 30.3% due to the funding cost of the corporate portfolio whose expenses mainly increased by 31.8%.

Spending net provisions increased by $ 154 billion to $ 342 billion, mainly explained by the increase in spending provisions of the corporate portfolio.

Finally the income and services fee increased by 21.4%, mainly in SMEs (23.3%) and corporate (19.2%).

ALM Unit

The net financial margin for this segment falls at the end of 2015 by presenting a decrease of 91.5% versus the one accumulated in 2014. This is due to the fact that the results of the investment portfolio grows its revenue by 15.5%, offsetting by the higher growth in the financial outflow of the obligations of the bank's debt of a 35.5%.

Revenues from services and commissions for treasuty and GAP segment totaled $ 141,028,000,000 an increase of 1.9% compared to December 2014, with a 55% and 26% of the Fiduciaria Davivienda S.A. and Corredores Davivienda, respectively.

Finally this segment closed with a loss of $ (121,108,000.000) during the year, however, the Fiduciaria Davivienda S.A. contributed a profit of $ 26,078,000,000 and Corredores Davivienda had net income of $ 3,061,000,000 in December 2015.

International Operation

The results up to December 2015 for the International segment totaled $ 202.816,000,000, representing 16% of the Bank's profits.

The net financial margin for this segment grew at the end of 2015 by presenting an increase of 47.6% versus the one accumulated in 2014 due to the good behavior of the portfolio.

Financial income for the international segment totaled $ 1,241,419,000,000, 58.7% additional compared to 2014, part of this growth is explained because during 2015 the representative
market rate reached $ 3,149.47 causing devaluation of 31.6% equivalent to $ 757.01 pesos, compared with $ 2,392.46 in December 2014.

Finally the income and service fee increased by 52.7%, $ 146.067,000,000 more than the registered during 2014, totaling $ 423,312,000,000.

9. Risk management

Risk Management Framework

The integrated risk management of the Bank, is based on a governance structure designed to achieve the strategic objectives, on the basis of management, administration and risk control that support business growth and leveraging opportunities. On this basis the efforts towards the implementation of the strategy and control of the associated risks are focused.

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

The comprehensive risk management of the Bank is governed by the principles and policies of Grupo Empresarial Bolivar, under the autonomy of each company in its risk management and being responsible in their environment control.

Principles and Policies

- The companies will permanently maintain sufficient liquidity levels.
- The companies will manage appropriate economic capital levels to their risk levels and to their growth prospects.
- The risk management system is supported on a scheme of weights and counterweights that is guaranteed by the independence between the business, operational and risk areas.
- Risk management must be commensurate with the business' nature and activity. We act only in businesses that we understand and that do not affect economic stability or reputation.
- Meeting the growth targets can not lead the Bolivar Business Group to overexposures generating present and future losses outside the risk levels of the organization.
- The risks that may affect the achievement of objectives and key corporate strategies that also impact the organization significantly as a whole are managed centrally. Risk management which by their nature are managed in a better way at the process level and / or area is decentralized because its involvement is particular to each process without this meaning that the ability of the organization to successfully implement their strategies change.

- The strength developed in knowledge, understanding and quantification of risks, as well as the characteristics of each business define Grupo Empresarial Bolivar's risk levels. Boldness in decisions depend on that understanding.

- To strengthen the culture of risk and compliance at Bank level.

- Human resource policies should include career plans that include technical and specialized knowledge for their job; additionally, they should strive for the formation of successors, who have the required skills.

- The remuneration systems must be aligned with the strategic objectives of companies and their risk appetites.

- The Grupo Empresarial Bolívar has in its business sectoral and / or regional business expertise. Any investment in different sectors or regions will be done with the approval of the Holding Board and / or Subsidiary companies, after the analysis of their particular characteristics.

- For new businesses that do not adequately fit the Risk Philosophy and risk appetite defined, the only body that can authorize is the Board of Directors (BD) of each Company and Holding.

- The risk management, normative compliance and internal policies are the responsibility of the three lines of defense of the company, in their order: business, commercial and operational areas, in second instance the risk areas and last the internal audit.

- The structure of the companies must recognize key areas that should have a special supervision done.

The Subsidiaries in accordance with the corporate governance rules, should adopt policies, standards and procedures and internal control structures that ensure the integrity and efficiency of the management processes. We also have manuals that establish how the governing process of the comprehensive risk management and strategy apply.

Risk management

The process of the Bank's comprehensive risk management is aligned with the integrated risk management of Grupo Empresarial Bolivar. The Bank's risk management involves analyzing current and planned positions as well as defining limits for this position. Similarly it requires an assessment of the implications of all risks and making decisions aimed at modifying the limits if they are not in line with the general risk philosophy.

Risk management should be done by including a vision from the TOP DOWN to ensure the its integrity, its consistency and interrelationship of the various risks. It should also be done BOTTOM UP through the development of management and control schemes of each and everyone to ensure their effectiveness and depth as well as where it clearly defines the governance model of each risk, the relevance and strength of each definition of limits for these positions, as well as the severity of the breaches they come to present.

The application of the risk management model must be made within a clear framework of segregation of duties, where responsibilities can be differentiated in the areas of Business Lines (Front), Risk (Middle) and Operations (Back Office).

Risk areas are responsible for promoting and protecting the right control scheme of each risk through monitoring how these are managed in different areas, the effectiveness of controls and levels risks, always ensuring that they are within the risk levels defined by the Grupo Empresarial Bolivar.

The macro processes or lines of the most representative business lines in the strategy or that generate higher risk exposures, must be accompanied by specialized risk areas responsible for determining the effectiveness of risk management, including the operational ones.

The management and control of these risks is performed through different areas that specialize their functions in lines or segments, as in the case of credit risk, market and liquidity, or manage their efforts transversely, as the operational risk management and internal control system works.

Government Structure

A set of principles have been defined and risk policies that clearly define the Bank's risk levels, while establishing authority levels and the responsible ones that must perform the risk management. Based on the risk approach, the Board of Directors is the highest management organ and control of the risk management, which in turn is supported on a Corporate Risk Committee that incorporates in its assessment and control of all of the risk aspects identified in the organization.

Risk management runs through the Vice President of Risk and Financial Control and the Risk Investment Vice President who reports to the Corporate Risk Committee of the Bank it being a committee of the Board with two active members.

Boards of Directors

The members of the Davivienda's Boards of Directors, as main managers of corporate governance deeply assess the risks associated with the business and they support the work done by the oversight and control bodies.

The authority, guidance and oversight to senior management will come from the Board of Directors, so that its members will have adequate experience and knowledge about the activities, objectives and structure of the respective entity.

The Board is the body responsible for risk issues, like to:

- Evaluate, approve and oversee the management of corporate risks in the Bank
- Approve the appetite and risk tolerance of the institution and the general corporate risk scheme.
- Ensure that the risk management mechanisms of the entity will provide an appreciation of most of the risks related to the strategy and objectives.

Internal Audit

- Supervise the risk management model of the Bank
- Perform a follow up the recommendations that arise from the control process, or guidelines of the Risk Committee and Board of Directors or equivalent authority.
- Provide assistance to management by monitoring, reviewing, evaluating and reporting on risk management and recommending improvements regarding the adequacy and effectiveness of the ERM processes.

Corporate Risk Commitee

- Propose the risk appetite framework to be approved by the Board and ensure compliance.
- Perform comprehensive analysis of the different risks to which Banco Davivienda is exposed to.
- Monitor risk exposures and contrast these exposures to risk levels approved by the Board.

Management Risk Model

Banco Davivienda's risk management is done according to operations management: Banco Davivienda Colombia and Banco Davivienda International, defined internally and is aligned to the overall risk management and compliance strategy.

Banco Davivienda Colombia

The risk management of Banco Davivienda Colombia is approached from the business done in personal, business and treasury banking units, managing its risks within a clear segregation framework of duties that allow independence in the analysis and control of the associated risks. The vice president in charge of each business unit is responsible for the risks generated by decisions taken within the approved framework by the authorized bodies and committees, business boards and Board of Directors.

In addition, specialized areas at risk are responsible of promoting the appropriate control scheme of each of the risks. So, from the Risk and Financial Control Vice Presidency the financial risks to which the Bank is exposed to are valued. The granting policies are administered, the risk assessment for the massive portfolios, SMEs, business and corporate are done and a balance risk - profitability is maintained.

For the Personal Banking segment, the Personal Banking Credit Vice Presidency is responsible for the assessment, management and collection of all credit lines. The approval is based on a pyramidal structure with defined power limits. Similarly, there are credit committees with collegiate decision. For these credit products, it has bestowal scores, which have been built based on their own historical information and evaluating customer variables, his behavior and indebtedness in the financial sector, the product and the warranty. There are also methods developed to segment the homogeneous groups the universe of credits and in this way be able to individually assign the risk levels.

In the SME and Corporate segment, the credit assessment lies with the Corporate Credit Vice Presidency, which is responsible for analyzing credit applications, of tracking current obligations, of assigning risk categories and arrange the recovery in cases that it merits.

The Corporate Credit Vice President is also responsible for granting credit terms to national and international companies whose economic activity is framed within the rules and conditions set forth by the Companies Superintendence, as well as by the Bank. To meet this goal a thorough analysis of the creditworthiness of the companies is done. A macroeconomic and microeconomic assessment of the conditions in which it operates, the culture, strategy, policies, procedures and the various quantitative, qualitative and size risks are analyzed as well as the importance of the economic sector in which it operates is discussed.

Finally, managing market and liquidity risk, as well as the Treasury is carried out from the Risk Investment Vice President. He has designed and implemented a robust structure of exposure limits to the various risks to control the portfolios and the activities undertaken to carry out their management thereof.

Banco Davivienda International

The risk management of Banco Davivienda International, corresponds to the risk management of each country, evaluated and monitored from the parent company, according to the exposure limits defined and to the risk management policies supported by the Corporate Risk Committee and approved by the Board.

The International Credit Vice President is in charge of the Corporate and Business Banking, and the Retail Banking of the foreign Subsidiaries as well as in the Parent Company it is responsible for the assessment, management and collection of credit lines. The approval is also based on a pyramidal structure of authority with defined limits and there are credit committees with collegial decision.

The Credit products for Personal Banking, have granting scores, which can be both generic as well as tailored with their own history which evaluates the client's variables, behavior and indebtedness in the financial sector, the product and the warranty.

Credit approval of the Corporate and Business Banking has a pyramidal structure of authority with local limits, from the Regional Unit and attributions that correspond to the defined Colombia Corporate Credit Committee.

The credit risk management is the Vice President of International Credit Risk who maintains the business perspective holistically and coordinates the efforts of all Subsidiaries of their Credit Risk areas localized in each country, seeking to recognize the peculiarities of the market.

Business management in Davivienda International is developed based on a different model to that developed in other companies of Grupo Empresarial Bolivar, since in this case a governance model has been defined that includes functions for subsidiaries, a group of instances and some different methodologies and different processes.

The Board of Directors of each of the subsidiaries is the most senior body in the organization, responsible for the proper integrated management of financial risks in each balance sheet. In this order they are responsible for defining and approving market risk appetite, and the policies and guidelines on liquidity risk in each of the currencies when applicable, or on a consolidated basis by company, supported by approvals made by the Assets and Liabilities in Foreign Currency Management Committee (GAP ME Committee) from Colombia. Also, in each of the international subsidiaries there is a local ALCO committee which must confirm the decisions taken at the GAP ME Committee, it will be responsible for approving the risk limits structure at the business level and of monitoring the strategies.

Finally, in the operational risk management the Risk and Financial Control Vice President is responsible for ensuring the integrity of business processes and the ability to maintain services available to customers and partners, following the guidelines established by the Board, whose purpose is transparency in business management.

Risk Management Systems

Credit Risk

Credit risk is defined as the possibility that a borrower or counterparty fails to meet its obligations under the agreed terms, negatively affecting the value of the Bank's portfolio.

The goal of credit risk management is to maximize the Bank's profitability, in line at the desired risk levels. This objective is achieved by maintaining the expected loss levels within acceptable parameters, without ignoring other phenomena of uncertainty which could affect the portfolio's outcome.

Banco Davivienda is exposed to credit risk in the development of its operations both in loan portfolio (funding Consumption, Housing needs as well as capital for companies) and its treasury operations (money market, management of the investment portfolio, derivative contracts, and buying and selling of foreign exchange).

For the successful implementation of the general process of credit risk management, three sub general processes are established:

- *Monitoring and Management of the Credit Portfolio :* The monitoring process and portfolio management have as their main objective the monitoring of the composition and quality of the portfolio, detecting concentrations, relevant segments, risk factors and articulating their management with the control and monitoring process of the credit risk. In this process, adjustments to business rules and credit policies according to the desired risk level for the product or strategy are proposed. Monitoring and analyzing potential losses of portfolios are carried out. Strategies and effectiveness of collection and its effect on mitigating losses occurred among others are analyzed.

- *Credit Risk Methodologies and Models:* This process is aimed towards the study, design, development and implementation of methodologies, models and tools for proper management of credit risk, as well as awareness of portfolios in the face of various economic scenarios.

- *Credit Risk Monitoring and Control* The control process and the monitoring of credit risk has as its main objective to ensure compliance and proper implementation of the definitions established by the Board and the Risk Committees. The controls and monitoring are established, implemented and coordinated with the Credit Cycle units against the established provisions, in order to prevent deviations from the strategy defined by the Bank.

Organizational Structure for Credit Risk Management

The Bank manages credit risk for Colombia from the Risk and Financial Control Vice President, whose internal structure is aligned with the internal segmentation of the Bank. During 2015 the Small Business and Enterprise Credit Risk Management was established in order to strengthen the process of managing credit risk in this segment, supporting the process of risk analysis, development and calibration methods and models.

The Board, defines, creates and establishes the structure of the Credit Risk Committees for personal Banking, SME and corporate Banking (CRC), the Credit Risk Collections Committee (CRCC) and the Portfolio Rating Committee (CC) as specialized bodies and coordination issues regarding credit risk management. The Board authorizes the CRC, CRCC and CC to be the only collegiate bodies with attribution to recommend policies and authorization rules and / or provisions relating to the management of credit risk, portfolio recovery and portfolio rating under the government process established and with the sole purpose of materializing the policies established by the Board.

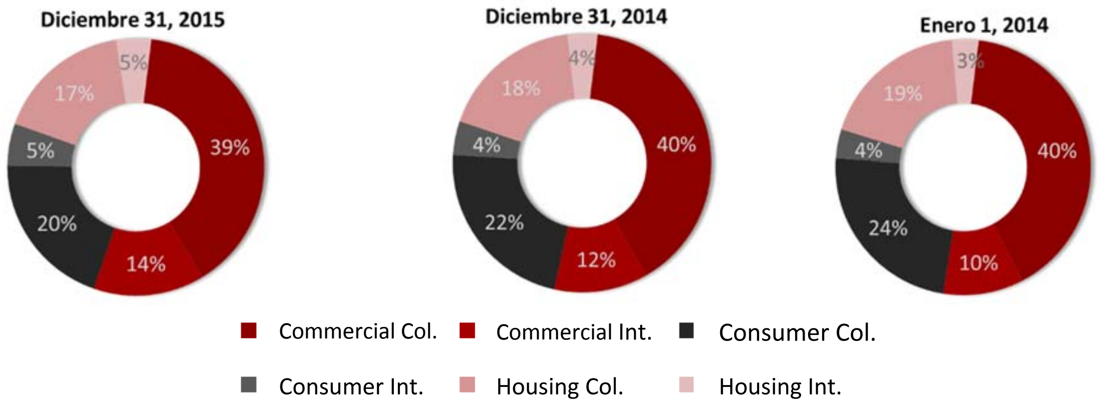
The Risk and Financial Control Vice President is responsible for evaluating the different managing financial risks alternatives to which the Bank is exposed, manage granting policies, risk analysis of massive portfolios, SMEs and business as well as maintain a risk-return balance in line with the guidelines defined by the Board.

Credit Risk Management Procedure Manual (CRMPM) represents the navegation chart for the Credit Risk Management System. In it our culture, policies, methods, rules and general procedures are described. It is the recording instrument, orderly and systematic transmission of information to the organization in this area.

Credit risk exposure - Portfolio Composition

The Bank's portfolio, both in Davivienda Colombia and Davivienda International, is distributed in: Consumption, Housing and Commercial. The first two relate to loans granted to individuals to finance their consumption needs (free investment and unsecured, revolving credit, promissory note, car and credit card) and housing (Social Interest - VIS, Traditional - Mayor VIS and Habitational Leasing) respectively and the commercial portfolio corresponds to loans granted to finance the needs of companies and businesses.

To 31 December 2015 cut the portfolio has a value of $ 64,097,380,000,000 pesos, of which Davivienda Colombia contributes 76% and Davivienda International 24% distributed as follows:



During 2015, Banco Davivienda's portfolio presented a growth of 24% over the previous year, driven by Davivienda International portfolio that grew on average by 47% in all segments, followed by the commercial portfolio of Colombia as shown in the following table:

Millions of Pesos COP | Variation 2015 - 2014

Business Model	December 31st, 2015	December 31st, 2014	January 1st, 2014	$	%	% Part
Davivienda Colombia	**49,079,579**	**41,470,469**	**34,521,067**	**7,609,110**	**18.3%**	**77%**
Commercial	25,203,950	20,557,920	16,863,172	4,646,030	22.6%	39%
Consumption	12,969,128	11,622,232	9,842,958	1,346,895	11.6%	20%
Housing	10,906,501	9,290,316	7,814,937	1,616,184	17.4%	17%
Davivienda International	**15,017,801**	**10,175,452**	**7,154,071**	**4,842,349**	**47.6%**	**23%**
Commercial	8,849,635	6,040,466	4,219,505	2,809,169	46.5%	14%
Consumption	3,352,817	2,195,912	1,530,360	1,156,905	52.7%	5%
Housing	2,815,349	1,939,074	1,404,206	876.275	45.2%	4%
TOTAL	**64,097,380**	**51,645,921**	**41,675,138**	**12,451,459**	**24.1%**	**100%**

* As of January 1st, 2015, the product, Housing Leasing of Colombia is posted in the Housing portfolio. For this reason and for comparative purposes, the portfolio was reclassified, from Commercial to Housing in December 2014. It includes employee portfolio.

Davivienda International portfolio is distributed by country as of December 2015 as follows:

Millions of Pesos COP

Country:	Commercial	Consumption	Housing	Total
Banco Davivienda Costa Rica S.A	2,691,901	706.532	1,159,596	4,558,029
Banco Davivienda Salvadoreño S.A	2,273,659	1,907,058	900.962	5,081,680
Banco Davivienda Honduras S.A	1,083,082	631.155	656.143	2,370,380
Banco Davivienda Panama S.A.	2,800,992	108.073	98.646	3,007,712
Total general	**8,849,635**	**3,352,817**	**2,815,349**	**15,017,801**

Exposure Credit Risk of the Investment Portfolio

The investment portfolio is mainly concentrated in sovereign debt of nations where Davivienda has its operations, attending the main mandate of the portfolio to constitute a liquidity reserve. In this order, the portfolio is concentrated in low-risk assets and high liquidity credit. It also has positions in corporate debt securities, mostly recognized and recurrent issuers of high credit quality and securitization of mortgage portfolio. In terms of participation as of 2015, 66% corresponds to sovereign debt, mostly Colombian, followed by corporate debt with 24% and finally securitizations with 10% participation. The composition of the portfolio reflects a conservative and adequate credit risk management, according to the policies defined by the governing bodies of the Bank.

Consolidated credit risk exposure, includes Davivienda Colombia and its International Subsidiaries' credit portfolio and the treasury operations are subject to counterparty credit risk. The following table comparative exposure is observed separating the carrying amount of financial assets among which are secured by any collateral that depends on the nature of the product and / or the counterparty and those that are granted unsecured

(Millions of Pesos (COP))

Asset	December 31st, 2015 With Guarantee	December 31st, 2015 With out Guarantee	December 31st, 2014 With Guarantee	December 31st, 2014 With out Guarantee	January 1st, 2014 With Guarantee	January 1st, 2014 With out Guarantee
Deposit in different banks to the Banco de la Republica	-	-	-	-	-	-
Debt instruments at fair value	-	7,679,621	-	7,112,202	-	6,520,974
Colombian government	-	3,735,760	-	4,056,543	-	3,879,011
Foreign Governments	-	1,600,088	-	918.546	-	611.113
Financial Institutions	-	729.510	-	575.822	-	664.014
Real Sector Entities	-	237.334	-	252.454	-	267.203
Others	-	935.222	-	890.810	-	1,023,171
Derivative instruments	-	441.708	-	418.027	-	76.462
Debt instruments at amortized cost	-	1,241,474	-	1,028,379	-	955.914
Investments in debt securities	-	1,241,474	-	1,028,379	-	955.914
Credit portfolio	25,523,477	38,573,901	19,892,703	31,753,217	17,804,516	23,870,621
Commercial	9,233,173	24,832,948	6,640,074	19,986,978	8,334,486	12,748,190
Consumption	2,568,455	13,740,953	2,039,628	11,766,239	250.887	11,122,431
Housing	13,721,849	-	11,213,001	-	9,219,143	-
Total Financial Assets with Credit Risk	25,523,477	47,494,997	19,892,703	39,893,799	17,804,516	31,347,509
Off-Balance Credit Risk	8,062,289	6,356,722	5,802,487	5,768,175	2,025,167	1,342,095
Credit quotas	8,062,289	6,356,722	5,802,487	5,768,175	2,025,167	1,342,095
Total maximum exposure to credit risk	33,585,767	53,851,718	25,695,190	45,661,974	19,829,684	32,689,604

With respect to the loan portfolio, from the granting process, and as part of the Bank's internal policies, the security provision is required to mitigate exposure to credit risk based on criteria such as: The nature of the product, the period to which the credit is given, the financial and equity structure of the counterparty, the risks associated with the sector, the exposure of the debtor with the Bank among others.

To determine the collateral value and the timing of the valuation the Bank takes into account the particular characteristics of the goods covered by the operation, which determine whether if for its appraisal it has as its main input the market price, the valuation indexes calculated by government agencies and / or the criteria of experts when deemed necessary.

At year-end 2015, 68.5% of the portfolio exposure is backed by a guarantee: The commercial portfolio has collaterals like mortgages, pledges, financial collaterals, trust deeds, guarantees granted by the National Guarantee Fund (FNG) and the Agricultural Guarantee Fund (FAG) among others, covering 82% of the exposure.

Consumer loans are mostly unsecured loans except for vehicle loans pledge, free investment loans with mortgage guarantees (13.3% of consumer exposure). It is worth noting that in unsecured consumer loans are the loans which have promissory notes which guarantee collection. The balance of promissory note credits constitute approximately 45% of unsecured consumer loans.

Finally, housing loans are fully backed by a mortgage or are assets of the Bank. In the case for Housing Leasing, the credit risk exposure can always be mitigated by such guarantee.

Measurement of the Reserves that Refer to Impairment

In order to ensure the funds raised to the clients, the Bank in a prudential form makes reasonable provisions that seek to cover losses from credit activity. Looking to comply with international standards, Banco Davivienda has opted to seek the methodologies developed to estimate reserves be appropriate to the standards established under the NCIF approach.

This implies that the generated provisions should be consistent with the incurred losses in the portfolio; that the provisions are generated as a result of sustainable evidence of impairment; and that the calculation of the amount of provisions be considered as effect of the lower value of the expected cash flows of the portfolio, compared with contractual flows.

Under these assumptions, Banco Davivienda developed a set of methodologies that meets international standards and is adequate to the low volatility needs and adjustment with observed losses. The following are the identified methodologies:

- Impairment haircuts: methodology by which it was estimated statistically the impairment levels, based on the behavior and delinquency height of the observed portfolio. This methodology is used in massive portfolios.
- Individual and Historical Loss Rates Analysis: ideal for portfolios whose customer volume is low and / or whose overdue payment information is not representative. For this reason the estimation from the behavioral analysis does not yield robust or consistent results with the deterioration levels perceived in the portfolio.

Given the above and based on the analysis of different product portfolio lines and the estimates that offered both methodologies in light of the volatility targets and adaptation to the observed losses; methodologies were selected according to the following table:

		Banco Davivienda Colombia	Banco Davivienda International
Consumption		Haircuts	Haircuts
Morgage*		Haircuts	Historical Loss Rate + Individual
SME	**Massive**	Haircuts	Not Guaranteed: Haircuts
			Guaranteed: Historical Loss Rate + Individual
	Medium		Historical Loss Rate + Individual
Business*		Haircuts	Historical Loss Rate + Individual
Builders*		Haircuts	Historical Loss Rate + Individual
Corporate		Historical Loss Rate + Individual	Historical Loss Rate + Individual

* Portfolios in Davivienda International with out representative data to generate parameter Haircuts

The results of the application of the estimating impairment models are presented below:

Millions of Pesos COP

Business Models	December 31st, 2015			December 31st, 2014			January 1st, 2014		
	Balance	Impairment	Imp. %	Balance	Impairment	Imp. %	Balance	Impairment	Imp. %
DAVIVIENDA COLOMBIA	**49,079,579**	**1,491,246**	**3.04%**	**41,470,469**	**1,193,141**	**2.88%**	**34,521,067**	**1,023,571**	**2.97%**
Commercial	25,203,950	803.554	3.19%	20,557,920	630.783	3.07%	16,863,171	501.128	2.97%
Consumption	12,969,128	612.330	4.72%	11,622,232	520.210	4.48%	9,842,958	494.130	5.02%
Housing	10,906,501	75.362	0.69%	9,290,316	42.148	0.45%	7,814,937	28.313	0.36%
DAVIVIENDA INTERNACIONAL	**15,017,801**	**237.374**	**1.58%**	**10,175,452**	**180.734**	**1.78%**	**7,154,071**	**124.024**	**1.73%**
Commercial	8,849,635	92.517	1.05%	6,040,466	47.320	0.78%	4,219,505	45.488	1.08%
Consumption	3,352,817	124.485	3.71%	2,195,912	118.296	5.39%	1,530,360	64.500	4.21%
Housing	2,815,349	20.372	0.72%	1,939,074	15.118	0.78%	1,404,206	14.036	1.00%
TOTAL	**64,097,380**	**1,728,621**	**2.70%**	**51,645,921**	**1,373,875**	**2.66%**	**41,675,138**	**1,147,595**	**2.75%**

At December 31, 2015, the total impairment of the Bank's portfolio reached $ 1.728 billion pesos, equivalent to 2.7% of the total portfolio, which implies an increase of 4 basic points above the observed to December 2014. This increase in reserves is explained among other factors by the exposure of debtors of Davivienda Colombia to the oil sector (both commercial and consumption), and the natural maturation of portfolio growth during 2014.

For international subsidiaries, at the end of 2015, the decline reached a level of $ 237 billion pesos, which corresponds to 13.73% of the Bank. This deterioration shows an increase compared to the end of the immediately previous year mainly explained by the growth of the portfolio in the commercial portfolio. In Panama the currency effect because of the depreciation of the Colombian peso and the deterioration of the quality of the consumer portfolio in the subsidiary from El Salvador; the latter represents 44.6% of total deterioration of international subsidiaries, 6% of the total deterioration of the Bank. It is noted that in June 2015 for an adjustment to the methodology of the subsidiaries to the parent standardization was performed. This adjustment represented in this period concentrated reversal mainly in the consumer portfolio $ 29.265 million pesos.

Risk Management for Derivative Financial Instruments

The operation of derivative financial instruments and products structured in Banco Davivienda's Treasury is part of risk policies scheme that are based on the following minimum guidelines:

- Market or authorized product.
- Counterparty limits and authorized credit, eligible collateral mechanisms in credit risk mitigation, concentration of credit exposure by the counterparty and / or sector, and overall credit exposure of the company.
- Conclusion of framework contracts and / or ISDA considering in due diligence an analysis if clauses related to credit risk mitigation, early termination and breach.
- Counterparts authorized, even for cases that intend to interpose a central risk chamber for the counterparty.

Under the criteria previously described, the Bank's derivatives portfolio, which focuses on a distribution and speculation business, focuses on the counterparts of the financial sector and real sector of high quality credit, and in the short and medium term.

Market Risk and Liquidity Risk

Risk Management of the Market and Liquidity

The Risk Investment Vice President is the instance in which the Board of Directors of each company delegates the responsibility for risk assessment, identification of new ones, and definition of calculation methodologies, policy suggestion and control of the various risks.

The Administration and Risk Management the companies owned by Grupo Empresarial Bolívar is done through a synergy strategy between the companies, consolidating a Market and Liquidity Risk Directorate for all of the companies, which optimizes technological and human resources. The Market and Liquidity Risk Directorate depends on the Vice President of Risk Investment of the Grupo Empresarial Bolívar, following the guidelines of the Vice President for Risk and Financial Control and of the Corporate Risk Committee.

For this purpose it has been established that the Financial Risk Committee (FRC) of Grupo Empresarial Bolivar, the Assets and Liabilities Management Committee (C-GAP) or his substitute, the Assets and Liabilities Foreign Currency Management Committee (C-GAP ME), the Market Risk Committee, and the Board of Directors of each entity in the Group are the bodies responsible for defining institutional policies regarding exposure to various financial risks, in line with the financial structure and operation of each of the entities, as well as its strategy and corporate objectives.

On the other hand, the Financial Risk Management Handbook for Grupo Empresarial Bolivar (MARF) consolidates management and financial risk aspects as well as management and treasury liquidity in the Group's companies and it is the document through which it establishes the management system required for this purpose.

This way, the companies have designed and implemented a robust structure of exposure limits to the various risks to be able to control the portfolios and the activities undertaken to carry out their management. They are defined for each company, among others, investment limits and counterparty portfolios, operator limits, value at risk, sensitivity, duration, time, and various early warnings to monitor and control the operation.

(Millions of Pesos (COP))

The Board delegates to CRF and to the Investment and Risk of Mutual Funds Committees as appropriate, the responsibility to evaluate and authorize the various operating alternatives and investments between the Treasuries of each of the Companies, and the C-GAP, or whoever replaces him, the definition, monitoring and control of general policies for the managing of assets and liabilities (market risk of the Balance structure), as well as the management policies for liquidity risk.

Market Risk

The market risk management consists of identifying, measuring, monitoring and controlling the risks arising from fluctuations in interest rates, exchange rates, prices, indicators and other risk factors to which the entity's activity is exposed to.

The strategic principles under which risk management is governed in Davivienda's market are:

- ✓ Consistency between expected return and level of exposure tolerated.
- ✓ Participation in markets and products on which it has deep knowledge and management tools.
- ✓ Strategy segmentation and risk profiles for each business model.
- ✓ Management at the consolidated and disaggregated level.

The Bank participates through its investment portfolio in the +- market, money market and foreign exchange market. The managed portfolios are composed of a number of assets that diversify income sources and assumed risks, which are part of a series of limits and early warnings seeking to maintain the risk profile of the balance sheet and profitability / risk ratio.

Given the nature of the business and the markets that the Bank accesses to, the banking book and the treasury book are exposed to the risks of interest rate to the exchange rate risk and to the change in the price of stocks and mutual funds risk.

Business Model and Portfolio Structure

Since the market risk management starts from the recognition of defined business models for managing the investment portfolio, two big mandates are established; i) structural management: investments for which its purpose is associated with financial intermediation, market risk management of the balance and the need for a backup of liquid assets in the financial intermediation process; and ii) trading management: investments for which its purpose is to maximize the profits generated by the Treasury by buying and selling financial instruments.

From these business models, fields of action to manage them are established through limits, alerts and risk policies that reflect the appetite and risk tolerance, the depth of markets, and the goal of each business line.

The gross investment portfolio, till December 2015 stood at 8,491,078 trillion pesos, according to the business models exposed:

				Variation 15/14	
Business Model	December 31st, 2015	December 31st, 2014	January 1st, 2014	$	%
Trading	822,579	1,510,229	1,405,009	(687,650)	(45.53)
Structural	7,668,499	6,216,902	6,006,900	1,451,597	23.35
Liquidity Reserve	6,077,944	4,963,058	4,693,747	1,114,886	22.46
Balance Management	1,590,555	1,253,844	1,313,153	336,711	26.85
	8,491,078	7,727,131	7,411,909	763,947	9.89

(Millions of Pesos (COP))

The most significant amount of investments corresponds to the reserve to meet liquidity demands; secondly, investments with the purpose of risk management of the balance, and finally the trading portfolio.

The accounting classification rules for investments are associated with the business models with which the portfolios are managed. In December 2015, the gross portfolios were classified as follows;

				Variation 15/14	
Accounting classification	December 31st, 2015	December 31st, 2014	January 1st, 2014	$	%
Fair Value	7,249,603	6,698,752	6,455,995	550,851	8.22
Amortized cost	1,241,475	1,028,379	955,914	213,096	20.72
	8,491,078	7,727,131	7,411,909	763,947	9.89

Most of the investments are classified as trading and available for sale, since the liquidity reserve and trading portfolios, given the nature of eventual sale at market prices must reflect the liquidation price or fair value.

In relation to December 2014, a growth of the investment portfolio of 9.88% is observed due to a significant reduction in the trading portfolio, and an increased in the structural portfolios.

In particular, it is worth mentioning that the liquidity reserve, most of the investment portfolio, is adjusted to the structure of the liability growth, so that the risk profile tolerated by the Bank and its Subsidiaries is maintained. Meanwhile, the trading portfolio varies in terms of magnitude, depending on market conditions and expectations prevailing at the date of analysis.

At the level of operating subsidiaries and jurisdiction, the investment portfolio is explained in most part by

the operation in Colombia, followed by Costa Rica and Panama and El Salvador.

				Variation 15/14	
Country:	December 31st, 2015	December 31st, 2014	January 1st, 2014	$	%
Colombia	5,711,977	6,060,673	5,935,855	(348,696)	(5.75)
Costa Rica	907,351	609,796	500,389	297,555	48.80
El Salvador	711,680	272,957	193,247	438,723	160.73
Panama	558,999	421,118	468,133	137,881	32.74
Honduras	431,906	242,113	206,338	189,794	78.39
United States	169,165	120,474	107,947	48,691	40.42
	8,491,078	7,727,131	7,411,909	763,947	9.89

Measuring Market Risk

The measurement of market risk quantifies the potential loss due to changes in risk factors that affect the valuation of the institution’s expected results. For this the setting of the parameters and tools for measuring as well as for the generation of reports, analysis, and periodic assessments of the senior management and risk taking areas is required.

The market risk management system allows the Bank to identify, measure and control the risk to which the positions of the balance sheet are exposed to based on the principle of business model. For this, it has a limit scheme that serve the purpose of each business unit. The trading portfolios, which are composed by debt instruments and derivatives have an action framework defined by measures of Value at Risk, maximum positions and sensitivity measures (Rho, Delta, Vega, among others). Meanwhile, portfolios that serve a structural mandate consist of debt instruments whose structure is defined by a long-term vision which can be complemented with derivative financial instruments in order to reduce the sensitivity of the portfolios to adverse movements in interest rates.

In addition to the standard model required by the Financial Superintendence of Colombia (SFC), Davivienda has adopted to manage market risk sensitivity, positions, durations and deadline measures, and value at risk measures (VaR).

Interest rate and exchange rate risk

We use the standard measurement model, control and management of market risk, defined by the SFC, focusing on consumption and capital allocation. This methodology starts from the mapping of the asset and liability positions of the investment portfolio subject to changes in interest rates in certain areas and bands starting from the duration of each instrument. It also includes the net exposure to exchange rates of the treasury and banking books.

As a complement the Bank uses the *RiskMetrics* methodology developed by JP Morgan, which provides a parametric VaR approach. Likewise, the calculation scheme includes measurements of absolute VaR, Component VaR (CVaR) and relative VaR. Depending on the type of portfolio, it define which are the best complementary measures to be used. The model has tools to analyze the effects on the portfolios in the face of market stress scenarios (stress test), as well as mechanisms for performance evaluation of the model through Backtesting analysis. These measurements are applied at a consolidated level, at company level and at product level.

The backtesting process is intended to validate the VaR model and its predictive power with respect to the actual evolution of income / loss from the investment portfolios. This performance test is based on the Kupiek test (1995), generating a statistical measure of confidence in the model taking a significant number of observations (255 data). Also, clean and dirty tests of the model at a portfolio level are done, as well as asset class and product on a weekly and monthly tests are performed.

According to the standard model, the value at risk on December 31st, 2015, December 31st and January 1st, 2014 was as follows:

Maximum, minimum and average values of the Value at Risk (in millions of pesos)

	December 31st, 2015			
	Minimum	Average	Maximum	Last
Interest Rates	232,994	253,572	280,157	232,994
Exchange Rate	47,745	57,712	68,316	68,316
Shares	262	385	552	552
Collective portfolios	8,703	9,274	9,860	8,703
VeR	304,376	320,943	337,032	310,565

	December 31, 2014			
	Minimum	Average	Maximum	Last
Interest Rates	158,537	203,914	226,264	221,359
Exchange Rate	41,955	45,361	50,324	50,324
Shares	7	8	9	9
Collective portfolios	7,672	8,049	8,319	8,319
VeR	208,538	257,331	280,010	280,010

	January 31, 2014			
	Minimum	Average	Maximum	Last
Interest Rates	222,318	282,571	321,192	222,318
Exchange Rate	44,277	45,775	46,463	46,355
Shares	9	101	370	9
Collective portfolios	7,238	7,568	7,846	7,485
VeR	276,167	336,015	373,685	276,167

In addition to management under normal conditions makes scenario stress measurements based primarily on quantitative techniques, seeking to find through relationships between variables and the worst historical scenarios in order to assess how the generated volatilities and devaluations that were evidenced under these scenarios may impact the current portfolio and thus quantify the capital that the company would require if it were in a crisis. To do this, statistical tools are used and these worst events are applied to the current situation of the portfolio.

Within the framework of quantitative techniques, two voltage estimation methodologies, have been implemented. The first, is a stressed VaR, which represents the maximum expected extreme loss in one day according to historical events (stress scenarios). It represents the estimated value at stressed risk for a given time using volatilities and EWMA (for its acronym Exponentially-Weighted Moving Average) correlations.

The second technique, is a sensitivity analysis based on the largest depreciations, recorded along local and international financial crisis, with which portfolios are impacted in the different risk factors.

Risk of changes in exchange rates

The Bank is exposed to changes in the exchange rates, first as a product of its international presence through its subsidiaries in the Central American and American markets, and secondly because of its trading activities in the foreign exchange market.

The banking book has exposure to currencies like the American dollar, the Lempira from Honduras and the Costa Rican Colon. These exposures are the result of the presence that Davivienda has in these countries through its subsidiaries and are managed by financial hedging strategies that seek to reduce the sensitivity of the income statement and of the patrimony. The coverages are defined in terms of the depth of market instruments for each currency and on the basis of a prospective analysis of economies and the juncture of the market.

The management of the exchange position of the balance is part of the established regulations of the Colombian Bank of the Republic, which are restricted, depending on the assets of the entity, long positions and short maximum coins.

The most significant balance sheet positions in foreign currency are in American dollars, followed by the positions of the Central American currencies, as detailed below.

The net positions (assets minus liabilities) in currencies are presented below.

Figures in millions

	December 31st, 2015		December 31st, 2014		January 1st, 2014	
	Currency Net Balance	Pesos Net Balance	Currency Net Balance	Pesos Net Balance	Currency Net Balance	Pesos Net Balance
America Dollar	(281)	(883,651)	(171)	(410,299)	(59)	(113,251)
Lempira	1,501	211,397	1,206	134,080	2,036	190,464
Colon	85,390	505,595	76,804	344,532	95,338	366,298
Other *	(1)	(4,209)	(2)	(4,411)	(2)	(4,108)
	-	(170,868)	-	63,902	-	439,403

Figures stated in USD in the "Balance Currency" column

The estimated effect for the increase or decrease by 1% in the exchange rate of the US dollar, keeping the other exchange rates constant, compared to the current exchange rate on December 31st, 2015, would be +/- 1,667 million pesos. Meanwhile, the same exercise for December 31st, 2014 and January 1st, 2014 generated an impact of 683 million pesos and 4,435,000 million pesos respectively.

Interest rate risk in the balance sheet structure

Financial assets and liabilities of the Bank are exposed to possible fluctuations in market rates and prices. These variations have a direct impact on net interest income and results of the entity. For this reason, methodologies are used to sensitize financial instruments to changes in rates, and track the assets and liabilities, their durations and repricing.

The sensitivity of interest-bearing assets and liabilities with financial cost are presented. In this way, by December 31st, 2015, an increase or decrease of 50 basic points in interest rates, could have caused a decrease or increase, respectively, of $36.654 million of the Bank's margin throughout the year. By 2014 this sensitivity would have been $37.417 million pesos.

(Millions of Pesos (COP))

	diciembre 31, 2015				
	Promedio mensual	Ingreso/gasto	tasa promedio	Impacto Δ50 pb	
				Aumento	Disminución
Activos Financieros que devengan intereses					
Operaciones de mercado monetario	465.873	32.820	7,0%	2.329	-2.329
Moneda Legal	289.938	19.279	6,6%	1.450	-1.450
Moneda Extranjera	175.935	13.541	7,7%	880	-880
Inversiones en títulos de deuda negociables y disponibles	6.988.086	274.297	3,9%	-34.591	34.591
Moneda Legal	5.002.203	204.544	4,1%	-24.761	24.761
Moneda Extranjera	1.985.883	69.753	3,5%	-9.830	9.830
Inversiones en títulos de deuda hasta el vencimiento	1.441.906	119.442	8,3%	7.210	-7.210
Moneda Legal	948.426	80.404	8,5%	4.742	-4.742
Moneda Extranjera	493.480	39.038	7,9%	2.467	-2.467
Cartera de Créditos	57.205.901	6.066.429	10,6%	203.765	-203.765
Moneda Legal	40.607.222	4.937.057	12,2%	123.497	-123.497
Moneda Extranjera	16.598.679	1.129.372	6,8%	80.268	-80.268
Total Activos en moneda legal	**46.847.790**	**5.241.284**	**11,2%**	**104.927**	**-104.927**
Total Activos en moneda extranjera	**19.253.977**	**1.251.703**	**6,5%**	**73.785**	**-73.785**
Total Activos que devengan intereses	**66.101.767**	**6.492.987**	**9,8%**	**178.713**	**-178.713**
Pasivos Financieros con costo financiero					
Captaciones del Público	48.692.793	1.432.718	2,9%	146.291	-146.291
Moneda Legal	35.027.696	1.096.712	3,1%	105.542	-105.542
Moneda Extranjera	13.665.097	336.006	2,5%	40.749	-40.749
Bonos	8.665.708	534.219	6,2%	23.122	-23.122
Moneda Legal	5.305.900	413.164	7,8%	23.122	-23.122
Moneda Extranjera	3.359.807	121.055	3,6%	0	0
Operaciones de mercado monetario	2.027.327	69.515	3,4%	10.137	-10.137
Moneda Legal	1.939.979	67.572	3,5%	9.700	-9.700
Moneda Extranjera	87.348	1.943	2,2%	437	-437
Préstamos Entidades	7.163.518	228.569	3,2%	35.818	-35.818
Moneda Legal	1.508.447	87.579	5,8%	7.542	-7.542
Moneda Extranjera	5.655.072	140.990	2,5%	28.275	-28.275
Pasivos en moneda legal	**43.782.022**	**1.665.027**	**3,8%**	**145.906**	**-145.906**
Pasivos en moneda extranjera	**22.767.324**	**599.994**	**2,6%**	**69.461**	**-69.461**
Total Pasivos con costo financiero	**66.549.346**	**2.265.020**	**3,4%**	**215.367**	**-215.367**
Total Activos financieros netos sujetos a riesgo de tasa de interés	**-447.579**	**4.227.967**		**-36.654**	**36.654**
Moneda Legal	3.065.768	3.576.257		-40.978	40.978
Moneda Extranjera	-3.513.347	651.710		4.324	-4.324

(Millions of Pesos (COP))

	diciembre 31, 2014				
	Promedio mensual	Ingreso/gasto	tasa promedio	Impacto Δ50 pb	
				Aumento	Disminución
Activos Financieros que devengan intereses					
Operaciones de mercado monetario	554.154	25.095	4,5%	2.771	-2.771
Moneda Legal	398.414	14.036	3,5%	1.992	-1.992
Moneda Extranjera	155.740	11.059	7,1%	779	-779
Inversiones en títulos de deuda negociables y disponibles	5.709.885	262.954	4,6%	-36.829	36.829
Moneda Legal	4.574.212	211.243	4,6%	-29.504	29.504
Moneda Extranjera	1.135.673	51.712	4,6%	-7.325	7.325
Inversiones en títulos de deuda hasta el vencimiento	1.384.125	82.142	5,9%	6.921	-6.921
Moneda Legal	1.034.372	58.596	5,7%	5.172	-5.172
Moneda Extranjera	349.752	23.546	6,7%	1.749	-1.749
Cartera de Créditos	45.674.059	4.835.023	10,6%	154.036	-154.036
Moneda Legal	36.853.095	4.126.412	11,2%	111.162	-111.162
Moneda Extranjera	8.820.963	708.611	8,0%	42.873	-42.873
Total Activos en moneda legal	**42.860.094**	**4.410.287**	**10,3%**	**88.823**	**-88.823**
Total Activos en moneda extranjera	**10.462.129**	**794.928**	**7,6%**	**38.076**	**-38.076**
Total Activos que devengan intereses	**53.322.222**	**5.205.215**	**9,8%**	**126.898**	**-126.898**
Pasivos Financieros con costo financiero					
Captaciones del Público	40.502.147	1.070.957	2,6%	116.951	-116.951
Moneda Legal	31.046.694	838.304	2,7%	88.824	-88.824
Moneda Extranjera	9.455.453	232.653	2,5%	28.126	-28.126
Bonos	6.870.054	386.015	5,6%	19.973	-19.973
Moneda Legal	4.463.531	296.903	6,7%	19.973	-19.973
Moneda Extranjera	2.406.523	89.112	3,7%	0	0
Operaciones de mercado monetario	658.655	28.734	4,4%	3.293	-3.293
Moneda Legal	506.151	25.744	5,1%	2.531	-2.531
Moneda Extranjera	152.504	2.990	2,0%	763	-763
Préstamos Entidades	4.819.694	179.910	3,7%	24.098	-24.098
Moneda Legal	1.769.604	96.476	5,5%	8.848	-8.848
Moneda Extranjera	3.050.090	83.434	2,7%	15.250	-15.250
Pasivos en moneda legal	**37.785.980**	**1.257.427**	**3,3%**	**120.177**	**-120.177**
Pasivos en moneda extranjera	**15.064.570**	**408.189**	**2,7%**	**44.139**	**-44.139**
Total Pasivos con costo financiero	**52.850.550**	**1.665.616**	**3,2%**	**164.316**	**-164.316**
Total Activos financieros netos sujetos a riesgo de tasa de interés	**471.672**	**3.539.599**		**-37.417**	**37.417**
Moneda Legal	5.074.114	3.152.861		-31.354	31.354
Moneda Extranjera	-4.602.442	386.738		-6.063	6.063

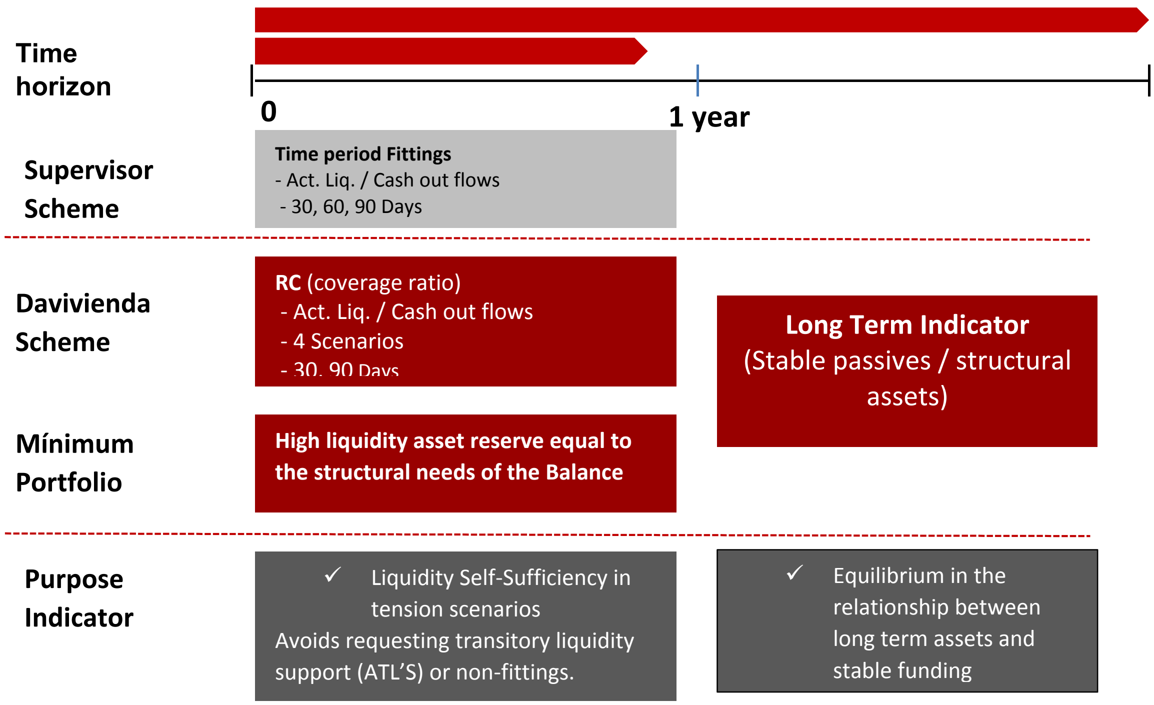
Liquidity Risk

Liquidity risk is materialized in the contingency of being unable to comply fully, in a timely and efficient manner the cash flows expected and unexpected, current and future, without affecting the course of daily operations or the financial condition of the entity. This contingency (funding liquidity risk) is manifested in insufficient liquid assets available to it and / or the need to assume unusual funding costs. In turn, the ability of institutions to generate or break financial positions at market prices, is limited either because there is no adequate market depth or because drastic changes occur in rates and prices (liquidity risk market). Similarly, for businesses that are funded through deposits, liquidity risk includes the ability to generate a structure of stable long-term funding to maintain illiquid assets, in line with the business strategy, and able to serve unanticipated stressful situations.

The strategic principles under which liquid risk management is governed consists of:

- ✓ Permanent availability of high quality liquid assets, according to the balance sheet structure and risk appetite.
- ✓ Self-reliance should prevail in Davivienda’s balance and each of its subsidiaries in a liquidity crisis.
- ✓ Do not overestimate the availability of liquid assets; that is, we must constantly assess the level of liquidity of the assets that are part of the reserves and anticipate changes.
- ✓ Mitigate reputational risk, so that with its own resources the ability to address adverse situations without compromising the compliance with current regulations and reduce the likelihood of requiring temporary support from state entities.

To comply with these principles, the risk management scheme, which complements the standard models of the Supervisory Bodies, has a number of indicators, limits and alerts for short and long term that are managed daily by the Treasury and periodically by the areas responsible for the balance sheet structure, as set forth below:



The methodologies used to estimate liquidity risk consists, for short-term effects in calculating the cash flows of the assets, liabilities and off balance sheet positions in different time bands, allowing to permanently monitor the liquidity gap. For long-term management, the methodologies focus on the analysis of funding sources, its composition at the segment and product's level, and the characterization of assets and liabilities that have not defined permanence conditions.

We have a defined policy to maintain a required minimum size portfolio, invested in highly liquid assets so that a crisis can be addressed in a moderate scenario, without resorting to temporary liquidity support provided by the Bank of the Republic. The size of the portfolio or the liquidity reserve is determined based on an estimate of withdrawals, in a situation of stress, affecting the volatile components of the deposits of both the individuals as well as the institutional ones. Thereof, in the estimation of the liquidity reserve it is incorporated in a prospective way the defined funding strategy in the bank's growth plan to guarantee sufficient liquidity assets in accordance with the balance sheet structure and the desired risk profile.

Meanwhile, the assets of the liquidity reserve must have minimum characteristics like being eligible as collateral for Central Banks, low credit and market risk, and quotes in wide and recognized markets. Additionally, these assets must be free of charge, ie, free from any contractual commitment or that they have not been previously pledged as collateral in conducting money market deposit rates or any other figure.
The notes 10.16, 10.18 and 10.19 the contractual maturity of liabilities of the balance sheet cut as of December 31st, 2015, December 31st and January 1st, 2014 is presented.

<u>Internal Control System - SCI</u>

The Bank during 2015 in line with the strategic plan of the organization, its management focus on strengthening internal control of the following system components:

(Millions of Pesos (COP))

1. Ensures that the principle of AUTOCONTROL be integrated to different operational processes and that the compliance of the controls was checked by the different heads.
2. Ensures the control structure through the evolution of events, updating procedures and behavior in the environment.
3. Strengthens models and training plans for different officers of the organization.
4. Independent monitoring over the compliance with key controls in the different business processes.

The internal control system is an important part of ensuring the achievement of the expected results, acting within the legal framework established for this purpose in accordance with the requirements of External Circular 038 of 2009 of the Colombian Financial Superintendence.

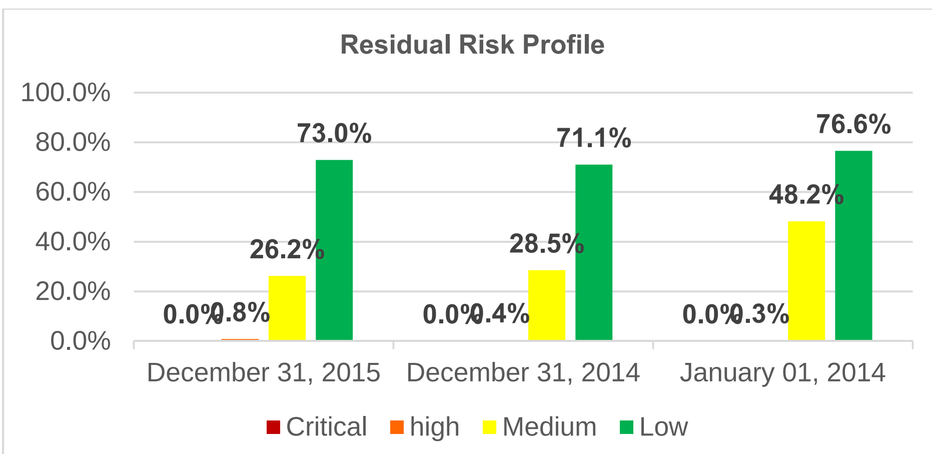
<u>Financial Consumer Service System (SAC)</u>

As a fundamental part of risk management model is has been strengthening the Customer Service Model that in interactions with the operating risk model allows to:

1. Create strategies to meet the needs of customers with the quality, effectiveness and timeliness required.
2. Ensure effective and timely mitigation of complaints filed by customers and other financial Consumers.

The strengthening of the Customer Service Model and the Operational Risk Model will allow us to take preventive actions to control events that may occur.

This system has been integrated into the Bank and National Subsidiaries (Fidudavivienda, Davivienda - Corredores) ensuring that the risk profile remains within the tolerance levels set by the Board of Directors as can be seen in the following comparative graphs, December 31st, 2015, December 31st and January 1st, 2014



SAC	diciembre 31, 2015					diciembre 31, 2014					enero 01, 2014				
	Riesgos				Controles	Riesgos				Controles	Riesgos				Controles
Entidades	**Bajo**	**Medio**	**Alto**	**Critico**		**Bajo**	**Medio**	**Alto**	**Critico**		**Bajo**	**Medio**	**Alto**	**Critico**	
Banco Davivienda	429	155	6	0	1021	426	159	3	0	704	423	162	0	0	568
Filiales Nacionales (Fidudavivienda, Davivienda Corredores)	97	34	0	0	335	55	39	0	0	117	51	41	0	0	112
Total	**526**	**189**	**6**	**0**	**1356**	**481**	**198**	**3**	**0**	**821**	**474**	**203**	**0**	**0**	**680**

(Millions of Pesos (COP))

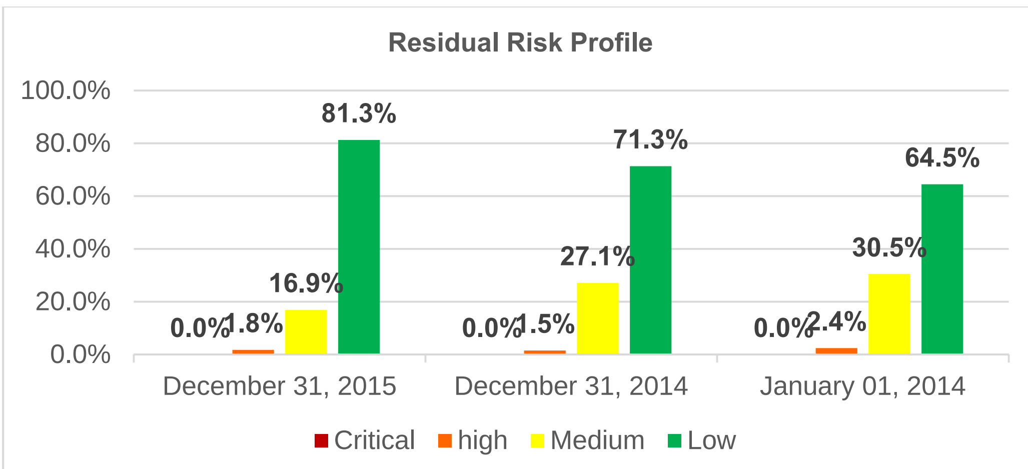
This model allows the Bank and its domestic subsidiaries, to comply with the legal requirements on Financial Consumer Care as established by Law 1328 from 2009 and External Circular 015 from 2010 of the Colombian Financial Superintendence.

Management System of the Operational Risk (SARO)

The Bank during 2015 has been consolidating its operational risk management structure on the following fronts:

1. Revenue Assurance and expenses resulting from business object.
2. Quality assurance and consistency of processes mitigating possible operational losses.
3. Assurance in mitigating potential internal or external fraudulent actions that may cause losses to the organization.
4. Assurance of the contingency strategies and continuity of the business.

The system of operational risk management integrated by the Bank, has managed to keep reasonably controlled operational risks as seen in the profile of comparative risk December 31st, 2015, December 31st and January 1st, 2014, in accordance with the tolerance levels set by the Board of Directors:



SARO	diciembre 31, 2015						diciembre 31, 2014						enero 01, 2014					
	Procesos	Riesgos				Controles	Procesos	Riesgos				Controles	Procesos	Riesgos				Controles
Entidades		Bajo	Medio	Alto	Critico			Bajo	Medio	Alto	Critico			Bajo	Medio	Alto	Critico	
Banco Davivienda Colombia	221	1213	475	18	0	4808	181	1202	555	9	0	4121	161	1167	567	11	0	3656
Banco Davivienda Internacional	161	1618	115	44	0	4185	131	1355	418	46	0	2774	128	1145	525	76	0	2959
Total	**382**	**2831**	**590**	**62**	**0**	**8993**	**312**	**2557**	**973**	**55**	**0**	**6895**	**289**	**2312**	**1092**	**87**	**0**	**6615**

Operational Risk Management System established by the bank and its domestic and international Subsidiaries meets the legal requirements established by regulatory agencies.

The most representative variation is reflected in the decrease in average risk, which is based on the increase and strengthening of controls over those risks that have been considered additional measures to mitigate any events that may be generated.

Risk Management System for Money Laundering and Financing of Terrorism (SARLAFT)

The Bank has adopted and implemented a Anti-Money Laundering and Control of the Financing of Terrorism Compliance Program (AML-CFT), based on the risk event management LA-FT premise and its controls, including identification, measurement, control and monitoring, through the consolidation of information, implementation of a robust technological platform, using data mining methodologies, customer knowledge and financial operations, profiling of risk of different risk factors, design and implementation of mitigating controls, the definition and management of segments and risk characteristics of customers, products, distribution channels and jurisdictions, generating alert signals, analysis and monitoring of unusual transactions and suspicious transaction reports to the competent authorities in order to avoid being used to give the appearance of legality to assets derived from illegal activities and / or to finance terrorist activities, according to what is stated in the Basic Legal Circular (E.C.) 029 from 2014 issued by the Colombian Financial Superintendence and its subsequent updates, the ALD-CFT compliance program is regularly evaluated by internal control bodies as auditing and tax inspection.

The implementation of the compliance program in 2015 to determine that the evolution of the consolidated risk of risk factors has remained stable during 2015, and within exposure thresholds is categorized as low.

The AML-CFT Compliance Program is supported in a culture and organizational structure, policies, controls and procedures that are known and applied in the entire organization and which collect all the Colombian regulatory framework, as well as the international recommendations and best practices in this matter, especially those of the Financial Action Task Force (FATF).

The procedures and conduct rules on the implementation of all control mechanisms and instruments are integrated in the Compliance Manual and the Code of Conduct that is of general knowledge and access to all officials of the entities of Grupo Empresarial Bolivar. The Bank regularly conducts training programs for its employees, third parties, partners, suppliers, among others, seeking to create awareness and commitment to each of them in mitigating crimes coming from money laundering and / or terrorist financing through the group's entities.

In compliance with the established rules, the Board of Directors appointed a Compliance Officer and his deputy, who are duly recorded with the Colombian Financial Superintendence.

The Bank has adopted an organizational culture, policies, controls and procedures to comply with the guidelines established by the Tax Law on Foreign Accounts (FATCA) for this purpose our Entities are duly registered with the IRS and have obtained the respective Global Intermediary Identification Number (GIIN), with which they certify their participation in that law.

The Subsidiaries from outside of the Bank must meet legal compliance guidelines issued by local regulators and guidelines given by the parent company; ensuring the proper functioning of the Compliance Program. The principles underlying the Compliance program are the incorporation into domestic policies, procedures, audit system programs and the training of all of the staff that is supported on the following pillars:

I. Client Knowledge, II. Shareholders, employees and providers knowledge, III. Monitoring, Operations, IV. Suspicious Operations, V. Communication with Regulatory Entities, VI. Transnational Correspondent Banking - Money Remitters, VII. Registry and documentation, VIII. Control Organ, IX. Risk assessment of the compliance program for new factors and, X. Sanctions for Obligations breach.

<u>Fraud Risk Management System (SARFRA)</u>

The Fraud Risk Management System (SAFRA) is transversal to all of the Organization's processes, it is part of the Corporate Risk Management System (ERM) and it complies with the norms established in the SARO system framework. This system is deployed by a specialized team that analyzes each stage of the fraud management cycle (prevention, detection, mitigation, analysis, government, investigation, prosecution and deterrence), generating controls and policies that protect the organization, its customers, shareholders and other stakeholders. Every decision taken reflects the organization's risk levels, seeking a balance between the level of fraud prevention and the impact on the customer and the business.

The Bank has generated and formalized the fraud management cycle, which was endorsed by the Fraud Risk Committee in 2015, which allows the articulation of the anti-fraud strategy with risk management systems.

Security of the information

Continuing with the compliance of the External Circular 052 of 2007, External Circular 022 of July 2010 and the External Circular 042 from the 17th of October 2012 from the Colombian Financial Superintendence, the Bank includes these requirements in the development of each of the projects starting from the planning stage and a verification of the compliance with regulatory requirements of this standard is done. Similarly, these requirements are taken into account in the improvement process and optimization that is made, ensuring permanence and sustainability over time.

With the publication of the External Circular 042 on October 17th, 2012, it was confirmed that the Bank complies with the safety requirements on the Mobile Banking channel, additionally, on the requirements related to EMV (European MasterCard and Visa, interoperability standard IC cards - Cards with microprocessor). The Bank began issuing cards timely with a Chip since the beginning of 2011. Regarding the ATM channel, the update process that ensures EMV functionality at the Issuer's level was performed. The Information Security area performs internal monitoring follow-up to identify the compliance level and possible risks, confirming that we continue within the regulatory framework effectively.

The Bank will continue to research new trends, threats, tools and control mechanisms that will allow us to mitigate risks and maintain acceptable levels for the business. Putting these controls available and serving our customers by ensuring the delivery of products and services with high quality and safety levels.

(Millions of Pesos (COP))

10 Specific items in the consolidated statement of the financial situation

10.1 Cash and cash equivalents

Details of the Available

Following are the details of the cash and cash equivalent:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Legal currency			
Cash and balances with banks	2,876,225	2,325,003	2,487,156
Exchange and remittances in transit	21,820	21,961	26,621
	2,898,045	2,346,964	2,513,777
Foreign currency			
Cash and balances with banks	4,454,702	2,852,055	2,277,611
Exchange and remittances in transit	79,815	70,196	53,740
	4,534,517	2,922,251	2,331,351
	7,432,562	5,269,215	4,845,128

The Petty Cash and the Central Bank of legal currency, compute for the required reserve purposes that the Bank must maintain on the deposits received from customers, according to the law. These deposits do not have remuneration.

The balances of cash and cash equivalents restricted are presented:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Average reserve available Colombia	2,883,521	2,612,059	2,515,794
Reserve Available in Foreign Subsidiaries	2,286,415	1,502,965	1,220,829
Required Reserve Banco Davivienda Colombia	2,856,364	2,598,269	2,488,408

Further in accordance with current regulations, the Miami Branch must maintain a cash reserve at the Federal Reserve Bank. The average amount was about USD$ 110 and USD$ 135 for 2015 and 2014, respectively.

Creditworthiness

The details of the creditworthiness determined by independent risk ratting agents of major financial institutions in which the Bank holds cash, is shown below:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Nation Guaranteed Republic Bank	1,797,899	1,232,103	1,519,337
Investment Grade	5,634,663	4,037,112	3,325,791
	7,432,562	5,269,215	4,845,128

(Millions of Pesos (COP))

10.2 Money market and related operations

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Foreign currency			
Overnight Foreign Banks	-	47,145	38,359
Interbank	244,824	157,522	2,537
Repos	-	-	43,197
Simultaneous	-	267,933	-
	244,824	204,667	84,093
Legal currency			
Interbank	16,409	36,258	3,500
Repos	-	-	-
Simultaneous	245,614	267,933	339,475
	262,023	304,191	342,975
	506,847	508,858	427,068

The following is the detailed information of the interbank funds sold and the resale agreements:

December 31st, 2015

	Amount in dollars	Rate Range	(*) Date Range Initiation	Due date	Amount in Pesos
Foreign currency					
Interbank	77,736,930	0.05% - 6.11%	6/27/2012	1/6/2016	244,824
Legal currency					
Simultaneous*		2.5% - 7.0%	12/28/2015	1/19/2016	245,614
Interbank*		4.7% - 7.0%	12/21/2015	1/13/2016	16,409.0
					506,847

(Millions of Pesos (COP))

December 31st, 2014

	Amount in dollars	Rate Range	(*) Date Range Initiation	Due date	Amount in Pesos
Foreign currency					
Overnight Foreign Banks	19,688,361	5.17%	12/30/2014	1/2/2015	47,145
Interbank*	65,836,895	0.05% - 7.03%	6/27/2012	1/2/2015	157,522
Legal currency					
Simultaneous*		0.04% - 4.85%	12/16/2014	1/14/2015	267,933
Interbank*		0.04% - 4.61%	12/23/2014	1/5/2015	36,258
					508,858

* Includes cash equivalents for less than 90 days for $ 255,118 for 2015 and $ 293,245 for 2014.

January 1st, 2014

	Amount in dollars	Rate Range	(*) Date Range Initiation	Due date	Amount in Pesos
Foreign currency					
Overnight Foreign Banks	19,904,388	0.1% - 1%	6/27/2012	4/21/2014	38,359
Interbank	24,039,831	1.08% - 5.82%	12/5/2013	1/23/2014	45,734
Legal currency					
Simultaneous		3.25% - 6%	10/18/2013	1/14/2014	339,475
Interbank		3.25%	12/26/2013	1/2/2014	3,500
					427,068

(*) Date Format: mm/dd/yy

(Millions of Pesos (COP))

The following is a breakdown of credit quality for money market operations and related:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Nation Guaranteed Republic Bank	-	194,106	303,716
Investment Grade	506,847	314,752	123,352
	506,847	508,858	427,068

10.3 Investments measured at fair value and amortized cost

Investments according to classification and issuer

The classification of the financial investment instruments because if species and provisions is detailed as follows:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Investements at a fair value with changes in income			
National Government	3,735,760	4,055,309	3,879,010
Regional Government and local authorities	-	223	669
Financial Institutions	437,772	366,062	302,378
Foreign Banks	322,986	214,366	338,657
Foreign Governments	1,596,958	918,546	622,583
Multilateral credit organisms	22,075	28,603	22,309
Corporate	270,467	267,176	296,956
Securitization	851,894	843,890	981,950
	7,237,912	6,694,175	6,444,512
Investments at amortized cost			
National Government	10,057	108,540	186,203
Regional Government and local authorities	3,103	5,603	6,709
Financial Institutions	665,777	604,493	575,677
Foreign Banks	229,705	155,188	13,914
Foreign Governments	226,800	57,251	86,548
Multilateral credit organisms	-	-	4,313
Corporate	94,664	81,197	71,751
Securitization	11,369	16,107	10,799
	1,241,475	1,028,379	955,914
Investements at a fair value with changes in ORI			
National Government	-	-	-
Financial Institutions	3,104	2,913	10,359
Foreign Banks	-	182	-
Multilateral credit organisms	1	-	-
Foreign Governments	-	-	-
Corporate	8,586	1,482	1,124
	11,691	4,577	11,483
Impairment (Provision)	(207)	(157)	(3)
	8,490,871	7,726,974	7,411,906

(Millions of Pesos (COP))

On financial instruments for the investment in debt and equity instruments at fair value there are no legal or economic restrictions, pledges or liens, there is no limitation on ownership.

Investments according to classification and issuer

The following is a breakdown of financial investment instruments by species:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Investements at a fair value with changes in income			
Private Debt Bonds	602,796	523,771	648,701
Public Debt Bonds Different to (TES)	172,571	34,580	56,915
DCT	357,706	257,756	247,690
Sovereign debt of other nations	1,614,314	937,347	633,379
Collective investment funds and pensions	63,439	59,432	53,580
Mortgage bonds and Real Estate Securitizations	851,894	843,890	981,950
TES Bonds	3,567,922	4,031,099	3,800,243
Mandatory investments	2,834	1,018	11,477
Credit Content Title	4,436	5,282	10,577
	7,237,912	6,694,175	6,444,512
Investments at amortized cost			
Shares			
Private Debt Bonds	235,501	165,608	174,403
DCT	118,719	91,460	-
Sovereign debt of other nations	204,805	45,828	11,567
Mortgage bonds and Real Estate Securitizations	11,369	16,107	10,799
Mandatory investments	671,081	709,376	759,145
	1,241,475	1,028,379	955,914
Investements at a fair value with changes in ORI			
Shares	11,691	4,577	11,483
	11,691	4,577	11,483
Impairment (Provision)	(207)	(157)	(3)
	8,490,871	7,726,974	7,411,906

(Millions of Pesos (COP))

The detail of the classification of financial investment instruments is presented by the rating according to credit and provision rating agency:

-	December 31st, 2015			December 31st, 2014			January 1st, 2014		
Long Term Qualification	Value	Partic. %	Impairment (Provision)	Value	Partic. %	Impairment (Provision)	Value	Partic. %	Impairment (Provision)
AAA	1,252,358	15%	-	353,868	5%	-	600,762	8%	-
AA+	187,929	2%	-	139,237	2%	-	257,895	3%	-
AA	24,653	0%	-	79,829	1%	-	177,130	2%	-
AA-	66,388	1%	-	47,934	1%	-	48,037	1%	-
A+	47,273	1%	-	70,408	1%	-	57,819	1%	-
TO	91,671	1%	-	123,655	2%	-	256,253	3%	-
A-	64,808	1%	-	56,780	1%	-	34,605	0%	-
BBB+	221,255	3%	-	113,652	1%	-	78,168	1%	-
BBB	122,186	1%	-	174,643	2%	-	115,666	2%	-
BBB-	1,057,946	12%	(207)	763,968	10%	(157)	708,142	10%	(3)
BB+	27,539	0%	-	23,722	0%	-	17,876	0%	-
BB	17,638	0%	-	-	0%	-	75,839	1%	-
BB-	1,625	0%	-	213,895	3%	-	-	0%	-
B+	617,967	7%	-	902	0%	-	-	0%	-
B	4,927	0%	-	1,336	0%	-	1,032	0%	-
B-	1,334	0%	-	-	0%	-	-	0%	-
CCC	-	0%	-	1,334	0%	-	-	0%	-
Equity instruments (shares)	11,691	0%	-	4,577	0%	-	11,483	0%	-
Nation (*)	3,849,543	45%	-	4,252,269	55%	-	4,099,008	55%	-
With out qualification	661,474	8%	-	578,416	7%	-	205,985	3%	-
	8,330,205	98%	(207)	7,000,425	91%	(157)	6,745,700	91%	(3)
Short Term Qualification									
1	141,326	2%	-	707,567	9%	-	647,069	9%	-
2	19,547	0%	-	19,139	0%	-	19,140	0%	-
	160,873	2%	-	726,706	9%	-	666,209	9%	-
	8,491,078	100%	(207)	7,727,131	100%	(157)	7,411,909	100%	(3)

(Millions of Pesos (COP))

Qualification per Currency

The detail of the classification of financial investment instruments is presented by currency

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Pesos	3,582,697	4,462,763	5,531,122
USD	1,925,272	1,250,594	1,016,368
Uvr	2,126,540	1,571,416	381,248
Lempira	356,881	147,053	137,872
Colon	499,688	295,305	345,299
Total	8,491,078	7,727,131	7,411,909
Impairment	(207)	(157)	(3)
Total Investements	8,490,871	7,726,974	7,411,906

Classification by Maturity

Following the financial instruments of the investments by maturity is shown:

December 31st, 2015

	From 0 to 1 years	From 1 to 5 years	From 5 to 10 years	More then 10 years	Total
Investements at a fair value with changes in income	2,024,671	3,676,567	952,047	584,628	7,237,913
Investments at amortized cost	1,040,800	97,239	103,434	1	1,241,474
Total	3,065,471	3,773,806	1,055,481	584,629	8,479,387

December 31st, 2014

	From 0 to 1 years	From 1 to 5 years	From 5 to 10 years	More then 10 years	Total
Investements at a fair value with changes in income	1,166,618	3,863,213	1,002,752	661,593	6,694,175
Investments at amortized cost	821,170	116,648	87,823	2,738	1,028,379
Total	1,987,788	3,979,861	1,090,575	664,331	7,722,555

January 1st, 2014

	From 0 to 1 years	From 1 to 5 years	From 5 to 10 years	More then 10 years	Total
Investements at a fair value with changes in income	1,547,742	2,938,667	784,410	1,173,693	6,444,512
Investments at amortized cost	695,388	186,159	74,178	189	955,914
Total	2,243,130	3,124,826	858,588	1,173,882	7,400,426

Provision (Deterioration) of the investments

The detail of the provision of financial investment instruments is as follows:

	December 31, 31.2015	December 31st, 2014	January 01st, 2014
Initial Balance	157	3	-
Plus:	50	154	3
Provision	50	154	3
Re-expression			
Minus:	-	-	-
Provision adjustment	-	-	-
Final balance	207	157	3

(Millions of Pesos (COP))

Creditworthiness

The following is a breakdown of credit quality for investments measured at fair value and amortized cost

December 31st, 2015	Reasonable Value		Amortized cost
	Debt Bonds	Equity Instruments	
Creditworthiness			
Investment Grade	3,308,455	-	1,030,331
Issued and guaranteed by the Nation and/or the Central Bank	3,721,755	-	10,055
Speculation grade	30,371	-	25,372
With out a qualification or not available	177,331	11,691	175,717
	7,237,912	11,691	1,241,475

December 31st, 2014	Reasonable Value		Amortized cost
	Debt Bonds	Equity Instruments	
Creditworthiness			
Investment Grade	2,334,573	-	764,714
Issued and guaranteed by the Nation and/or the Central Bank	4,049,864	-	108,541
Speculation grade	30,617	-	17,787
With out a qualification or not available	279,121	4,577	137,337
	6,694,175	4,577	1,028,379

January 1st, 2014	Reasonable Value		Amortized cost
	Debt Bonds	Equity Instruments	
Creditworthiness			
Investment Grade	2,111,994	-	701,749
Issued and guaranteed by the Nation and/or the Central Bank	3,841,383	-	186,202
Speculation grade	27,999	-	-
With out a qualification or not available	463,136	11,483	67,963
	6,444,512	11,483	955,914

(Millions of Pesos (COP))

10.4 Derivatives

a) The following is the summary of acceptances, cash and derivative operations held by the Bank:

December 31st, 2015

	Assets		Liabilities		Total
Product	National Amount	Fair Value	National Amount	Fair Value	
Cash transactions	-	391	-	292	99
Options Contracts	625,485	12,269	638,398	16,194	(3,925)
Future Contracts	97,349	-	97,349	-	-
Swap contracts	11,987,936	114,634	10,168,908	89,953	24,681
Forward Contracts	10,466,789	314,413	8,811,485	258,678	55,735
	23,177,559	441,708	19,716,139	365,118	76,590

December 31st, 2014

	Assets		Liabilities		Total
Product	National Amount	Fair Value	National Amount	Fair Value	
Cash transactions	-	319	-	325	(6)
Options Contracts	514,511	28,522	541,644	21,336	7,185
Future Contracts	66,500	-	66,500	-	-
Swap contracts	4,139,891	12,751	4,172,800	8,995	3,756
Forward Contracts	7,773,566	376,436	6,589,909	270,089	106,347
	12,494,468	418,027	11,370,853	300,744	117,282

January 1st, 2014

	Assets		Liabilities		Total
Product	National Amount	Fair Value	National Amount	Fair Value	
Cash transactions	-	782	-	779	3
Options Contracts	442	13,167	261	10,120	3,047
Future Contracts	64,189	-	64,189	-	-
Swap contracts	2,013,946	10,371	1,939,281	7,284	3,087
Forward Contracts	5,642,014	52,143	6,074,822	42,695	9,449
	7,720,592	76,463	8,078,552	60,878	15,585

(Millions of Pesos (COP))

b) The result of derivative speculations is as follows:

December 31st, 2105

		Forward	Future	Swaps	Options	Total
Currency purchase	Rights	8,228,537	992,858	30,128	-	9,251,523
	Obligation	7,832,020	992,858	30,060	-	8,854,938
Sells on currencies	Rights	7,061,606	1,457,361	-	-	8,518,967
	Obligation	7,401,115	1,457,361	-	-	8,858,475
Purchase over bonds	Rights	24,063	83,490	-	-	107,553
	Obligation	24,020	83,490	-	-	107,510
Sells on bonds	Rights	164,195	4,893	-	-	169,088
	Obligation	165,512	4,893	-	-	170,405
On interest rates	Rights	-	-	23,301,475	-	23,301,475
	Obligation	-	-	23,276,862	-	23,276,862
Call Options	Purchase	-	-	-	1,969	1,969
	Sell	-	-	-	(15,374)	(15,374)
Put Options	Purchase	-	-	-	10,300	10,300
	Sell	-	-	-	(820)	(820)
Total rights		15,478,401	2,538,602	23,331,603	12,269	41,348,606
Total obligations		15,422,666	2,538,602	23,306,921	(16,194)	41,268,189
Total Net		55,735	-	24,681	(3,925)	76,491

(Millions of Pesos (COP))

December 31st, 2014

		Forward	Future	Swaps	Options	Total
Currency purchase	Rights	5,530,955	468,274	-	-	5,999,229
	Obligation	5,162,153	468,274	-	-	5,630,427
Sells on currencies	Rights	4,439,814	1,292,818	-	-	5,732,632
	Obligation	4,708,010	1,292,818	-	-	6,000,829
Purchase over bonds	Rights	77,409	60,895	-	-	138,304
	Obligation	77,468	60,895	-	-	138,362
Sells on bonds	Rights	898,326	30,411	-	-	928,737
	Obligation	892,525	30,411	-	-	922,936
On interest rates	Rights	-	-	532,708	-	532,708
	Obligation	-	-	528,952	-	528,952
		-	-	-		
Call Options	Purchase	-	-	-	28,306	28,306
	Sell	-	-	-	(20,978)	(20,978)
Put Options	Purchase	-	-	-	216	216
	Sell	-	-	-	(359)	(359)
Total rights		10,946,503	1,852,398	532,708	28,522	13,331,609
Total obligations		10,840,156	1,852,398	528,952	(21,336)	13,221,506
Total Net		106,347	-	3,756	7,185	117,288

(Millions of Pesos (COP))

January 1st, 2014

		Forward	Future	Swaps	Options	Total
Currency purchase	Rights	5,250,972	230,107	154,461	-	5,635,540
	Obligation	5,254,059	230,107	150,575	-	5,634,741
Sells on currencies	Rights	5,025,456	889,617	164,115	-	6,079,188
	Obligation	5,012,152	889,617	165,547	-	6,067,316
Purchase over bonds	Rights	-	29,995	-	-	29,995
	Obligation	-	29,995	-	-	29,995
Sells on bonds	Rights	535,705	47,430	-	-	583,135
	Obligation	536,475	47,430	-	-	583,904
On interest rates	Rights	-	-	136,565	-	136,565
	Obligation	-	-	135,933	-	135,933
Call Options	Purchase	-	-	-	10,226	10,226
	Sell	-	-	-	(3,511)	(3,511)
Put Options	Purchase	-	-	-	2,941	2,941
	Sell	-	-	-	(6,609)	(6,609)
Total rights		10,812,134	1,197,148	455,141	13,167	12,464,423
Total obligations		10,802,686	1,197,148	452,054	(10,120)	12,451,888
Total Net		9,448	-	3,087	3,047	15,581

c) The detail of the credit quality determined by independent risk rate agents, of major counterparties in derivative asset and liability instruments are presented.

December 31st, 2015	Derivatives			
	Options Contracts	Future Contracts	Swap contracts	Forward Contracts
Creditworthiness				
Investment Grade	10,580	-	23,310	240,707
With out a qualification or not available	1,689	-	91,324	73,706
	12,269	-	114,634	314,413

(Millions of Pesos (COP))

December 31st, 2014	Options Contracts	Derivatives Future Contracts	Swap contracts	Forward Contracts
Creditworthiness				
Investment Grade	13,358	-	11,365	304,708
With out a qualification or not available	15,163	-	1,386	71,728
	28,522	-	12,751	376,436

January 1st, 2014	Options Contracts	Derivatives Future Contracts	Swap contracts	Forward Contracts
Creditworthiness				
Investment Grade	9,930	-	10,371	45,651
With out a qualification or not available	3,238	-	-	6,491
	13,168	-	10,371	52,142

d) The following is a breakdown of the maturity periods of the derivatives:

December 31st, 2015	Less than a year	From 1 to 5 years	From 5 to 10 years	More then 10 years	Total
Cash transactions	99	-	-	-	99
Options Contracts	(3,925)	-	-	-	(3,925)
Future Contracts	-	-	-	-	-
Swap contracts	1,304	19,399	4,294	(316)	24,681
Forward Contracts	55,747	(12)	-	-	55,735
	53,225	19,387	4,294	(316)	76,590

December 31st, 2014	Less than a year	From 1 to 5 years	From 5 to 10 years	More then 10 years	Total
Cash transactions	(6)	-	-	-	(6)
Options Contracts	7,185	-	-	-	7,185
Future Contracts	-	-	-	-	-
Swap contracts	367	538	2,851	-	3,756
Forward Contracts	106,735	(388)	-	-	106,347
	114,281	150	2,851	-	117,282

January 1st, 2014	Less than a year	From 1 to 5 years	From 5 to 10 years	More then 10 years	Total
Cash transactions	3	-	-	-	3
Options Contracts	3,047	-	-	-	3,047
Future Contracts	-	-	-	-	-
Swap contracts	3,880	(785)	(8)	-	3,087
Forward Contracts	9,465	(17)	-	-	9,448
	16,395	(802)	(8)	-	15,584

(Millions of Pesos (COP))

10.5 Credit portfolios and financial leasing operations at amortized cost

10.5.1 Loan portfolio and financial leasing by type

The loan portfolio and financial leasing by type is detailed as follows:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Commercial portfolio			
Corporate and builders	21,673,429	16,573,654	14,875,635
Other commercial lines	10,773,596	8,770,470	5,179,665
Financial Leasing	387,101	166,927	128,688
Credit Cards	367,249	367,595	338,315
Vehicles	600,451	467,800	313,390
Checking account overdrafts	140,086	174,187	170,075
	33,941,912	26,520,633	21,005,768
Housing portfolio			
Housing portfolio	8,280,281	6,753,007	5,662,281
Housing leasing	5,441,569	4,459,994	3,556,862
	13,721,850	11,213,001	9,219,143
Consumer Portfolio:			
Credit Cards	3,582,325	3,256,065	3,021,196
Other consumer lines	10,938,633	9,047,496	7,044,825
Vehicles	1,755,193	1,464,681	1,258,890
Checking account overdrafts	33,258	37,626	37,626
Financial Leasing	12,536	12,277	10,781
	16,321,945	13,818,145	11,373,318
Microcredit portfolio			
Financial Leasing	1,052	932	1,056
Microcredit	110,621	93,210	75,852
Gross Portfolio	64,097,380	51,645,921	41,675,137
Minus Deterioration	(1,728,621)	(1,373,875)	(1,147,595)
Net Portfolio	62,368,759	50,272,046	40,527,542

(Millions of Pesos (COP))

10.5.2 Portfolio by warranty and deterioration level

The portfolio by warranty and deterioration level is as follows:

December 31st, 2015

	Cutting balance				IFRS Provision		
	Up-to-date(1)	Overdue not impaired (2)	Impaired (3)	Total	Collective	Individual	Total
With Guarantee							
Commercial	4,944,466	81,812	3,696,218	8,722,496	154,493	38,790	193,283
Consumption	1,774,671	3,060	790,725	2,568,456	70,110	1,461	71,571
Housing and Housing Leasing	9,089,102	1,320,448	3,312,300	13,721,850	82,783	12,952	95,735
Microcredit	93,925	-	16,061	109,986	3,483	-	3,483
Financial Leasing	347,891	-	52,798	400,689	5,643	11,409	17,052
	16,250,055	1,405,320	7,868,102	25,523,477	316,512	64,612	381,124
With out Guarantee							
Commercial	19,790,792	1,745	5,039,778	24,832,315	247,734	434,985	682,719
Consumption	11,955,230	-	1,785,723	13,740,953	664,738	3	664,741
Housing and Housing Leasing	-	-	-	-	-	-	-
Microcredit	559	-	76	635	37	-	37
Financial Leasing	-	-	-	-	-	-	-
	31,746,581	1,745	6,825,577	38,573,903	912,509	434,988	1,347,497
	47,996,636	1,407,065	14,693,679	64,097,380	1,229,021	499,600	1,728,621

December 31st, 2014

	Cutting balance				IFRS Provision		
	Up-to-date(1)	Overdue not impaired (2)	Impaired (3)	Total	Collective	Individual	Total
With Guarantee							
Commercial	4,097,943	72,357	2,196,433	6,366,733	153,492	18,970	172,462
Consumption	1,501,093	1,829	536,708	2,039,630	63,468	1,054	64,522
Housing and Housing Leasing	8,413,087	1,145,420	1,654,494	11,213,001	46,656	10,610	57,266
Microcredit	80,714	-	12,490	93,204	2,982	-	2,982
Financial Leasing	150,714	-	29,422	180,136	9,520	8,246	17,766
Subtotal with guarantee	14,243,551	1,219,606	4,429,547	19,892,704	276,118	38,880	314,998
With out Guarantee							
Commercial	16,870,390	48,007	3,068,576	19,986,973	214,618	270,513	485,131
Consumption	10,387,926	56,041	1,322,271	11,766,238	573,745	1	573,746
Housing and Housing Leasing	-	-	-	-	-	-	-
Microcredit	6	-	-	6	-	-	-
Financial Leasing	-	-	-	-	-	-	-
Subtotal with out guarantee	27,258,322	104,048	4,390,847	31,753,217	788,363	270,514	1,058,877
Total Portfolio	41,501,873	1,323,654	8,820,394	51,645,921	1,064,481	309,394	1,373,875

Days overdue
(1) Up to date: Without deterioration
(2) Overdue with our deterioration > 1 day overdue and $0 Impairment
(3) Impaired < $1

(Millions of Pesos (COP))

10.5.3 Loan portfolio by risk level

The loan portfolio by risk rating is as follows:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Commercial			
Category A - Normal Risk	31,960,842	25,402,598	19,659,863
Category B - Acceptable Risk	779,670	412,403	656,600
Category C - Appreciable risk	303,103	183,375	145,349
Category D - Significant risk	276,337	44,813	246,175
Category E - Unrecoverable Risk	234,859	310,517	169,093
	33,554,811	26,353,706	20,877,080
Consumption			
Category A - Normal Risk	14,923,596	11,988,309	10,262,143
Category B - Acceptable Risk	476,444	1,213,138	371,085
Category C - Appreciable risk	325,866	235,662	243,823
Category D - Significant risk	360,349	216,144	263,063
Category E - Unrecoverable Risk	223,154	152,615	222,423
	16,309,409	13,805,868	11,362,537
Microcredit			
Category A - Normal Risk	103,396	84,574	72,763
Category B - Acceptable Risk	2,557	3,853	1,204
Category C - Appreciable risk	1,107	3,373	336
Category D - Significant risk	815	702	414
Category E - Unrecoverable Risk	2,746	708	1,135
	110,621	93,210	75,852
Housing			
Category A - Normal Risk	13,183,242	10,880,015	8,933,387
Category B - Acceptable Risk	292,526	144,457	153,207
Category C - Appreciable risk	115,403	82,015	52,450
Category D - Significant risk	54,500	32,203	33,323
Category E - Unrecoverable Risk	76,179	74,311	46,776
	13,721,850	11,213,001	9,219,143
Total Portfolio	63,696,691	51,465,785	41,534,612

(Millions of Pesos (COP))

Following the financial leasing is presented by risk rating:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Commercial			
Category A - Normal Risk	339,108	144,527	107,191
Category B - Acceptable Risk	25,089	1,395	1,820
Category C - Appreciable risk	20,120	13,050	6,595
Category D - Significant risk	1,153	828	13,082
Category E - Unrecoverable Risk	1,631	7,127	-
	387,101	166,927	128,688
Consumption			
Category A - Normal Risk	11,314	11,238	9,709
Category B - Acceptable Risk	800	874	420
Category C - Appreciable risk	73	97	251
Category D - Significant risk	-	-	70
Category E - Unrecoverable Risk	349	68	331
	12,536	12,277	10,781
Microcredit			
Category A - Normal Risk	963	728	980
Category B - Acceptable Risk	11	67	21
Category C - Appreciable risk	78	50	21
Category D - Significant risk	-	60	-
Category E - Unrecoverable Risk	-	27	34
	1,052	932	1,056
Total Financial Leasing	400,689	180,136	140,525
Provision	(1,728,621)	(1,373,875)	(1,147,595)
Total Net Portfolio	62,368,759	50,272,046	40,527,542

(Millions of Pesos (COP))

10.5.4 Loan portfolio evaluated individually

The loan portfolio evaluated individually is as follows:

December 31st, 2015

	Gross Value Recorded	Collateral	Provision Made
No impairment registered			
Commercial	84,307	181	-
	84,307	181	-
With impairment registered			
Commercial	16,196,159	16,002,018	485,185
Consumption	7,212	3	1,463
Housing and Housing Leasing	74,468	45	12,952
Financial Leasing	-	-	-
	16,277,839	16,002,066	499,600
	16,362,146	16,002,247	499,600

December 31st, 2014

	Gross Value Recorded	Collateral	Provision Made
No impairment registered			
Commercial	94,578	11,502	-
	94,578	11,502	-
With impairment registered			
Commercial	13,425,326	13,311,797	297,730
Consumption	3,830	2	1,054
Housing and Housing Leasing	64,045	33	10,610
Financial Leasing	-	-	-
	13,493,201	13,311,832	309,394
	13,587,779	13,323,334	309,394

January 1st, 2014

	Capital Balance	Collateral	Provision Made
No impairment registered			
Commercial	136,263	9,658	4,916
	136,263	9,658	4,916
With impairment registered			
Commercial	11,664,711	11,589,158	242,889
Consumption	3,032	2	640
Housing and Housing Leasing	55,136	33	8,274
Financial Leasing	-	-	-
	11,722,879	11,589,193	251,803
	11,859,142	11,598,851	256,719

(Millions of Pesos (COP))

10.5.5 Provision movements

The movement of the credit portfolio provision is as follows:

December 31st, 2015

	Commercial	Consumption	Microcredit	Housing	Total
Initial Balance	674,994	638,505	3,109	57,267	1,373,875
Plus:					
Provision charged to operating expenses	351,169	909,789	2,516	56,436	1,319,909
Restatement foreign currency portfolio	25,301	(2,649)	-	478	23,131
Minus:					
Punished loans	(151,633)	(801,657)	(2,051)	(14,657)	(969,998)
Net provision for reinstatement	(7,333)	(7,174)	-	(3,789)	(18,296)
	892,498	736,814	3,574	95,735	1,728,621

December 31st, 2014

	Commercial	Consumption	Microcredit	Housing	Total
Initial Balance	545,071	558,630	1,545	42,349	1,147,595
Plus:					
Provision charged to operating expenses	206,340	683,571	1,866	28,934	920,710
Restatement foreign currency portfolio	14,319	29,570	-	(5,259)	38,631
Minus:					
Punished loans	(88,562)	(628,637)	(302)	(7,133)	(724,634)
Net provision for reinstatement	(2,173)	(4,629)	-	(1,625)	(8,427)
	674,995	638,505	3,109	57,266	1,373,875

The value of the write-offs amounted to $ 22,001 and $ 22,125 for the years 2014 and 2015 respectively. Additionally written-off portfolio sales were presented worth $ 178,045 and $ 176,310 for the years 2014 and 2015 respectively.

(Millions of Pesos (COP))

10.5.6 Loan portfolio by maturity

The following is a breakdown of credit portfolio by maturity:

	December 31st, 2015				
Modalities	0-1 years	1-5 years	More then 5 years	More then 10 years	Total
Consumption	1,285,464	9,975,737	4,742,781	317,963	16,321,945
Commercial	11,109,884	12,793,363	7,465,893	2,572,772	33,941,912
Housing	35,790	322,330	1,823,998	11,539,732	13,721,850
Microcredit	4,283	100,612	6,778	-	111,673
	12,435,421	23,192,042	14,039,450	14,430,467	64,097,380

	December 31st, 2014				
Modalities	0-1 years	1-5 years	More then 5 years	More then 10 years	Total
Consumption	1,299,432	8,803,607	3,485,012	230,094	13,818,145
Commercial	8,053,132	10,816,788	6,822,837	827,876	26,520,633
Housing	47,189	230,552	890,922	10,044,338	11,213,001
Microcredit	5,702	85,610	2,830	-	94,142
	9,405,455	19,936,557	11,201,601	11,102,308	51,645,921

	January 1st, 2014				
Modalities	0-1 years	1-5 years	More then 5 years	More then 10 years	Total
Consumption	2,050,387	6,854,673	2,283,669	184,589	11,373,318
Commercial	6,508,419	4,520,376	5,936,771	4,040,202	21,005,768
Housing	41,519	202,633	776,128	8,198,863	9,219,143
Microcredit	5,270	68,494	3,144	-	76,908
	8,605,595	11,646,176	8,999,712	12,423,654	41,675,137

10.5.7 Portfolio by Currency Unit

The loan portfolio and financial leasing by monetary unit is detailed as follows:

	December 31st, 2015			December 31st, 2014			January 1st, 2014		
	Legal currency	Foreign currency	Total	Legal currency	Foreign currency	Total	Legal currency	Foreign currency	Total
Commercial	24,705,176	8,849,635	33,554,811	20,313,239	6,040,467	26,353,706	16,657,575	4,219,505	20,877,080
Consumption	12,956,592	3,352,817	16,309,409	11,609,956	2,195,912	13,805,868	9,832,177	1,530,360	11,362,537
Microcredit	110,621	-	110,621	93,210	-	93,210	75,852	-	75,852
Housing	10,906,501	2,815,349	13,721,850	9,273,927	1,939,074	11,213,001	7,814,937	1,404,206	9,219,143
Leasing	400,689	-	400,689	180,136	-	180,136	140,525	-	140,525
	49,079,579	15,017,801	64,097,380	41,470,468	10,175,453	51,645,921	34,521,066	7,154,071	41,675,137

(Millions of Pesos (COP))

10.5.8 Loan portfolios in arrears but not impaired

Below the loan portfolios that are in arrears but not impaired are presented

December 31st, 2015

	Unimpaired current loan portfolio	From 1 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	More than 90 days	Total customers in arrears not impaired	Impaired	Total loan protfolio
Commercial	25,071,452	36,274	8,387	38,895	-	83,556	8,786,904	33,941,912
Consumption	13,740,636	1,184	3	1,873	-	3,060	2,578,249	16,321,945
Housing and Housing Leasing	9,089,101	1,111,836	202,857	5,756	-	1,320,449	3,312,300	13,721,850
Financial Leasing	95,447	-	-	-	-	-	16,226	111,673
	47,996,636	1,149,294	211,247	46,524	-	1,407,065	14,693,679	64,097,380

December 31st, 2014

	Unimpaired current loan portfolio	From 1 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	More than 90 days	Total customers in arrears not impaired	Impaired	Total loan protfolio
Commercial	21,107,818	58,967	5,526	44,476	11,396	120,365	5,292,450	26,520,633
Consumption	11,899,519	57,104	9	757	-	57,870	1,860,756	13,818,145
Housing and Housing Leasing	8,413,088	973,910	168,949	2,560	-	1,145,419	1,654,494	11,213,001
Financial Leasing	81,448	-	-	-	-	-	12,694	94,142
	41,501,873	1,089,981	174,484	47,793	11,396	1,323,654	8,820,394	51,645,921

(Millions of Pesos (COP))

10.5.9 Loan portfolio by economic sector

The loan portfolio and financial leasing by economic sector is detailed as follows:

Economic sector	December 31st, 2015	December 31st, 2014	January 1st, 2014
Agriculture, forestry and fishing	1,855,933	1,645,098	1,316,205
Mining and quarrying	583,032	610,084	455,004
Manufacturing Industries	5,138,929	4,489,316	1,009,096
Electricity, gas, steam and air conditioning	2,215,011	1,375,772	1,121,557
Water supply; sewage disposal, waste management and decontamination	61,614	43,948	55,987
Wholesale and Retail; repair of motor vehicles and motorcycles	6,270,652	4,554,797	3,144,818
Transport and storage	2,839,947	2,418,897	2,859,878
Accommodation and food service activities	274,115	201,648	245,668
Information and communication	621,152	1,033,420	496,855
Financial and insurance activities	2,974,100	2,076,580	2,583,694
Real estate	1,430,701	538,999	527,716
Professional, scientific and technical activities	839,345	697,054	1,201,558
Administrative and support services activities	1,110,099	881,770	741,708
Public administration and defense; compulsory social security plans	484,090	414,055	472,718
Education	321,809	278,196	430,197
Human health care and social assistance activities	422,374	333,963	950,719
Artistic, entertainment and recreation activities	70,567	47,951	24,128
Other service activities	415,055	340,182	332,162
Household activities as employers; Undifferentiated household activities as producers of goods and services for their own use	7,907	4,573	5,062
Activities of extraterritorial organizations and bodies	7,184	6,479	5,358
Salaried: Individuals and illiquid estates, whose revenues come from labor, legal or regulatory relationship or having their origin in it	30,192,678	25,142,789	20,270,446
Capital rentiers only for individuals: Individuals and illiquid estates, whose income comes from interest, discounts, benefits, profits, utilities and generally everything that represents return of capital or difference between invested or contributed value and future value and / or paid or credited to the contributor or investor	239,080	428,909	16,115
	64,097,380	51,645,921	41,675,137

(Millions of Pesos (COP))

10.5.10 Loan portfolio by geographic area

The loan portfolio by geographic area is as follows:

December 31st, 2015

	Commercial	Consumption	Microcredit	Housing	Total
Bogotá	11,822,308	6,057,607	110,172	6,253,593	24,243,680
Antioquia	5,347,114	2,341,325	449	1,769,462	9,458,350
Northeast	3,782,278	2,785,026	-	1,719,640	8,286,944
Southwest	2,754,436	1,770,919	-	1,163,808	5,689,163
Miami	999,041	1,714	-	-	1,000,755
Costa Rica	2,691,901	706,532	-	1,159,596	4,558,029
Honduras	1,083,082	631,155	-	656,143	2,370,380
Panama	2,800,992	108,073	-	98,646	3,007,711
Salvador	2,273,659	1,907,058	-	900,962	5,081,679
	33,554,811	16,309,409	110,621	13,721,850	63,696,691

December 31st, 2014

	Commercial	Consumption	Microcredit	Housing	Total
Bogotá	8,272,391	5,521,932	92,814	7,766,882	21,654,019
Antioquia	4,262,289	2,078,657	-	486,885	6,827,831
Northeast	4,081,033	2,459,124	51	550,718	7,090,926
Southwest	2,899,491	1,549,287	345	469,442	4,918,565
Miami	798,036	955	-	-	798,991
Costa Rica	1,496,786	378,290	-	745,638	2,620,714
Honduras	828,005	401,485	-	481,187	1,710,677
Panama	1,961,601	89,041	-	39,210	2,089,852
Salvador	1,754,074	1,327,097	-	673,039	3,754,210
	26,353,706	13,805,868	93,210	11,213,001	51,465,785

January 1st, 2014

	Commercial	Consumption	Microcredit	Housing	Total
Bogotá	6,233,459	4,760,968	75,852	6,549,105	17,619,384
Antioquia	3,932,727	1,722,193	-	384,873	6,039,793
Northeast	3,486,035	2,052,740	-	479,942	6,018,717
Southwest	2,528,829	1,296,255	-	401,017	4,226,101
Miami	476,525	21	-	-	476,546
Costa Rica	894,833	262,870	-	546,113	1,703,816
Honduras	618,274	298,619	-	361,221	1,278,114
Panama	1,273,448	55,022	-	10,279	1,338,749
Salvador	1,432,950	913,849	-	486,593	2,833,392
	20,877,080	11,362,537	75,852	9,219,143	41,534,612

Financial leasing by geographical area

December 31st, 2015	Commercial	Consumption	Microcredit	Total
Bogotá	260,872	12,536	1,052	274,460
Antioquia	41,612	-	-	41,612
Northeast	57,028	-	-	57,028
Southwest	27,589	-	-	27,589
	387,101	12,536	1,052	400,689

December 31st, 2014

	Commercial	Consumption	Microcredit	Total
Bogotá	120,637	12,277	932	133,846
Antioquia	11,378	-	-	11,378
Northeast	21,986	-	-	21,986
Southwest	12,926	-	-	12,926
	166,927	12,277	932	180,136

(Millions of Pesos (COP))

January 1st, 2014	Commercial	Consumption	Microcredit	Total
				-
Bogotá	88,966	10,781	1,056	100,803
Antioquia	2,478	-	-	2,478
Northeast	22,789	-	-	22,789
Southwest	14,455	-	-	14,455
	128,688	10,781	1,056	140,525

10.5.11 Loan portfolio by type of security

The following is a breakdown of credit portfolio by type of security:

December 31st, 2015

	Commercial	Consumption	Housing and Housing Leasing	Microcredit	Financial Leasing	Total
Unsecured credit	24,832,315	13,740,953	-	635	-	38,573,903
Loans secured by other banks	10,667	-	-	-	-	10,667
Housing	1,753,785	216,987	12,600,285	-	-	14,571,057
Investments in equity instruments	39,546	-	-	-	-	39,546
Deposits in cash or cash equivalents	629,570	103,112	-	-	-	732,682
Other assets	1,341,858	2,099,023	-	109,986	50,470	3,601,337
	33,554,811	16,309,409	13,721,850	110,621	400,689	64,097,380

	Commercial	Consumption	Housing and Housing Leasing	Microcredit	Financial Leasing	Total
Unsecured credit	19,986,973	11,766,238	-	6	-	31,753,217
Loans secured by other banks	3,102	-	-	-	-	3,102
Housing	1,463,897	340,756	10,689,086	-	-	12,493,739
Other real estate	3,490,681	124,512	523,915	395	159,667	4,299,170
Investments in equity instruments	25,423	-	-	-	-	25,423
Deposits in cash or cash equivalents	409,975	83,290	-	-	-	493,265
Other assets	973,655	1,491,072	-	92,809	20,469	2,578,005
	26,353,706	13,805,868	11,213,001	93,210	180,136	51,645,921

10.5.12 Maturity of financial leases

Maturity of financial leases follows:

December 31st, 2015	0-1 years	1-5 years	More then 5 years	Total
Gross investment in finance leases	923	274,750	158,453	434,126
Unearned finance income from financial leases-interests	(69)	(61,079)	(56,536)	(117,684)
Total minimum financial lease payments receivable, at present value	854	213,671	101,917	316,442

December 31st, 2014	0-1 years	1-5 years	More then 5 years	Total
Gross investment in finance leases	456	83,039	44,691	128,186

(Millions of Pesos (COP))

Unearned finance income from financial leases-interests	(10)	(16,929)	(17,162)	(34,101)
Total minimum financial lease payments receivable, at present value	446	66,110	27,529	94,085

January 1st, 2014

	0-1 years	1-5 years	More then 5 years	Total
Gross investment in finance leases	1,933	47,546	32,442	81,921
Unearned finance income from financial leases-interests	(82)	(11,663)	(13,349)	(25,094)
Total minimum financial lease payments receivable, at present value	1,851	35,883	19,093	56,827

10.5.13 Portfolio with shareholders and employees

Shareholder loans and housing loans granted to employees with benefit rate:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Shareholders*	124	278	200,244
Employees	344,349	245,801	82,540
Commercial	107	-	-
Consumption	69,023	29,400	-
Housing Leasing	91,318	78,334	26,911
	344,473	246,079	282,784

(*) Shareholders holding more than 5%

The Bank in Colombia in applying IFRS 9 and IAS 17, incorporated in its financial statements the profit rate that gives its officials in loans for house purchase recognizing income portfolio and personnel costs by $ 12,481 million by 2015 and $ 12,781 million.

10.5.14 Selling of portfolio

(Millions of Pesos (COP))

The detail from sales of portfolio in Colombia is presented:

December 31st, 2015

Titularizadora Colombiana S.A.

Issuance	Date	Number	Rate	Capital	Interests	Other *	Total	Profit	Proceeds from the sale	Recovery provisions
TIPS Pesos N-11	10-June-2015	6100	11.2%	367.102	1.646	507	369.255	7.342	377.500	7.500
TIPS UVR U-1	15-Oct-2015	3665	11.1%	122.971	501	193	123.665	4.920	129.079	2.581
Total		9765		490.073	2.147	700	492.922	12.262	506.579	10.081

December 31st, 2014

Titularizadora Colombiana S.A.

Issuance	Date	Number	Rate	Capital	Interests	Other *	Total	Profit	Proceeds from the sale	Recovery provisions
TIPS Pesos N-9	16-Sept-2014	2717	10.8%	265.557	1.129	281	266.967	2.946	270.885	5.345
TIPS Pesos N-10	10-Dec-2014	3638	11%	353.252	1.496	373	355.121	5.299	361.346	7.182
Total		6355		618.809	2.625	654	622.088	8.245	632.231	12.527

January 1st, 2014

Titularizadora Colombiana S.A.

Issuance	Date	Number	Rate	Capital	Interests	Other *	Total	Profit	Proceeds from the sale	Recovery provisions
Pesos N-7	17- May -2013	3350	13.0%	303.605	1.756	268	305.629	15.296	322.101	6.195
Total		3350		303.605	1.756	268	305.629	15.296	322.101	6.195

10.5.15 Sales of written off portfolio

The detail from sales of written off portfolio in Colombia is presented:

December 31st, 2015

Portfolio	Number of Credits	Capital	Interests	Other Concepts	Total	Sales price
1	6.315	30.286	1.316	433	32.035	2.307
2	6.066	28.317	839	276	29.432	2.268
3	6.775	31.727	971	324	33.022	2.665
4	6.735	30.875	952	312	32.139	2.351
2	7.096	32.567	959	337	33.863	2.498
Total	32.987	153.772	5.037	1.682	160.491	12.089

On February 19, 2015, a selling written off portfolio is made through auction for a total value of $ 160,491 whose sale price amounted to $ 12,089, it was awarded to 2 of the offering entities and the payment was made within less than one month .

(Millions of Pesos (COP))

Portfolio	Number of Credits	Capital	Interests	Other Concepts	Total	Sales price
1	41	798	149	249	1.196	130
Total	41	798	149	249	1.196	130

On July 16, 2015, a selling of written off portfolio is made through auction for a total value of $1,196 whose sale price amounted to $130, it was awarded to one of the offering entities and the payment was made within less than one month .

Portfolio	Number of Credits	Capital	Interests	Other Concepts	Total	Sales price
1	5.993	30.413	1.585	487	32.485	2.281
2	5.748	30.492	1.368	537	32.397	2.073
3	6.050	30.539	1.325	466	32.330	2.229
4	5.716	31.275	1.342	543	33.160	2.252
Total	23.507	122.719	5.620	2.033	130.372	8.835

On November 24, 2015, a selling of written off portfolio is made through auction for a total value of $130,372 whose sale price amounted to $8,835, it was awarded to 2 of the offering entities and the payment of portfolios 2,3 and 4 was made within less than one month . Portfolio one is collected in 4 equal installments in 3 months from the date of sale.

December 31st, 2014

Date	Number of Credits	Capital	Interests	Other Concepts	Total	Sales price
1	7.810	43.317	1.915	505	45.737	3.898
2	7.946	43.381	2.038	587	46.006	3.211
3	8.046	43.194	1.963	496	45.653	3.455
4	8.064	43.434	1.842	587	45.863	3.215
5	8.026	43.333	1.922	476	45.731	3.686
6	2.374	23.274	3.285	733	27.292	233
Total	42.266	239.933	12.965	3.384	256.282	17.698

On April 25, 2014, a selling of written off portfolio is made through auction for a total value of $256.282 whose sale price amounted to $17.698, it was awarded to two of the offering entities and the payment is made under the terms established.

Date	Number of Credits	Capital	Interests	Other Concepts	Total	Sales price
1	3.756	20.868	888	42	21.798	1.649
2	2.928	27.435	2.446	6	29.887	329
3	4.883	28.235	1.280	49	29.564	1.976
4	4.772	28.851	1.358	48	30.257	1.962
5	4.945	27.809	1.078	59	28.946	2.183
6	8.238	44.907	1.797	91	46.795	3.682
Total	29.522	178.105	8.847	295	187.247	11.781

(Millions of Pesos (COP))

On October 24, 2014, a selling of written off portfolio is made through auction for a total value of $187.247, is awarded to the highest bidder and payment is made under the terms established.

10.5.16 Purchases and portfolio holdings

The detail of purchases and portfolio holdings is as follows:

December 31st, 2015

The following is a breakdown of the portfolio purchase conducted by the Bank in 2015:

Number of Credits	Capital	Interests	Others	Total	Premium	Profit per purchase
975	16.767	94	212	17.072	81	431

It corresponds to purchase of portfolio with cash payment in 2015.

As of December 31, 2015, the balance of portfolio holdings with Miami is of $ 486,912 which correspond to credit operations where the Miami branch participates in the funding structure and its registration is in proportion to the transaction, therefore these transactions do not generate effect on the income statement.

Number of Credits	Capital	Interests	Total	Premium
9	486	2	488	-

Miami participated in the Panama portfolio with USD$ 59.2 million, an increase of $ 14.2 million, equivalent to 24% compared to the previous year.

December 31st, 2014

The following is a breakdown of the portfolio purchase conducted by the Bank:

Number of Credits	Capital	Interests	Others	Total	Premium	Profit per purchase
934	15.878	77	-	15.955	838	-

It corresponds to purchase of portfolio with cash payment in 2014.

As of December 31, 2014, the balance of portfolio holdings with Miami is of $ 371,972 which correspond to credit operations where the Miami branch participates in the funding structure and its registration is in proportion to the transaction, therefore these transactions do not generate effect on the income statement.

Number of Credits	Capital	Interests	Total	Premium
9	374	2	376	-

Miami participated in the Panama portfolio with USD$ 45.2 million, an increase of $34 million, equivalent to 75% compared to the previous year.

January 1st, 2014

As of January 1, 2014, the balance of portfolio holdings with Miami is of $ 205,772 which correspond to credit operations where the Miami branch participates in the funding structure and its registration is in proportion to the transaction, therefore these transactions do not generate effect on the income statement.

Number of Credits	Capital	Interests	Total	Premium
7	205	0.9	206	-

Miami participated in Panama's portfolio with USD$ 11 million, an increase of 100% compared to the previous year since these operations did not exist.

(Millions of Pesos (COP))

10.6 Accounts receivable, net

The following is a breakdown of the accounts receivable:

	December 31st, 2015	December 31st, 2014	January 1st, 2104
Commissions	13,927	7,419	7,852
Deposits	24,962	20,312	6,575
Taxes	228,349	77,012	100,154
Advances for contractors and suppliers	67,216	89,294	32,423
Payments for account of customers	14,190	22,279	9,603
Checking account – foreign reinsurers	23,002	7,136	8,520
Payments for account of customer portfolio	65,999	50,587	55,495
Premiums to be collected	54,485	30,031	22,997
Others	136,877	151,400	131,952
To Parent Company, subsidiaries, branches and associated	3,943	815	725
To employees	3,692	3,958	3,800
Dividends and shares	1,580	-	-
Subtotal Accounts receivable	638,222	460,243	380,096
Impairment (Provision)	(21,972)	(18,703)	(16,150)
Accounts receivable, net	616,250	441,540	363,946

The following is the movement of the impairment:

	December 31st, 2015	December 31st, 2014
Initial Balance	(18,703)	(16,150)
Plus:	-	-
Provision charged to expenses	(12,869)	(10,689)
Minus:	-	-
Recuperation of the impairment	1,363	1,210
Currency Restatement	8,237	6,926
Final balance	(21,972)	(18,703)

(Millions of Pesos (COP))

The following is a breakdown of the maturity of other accounts receivable:

December 31st, 2015

	Up to 1 year	From 1 to 5 years	More then 5 years	Total
Commissions	13,255	672	-	13,927
Deposits	19,558	4,400	1,004	24,962
Taxes	217,483	10,866	-	228,349
Advances for contractors and suppliers	48,552	18,664	-	67,216
Payments for account of customers	10,898	3,292	-	14,190
Foreign reinsurers	23,002	-	-	23,002
Payments for account of customer portfolio	62,478	3,521	-	65,999
Premiums to be collected	54,485	-	-	54,485
Others	125,544	4,608	1,875	132,027
Diverse	12,624	1,441	-	14,065
Accounts receivable	587,879	47,464	2,879	638,222
Impairment (Provision)	(11,583)	(10,353)	(36)	(21,972)
Accounts receivable, net	576,296	37,111	2,843	616,250

December 31st, 2014

	Up to 1 year	From 1 to 5 years	More then 5 years	Total
Commissions	6,632	787	-	7,419
Deposits	14,435	5,723	154	20,312
Taxes	70,127	6,885	-	77,012
Advances for contractors and suppliers	57,410	31,884	-	89,294
Payments for account of customers	19,870	2,409	-	22,279
Foreign reinsurers	7,136	-	-	7,136
Payments for account of customer portfolio	47,574	3,013	-	50,587
Premiums to be collected	30,031	-	-	30,031
Others	139,923	8,682	1,339	149,944
Diverse	4,898	1,331	-	6,229
Accounts receivable	398,036	60,714	1,493	460,243
Impairment (Provision)	(8,953)	(9,713)	(37)	(18,703)
Accounts receivable, net	389,083	51,001	1,456	441,540

January 1st, 2014

	Up to 1 year	From 1 to 5 years	More then 5 years	Total
Commissions	7,240	576	36	7,852
Deposits	2,152	4,298	125	6,575
Taxes	99,878	276	-	100,154
Advances for contractors and suppliers	21,265	11,157	-	32,423
Payments for account of customers	7,555	2,048	-	9,603
Foreign reinsurers	8,520	-	-	8,520
Payments for account of customer portfolio	54,218	1,277	-	55,495
Premiums to be collected	22,996	-	-	22,996
Others	120,297	8,129	903	129,329
Diverse	6,130	1,019	-	7,149
Accounts receivable	350,251	28,780	1,064	380,096
Impairment (Provision)	(9,784)	(6,329)	(37)	(16,150)
Accounts receivable, net	340,467	22,451	1,027	363,946

The Bank to minimize credit risk which is exposed by the other receivables evaluates its behavior in each reporting period and applies an estimated provision based on the age of the items as protection to the risk of exposure.

(Millions of Pesos (COP))

10.7 Assets held for sale

The detail of assets held for sale (AMV) is as follows:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Intended for housing			
Voluntary surrender	9,598	5,468	8,978
Awarding	2,525	1,072	3,460
Total intended for housing	12,123	6,540	12,438
Different than housing			
Voluntary surrender	11,753	5,208	9,944
Awarding	150	3,475	5,291
Total Different than housing	11,903	8,683	15,235
Property			
Vehicles	584	728	1,417
Rights	3,238	-	-
Others	404	-	88
Total Different than housing	4,226	728	1,505
Returned goods from Leasing contracts			
Property	10,545	6,169	4,763
Vehicles	470	2,308	-
Total Returned goods from Leasing contracts	11,015	8,477	4,763
Property			
Property	6,574	-	-
Others	47,580	-	-
Total Different than housing	54,154	-	-
Subtotal	93,421	24,428	33,941
Provision (Deterioration)	(680)	(42)	-
Total	92,741	24,386	33,941

The movement of assets held for sale is as follows:

December 31st, 2015

	Intended for housing	Different than housing	Returned goods from Leasing Houising contracts	Leasing Property	Total
Cost					
Initial Balance	6,540	9,411	8,477	-	24,428
Additions (Recieved)	12,764	17,031	13,762	54,152	97,709
Withdrawals (Sales)	(3,151)	(2,406)	(10,184)	-	(15,741)
Transfers	(4,030)	(7,907)	(1,040)	-	(12,977)
Final balance	12,123	16,129	11,015	54,152	93,419
Impairment					
Initial Balance	(42)	-	-	-	(42)
Additions (Purchase)	(13)	(51)	(106)	-	(170)
Withdrawals (Sales)	(467)	-	-	-	(467)
Transfers and other movements	-	-	-	-	-
Final balance	(523)	(51)	(106)	-	(680)

(Millions of Pesos (COP))

December 31st, 2014

	Intended for housing	Different than housing	Returned goods from Leasing Houising contracts	Leasing Property	Total
Cost					
Initial Balance	12,438	16,740	4,763	-	33,941
Additions (Received)	5,734	4,492	8,813	-	19,039
Withdrawals (Sales)	(11,632)	(11,821)	(5,099)	-	(28,552)
Transfers and other movements	-	-	-	-	-
Final balance	6,540	9,411	8,477	-	24,428
Impairment					
Initial Balance	-	-	-	-	-
Additions (Received)	(2,881)	-	-	-	(2,881)
Withdrawals (Sales)	-	-	-	-	-
Transfers	2,840	-	-	-	2,840
Final balance	(42)	-	-	-	(42)

The breakdown of assets held for sale, according to the time spent:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Up to a year	89,869	16,993	24,496
Between 1 and 3 years	3,550	7,137	8,838
Between 3 and 5 years	-	-	305
More then 5 years	-	299	302
Total	93,419	24,428	33,941

During this period, the Bank has carried out different strategies in the sale of non-current assets held for sale (ANCMV), as of December 31:

	December 31st, 2015		December 31st, 2014	
	Amount	Value	Amount	Value
Foreclosed assets	300	15,741	370	28,552
Total sales	300	15,741	370	28,552
Gain on sale		2,371		1,554
Depreciation of Deferred profit		840		352
Gain on sale of assets not used		-		-
Total profit sales		3,211		1,906
Loss on sale of foreclosed assets		350		928
Loss on sale of assets not used		-		-
Loss in sales		350		928
Net effect on results		2,861		978

(Millions of Pesos (COP))

The movement of the provision for assets held for sale is as follows:

	December 31st, 2015	December 31st, 2014
Initial Balance	(42)	-
Plus:		
Provision	(170)	(2,881)
Restatement	-	-
Minus:		
Retiring	(467)	2,840
Reimbursement	-	-
Final balance	(680)	(42)

10.8 Investments in associates

Following is a detail of investments in associates as of December 31, 2015 December 31, 2014 and January 1, 2014:

December 31st, 2015

Legal Name	Participation %	Capital Stock	Acquisition cost	MPP	Adjusted cost
Titularizadora Colombiana S.A.	26.85%	59.855	41.851	1.399	39.988
Redeban Multicolor S.A.	26.04%	10.120	21.785	6.925	28.204
Multiactivos *	21.12%	12.070	4.321	(428)	3.892
Sersaprosa S.A.	25.00%	8.355	5.309	3.486	8.795
Serfinsa S.A.	41.03%	5.329	1.967	1.360	3.327
ACH in El Salvador S.A	25.00%	1.914	295	405	700
Zip Amarateca	37.85%	12.920	4.085	3.487	7.572
Bancajero BANET	34.81%	4.011	1.327	2.452	3.779
			80.941	19.085	96.257

December 31st, 2014

Legal Name	Participation %	Capital Stock	Acquisition cost	MPP	Adjusted cost
Titularizadora Colombiana S.A.	26.85%	59.855	40.643	1.197	41.841
Redeban Multicolor S.A.	26.04%	10.120	18.816	1.861	20.678
Multiactivos *	21.12%	12.070	4.319	(2)	4.317
Sersaprosa S.A.	25.00%	8.355	5.309	2.139	7.449
Serfinsa S.A.	41.03%	5.329	1.967	475	2.442
ACH in El Salvador S.A	25.00%	1.914	295	156	451
Zip Amarateca	37.85%	12.920	4.085	1.344	5.429
Bancajero BANET	34.81%	4.011	1.327	904	2.231
			76.763	8.076	84.839

January 1st, 2014

Legal Name	Participation %	Capital Stock	Acquisition cost	MPP	Adjusted cost
Titularizadora Colombiana S.A.	21.12%	59.855	29.949	-	29.949
Redeban Multicolor S.A.	26.04%	10.120	21.785	-	21.785
Multiactivos *	21.12%	12.070	4.321	-	4.321
Sersaprosa S.A.	25.00%	8.355	5.309	-	5.309
Serfinsa S.A.	41.03%	5.329	1.967	-	1.967
ACH in El Salvador S.A	33.33%	1.914	295	-	295
Zip Amarateca	37.85%	12.920	4.085	-	4.085
Bancajero BANET	34.81%	4.011	1.327	-	1.327
			69.039	-	69.039

* In this company the bank has 2,548,940 shares and filed for grounds for liquidation as of December 29th, 2015

The value of the assets, liabilities and equity homogenates are the calculating basis for the method of equity participation is as follows:

(Millions of Pesos (COP))

December 31, 2015

	Participation	Total assets	Total Liabilities	Total equity	(Profit/ Loss)
Multiactivos *	21.12%	18,898	269	18,629	-1,712
Redeban Multicolor S.A.	26.04%	137,129	49,133	87,996	12,977
Titularizadora Colombiana S.A.	26.85%	148,361	12,276	136,085	9,750
ZipAmarateca	37.85%	20,090	87	20,003	2,300
Bancajero BANET	34.81%	13,353	2,497	10,856	2,799
Servicio Salvadoreño De Protección, S.A. De C.V.-Sersaprosa	25.00%	44,067	8,887	35,181	2,258
ACH de El Salvador, S.A. de C.V.-Sersaprosa	25.00%	3,049	248	2,801	423
Servicios Financieros, S.A. de C.V.-Serfinsa	41.03%	22,046	13,937	8,109	241
		406,994	87,334	319,659	29,036

December 31, 2014

	Participation	Total assets	Total Liabilities	Total equity	(Profit/ Loss)
Multiactivos *	21.12%	20,831	372	20,459	15
Redeban Multicolor S.A.	26.04%	125,343	41,679	83,664	4,321
Titularizadora Colombiana S.A.	26.85%	147,849	9,575	138,274	13,615
ZipAmarateca	37.85%	14,407	65	14,342	1,510
Bancajero BANET	34.81%	7,819	1,409	6,410	1,877
Servicio Salvadoreño de Protección, S.A. de C.V. Sersaprosa	25.00%	31,752	1,958	29,794	3,424
ACH de El Salvador, S.A. de C.V.-Sersaprosa	25.00%	2,015	208	1,807	340
Servicios Financieros, S.A. de C.V.-Serfinsa	41.03%	11,571	5,618	5,953	29
		361,587	60,884	300,702	25,131

January 31, 2014

	Participat ion	Total Assets	Total Liabilities	Total Equity	(Profits/Los s)
	Participation	Total assets	Total Liabilities	Total equity	(Profit/ Loss)
Multiactivos *	21.12%	20,768	325	20,444	-43
Redeban Multicolor S.A.	26.04%	119,072	39,660	79,411	3,549
Titularizadora Colombiana S.A.	21.12%	160,496	18,682	141,815	17,542
ZipAmarateca	37.85%	11,030	239	10,791	675
Bancajero BANET	34.81%	5,046	1,234	3,813	1,609
Servicio Salvadoreño de Protección,S.A. de C.V.-Sersaprosa	25.00%	23,185	1,947	21,238	2,937
ACH de El Salvador, S.A. de C.V.-Sersaprosa	25.00%	1,331	149	1,182	210
Servicios Financieros, S.A. de C.V.-Serfinsa	41.03%	9,518	4,723	4,795	-15
		350,446	66,959	283,488	26,465

(Millions of Pesos (COP))

The following is the movement in the investments in associates:

	December 31st, 2015 (*)	December 31st, 2014 (**)	January 1st, 2014
Balance at the beginning of the period	84,839	69,039	0
Purchase of shares	11,419	15,800	69,039
Balance at the end of the period	96,257	84,839	69,039

** The dividends received by December 31st, 2015 are $3,76
* The dividends received by December 31st, 2014 are $4,711

10.9 Investments in other companies

The following is the movement in the investments in other companies:

Company	% Part	December 31st, 2015 Balance	December 31st, 2014 Balance	January 1st, 2014 Balance
Finagro	12.67%	87,285	85,104	90,737
CIFIN	9.17%	57,599	2,231	2,401
Ach Colombia S.A.	18.42%	16,125	4,568	4,309
Deceval	11.85%	8,872	7,934	7,576
Corabastos	3.39%	2,327	2,170	2,123
Cámara De Riesgo Central De Co	4.64%	1,690	1,520	1,407
Bolsa De Valores De Colombia	0.57%	1,547	3,822	4,077
Tecnibanca S.A. - Servibanca S.A.	0.94%	699	648	588
Corporación Andina De Fomento	0.00%	650	622	585
Cámara Comp Div Colombia S.A.	8.03%	427	325	272
Almacafé	0.01%	10	10	10
		177,231	108,954	114,085

10.10 Property and Equipment

The following is the breakdown of property and equipment:

	Cost	Depreciation	Total
		December 31st, 2015	
Land	369,802	-	369,802
Buildings and Improvements	765,913	(85,199)	680,714
Computer Equipment	210,708	(146,276)	64,432
Furniture and equipment	353,904	(211,645)	142,259
Vehicles	22,274	(11,079)	11,195
PPYE in joint operations	1	(1)	-
	1,722,602	(454,199)	1,268,403
		December 31st, 2014	
Land	355,106	-	355,106
Buildings and Improvements	708,739	(65,274)	643,465
Computer Equipment	239,263	(167,326)	71,937
Furniture and equipment	208,326	(126,246)	82,080
Vehicles	20,046	(9,975)	10,071
	1,531,481	(368,821)	1,162,660

(Millions of Pesos (COP))

		January 31, 2014	
Land	344,586	-	344,586
Buildings and Improvements	669,487	(47,833)	621,654
Computer Equipment	225,538	(153,001)	72,537
Furniture and equipment	156,444	(98,726)	57,718
Vehicles	17,818	(7,990)	9,828
	1,413,874	(307,550)	1,106,324

The following is the breakdown of property and equipment:

	Land	Buildings and Improvements	Computer Equipment	Furniture and equipment	Vehicles	Total
Cost:						
Balance as of January 1st, 2014	344,586	669,487	225,538	156,444	17,818	1,413,874
Additions						
Purchase	4,563	7,502	35,730	11,571	4,087	63,453
Withdrawals						
Sales	(2,117)	(2,201)	(2,074)	(973)	(2,918)	(10,284)
Disposal of assets designated at cost	-	(1,497)	(4,947)	(2,206)	318	(8,331)
Donations	-	-	(2,189)	(45)	-	(2,234)
Removed from use and not classified as held for sale (Depreciation)	1,098	4,280	(20,552)	28,150	-	12,976
Asset revaluation effect	4,438	214	-	-	-	4,653
Currency Restatement	4,722	34,003	11,617	14,688	1,159	66,188
Transfers	(2,184)	(3,049)	(3,860)	698	(418)	(8,813)
Balance as of the 31st of December 2014	**355,106**	**708,739**	**239,263**	**208,326**	**20,046**	**1,531,481**
Cumulative depreciation:						
Balance as of January 1st, 2014	**-**	**(47,833)**	**(153,001)**	**(98,726)**	**(7,990)**	**(307,550)**
Cost:						
Purchase	-	(64)	(2,127)	(1,351)	(846)	(4,388)
Acquisitions through business combinations	-	-	-	-	-	-
Construction in progress Disbursements	-	-	-	-	-	-
Withdrawals:						
Sales	-	1,149	191	244	2,066	3,650
Disposal of assets designated at cost	-	-	5,170	2,152	291	7,613
Disposal of assets designated at revalued cost	-	2,785	-	-	-	2,785
Donations	-	-	2,187	36	-	2,223
Removed from use and not classified as held for sale	-	25	-	(4,769)	-	(4,745)
Accumulated Movement Depreciation	-	(12,769)	(16,220)	(12,266)	(3,062)	(44,317)
Currency Restatement	-	(13,916)	(7,386)	(11,416)	(1,116)	(33,831)
Transfers	-	5,350	3,860	(151)	680	9,739
Balance as of the 31st of December 2014	**-**	**(65,274)**	**(167,326)**	**(126,246)**	**(9,975)**	**(368,821)**
Book Value:						
Balance as of January 1st, 2014	**344,586**	**621,654**	**72,537**	**57,718**	**9,828**	**1,106,324**

(Millions of Pesos (COP))

	Land	Buildings and Improvements	Computer Equipment	Furniture and equipment	Vehicles	PPYE in joint operations	Total
Cost:							
Balance as of the 31st of December 2014	**355,106**	**708,739**	**239,263**	**208,326**	**20,046**	**-**	**1,531,481**
Additions							
Purchase	3,291	17,055	57,189	46,201	5,918	1	129,655
Acquisitions through business combinations	-	260	159	309	141	-	869
Disbursements in Constructions in progress	-	10,187	-	-	-	-	10,187
Withdrawals							
Sales	(3,207)	(5,769)	(14,367)	(15,232)	(4,784)	-	(43,359)
Disposal of assets designated at cost	(1)	(2,024)	(2,981)	(1,292)	(909)	-	(7,207)
Disposal of assets designated at revalued cost	(32)	(74)	-	-	-	-	(106)
Donations	-	-	(1,376)	-	-	-	(1,376)
Removed from use and not classified as held for sale (Depreciation)	983	(96)	(21,400)	21,254	-	-	741
Asset revaluation effect	9,843	21,496	-	-	-	-	31,339
Currency Restatement	21,583	10,823	23,173	26,013	1,863	-	83,455
Transfers	(17,765)	5,315	(68,952)	68,324	-	1	(13,077)
Balance as of the 31st of December 2015	**369,802**	**765,913**	**210,708**	**353,904**	**22,274**	**1**	**1,722,602**
Cumulative depreciation:							
Balance as of the 31st of December 2014	**-**	**(65,274)**	**(167,326)**	**(126,246)**	**(9,975)**	**-**	**(368,821)**
Additions							
Purchase	-	-	(3,332)	(1,547)	(461)	-	(5,340)
Withdrawals							
Sales	-	101	5,857	4,062	3,038	-	13,058
Disposal of assets designated at cost	-	17	2,307	844	1,069	-	4,237
Disposal of assets designated at revalued cost	-	53	-	-	-	-	53
Donations	-	-	1,374	-	-	-	1,374
Removed from use and not classified as held for sale	-	635	1,232	(1,660)	-	-	207
Accumulated Movement Depreciation	-	(12,721)	(24,475)	(16,382)	(3,581)	-	(57,159)
Currency Restatement	-	(14,527)	(22,260)	(10,508)	(1,168)	-	(48,463)
Transfers	-	6,518	60,347	(60,206)	-	-	6,659
Balance as of the 31st of December 2015	**-**	**(85,199)**	**(146,276)**	**(211,645)**	**(11,079)**	**(1)**	**(454,199)**
Value in Books:							
Balance to December 31, 2014	**355,106**	**643,465**	**71,937**	**82,080**	**10,071**	**-**	**1,162,660**
Balance as of the 31st of December 2015	**369,802**	**680,714**	**64,432**	**142,259**	**11,195**	**-**	**1,268,403**

(Millions of Pesos (COP))

The product of sales of property and equipment is as follows:

December 31st, 2014	Amount	Value in Books:	Sales Value	Profit	Loss
Land	7	2,117	2,930	538	-
Buildings	7	1,079	2,480	1,400	-
Improvements	-	-	-	-	-
Computer Equipment	3,123	1,883	1,995	123	(12)
Furniture and equipment	1,067	729	889	229	(75)
Vehicles	43	852	764	1	(153)
	4,247	6,660	9,058	2,291	(240)

December 31st, 2015	Amount	Value in Books:	Sales Value	Profit	Loss
Land	14	3,207	4,288	1,081	-
Buildings	14	5,668	8,531	2,863	-
Improvements	-	-	-	-	-
Computer Equipment - Furniture and fixtures	115	8,510	8,513	10	(7)
Furniture and equipment	6,334	11,170	9,932	215	(1,453)
Vehicles	62	1,747	1,751	267	(347)
	6,539	30,302	33,015	4,436	(1,807)

Restrictions on ownership of property and equipment

No ownership restrictions is presented for any of the periods reported

Investment Property

The following is the breakdown of investment property:

	December 31st, 2015	December 31st, 2014	January 01st, 2014
Cost	67,098	63,388	75,192
Depreciation	(1,294)	(429)	(336)
Impairment	(107)	-	-
	65,698	62,959	74,856

(Millions of Pesos (COP))

The following is the movement of investment property:

Cost:	
Balance as of January 1st, 2014	75,192
Additions	
Purchase	1,068
Withdrawals	-
Sales	(6,937)
Removed from use and not classified as held for sale	
(Depreciation)	(5,908)
Currency Restatement	153
Transfers	(181)
Balance as of the 31st of December 2014	63,388
Cumulative depreciation:	
Balance as of January 1st, 2014	(336)
Withdrawals	
Sales	677
Accumulated Movement Depreciation	(1,140)
Currency Restatement	351
Transfers	19
Balance as of the 31st of December 2014	(429)
Balance as of January 1st, 2014	74,856
Cost:	
Balance as of the 31st of December 2014	63,388
Additions	
Purchase	12,481
Withdrawals	
Sales	(8,093)
Removed from use and not classified as held for sale	
(Depreciation)	(318)
Currency Restatement	256
Transfers	(616)
Balance as of the 31st of December 2015	67,098
Cumulative depreciation:	
Balance as of the 31st of December 2014	(429)
Withdrawals	
Sales	110
Disposal of assets designated at cost	7
Removed from use and not classified as held for sale	19
Accumulated Movement Depreciation	(644)
Currency Restatement	(525)
Transfers	168
Balance as of the 31st of December 2015	(1,294)
Impairment (Provision)	
Balance as of the 31st of December 2014	-
Balance as of the 31st of December 2015	(107)
Book Value:	
Balance to December 31, 2014	62,959
Balance as of the 31st of December 2015	65,698

(Millions of Pesos (COP))

The results recognized in the consolidated statement of income for the management of investment properties at December 31st, 2015 and 2014 was:

	December 31st, 2015	December 31st, 2014
Rental Income	2,179	2,253
Direct operating expenses arising from investment properties that generate rental income	194	211
Direct operating expenses arising from investment properties that so NOT generate rental income	624	581
Net	1,361	1,461

The fair value of investment properties at December 31, 2015 amounted to $ 89,979.

10.12 Goodwill

Following is a detail of Bank acquisitions when buying Granbanco, Operation HSBC in Central America and Corredores Asociados:

Name of the acquiree	Date of acquisition	Participation %
Granbanco	February 2007	99.06%
Grupo del Istmo Costa Rica	November 2012	100.00%
Inv. Financ. El Salvador	November 2012	95.95%
Banco y Seguros Honduras	December, 2012	Bank 94% - Insurance 89%
Corredores Asociados	September 2013	94.90%

The following is a goodwill breakdown generated to the 31st of December 2015, 2014 and January 1st, 2014 in buying Granbanco, HSBC Operation in Central America and Corredores Asociados.

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Granbanco's Goodwill	1,084,549	1,084,549	1,084,549
CAM's Goodwill	473,362	473,362	473,362
Corredores Goodwill	76,972	71,347	69,936
Total	1,634,882	1,629,258	1,627,847

Granbanco Purchase

The purchase made of Granbanco on February 16, 2007, gave rise to the goodwill for a value of $ 1,372,458. Following the main features considered in the evaluation of goodwill are as follows:

- The definition and determination of business lines takes into account the synergies that may arise; the value of goodwill was allocated six (6) business lines with a valuation at market prices and based on the figures at the end of December 31, 2006 for Davivienda and January 31st 2007 for Granbanco, the identified lines are: Consumption, Commercial, Small Business, Credit Card, Subsidiaries and Housing (Panama, Miami and Fiducafé).

- The general criteria for the above business lines were: specific characteristics of the business lines (average placement rate, average balance per customer / product, customer profile, portfolio growth, and allocation of expenses); independent feasibility assessment and international accounting standards.

(Millions of Pesos (COP))

Once business lines are defined and identified their corresponding assets, income statements and balance sheets were determined for each of the business lines, projected for a period of 10 years.

The assessment of each business lines was performed using the methodology dividend flow, discounted at the cost of the shareholder; which according to experts is the most appropriate to assess financial institutions and is widely used by first level investment banks. This methodology involves projecting the flow of dividends available for 10 years plus a terminal value and discounting at an appropriate rate.

For purposes of performing impairment tests, goodwill was allocated to the following cash generating units:

Business Line	Participation	Goodwill	Accumulated depreciation COLGAAP	Balanve NCIF
Consumption	21.30%	292,103	61,276	230,827
Commercial	43.80%	600,872	126,049	474,823
SME	6.90%	95,195	19,970	75,225
Credit Cards	16.20%	222,395	46,653	175,742
Housing	11.20%	153,150	32,127	121,023
Branches	0.60%	8,743	1,834	6,909
	100.0%	1,372,458	287,909	1,084,549

An impairment test was performed as of December 31, 2015, by external consultants Deloitte Asesores y Consultores Ltda., giving as a result that the business lines generated no impairment loss.

The main projection assumptions used for impairment testing are presented:

	2015	2016	2017	2018	2019	2020
Placement interest rates (%)	12.3%	12.9%	12.8%	12.7%	12.8%	12.7%
Deposit interest rate (%)	2.6%	3.1%	2.9%	2.9%	2.9%	2.7%
Operating revenue growth	6.6%	7.4%	6.8%	6.6%	6.6%	6.6%
Growth other operating expenses (IPC)	5.7%	3.4%	2.7%	2.7%	2.9%	2.9%
Inflation	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Annual GDP Growth	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%

The discount rate to determine the cost of capital that generates the income source is determined by the weighted average cost of capital at market value cost of all sources of funding in the capital structure of the bank, it is estimated at 15 %, when performing sensitivity analyzes to value in use and the impairment test of each CGU identified for Capital Gains vs the discount rate it is at a greater allocation of risk in the discount rate would not generate deterioration in most of the CGU.

(Millions of Pesos (COP))

Purchase of the HSBC operation in Central America

Purchasing the HSBC operation in Central America between November 23rd and December 7th, 2012 a goodwill was generated by $ 473,362, assigned to the following business lines:

Business Line	Purchase USD	Cost $	Goodwill
Banks	767	916,556	459,161
Insurance	34	52,591	14,201
	801	969,147	473,362

An impairment test was performed as of December 31, 2015, by external consultants PricewaterhouseCoopers Ltda., giving as a result that the business lines generated no impairment loss.

The main projection assumptions used for impairment testing are presented:

Banks	2015	2016	2017	2018	2019	2020
Placement interest rates (%)	11.2%	11.3%	11.4%	11.5%	11.7%	11.7%
Deposit interest rate (%)	3.5%	3.3%	3.4%	3.4%	3.4%	3.4%
Operating revenue growth	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Other operating expenses growth	4.0%	4.7%	4.6%	4.5%	4.4%	4.3%
Inflation	1.9%	3.7%	3.8%	3.8%	3.8%	3.8%
Annual GDP Growth	2.9%	3.4%	3.6%	3.7%	3.6%	3.4%

Insurance	2015	2016	2017	2018	2019	2020
Other operating expenses growth	4.1%	5.3%	6.1%	5.9%	5.9%	5.9%
Inflation	1.9%	3.6%	3.7%	3.7%	3.7%	3.7%
Annual GDP Growth	2.9%	3.1%	3.2%	3.1%	3.0%	3.0%

Purchase Corredores Asociados

On February 28, 2013 the purchase agreement was concluded for 100% of shares of the firm Corredores Asociados and goodwill was established for 73,336 and Fiduciaria Davivienda for 3,636

Business Line	Acquiror	Cost $	Goodwill
Corredores	Banco Davivienda	70,732	73,336
Davivivienda	Fiduciaria Davivienda	-	3,636
		70,732	76,972

An impairment test was performed as of December 31, 2015, by external consultants PricewaterhouseCoopers Ltda., giving as a result that the business lines generated no impairment loss.

The main projection assumptions used for impairment testing are presented:

	2015	2016	2017	2018	2019	2020
Average portfolio growth	-15%	10%	10%	10%	10%	6%
Operating revenue growth	15%	22%	7%	8%	8%	6,%
Other operating expenses growth	26%	15%	12%	9%	8%	6%

For tax purposes, the Bank gives application of Article 143 of the Tax Code, which states that the term for amortization of investments may be made within a period not less than five years, and is being made within a period of 7 years to Granbanco and HSBC Central America and 5 years for Corredores Asociados; using the straight-line method, for which a simple calculation of the total divided by the number of months was proposed.

(Millions of Pesos (COP))

The resulting difference between the accounting and tax depreciation is recorded as deferred tax payable.

10.13 Intangibles

Below is the balance to 31 December 2015, 2014 and January 1, 2014 of intangibles:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Other rights	153	932	890
Licenses	21,128	14,613	10,392
Programs and software applications	106,613	59,902	29,520
	127,895	75,447	40,801

The movement of intangibles is as follows:

Description	Other rights	Licenses	Programs and software applications	Total
Balance January 1st, 2014	890	10,392	29,520	40,801
Annual additions:	-	17,127	53,163	70,290
Accumulated depreciation	-	(13,030)	(28,094)	(41,124)
Reclassifications	-	-	440	440
Restatement	42	123	4,873	5,039
Balance December 31, 2014	932	14,613	59,902	75,447

Description	Other rights	Licenses	Programs and software applications	Total
Balance December 31, 2014	932	14,613	59,902	75,447
Annual additions:	-	7,512	65,197	72,709
Accumulated depreciation	-	(6,790)	(18,372)	(25,162)
Reclassifications	-	3,961	(8,433)	(4,472)
Restatement	(779)	1,833	8,319	9,373
Balance December 31, 2014	153	21,128	106,613	127,895

(Millions of Pesos (COP))

10.14 Other non financial assets, net

Details of other non-financial assets are included below:

The movement of provision is as follows:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Assets held for sale	162,518	118,958	73,017
Prepaid expenses	104,654	88,915	92,966
Credit card deferred payment	24,484	24,559	26,070
Fiduciary rights	12,904	9,316	1,564
Advance Projects	1,954	13,243	4,990
Others	9,224	1,571	795
Artworks	2,644	2,747	2,639
Outstanding assets to be Activated	3,991	1,719	-
Securitized portfolios and others	-	1,685	-
Equity Participations	-	-	1,521
valued species	-	124	27
Joint operations	33	-	-
Impairment	(17,423)	(4,544)	(3,746)
	304,984	258,292	232,310

	December 31st, 2015	December 31st, 2014
Initial Balance	(4,544)	(3,746)
Plus:		
Provision	(10,157)	(798)
Restatement	(30)	-
Minus:		
Retiring	5,480	-
Final balance	(17,423)	(4,544)

10.15 Investments in joint ventures

Following the summary of the participation in joint operations:

	Participation %	December 31st, 2015		December 31st, 2014		January 1st, 2014	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Retail business	50%	23,543	-	1,638	-	5	-
Fidufosyga	9.86%	2,184	2,794	2,093	3,022	2,650	2,574
Fpb 2013	50%	6	-	136	-	125	1
Pensac 2011		-	-	1	-	1	-
Pensac 2012	50%	2	-	83	28	60	27
Pensac 2015	50%	95	22	-	-	-	-
U.G Fonpet	50%	4	-	4	-	4	4
U.G Fonpet 2012	36.33%	660	47	1,096	48	810	21
Cali Mio	44%	2	2	24	18	71	30
Consorcio Pem	30%	40	15	37	15	39	1
		26,537	2,880	5,111	3,131	3,765	2,658

(Millions of Pesos (COP))

Holdings in joint operations assets include:

	December 31st, 2015	December 31st, 2014
In Colombian pesos		
Cash and cash equivalents	216	137
Deposits and investments in debt securities	1,301	158
Accounts receivable	24,986	3,543
Property and equipment for own use	1	1
Other activities in joint operations	33	1,272
Total assets	26,537	5,111

Holdings in joint operations from liabilities include:

	December 31st, 2015	December 31st, 2014
Accounts payable	2,210	2,223
Other liabilities	75	27
Other provisions	595	881
Total Liabilities	2,880	3,131

The following is the movement in the investments in joint operations:

	December 31st, 2105	December 31st, 2104	January 1st, 2104
Balance at the beginning of the period	14,665	6,423	-
Available, portfolio, accounts receivable, liabilities, other items	29,417	8,241	6,423
Balance at the end of the period	44,082	14,664	6,423

10.16 Deposits and current liabilities

Following the deposits and current liabilities accounts are presented:

	December 31st, 2015		December 31st, 2014		January 1st, 2014	
	Balance	Interest paid	Balance	Interest paid	Balance	Interest paid
Deposits and current liabilities						
Interest-bearing liabilities						
Checking account	4,258,148	48,669	3,063,358	44,775	5,048,240	33,831
Saving accounts	22,661,806	471,551	19,210,731	371,789	15,389,814	312,769
Term deposit	20,717,046	9,788,674	16,271,052	8,275,264	13,208,034	527,082
Total Interest-bearing liabilities	47,637,000	10,308,894	38,545,141	8,691,828	33,646,088	873,682
Non Interest-bearing liabilities						
Checking account	3,928,075	-	3,983,433	-	865,857	-
Saving accounts	465,857	-	545,858	-	1,488,301	-
Current liabilities for services	-	-	-	-	-	-
Electronic deposits	577,319	-	538,724	-	379,347	-
Others*	53,075	-	34,855	-	75,690	-
Total Non Interest-bearing liabilities	5,211,941		5,210,985		2,931,562	
	52,848,941	10,308,894	43,756,126	8,691,828	36,577,650	873,682

**Others: Banks and Correspondents - Special Deposits - Collection Services - Establishments Affiliated

(Millions of Pesos (COP))

Below deposits by currency and rate are presented

	December 31st, 2015 Balance		December 31st, 2014 Balance		January 1st, 2014 Balance	
Legal currency						
Deposits and current liabilities	Capital	% Rate Implicit	Capital	% Rate Implicit	Capital	% Rate Implicit
Checking account	4,608,634	0.1%	4,693,237	0.1%	4,436,637	0.9%
Saving accounts	19,334,077	0.4%	17,101,474	0.3%	14,612,049	1.0%
Term deposit (TDC)	12,785,189	0.9%	10,291,190	0.8%	9,024,604	2.0%
Current liabilities for services	433,331		395,504		341,391	
Electronic deposits	53,075		34,855		75,690	
*Others	137,226		88,152		113,800	
	37,351,532		32,604,412		28,604,170	
Foreign currency						
Deposits and current liabilities						
Checking account	3,577,589	0.7%	2,353,555	0.6%	1,477,461	0.7%
Saving accounts	3,793,586	1.1%	2,655,116	1.0%	2,266,066	2.0%
Term deposit (TDC)	7,931,857	3.1%	5,979,863	2.5%	4,183,431	4.0%
Current liabilities for services	143,988		143,220		37,956	
*Others	50,389		19,962		8,566	
	15,497,409		11,151,714		7,973,480	
	52,848,941		43,756,126		36,577,650	

The maturity of financial liabilities follows:

December 31st, 2015

	Less than a year	From 1 to 5 years	From 5 to 10 years	More then 10 years	Total
Checking account	7,058,809	-	1,127,414	-	8,186,223
Saving accounts	21,762,433	1,219	1,364,011	-	23,127,663
Term deposit	17,581,685	2,655,671	471,634	8,056	20,717,046
Current liabilities for services	577,319	-	-	-	577,319
Electronic deposits	53,075	-	-	-	53,075
Others	187,615	-	-	-	187,615
	47,220,936	2,656,890	2,963,059	8,056	52,848,941
Debt instruments issued	67,649	3,712,969	4,326,525	1,145,587	9,252,730

December 31st, 2014

	Less than a year	From 1 to 5 years	From 5 to 10 years	More then 10 years	Total
Checking account	6,309,148	-	737,643	-	7,046,791
Saving accounts	18,755,224	-	1,001,365	-	19,756,590
Term deposit	14,950,217	874,807	439,770	6,259	16,271,052
Current liabilities for services	538,724	-	-	-	538,724
Electronic deposits	34,855	-	-	-	34,855
Others	108,114	-	-	-	108,114
	40,696,283	874,807	2,178,778	6,259	43,756,126
Debt instruments issued	86,392	3,092,502	3,471,261	1,109,833	7,759,988

(Millions of Pesos (COP))

January 1st, 2014

	Less than a year	From 1 to 5 years	From 5 to 10 years	More then 10 years	Total
Checking account	5,914,097	-	-	-	5,914,097
Saving accounts	16,878,115	-	-	-	16,878,115
Term deposit	6,023,786	7,184,247	-	-	13,208,034
Current liabilities for services	379,347	-	-	-	379,347
Electronic deposits	75,690	-	-	-	75,690
Others	122,366	-	-	-	122,366
	29,393,403	7,184,247	-	-	36,577,650
Debt instruments issued	750,714	3,202,212	2,119,886	638,591	6,711,403

(**)Others: Banks and Correspondents - Special Deposits - Collection Services - Establishments Affiliated

10.17 Money market and related operations

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Foreign currency			
Overnight Foreign Banks	-	57,469	9,386
Interbank	10,229	18,558	127,488
Repos	-	-	7,680
Simultaneous	4,724	1,914	-
	14,953	77,941	144,553
Legal currency			
Overnight Foreign Banks	-	-	-
Interbank	160,048	260,056	252,038
Repos	4,884		
Simultaneous	967,417	826,779	838,693
	1,132,349	1,086,835	1,090,731
	1,147,302	1,164,776	1,235,284

(Millions of Pesos (COP))

The following is the detailed information of the interbank funds purchased and the repurchase agreements:

December 31st, 2015

		(*) Date Range		Value
	Rate Range	Initiation	Due date	Market
Foreign currency				
Interbank	4.89%	12/23/2014	1/9/2015	10,229
Simultaneous	3.25%	12/17/2015	1/5/2016	4,724
Legal currency				
Interbank	5.75% - 5.79%	12/28/2015	1/4/2016	160,048
Simultaneous	1% - 7.5%	12/28/2015	1/13/2016	967,417
Liability Repos	4.45% - 5.56%	12/16/2015	1/15/2016	4,884
				1,147,302

December 31st, 2014		(*) Date Range		Value
	Rate Range	Initiation	Due date	Market
Foreign currency				
Overnight Foreign Banks	0.34%	12/26/2014	1/7/2015	57,469
Interbank	0.13%	11/28/2014	1/24/2015	18,558
Simultaneous	1.33%	12/17/2014	1/5/2016	1,914
Legal currency				
Interbank	4.51% - 4.52%	12/15/2014	1/30/2015	260,056
Simultaneous	3% - 7.5%	12/15/2014	1/30/2015	826,779
				1,164,776

(*) Format: mm/dd/yy

(Millions of Pesos (COP))

January 1st, 2014

	Rate Range	(*) Date Range Initiation	Due date	Value Market
Foreign currency				
Overnight Foreign Banks	1.85%	12/30/2013	1/2/2014	9,386
Interbank	4.28%	12/30/2013	1/2/2014	127,488
Liability Repos	0.12%	12/30/2013	1/2/2014	7,680
Legal currency				
Interbank	3.22% -3.24%	12/27/2013	1/8/2014	252,038
Simultaneous	2.75% - 5%	10/18/2013	1/10/2014	838,693
				1,235,284

10.18 Bank loans and other obligations

The movement of loans and credits of the Bank is as follows:

	Currency	Nominal interest rate	Maturity date	Balance
Balance to January 1, 2014				4,108,717
New loans	Dollars	0.36% - 7.75%	2011 TO 2024	3,559,261
	Pesos	0.19% - 14%	2014 to 2024	730,116
	Lempira	6.64%-12.5	2014 to 2045	158,817
Payments for the period				
	Dollars	0.36% - 7.75%	2011 TO 2024	(2,856,195)
	Pesos	0.19% - 14%	2014 to 2024	(823,445)
	Lempira			(49,792)
Other movements				
Interests payable				101,773
Restatement				544,487
Others				(996)
Balance as of the 31st of December 2014				5,472,743

(Millions of Pesos (COP))

	Coin	Nominal interest rate	Maturity date	Balance
Balance as of the 31st of December 2014				5,472,743
New loans				
	Dollars	0.36% - 4.75%	2015 to 2017	5,540,394
	Pesos	0.19% - 14%	2015 to 2027	404,503
	Lempira	From 5% to 21.41%	2015 to 2045	200,055
Payments for the period				
	Dollars			(3,288,503)
	Pesos			(768,544)
	Lempira			(52,397)
Other movements				
Interests payable				95,920
Restatement				1,165,555
Others				(557)
Balance as of the 31st of December 2015				8,769,168

The movement of loans and credits of the Bank is as follows:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Entities in the country:			
Legal currency			
Financial obligations	1,380,238	1,657,491	1,654,918
Foreign currency			
Correspondent banks	-	-	4,618
Foreign Banks	3,352,852	1,663,110	1,249,250
Other obligations	266,605	222,090	227,234
Foreign entities:	3,769,473	1,930,052	972,697
	8,769,168	5,472,743	4,108,717

The maturity of financial obligations at December 31 2015 and 2014, follows:

December 31st, 2015

	Less than a year	Between 1 and 5 years	Between 5 and 10 years	More then 10 years	Total
Other entities in the country:					
Legal currency					
Bancoldex	20,471	139,447	35,891	-	195,809
Finagro	8,511	79,477	56,967	2,452	147,407
Findeter	44,043	255,804	401,547	335,621	1,037,014
Other banks and financial institutions of the country	8	-	-	-	8
Foreign currency					
Bancoldex	38,215	10,452	76,841	25,668	151,177
Findeter	481	-	77,781	74,472	152,734
Foreign entities:	4,620,696	793,719	749,028	921,576	7,085,019
	4,732,426	1,278,899	1,398,055	1,359,788	8,769,168

(Millions of Pesos (COP))

December 31st, 2014

	Less than a year	Between 1 and 5 years	Between 5 and 10 years	More then 10 years	Total
Other entities in the country:					
Legal currency					
Bancoldex	12,169	107,902	34,916	-	154,987
Finagro	4,437	97,382	56,921	7,172	165,911
Findeter	35,629	304,862	459,137	536,889	1,336,517
Other banks and financial institutions of the country	76	-	-	-	76
Foreign currency					
Bancoldex	24,767	36,232	79,442	19,499	159,939
Findeter	-	-	38,308	47,371	85,679
Foreign entities:	2,359,432	445,220	564,942	200,039	3,569,634
	2,436,510	991,599	1,233,665	810,969	5,472,743

January 1st, 2014

	Less than a year	Between 1 and 5 years	Between 5 and 10 years	More then 10 years	Total
Other entities in the country:					
Legal currency					
Bancoldex	5,984	57,812	14,946	-	78,743
Finagro	9,781	126,267	43,028	31,875	210,951
Findeter	4,345	333,972	526,570	501,112	1,365,999
Other banks and financial institutions of the country	9	119	-	-	128
Foreign currency					
Bancoldex	4,142	42,317	78,158	-	124,618
Findeter	-	-	103,625	-	103,625
Overdrafts in bank current accounts	6,002	-	-	-	6,002
Other banks and financial institutions	-	-	-	10	10
Foreign entities:	1,593,633	358,175	245,311	21,521	2,218,640
	1,623,896	918,663	1,011,639	554,518	4,108,717

(Millions of Pesos (COP))

10.19 Debt instruments issued

The breakdown of investment securities in circulation . To emissions of ordinary bonds and mortgage and subordinated bonds is presented below:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Balance issued bonds	9,141,334	7,685,115	6,651,329
Interest issued securities	131,509	93,011	76,722
Amortized cost	(20,113)	(18,138)	(16,648)
	9,252,730	7,759,988	6,711,403

Bonds issued in Colombia

	Date	Issuance value	Term (Months)	Performance	Due date	Balance
Balance January 1st, 2014						6,456,902
New issuances						
CPI	Oct - 09 -14	109,350	60	CPI + 3.25	Oct - 09 -19	109,350
CPI	Oct - 09 -14	127,725	120	CPI + 3.96	Oct - 09 -24	127,725
CPI	May -15 -14	183,359	60	CPI + 3.39	May -15 -19	183,359
CPI	May -15 -14	160,955	120	CPI + 3.89	May -15 -24	160,955
IBR	May -15 -14	255,686	36	IBR + 1.29	May -15 -17	255,686
IBR	Oct - 09 -14	90,235	36	IBR + 1.25	Oct - 09 -17	90,235
Fixed rate	Oct - 09 -14	272,690	24	TF 5.89%	Oct - 09 -16	272,690
Redemptions						(770,563)
RMR Variation						465,630
RMR Variation						10,713
Interests						16,347
Amortized cost						27,215
Balance to December 31, 2014						7,406,244
Balance to December 31, 2014						7,406,244
New issuances						
CPI	May -15 -15	400,000	120	CPI +4.14	May -13 -15	400,000
CPI	Feb -12 -15	187,241	60	CPI + 2.84	Feb -12 -20	187,241
CPI	Feb -12 -15	134,003	120	CPI + 3.67	Feb -12 -25	134,003
CPI	Nov-10-15	148,956	60	CPI + 3.45	Nov-10-20	148,956
CPI	Nov-10-15	273,623	120	CPI + 4.50	Nov-10-25	273,623
IBR	Nov-10-15	177,421	24	IBR + 2.05	Nov-10-17	177,421
Fixed rate	Feb -12 -15	378,756	36	TF 5.94%	Feb -12 -18	378,756
Redemptions						(1,195,210)
RMR Variation						757,010
RMR Variation						7,901
Interests						34,921
Amortized cost						16,480
Balance to December 31, 2015						8,727,347

(Millions of Pesos (COP))

The detail of bonds for each of the issuances is presented:

Issuance type	Date	Issuance value	Term (Months)	Performance	Due date	December 2015 Value in Books:	December 2014 Value in Books:	January 1st, 2014 Value in Books:
ds issued in Colombia								
ured Subordinated Bonds								
issuance IFC - dollar rantee: Mortgage loans ting and prepaid option								
issuance every 3 monts - es G	Feb -12 -07	368,641	84	Libor6 + 2.75	Feb -12 -14	-	-	318,576
rests								4,104
Secured Subordinated Bonds								
	Feb-19-08 to May-13-15	1,086,274	84 - 180	CPI+4.14 - CPI+6.65	Feb-19-15 to May-13-25	938,497	686,274	686,274
J(*)	Feb-19-08 to Feb-13-10	263,081	84 - 120	UVR + 5.50 - UVR+6.65	Feb-19-08 to Feb-24-20	136,276	320,154	309,442
rests						15,352	10,571	9,307
ollars								
rnational Bonds	Jul-09-12	895,125	120	TF 5,875	Jul-09-22	1,574,735	1,196,230	963,415
rests						44,325	33,671	27,118
					Total Subordinated Bonds	2,709,185	2,246,900	2,318,236
nary Bonds (unsecured)								
	Feb-05-09 - Nov-10-15	3,847,849	39 - 180	CPI+2.80 - CPI+5.50	Jun-10-14 - Nov-10-25	3,121,155	2,802,544	2,522,637
	Dec-10-13 - Nov-10-15	839,157	24 - 36	IBR+1.25 - IBR+2.05	Dec-10-15 - Nov-10-17	523,342	661,736	315,815
d rate	Feb-05-09 to Feb-12-15	970,028	24 - 60	TF 5.14% - TF 10.40%	Feb-05-14 to Feb-12-18	752,425	469,472	318,582
rests						47,300	32,564	22,812
ollars								
t Bonds	Jan-29-13	889,920	60	TF 2.95%	Jan-29-18	1,574,735	1,196,230	963,415
rests						19,687	14,935	12,053
					Total Ordinary Bonds	6,038,643	5,177,482	4,155,314
					Amortized cost	(20,481)	(18,138)	(16,648)
					Total Bonds	8,727,347	7,406,244	6,456,902
rnational Branches								
nary Bonds (unsecured)								
on								
rnational Bonds	12/16/2014	10,035	36	3.86%	7/20/2018	59,200	-	19,046
rests		369				2,187	-	532
rtized cost		35				208	-	-
						61,595	-	19,578
ollars								
rnational Bonds	7/20/2015	44	36	4.08%	7/20/2018	138,872	23,946	-
rests						1,362	39	-
rtized cost						160	-	-
						140,394	23,984	-
pira								
rnational Bonds	9/1/2001	3,396	180	15%	11/27/2017	3,362	2,656	2,256
rests						-	-	-
rtized cost						-	-	-
						3,362	2,656	2,256
ollars	-							
rnational Bonds	03/21/2012 - 08/29/2014	406,697	24 - 84	4.25% - 5.80%	08/29/2016 - 12/20/2012.	318,733	325,873	231,871
rests						1,297	1,231	796
rtized cost						-	-	-
						320,031	327,104	232,667
						525,383	353,744	254,501
						9,252,730	7,759,988	6,711,403

(Millions of Pesos (COP))

Liabilities designated in hedging

The Bank chose to manage hedge accounting by appointing liabilities for USD 500 million as a hedging instrument of net investments in foreign subsidiaries in Central America (hedged item) from January 1, 2015, considering the intention the administration has had to cover the exchange rate risk associated with such an investment. As of December 31, 2015 this coverage is effective according to tests conducted by the Administration.

Following the Bonds are listed by currency:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
National Subsidaries			
Legal currency	5,393,359	4,658,717	3,872,715
Foreign currency	3,196,072	2,425,141	2,273,263
RVU(*)	137,916	322,386	310,924
	8,727,347	7,406,244	6,456,902
International Branches			
Foreign currency			
Colon	61,595	-	19,578
Lempira	3,362	2,656	2,256
Dollars	460,425	351,088	232,667
	525,383	353,744	254,501
	9,252,730	7,759,988	6,711,403

The Bonds by maturing period is as follows:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Less than a year	503,438	1,209,081	750,714
Between 1 and 5 years	4,151,133	3,004,212	3,202,212
Between 5 and 10 years	3,679,368	2,907,466	2,119,886
Greater than 10 years	918,791	639,229	638,592
	9,252,730	7,759,988	6,711,403

Following the redemption of the Bonds made in 2015 and 2014 Banco Davivienda are shown:

December 31st, 2015

Date	Issuance type	Term	Rate	Maturity date	Value
Feb -19-08	First issuance - Series C	84	CPI +6.65	Feb -19-15	151,383
Feb -19-08	First issuance - Series D	84	UVR +6.65	Feb -19-15	195,978
Feb -12 -10	Second issuance - Series 5	60	CPI +3.98	Feb -12 -15	218,921
Oct - 07 -10	Third issuance - Series C5	60	CPI + 3.14	Oct - 07 -15	122,389
Mar-10-11	First issuance - Series C120	48	CPI +3.60	Mar-10-15	91,575
Dec-10-13	Fifth issuance - Series B	24	IBR + 2.00	Dec-10-15	317,640
Ag-15 -12	Second issuance - Series E3	36	TF 6.5%	Ag-15 -15	97,324
					1,195,210

(Millions of Pesos (COP))

December 31st, 2014

Date	Issuance type	Term	Rate	Maturity date	Value
Feb -12 -07	First issuance IFC - in dollars	84	Libor6 + 2.75	Feb -12 -14	339,317
Jul-16-09	First issuance - Series G5	60	CPI +4.79	Jul-16-14	218,827
Mar-10-11	Forth issuance - SeriesC39	39	CPI +2.80	Jun-10-14	87,577
Feb -05-09	Second issuance - Series F5	60	TF 10.40%	Feb -05-14	124,842
					770,563

Following the redemption of the Bonds made in 2015 Foreign branches.

Redemption Bonds Banco El Salvador

December 31st, 2015

Date	Issuance type	Term	Rate	Maturity date	Value
3/9/2009	International Bonds	2191	5.60%	3/9/2015	47,242
4/17/2009	International Bonds	2191	6.05%	4/17/2015	62,989
					110,231

Following the redemption of the Bonds made in 2014 Foreign branches.

Redemption Bonds Banco El Salvador

December 31st, 2014

Date	Issuance type	Term	Rate	Maturity date	Value
12/30/2008	International Bonds	2,191	5.64%	12/30/2014	1,388
12/30/2008	International Bonds	2,191	5.64%	12/30/2014	11,962
1/8/2009	International Bonds	2,182	5.64%	12/30/2014	1,914
					15,264
					154,146

Redemption Bonds Banco Costa Rica

December 31st, 2014

Date	Issuance type	Term	Rate	Maturity date	Value
12/31/2013	Standardized bond	1,074	7.85%	5/13/2014	4,493
12/31/2013	Standardized bond	1,042	9.50%	8/25/2014	14,592
					19,085

Redemption Bonds Banco Honduras

December 31st, 2014

Date	Issuance type	Term	Rate	Maturity date	Value
10/13/1983	Bond cancellation	More than 18 months	15.0%	6/3/2017	17
5/23/2002	Bond cancellation	More than 18 months	15.0%	5/23/2007	10
					27

Evaluation coverage of net investment abroad

The Bank's hedging instrument for net investment abroad with different exchange rates (Lempira, Colon and US dollar) for which it only uses the US dollar starting from the economic relationship between the behavior of the currencies of emerging economies in the same region, they tend to move in unison with respect to the US dollar in the medium and long term. The above effect is because the Central American economies as well as the Colombian one share among others the following features:

- Political and institutional democratic schemes
- Dependence generating raw materials

- Important share of remittances on local economies
- Similar levels of GDP / capita and economic development.

Moreover, the exchange rate policies prevailing in the economies of Costa Rica and Honduras are based on an exchange rate band regime that limits fluctuations in the value of currencies against the dollar.

Based on the historical behavior of exchange rates in question with the Colombian peso, a strong correlation between the three currencies is observed, ratifying the high level of coverage provided by the dollar for items denominated in colones and lempiras, where correlations are presented (Correlations of daily returns for a sample of three years) above 70%, as follows.

Correlations

	USD	**HNL**	**CRC**
USD	100%	99.7%	95.8%
HNL	99.7%	100%	94.1%
CRC	95.8%	94.1%	100%

Likewise, it is evident that relations are maintained through time.

The amounts of the hedged items denominated in Costa Rican colones, lempiras and US dollars are as follows:...

Branch investments	**Investment value Foreign currency**	**Value USD investment**	**Coverage Amount USD**	**Overdraft Amount USD**
Costarican Colons	89,836.9	176.8	148.5	28.3
Lempira	2,625.4	131.8	110.7	21.1
Dollars	240.9	240.9	240.9	-
Total		**549.5**	**500.0**	**49.5**

Figures in millions.

Hedge effectiveness

The items being hedged are denominated in colones, lempiras and dollars, and the hedging instrument denominated in dollars. In assessing retrospectively the effectiveness of the hedge, linking the effect on changes in currency versus the Colombian peso of the items hedged, with the effect on changes of the hedging instrument we get the following result:

	Hedging Efficiency Ratio 2015
Total	**93%**

The coverage efficiency ratio reflects the strong relationship between the currencies of emerging economies. The result of efficiency also reflects the perfect hedging for items denominated in US dollars, whenever the assets and liabilities are exposed to the same currency.

It is important to note that this is not a perfect hedge to the extent that each local market presents a particular dynamic, however, in the absence of a market for deep derivatives and sufficient liquidity, which will maintain a coverage system in the medium and long term, assuming high correlation between currencies justifies the declaration of coverage to the extent that the efficiency ratio has shown to remain in tolerable range through recent years.

(Millions of Pesos (COP))

10.20 Accounts payable

The following is a breakdown of the accounts payable:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Commissions and fees	4,860	5,277	6,034
Suppliers and services payable	300,277	286,078	215,401
Promising buyers	5,887	4,428	15,210
Withholdings and labor contributions	101,210	88,460	102,334
Checking account – foreign reinsurers	20,366	11,596	9,899
To Parent Company, subsidiaries, related	12,415	2,520	3,322
Dividends and Surplus	3,965	2,996	3,296
Tax transactions	13,243	9,909	25,046
Labor liabilities (1)	128,373	88,979	71,431
Diverse	192,463	190,157	98,671
Taxes	34,456	27,274	80,133
Available Balance Prepaid VISA	12,482	14,271	13,648
Account Payable Nation Law 546	33,724	31,492	30,285
Deposit Insurance	50,388	44,690	21,157
Outstanding disbursement checks	75,649	7,101	3,864
	989,758	815,228	699,731

(1) The breakdown of labor obligations is as follows:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Consolidated Severance	23,562	19,727	16,490
Interest on severance pay	2,219	1,934	1,654
Consolidated vacation fee	41,676	44,430	38,460
Other social benefits (*)	60,916	22,888	14,827
	128,373	88,979	71,431

(*) Mainly related to premiums, provision for employee benefits.

10.21 Taxes

On October 24, 2014, a selling of written off portfolio is made through auction for a total value of $187.247 is awarded to the highest bidder and payment is made under the terms established.

Elements of expense from income tax:

The expense for income tax for the periods ended on December 31, 2015 and 2014 includes the following:

	December 31st, 2015	December 31st, 2014
Tax Income	463,313	276,179
Tax discount	(22,082)	(19,126)
Total current tax	**441,232**	**257,053**
Deferred taxes	55,526	218,433
Total Income tax	**496,758**	**475,486**
Recovery of prior periods	(16,804)	(2,230)
Total Income tax	**479,954**	**473,255**

(Millions of Pesos (COP))

For Banco Davivienda SA the restatement of financial liability designated as a hedge of net investment abroad is recorded for accounting purposes in Equity. In this sense, the part corresponding to the current tax is recorded in consideration to the provisions of paragraph 61 of IAS 12. In Colombia since 2015, pursuant to Law 1739 of 2014, the adjustment for exchange difference on equity investments abroad, has only tax effect at the time of its realization or settlement.

Reconciliation of effective tax rate:

The following is a breakdown of the reconciliation between calculated income tax at current tax rates and the tax expense actually recorded in the Income Statement:

	December 31st, 2015		December 31st, 2014	
Income before income tax	**1,716,671**	**Efective tax**	**1,436,740**	**Efective tax**
Income tax at nominal rate 2015 (39%) - 2014 (34%)	669,502		488,492	
Tax discount	(22,082)		(19,126)	
Non-deductible expenses and tax revenues	104,538		196,691	
Tax deductions and non-encumbered revenues	(17,033)		(39,445)	
Tax-exempt income	(181,820)		(160,952)	
Adjustment rate on temporary differences	(30,189)		28,537	
Adjustment rates in subsidiaries	(26,159)		(18,710)	
Income tax	**496,758**		**475,486**	
Recovery of prior periods	(16,804)		(2,230)	
Total income tax expense	**479,954**	**28%**	**473,255**	**33%**

The applicable income tax rate in Colombia for the years 2015 and 2014 was 25%, added to the income tax for equity CREE which has a rate of 9% and a surcharge applicable during four years from 2015, as follows: 2015 - 5%, 2016 - 6%, 2017 - 8% y 2018 - 9%. The rate in Costa Rica, El Salvador and Honduras is 30%, while in Panama it is 25% and the domestic source of income are the only ones taxed .

In compliance with their tax obligations the Bank recognizes the amount of other national and local taxes and parafiscal contributions as follows:

	December 31st, 2015	December 31st, 2014
Industry and commerce tax	52,823	48,404
Tax on financial transactions	61,505	46,798
Wealth Tax	62,487	45,735
Sales tax	55,499	43,444
Parafiscal contributions	122,307	106,927
Others (Surcharges - Property Tax-Vehicles-Stamps)	55,003	33,174
Total other taxes	409,625	324,481

The adjustment rate on temporary differences arising from the change in rates to which it is estimated such differences to be reverted and the adjustment rates in subsidiaries correspond to the difference between the calculation of income tax calculated at 39%, rate applicable to the parent in Colombia, and the national rates average of each country.

Other taxes includes values assumed by the Bank entity, others by territorial tax, wealth tax, sales tax and the tax on financial transactions.

(Millions of Pesos (COP))

Deferred tax by concept

The differences between the bases of assets and liabilities for purposes of IFRS and the basis thereof for tax purposes, give rise to temporary differences that generate deferred tax calculated and recorded at December 31, 2015 and 2014 taking into account tax rates for the years in which those temporary differences are reversed.

	December, 31.2014	Effect in Income	Effect in Equity	December, 31.2015
Deferred taxes assets				
Fixed-income investments	9,228	20,071	(2,002)	27,298
Industry and Commerce	7,473	257	69	7,799
Deferred assets	13,017	(10,047)	1,721	4,691
Provisions	16,150	2,443	4,821	23,413
BRP	7,807	1,413	2,639	11,859
Portfolio	13,865	19	(2,625)	11,259
Property, equipment and investment assets	2,409	14	(2,404)	19
Others	3,786	(398)	3,484	6,872
	73,735	13,773	5,703	93,211
Deferred taxes liabilities				
Investments	16,123	(6,316)	7,166	16,972
Portfolio	270,628	(1,459)	24,372	293,542
BRPS	22,336	1,815	5,004	29,155
Derivatives operations	44,411	(15,383)	-	29,028
Estimates Social Benefits	3,165	(3)	3,133	6,296
Property, equipment and investment assets	181,307	5,079	(10,702)	175,684
Goodwill	349,504	78,580	-	428,084
Residual rights	51,295	5,773	-	57,068
Provisions	5,057	657	1,507	7,221
Others	14,282	555	5,027	19,864
	958,109	69,299	35,507	1,062,915
	884,374	55,526	29,804	969,704

	January 01st, 2014	Effect in Income	Effect in Equity	December 31st, 2014
Deferred taxes assets				
Fixed-income investments	9,865	(1,300)	663	9,228
Industry and Commerce	6,284	1,192	(3)	7,473
Deferred assets	13,121	(316)	211	13,017
Provisions	12,672	3,315	163	16,150
BRP	4,776	2,780	250	7,807
Portfolio	1,805	10,172	1,889	13,865
Property, equipment and investment assets	791	-	1,618	2,409
Others	5,481	(1,669)	(26)	3,786
	54,795	14,175	4,765	73,735
Deferred taxes liabilities				
Investments	16,619	(622)	126	16,123
Portfolio	208,356	71,287	(9,014)	270,628
BRPS	16,029	4,663	1,645	22,336
Derivatives operations	5,241	39,171	-	44,411
Estimates Social Benefits	846	2,175	143	3,165
Property, equipment and investment assets	156,725	9,802	14,780	181,307
Goodwill	249,303	100,201	-	349,504
Residual rights	46,566	4,729	-	51,295
Provisions	3,537	60	1,460	5,057
Others	15,332	1,143	(2,193)	14,281.92
	718,554	232,608	6,947	958,109
Total	663,760	218,433	2,181	884,374

(Millions of Pesos (COP))

Effect of current and deferred tax account in components of other comprehensive income in equity

December 31st, 2015	Amount before tax	ORI movement component	Current taxes	Deferred Tax	Reclassifications	Net
Translations adjustments	289,712	524,534	-	(12,203)	-	802,043
Exchange difference in net investment hedging abroad	-	(381,269)	148,695	-	-	(232,574)
Financial instruments measured at equity variation	10,061	72,196	0	(6,749)	-	75,508
Deterioration loan portfolio for purposes of consolidated financial statements	642,629	95,657	0	-	-	738,286
Adjustments in the IFRS application for the first time	321,942	(15,280)	0	-	-	306,662
Other in equity	(3,132)	6,985	0	-	-	3,853
Reclassification to retained earnings	-	-	-	(10,853)	10,853	-
	1,261,212	302,822	148,695	(29,804)	10,853	1,693,777

During 2015 $ 10,853 was recognized of deferred taxes related to adjustments in portfolio models retained earnings.

December 31st, 2014	Amount before tax	ORI movement component	Current taxes	Deferred Tax	Reclassifications	Net
Difference in exchange for investments in associates	-	288,635	-	1,076	-	289,712
Financial instruments measured at fair value	14,411	(14,411)	-	-	-	-
Financial instruments measured at equity variation	-	8,956	-	1,105	-	10,061
Deterioration loan portfolio for purposes of consolidated financial statements	590,896	51,733	-	-	-	642,629
Adjustments in the IFRS application for the first time	315,351	6,591	-	-	-	321,942
Other in equity	-	(3,132)	-	-	-	(3,132)
	920,658	338,373	-	2,181	-	1,261,212

January 01st, 2014	Amount before tax	Current taxes	Deferred Tax	Reclassifications	Net
Financial instruments measured at fair value	16,360	-	(1,948)	-	14,411
Deterioration loan portfolio for purposes of consolidated financial statements	590,896	-	-	-	590,896
Adjustments in the IFRS application for the first time	692,242	-	(376,892)	-	315,351
	1,299,498	-	(378,840)	-	920,658

Uncertainties in open tax positions

For Statements of Financial Position cut at December 31, 2015 and 2014, we have analyzed the tax positions taken in the statements still subject to review by the Tax Authorities to identify uncertainties associated with a difference between such positions and the Tax Administration. According to the assessment, no facts have been identified that should be disclosed under this item.

Deferred taxes in respect of subsidiaries, associates and joint ventures

In applying paragraph 39 of IAS 12, the Bank recognizes deferred tax on investments in associates over retained earnings of distribution as taxable. For this purpose for 2015 and 2014, the value of the temporary difference between the carrying value of investments and their tax equivalent of $ 1,109,472,657 and $ 912,439,286 respectively. Deferred tax is not recognized, to the extent that it can control the moment when such differences revert and it is not expected for it to happen in the foreseeable future.

(Millions of Pesos (COP))

10.22 Technical Reserves

Reserves for casualties are detailed below:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Reserve for outstanding casualties	26,920	10,407	10,094
Reserve for incurred casualties but not reported	5,580	4,352	3,682
Technical and mathematical reserve:	138,430	99,875	81,961
To defer premium income	33,071	23,296	15,688
From forecast	27,663	19,180	24,605
For catastrophic risks	4,283	1,196	2,986
Others	73,413	56,203	38,682
	170,930	114,634	95,737

The movement of reserves is as follows:

December 31st, 2015	Mathematical reserve	Ongoing Risk Reserve	Reserve for accident rate deviation	Reserve for notified casualties	Reserve for not advised casualties	Total
Initial Balance	60,731	37,948	1,196	10,407	4,352	114,634
Difference because of foreign exchange in catastrophic reserves	-	-	379	-	-	379
Reserve by reinsurers	-	-	-	1,636	-	1,636
Obligations to policyholders	18,144	17,324	-	-	-	35,468
Casualties, benefits and settlement expenses	-	-	-	3,738	1,229	4,967
Salvages and recoveries	-	11,139	-	-	-	11,139
Release of reserves for casualties incurred but not reported	-	-	-	296	-	296
Release of forecast reserves for casualties payment	-	-	-	2,412	-	2,412
Final balance	78,875	66,412	1,575	18,489	5,580	170,930

December 31st, 2014	Mathematical reserve	Ongoing Risk Reserve	Reserve for accident rate deviation	Reserve for advised claims	Reserve for not advised claims	Special Reserve	Total
Initial Balance	47,851	24,605	2,986	10,093	3,682	6,519	95,73
Difference because of foreign exchange in Catastrophic reserves	1,414	9,334	233	(3,196)	114	-	7,89
Reserve by reinsurers	75	2,282	-	3,510	171	-	6,03
Obligations to policyholders	11,390	1,728	-	-	-	-	13,11
Claims, benefits and settlement expenses	-	-	(2,023)	-	384	(6,519)	(8,15
Final balance	60,731	37,948	1,196	10,407	4,352	-	114,63

(Millions of Pesos (COP))

The following is the movement of the reserve:

	December 31st, 2015	December 31st, 2014
Initial Balance	114,634	95,737
Plus:		
Acquisitions	13,827	-
Reserve - Constitution	70,972	41,339
Restatement	35,263	19,986
Minus:		
Decrease	3,378	3,090
Refunds - Release	60,388	39,338
Final balance	170,930	114,634

10.23 Other non-financial liabilities and estimated liabilities

The detail of other non-financial liabilities and estimated liabilities is as follows:

Description	December 31st, 2015	December 31st, 2014	January 1st, 2104
Originating interests in restructuring process	-	4,119	(573)
Other Provisions (1)	117,463	57,538	38,884
Litigation, Compensations and Claims (2)	26,198	28,038	49,366
Sanctions Financial Superintendence of Colombia	130	50	350
Subtotal	26,328	28,088	49,716
Anticipated revenues	73,959	77,862	69,417
Credit Card Deferred Payment	22,938	24,559	26,070
Deferred credits	3,692	6,483	7,429
Diverse	91,531	85,499	61,275
Total Other non-financial liabilities and estimated liabilities	335,911	284,148	252,218

(Millions of Pesos (COP))

(1) The most significant provisions relate to the Bank in Colombia because of the Difference in mortgage rate loans, covering the Bank for additional eight years, worth $ 22,877, and from the foreign subsidiaries for taxes, labor obligations, loyalty program, for a total of $ 94,586.

The following is the movement of the provision:

	December 31st, 2015	December 31st, 2014
Initial Balance	(57,538)	(38,884)
Plus:	-	-
Provision	(153,081)	(112,373)
Restatement	7,601	25,691
Minus:	-	-
Decrease	(87,632)	(67,875)
Reimbursement	2,076	(152)
Final balance	(117,463)	(57,538)

(2) Fines and penalties, litigations

The following is the movement of the corresponding provision for litigation, Compensation and Claims:

	December 31st, 2015	December 31st, 2014
Initial Balance	(28,038)	(49,366)
Plus:	-	-
Provision	(12,979)	(13,242)
Restatement	-	-
Minus:	-	-
Decrease	(565)	(21,858)
Reimbursement	(14,233)	(12,711)
Final balance	(26,218)	(28,038)

The summary of the process is as follows:

	December 31st, 2015			December 31st, 2014			January 1st, 2014		
	Quantity processes	Provision value	Claim Value	Quantity processes	Provision value	Claim Value	Quantity processes	Provision value	Claim Value
Covered by the Fogafín Guarantee contract (2)	72	16,099	15,798	107	14,252	39,224	160	13,912	41,983
Tax processes	2	736	736	11	2,627	2,627	13	23,254	23,254
Labor demands	32	3,103	7,411	30	3,276	6,963	31	3,034	6,006
Ordinary processes	378	5,666	145,098	346	7,002	149,029	320	6,716	231,071
Processes in Consorcio Fidufosyga 2005	-	595	4,297	-	881	4,637	-	2,450	-
	484	26,198	173,341	494	28,038	202,480	524	49,366	302,314

(Millions of Pesos (COP))

The outflows of resources, because of resolving disputes are shown below:

December 31st, 2015

	1 year	1 to 3 years	3 to 5 years	5 to 10 years	More then 10 years	Total
Litigation covered by the Fogafín Guarantee contract (2)	-	16,099	-	-	-	16,099
Tax processes	659	78	-	-	-	737
Labor demands	2,068	1,035	-	-	-	3,103
Ordinary processes	2,304	3,274	-	-	88	5,666
Processes in Consorcio Fidufosyga 2005	-	-	-	595	-	595
	5,030	20,486	-	595	88	26,198

December 31st, 2014

	1 year	1 to 3 years	3 to 5 years	5 to 10 years	More then 10 years	Total
Litigation covered by the Fogafín Guarantee contract (2)	-	-	14,252	-	-	14,252
Tax processes	-	2,627	-	-	-	2,627
Labor demands	1,310	1,966	-	-	-	3,276
Ordinary processes	6,740	146	-	50	67	7,003
Processes in Consorcio Fidufosyga 2005	-	-	-	881	-	881
	8,049	4,739	14,252	931	67	28,038

January 1st, 2014

	1 year	1 to 3 years	3 to 5 years	5 to 10 years	More then 10 years	Total
Litigation covered by the Fogafín Guarantee contract (2)	-	-	13,912	-	-	13,912
Tax processes	20,340	2,914	-	-	-	23,254
Labor demands	98	2,359	578	-	-	3,034
Ordinary processes	184	6,227	255	50	-	6,716
Processes in Consorcio Fidufosyga 2005	-	-	-	2,450	-	2,450
	20,622	11,500	833	2,500	-	49,366

(2) Litigation covered by Fogafín

Those processes from Granbanco S.A. Fiduciaria Cafetera S.A, Bancafé Panamá S.A. today Davivienda Panama and Bancafé International Corporation today Davivienda Internacional, that existed on January 31, 2007 and which was notified after February 16, 2007 until February 16, 2010, which are in force and are expressly guaranteed by Fogafín.

For civil administrative and special processes that are covered by the guarantee provisions contract of Fogafín provisions are constituted for 15%; taking into account the warranty coverage on the value of the respective contingency according to their qualification and only for routine and special processes. When dealing with work processes, it is 10%.

The proceedings instituted by the Bank may be:

Criminal

Only in the case that in criminal proceedings the Bank is linked as a liable third party. As of December 31, 2015, there is one process with this condition; the amount does not exceed $ 70.

Civil ordinaries, special, contentious administrative and labor

This type of processes will generate passive contingency to the Bank regardless of the procedural step it takes for the effect, generally because of their eventual contractual or Extracontractual Civil Liability and also with the occasion of fines or penalties imposed by the competent entities developing their duties. Each of these processes has a corresponding rating and provision, if necessary.

Below judicial processes that can generate greater economic impact to the Bank are as follows:

Taxes Processes

Estate Tax fiscal year 2007

By a judgment the Record with internal number 18759 of February 26, 2015, the Council of State confirmed the first instance judgment handed down by the Administrative Court of Cundinamarca in favor of the Tax and Customs Directorate.

In this process the decision to host the special condition of payment under Article 149 of Law 1607 of December 2012, canceling the tax value plus 20% of the interest was made. Under this action on August 16, 2013 the Bank had paid the sum of $ 6,409, which includes the 20% interest valued at $ 1,925; being in good standing with the Tax Administration for this item.

Taxing Financial Transactions fiscal year 2005

For tax obligations under sentence 18592 of November 1, 2012, the Bank filed a special payment term, based on the 1607 law 2012. In this sense, $ 794 were canceled decreasing the contingency to $ 1,371.

Without prejudice to the special conditions of payment and approval of settlement agreements by the State Council, these benefits are subject for two years to timely payment of tax liabilities under penalty of automatic loss of the benefit, as provided by the same Law 1607 from 2012

ICA processes

For the processes in Medellin, developed in performances or tax reviews of Industry and Trade (ICA) in the administrative proceedings by the local authorities in previous years, the procedural process was filled, and in cases where official settlements showed the respective action is brought. In this sense the administrative actions the formalities required emerged and the processes are exhausted both in the first and second instance giving it as finished.

At the end of 2015, is in effect one (1) process for the amount of $ 194, which had its first instance judgment on March 29, 2011 the Administrative Tribunal of Antioquia, partially favorable to the claims of the Bank. This sentence was subsequently challenged by the Municipality of Medellin, questioning the tax base of the ICA.

The Bank filed an appeal with the State Council. So from November 6, 2013, the process is for judgment of second instance. At the closing date of this process it is qualified as probable.

Passive Contingencies of Guarantee Agreement with Fogafín

During the privatization process of Granbanco S.A., on December 12, 2006 a guarantee of passive contingencies contract with Fogafín, which entered into force on February 16, 2007 was held.

By virtue of that contract Fogafín in the terms of the agreement, guarantees the Bank the payment of certain contingent liabilities specifically identified in this document. Coverage is 85% and exceptionally 90%, with respect to labor and pension obligations of Banco Cafetero SA in liquidation, as enshrined in its clauses.

In such contract the existence of a contingency account was provided made up of contingency provisions that Granbanco S.A. Bancafé and its subsidiaries had formed as of January 31 2007, which amounted to $ 21,067. From that account first it must be deducted any sentence or concept that are guaranteed by Fogafín until exhausting such amount. Once it is exhausted, Fogafín is obliged to reimburse the corresponding net economic effect of the Bank under the terms of the concerned contract . The existence of that account with the provisions that existed at that time determines that any losses on guaranteed legal sanction process does not affect the status of income of the Bank.

By December 31, 2015, the processes are covered by Fogafín. There are 72 provision of $ 16,099 and pretense of $ 15,798

According to the above, the Bank recognizes the reality of their passive contingencies taking into account the contract with Fogafín.

At the cut-off date there are 72 open processes with claims for $ 15,798, 11 of which are classified as probable, for a total amount of $ 1,506; 4 qualified as possible for $ 368, and 57 as remote for $ 13,924. During 2015 it was resolved in favor of the Bank as follows:

2003 Taxable Income -Bancafé

The process was terminated by a judgment of the State Council 19661 of June 11, 2015, where Resolution 310662007000048 of 25 July 2007 which imposed sanctions for unfair return. As restoration of the right in favor of DIAN it is ordered only reimbursement for $ 3,814.

Time of the final ruling on the 2003 the Bancafé Rent process a withdrawal of the suit was filed against administrative acts that denied the conciliation, which was accepted by the Administrative Court of Cundinamarca in hearing on October 23, 2015 was presented.

Given that the Bank had canceled the $ 3,814 when requested conciliation, it is currently in good standing with the tax authority for this item.

Processes that generate passive contingencies with greater impact

Popular and group actions are legal procedures established for the protection of rights belonging to a large number of people. While class actions have prevention purposes, cessation and restoration of collective rights, the group seeking compensation for damage caused by the attack on homogeneous individual rights. The risk of these lawsuits is considered remote, however, the nature of the rights which are discussed and the plurality of plaintiffs makes them important judicial proceedings for the Bank, reason why it has decided to reveal them.

Judicial proceedings concerning the extinct UPAC

Alberto Botero Castro began popular action against Davivienda believing that the Bank overbilled the Nation with charges in respect of the relief provided in the Law 546 of 1999 in favor of the debtors obligations in UPAC. Requests, consequentially, the return is directed to the exchequer the amounts collected in excess. The process is in preliminary stages. Although the demand does not specify the amount, in terms of it, it would be worth more than $ 5,000 million. The contingency scored remote considering that there is no one piece of evidence that proves the alleged irregularities and inconsistencies in which the Bank would have incurred.

The National Committee Association of Upac Users - UVR along with other individuals made popular action against Banco Davivienda SA and other financial institutions in order to declare that the defendants reassed erratically the reliefs granted to mortgagors under Law 546 of 1999. They requested, in addition, to be ordered to the defendants to return the TES to the exchequer which so far they have not been returned despite of the fact that the legal grounds for it is set. The process is pending before the Administrative Tribunal of Cundinamarca pending it to be definitively resolved the preliminary objections made by the Bank. The amount in question is not determined in the demand, qualifying it as a remote contingency.

Mrs. Clara Cecilia Murcia and others led a group action in the 5th Administrative Court of Bogotá, against courts that did not comply with the provisions of Law 546 of 1999 upon completion of the corresponding executive mortgage processes. Among the requests of demand they call for such courts to order the termination of such matters. The Bank was linked to the process for submitting, at the time, the relevant executive demands. The process is pending for the probationary period given be initiated. The contingency was scored as remote.

Mr. Fredy Alarcon with others sued the Bank through a group action claiming that the compensation for damages suffered during the alleged excessive charges that they were victims as debtors of mortgage loans in UPAC. The process is pending the appeal which was raised by the counterparty against early sentence favorable to the Bank. The contingency scored remote and its amount, for the moment, can not be determined.

In the 5th Civil Court of the Circuit of Bogotá, Mr. Henderson Sepúlveda and others dealt a class action against the Bank because of excessive interest rates on credit card operations. The case is in investigation stage and there are no valid judgment elements to calculate the amount of the claims. The contingency was scored as remote.

Legal issues linked to the recovery of financial services.

Mr. Oscar Zambrano Parada and others participated in a group action that is pending in the Court 31 of the Bogotá Civil Circuit with which thay are seeking recognition for damages for the alleged improper collection of fees for financial and banking services. The process is in preliminary stages. There still are no objective parameters to dimension the amount of the claims, reacon for which it has been classified as undetermined. The contingency was scored as eventual.

Fiduciaria Davivienda S.A.

La Fiduciaria Cafetera S.A., today Fidudavienda has been sued in several lawsuits at a cut-off date of December 31, 2012. In the vast majority of processes, the Trust is claimed to be a member of Consorcio Fidufosyga 2005 (9.86% stake) and / or Fisalud (17% stake), there are approximately 160 processes, which are classified as follows; i) 110 actions of direct compensation; ii) two (2) contractual actions; iii) Two (2) actions of annulment and restoration of law; iv) four (4) class actions; v) twenty (26) business processes, vi) eleven (11) ordinary working processes and five (5) fiscal responsibility. Of the mentioned litigations the Nation-Ministry of Social Protection is also demanded.

Among the aforementioned processes and according to the percentage share of the Fiduciaria S.A. in the Consorcio Fidufosyga 2005 and / or Fisalud, there are 12 disputes with amounts exceeding the COP 1,000 million pesos. 93% of claims are rated as remote for Fiduciaria therefore the mentioned Consortium only manages the resources of the Solidarity Fund and Guarantees by the Ministry of Social Protection. However, the Consorcio Fidufosyga 2005 has decided to make a provision depending on the claims, ie, in the processes that the Health Promotion Entities that are seeking recognition and payment of recoveries has made a provision of 2% and, for those intended the recognition of interest for alleged delays in payment of claims and / or recoveries, the provision is of 50% of the total value of the claims.

Equally in that court it has been reported that there are 10 processes favorable of the first instance ruling for Consorcio Fidufosyga 2005 (9) and / or Fisalud Consortium (1), in which the claims were denied. However, there are eight (8) processes for judgment of second instance, since the plaintiff filed an appeal and there are two (2) rulings.

Then the most relevant processes are cited in amount and have been described by assignee as potential risk.

1. Direct Action Repair for Sanitas EPS S.A. No. 2009-268

Kind of process: Repair Direct Action.
Applicant: EPS Sanitas S.A.
Defendants: The Nation - Social Protection Ministry and Consorcio Fidufosyga 2005, composed Fiducafé S.A. (9.86%), Fiducolombia, Fiduprevisora, Fiduagraria, Fidubogota, Fidupopular, Fiducoldex and Fiduoccidente.

Claim Value: The defendants are declared responsible by the unlawful damage due and during late payment of recoveries and consequently ordered to pay default interest in the amount of $ 3,053 million revise according to the unit that is being used in the financial statements. In case of conviction, Fiducafé S.A. would respond according to their percentage share (9.86%), ie, an approximate value of $ 301 million, which is provisioned.

Actual state: On December 6, 2010 the demand was answered and it is in preliminary stages.
Provision Amount: The Consorcio Fidufosyga 2005 has made provision of 50% of the total value of the claims.

2. Direct Action Repair for Sanitas EPS S.A. No. 2010-119

Kind of process: Repair Direct Action.
Applicant: EPS Sanitas S.A.
Defendants: The Nation - Social Protection Ministry and Consorcio Fidufosyga 2005, composed Fiducafé S.A. (9.86%), Fiducolombia, Fiduprevisora, Fiduagraria, Fidubogota, Fidupopular, Fiducoldex and Fiduoccidente.

Claim Value: The defendants are declared responsible for the late payment of recoveries for a value of $ 1,260 in respect to default interest. In case of conviction, Fiducafé S.A. would respond according to their percentage share (9.86%), ie, an approximate value of $ 124 million pesos, which is provisioned.

Actual state: The Consortium answered the complaint on 06 December 2012. The call made to Fiducoldex and Chartis Seguros de Colombia S.A. in guarantee was admitted. On December 19, 2011 The guarantee call was answered. January 19, 2012. The attorney for the plaintiff pulls back transfer of objections filed by Chartis Seguros S.A. As of May 31, 2012 the Process entered the Office .

Provision Amount: The Consorcio Fidufosyga 2005 has made provision of 50% of the total value of the claims.

3. Direct Action Repair for Sanitas EPS S.A. No. 2009-1007

Kind of process: Repair Direct Action.
Applicant: EPS Sanitas S.A.
Defendants: The Nation - Social Protection Ministry and Consorcio Fidufosyga 2005, composed Fiducafé S.A. (9.86%), Fiducolombia, Fiduprevisora, Fiduagraria, Fidubogota, Fidupopular, Fiducoldex and Fiduoccidente.

Claim Value: Requests payment of default interest caused by the delay in payment of authorized recoveries in the Scientific and Technical Committeean because of ruling of the tutelage plus interest for a value of: $1.183. In case of conviction, Fiducafé S.A. would respond according to their percentage share (9.86%), ie, an approximate value of $ 117 million pesos, which is provisioned for.
Actual state: The process is in evidentiary stage.

Provision Amount: The Consorcio Fidufosyga 2005 has made provision of 50% of the total value of the claims.

Davivienda Panamá S.A.

Analyzing the litigations in which the Subsidiaria Davivienda Panama S.A. is linked, there is no warning that in some of them they could represent a significant equity risk.

Subsidiaries processes in Central America

Because of the recent negotiations that the Bank performed with HSBC Holdings plc, for the acquisition of "HSBC Costa Rica" Grupo del Istmo (Costa Rica) SA, "HSBC El Salvador" Inversiones Financieras HSBC, SA, "HSBC Honduras' Bank HSBC Honduras, Honduras SA and HSBC Seguros, SA, and Honduras Insurance Hold.co, purchases made between November 23 and December 7, 2012, entities that from January 2013 are part of DAVIVIENDA, there is place to the relationship of processes that can generate a passive contingency to the Bank, the ones that are included by country and class as follows:

Honduras

As of December 31, 2015 there are several lawsuits against the Bank for various situations pertaining to banking business. The Bank's management believes, based on the opinions of lawyers who handle cases that their resolution will not have significant effects on the financial statements of the Bank.

Kind of process: Compensation for damages
Applicant: Green Development Corporation S.A. (GDC)
Defendants: Banco HSBC Honduras S. A., Banco Lafise, S. A. and BCIE (included in cassation)
Claim Value: USD 159 .810.000
Qualification Possible

Current Status: unfavorable judgment process in first and second instance against Banco Davivienda and another local bank. On August 4, 2014 each bank filed a cassation appeal to the Supreme Court, which was admitted as of August 25, 2015. According to the concept of DAVIVIENDA's attorney, there are serious reasons for considering that the judgments at first and second instance have vices that should lead to the Supreme Court to declare invalid. In the event that banks are convicted, Davivienda considers that, given the guarantees it has, the impact would not be material.

El Salvador

Kind of process: merchant summary judgment and settlement claim for damages.
Applicant: Soc. Ing. José Antonio Salaverria Y Co.
Demandando: Banco HSBC Salvadoreño, S.A.
Claim Value: USD 22.727.764
Actual state: (Reference 34-SM-09, 5th Mercantile Court today 1st Mercantile Court). As of August 1, 2015 the bank managers present documentation to exhibit in court, consisting of 7 original records 7 testimonies and 2 documents, all original.
Provision Amount: Not Provisioned, qualified as remote

Kind of process: merchant summary judgment and settlement claim for damages.
Applicant: Soc. Ing. José Antonio Salaverria Y Co.
Defendants: Banco HSBC Salvadoreño, S.A.
Claim Value: USD 22.727.764
Actual state: (Reference 35-SM-09 Court Mercantile 1) As of 09.04.2014 it was notified to the bank: On the request of the complainant who is requesting this process be open to evidence, it was decided that when notification was made effective of the decision dated 08.26.2013 the bank will provided itself according to law, such notification was made to the bank as of 09.04.2014; Without the appeal sought by the bank on the not proposable allegation, as the bank carries out acts of commerce, with the agreement signed by the parties of a commercial nature; and place without the preventive annotation on various bank properties sought by the applicant.
Provision Amount: Not provisioned Qualified as remote

Outside the processes related before and based in qualifying probabilities that each of the Subsidiaries made in its financial statements to December 31, 2015, we disclose the following processes that present such a risk:

El Salvador

Kind of process: Administrative proceedings for alleged breach of: 1. Failure to comply with the provisions of the 5th paragraph of art. 66 of the Banking Act. 2. Art. 11 of the Rules for Submission of Financial Accounting Information of Banks, because sending the accounting information corresponding to December 2010, was submitted after the deadline.
Applicant: Superintendencia del Sistema Financiero
Defendants: Banco Davivienda Salvadoreño S.A.
Claim Value: USD23.000
Actual state: Rectification Appeal, waiting for admission.
Provision Amount: USD 23.000

Kind of process: Administrative proceedings for alleged breach of the instructions contained in the IRC-RM-4709 Note by the SSF, dated March 12, 2008, the SSF attributed to the Bank, the commission of the following offenses and / or breaches: A. By signing of promissory notes above the authorized and available amount at the TC. (Art. 18 lit. b LPC).
Applicant: Superintendencia del Sistema Financiero
Defendants: Banco Davivienda Salvadoreño S.A.
Claim Value: USD 5.000
Actual state: Rectification Resource Admission.
Provision Amount: USD 5.000

Kind of process: Administrative proceedings for alleged breach of:

Not making the deposit of the Policies, Annexes and Amendments 2. Not performing the evaluation of computer programs for the Insurance systems in 2007 and 2008 and not making the balance confirmations to the areas of availability, loans and balances with reinsurers. 3. A possible breach of the policy implemented by the Underwriter "Know Your Customer".

Applicant: Superintendencia del Sistema Financiero
Defendants: Davivienda Seguros Comerciales Bolívar, Sociedad Anónima
Claim Value: USD 21.000
Actual state: Interposition of Rectification Resource
Provision Amount: USD 21.000

<u>Costa Rica:</u>

Kind of process: Special Tax trial by differences on income tax during the periods 98 and 99.
Applicant: Large Taxpayers Tax Administration. General Directorate of Direct Taxation.
Defendants: Banco Davivienda (Costa Rica) S. A.
Claim Value: USD 246.771
Actual state: Charges come from transfers 2751000028901, 2751000028926, 27410000028917 and 2751000028935. lawsuit was filed on 07/18/06 where there is an objection of Res./ No. 177-2006-P from the 1st Room of the Administrative Tax Court (T.F.A.), as partially confirmed the Res /. the Directorate General of Taxation, which led to an increase in the income tax corresponding to the fiscal years 1998 and 1999, for a total of ¢ 131,267,493.61 by Res / of October 20, 2006, it has been filed on Special Tax Process. Notice of the Free Press Act was introduced on 12/12/06 and the Judicial Bulletin notice was filed on January 23, 2007 On May 18, 2007 the demand was formalized. In R/, of July 26, 2007 a hearing is conferred to refer to the answer to the demand, which was filed on August 8, 2007. Through R/, of January 09, 2009 it is ordered to extend accounting expertise required in this process. By R/, of 05/05/09 the Court rejects the clarification management and addition filed on expertise. In sentence No. 053-2009-SVII of May 27, 2009 the except for lack of law submitted by the State is declared, with unfavorable outcome for the Bank. On June 19, 2009 he presented an appeal against the judgment given above. Room I by R /, on August 20, 2009 admits the resource for information, the hearing was held on October 28, 2009. Through resolution # 807-F-S1-2010 from Room I on July 8, 2010 a notification to the Bank on August 4, 2010 the appeal was dismissed. It is pending settlement costs amounting to ¢ 13,126,749, according to the amount of the process. Unchanged at December 31, 2015.
Provision Amount: USD 24.677

Kind of process: Ordinary Labor Yasser Succar Mora
Applicant: Yasser Succar Mora
Defendants: BANCO DAVIVIENDA (Costa Rica) S. A.
Claim Value: USD10.247
Current Status: Res /, of 08/21/15, 09/01/15 notification stated that the judgment is on, the actor was summoned to supply the execution of sentence. Res /, of October 6, 2015, notice 10/14/15, the enforecement of judgment by the actor was given legal effect. On October 22, 2015 the Bank proceeded to answer the execution and to offer evidence. Res /, of November 2, 2015, notification December 10, 2015, the Bank has answered the enforcement of judgment by opposing the exceptions of law and lack of payment; and proffered the evidence. It is ordered to send warrant to the Davivienda HR Department to certify whether the actor met the goals set out in the BSC.
Provision Amount: USD 2.587

Kind of process: Administrative Consumer Protection.
Applicant: Ana Eliette Mora Castro y Eduardo Ernesto Mora Valverde.
Defendants: Banco Davivienda (Costa Rica) S. A., Davivienda Sociedad Agencia de Seguros (Costa Rica) S. A. and INS.
Claim Value: Not estimated
Current Status: The complainants allege that they are being affected the change of the general conditions of insurance policies purchased under a title loan with the Bank. In resolution of February 28, 2011 notification on

(Millions of Pesos (COP))

March 10, 2011 the parties are invited to the conciliation hearing to be held on 17/05/11. On the date the conciliation hearing was conducted without the parties subscribing an agreement, the hearing test was also performed. On the 07.08.13 the incident expiration dossier is submitted. Through Vote No. 070-15 of February 2, 2015, notification March 4, 2015, the complaint is upheld regarding the lack of information about the changes suffered by the document entitled "General Conditions" of the policy related with the order of the complainants, and as a result a fine of ¢2,033,500.00 is imposed on the Bank and the Insurance Agency, individually. The administrative appeal 9/3/15 presented. We are waiting for the appeal is resolved. Unchanged at 12/31/2015.
Provision Amount: USD 7.645

10.24 Heritage

It includes all concepts and values that represent the contributions or shareholders' rights by the capital, appropriate earnings from previous years mandated by the Assembly, in order to meet legal, statutory or special purpose provisions reserves, surplus and dividends declared on shares as its premium positioning.

Capital Stock

As of December 31, 2015 and December 31, 2014, the authorized capital of the Bank amounts to $ 72,800 represented by 455,000,000 and 520,000,000 shares with a nominal value of $ 160 and $ 140 respectively. The Ordinary Shareholders' Meeting held on March 13, 2015, approved the amendment of the Statute of the Bank to increase the nominal share value of $ 140 to $ 160 (pesos per share).

The subscribed and paid capital at December 31, 2015 and 2014 amounts to: $71.074 y $ 62.190.

The authorized, subscribed and paid capital is represented in the following data and other equity at the end of each year are:

	December 31st, 2015	December 31st, 2014	January 1st, 2014
Subscribed and paid ordinary shares	343,676,929	343,676,929	343,676,929
Preferential right Shares subscribed and paid	100,537,305	100,537,305	100,537,305
Total shares outstanding	444,214,234	444,214,234	444,214,234
Number shares outstanding	444,214,234	444,214,234	444,214,234
Equity	7,718,516	6,834,866	5,875,706
Intrinsic Value (in pesos)	17,375.66	15,386.42	13,227.19

Bank shares are registered nominative capital, and may be: a) Ordinary, b) privileged, c) with preferential dividend and no voting rights; the latter may not represent more than fifty percent (50%) of the subscribed capital.

Shares with preferential dividend will give their holders the right to receive preferential minimum dividend corresponding to zero point five percent (0.5%) per semester on the subscription price of the first broadcast of the program, ie (COP 80.65) to be paid by decision of the Assembly preferentially compared to the corresponding ordinary shares. The Minimum Preferential Dividend is not combinable and is not a guaranteed.

The payment of the Minimum Preferential Dividend will be made with the frequency and manner determined by the General Assembly of Shareholders, in Colombian pesos. Currently, the accounting year in Davivienda is annual.

Should the distributable profits be sufficient to pay the Ordinary and Preferred shareholders a dividend equal or greater than the minimum preferential dividend, profits will be distributed pro rata among the preferred shareholders and ordinary shareholders in accordance with decisions made by the Assembly.

Paid-in shares:

(Millions of Pesos (COP))

The values have been accounted for in the placement of shares by higher amounts obtained on the nominal value of the share and the capitalization of occasional reserves obtained in the distribution of profits from previous years with increased nominal value, determined by the decisions of the General Shareholders Assembly.

The detail of the paid-in shares comprising the assets is as follows:

	December 31st, 2015	December 31st, 2104	January 1st, 2014
For paid-in ordinary shares	2,582.567	2,006,908	2,006,908
For premium on placement of preferred shares	1,551,099	1,382,699	1,382,699
Total paid-in	4,133,667	3,389,608	3,389,608

Reserves

By decision of the General Assembly of Shareholders they have been made appropriations of profits earned in annual periods.

The breakdown of the figures that make up the heritage reserves is as follows:

	December 31st, 2015	December 31st, 2014	January 1st, 2104
Legal Reserve			
By appropriating profits	1,041,015	783,379	561,444
	1,041,015	783,379	561,444
Statutory and occasional reserves:			
A provision of the Assembly	437,881	908,757	558,805
For tax provisions	16,085	30,421	56,024
	453,966	939,178	614,829

Earnings per share

Earnings per share as of December 31, 2015 and 2014 was $ 2,784 and $ 2,169, calculated respectively based on the utility at the cut-off of each period divided by the weighted average number of shares outstanding.

In Ordinary Meeting of Shareholders held on March 13, 2015, the following decisions were approved:

Distribution of results

The distribution of the results at the end of 2014 for $ 1,001,151 was approved, as follows:

a) Constitution Legal Reserve for $ 166,315, which corresponds to $ 160,285 untaxed and $ 6,030 taxed.
b) To pay dividends in cash of $350,041, at $788 pesos per share, payed on March 26, 2015.
c) Increase untaxed occasional reserves if they are capitalized if available to the Assembly for future capitalizations or increases in legal reserve in $ 484,795.

Other decisions:

- ✓ Releasing investment tax reserves and increase the legal reserve taxed on the value of $ 10,459 pursuant to Decree 2336/95. The value of the fiscal reserve at year-end 2015 is $ 14,611.

- ✓ Because of the qualifying equity accounts established in Decree 1771 of 2012 for the calculation of regulatory capital, the Assembly establishes the irrevocable commitment to capitalize or increase the legal reserve at the end of 5 years for a value of $ 425,000. million, generated from the net profits of 2014.

- ✓ It authorized release of the untaxed reserves if capitalized with commitment for a value of $ 472,963 and free reserves not taxed at the disposal of the Assembly for a value of $ 279,981 for payment of dividends for $ 752,943 at the rate of $ 1,695 pesos per share . To that effect, the nominal value was increased by $ 20 pesos increasing it from $ 140 to $ 160 pesos per share and $ 1,675 pesos difference corresponded to paid-in capital.

Capital Management

The Bank defines its capital as the level of own funds which could face a scenario of losses resulting from the materialization of financial risks to which it is exposed. The Bank's policy is to maintain sufficient levels of solvency, allowing it to develop its different activities with a capital commensurate with the risks taken, ensuring the sustainability of the organization in the long run.

Based on the above, the Bank is governed by the provisions of Colombian law, in which the standards to calculate its capital and the limits of credit of the institutions is defined. According to articles 2.1.1.1.2 and 2.1.1.1.3 of Decree 2555, as amended by Decree 1771 of 2012 and 1648 of 2014, the total solvency minimum level is 9% and basic solvency ratio must exceed 4.5%. Thus, the Bank meets the minimum levels of both technical heritage as usual basic heritage, with which it is possible to establish the relations of full and basic solvency, respectively.

Technical capital is the sum of Ordinary Shares (OS), the Additional Basic Heritage (PBA) and capital addition (PA), minus OS deductions, according to the guidelines of Decree 2555 of 2010. For its part, the percentages established by the Financial Superintendence of Colombia for assets weighted by risk level and includes market risk according to the established methodology applied.

Bellow the solvency ratio of the Bank to January 1, 2014, December 31, 2014 and December 31, 2015 is as follows:

Millions of pesos	December 31, 2015	December 31, 2014	January 1st, 2014	Variation 2014-2015 $	Variation 2014-2015 %
Technical equity	**8.691.647**	**6.551.649**	**5.341.449**	**2.139.998**	**- 24.6%**
Ordinary Share (OS)	5.139.929	3.699.828	3.454.552	1.440.101	- 28.0%
OS Deductions	606.461	566.719	579.719	39.742	- 6.6%
Capital Addition	3.551.718	2.851.821	1.886.897	699.897	- 19.7%
Value at Risk	**310.565**	**274.029**	**275.201**	**36.536**	**- 11.8%**
Weighted assets by risk level	**70.863.772**	**57.117.850**	**46.295.915**	**13.745.922**	**- 19.4%**
Total solvency 9%	**11.70%**	**10.89%**	**10.82%**	**0.81%**	**- 6.9%**
Basic solvency 4.5%	**6.92%**	**6.15%**	**7.0%**	**0.77%**	**- 11.09%**

Capital levels are constantly monitored in order to identify possible changes in current solvency ratios and take corrective action in a timely manner. Also, for purposes of strategic planning in the budget process and business projection, the Bank relies on tools that allow it to measure levels of future capital and establish the actions required to ensure compliance with solvency levels needed to develop the strategies proposed.

10.25 Minority interest

it is constituted by the share of net assets (equity) and the outcome of Subsidiaries attributable to social rights whose owners are different from the group of consolidated companies.

The following is a breakdown of minority interest, as of December 31, 2015 and 2014:

December 31st, 2015

	Equity	% Interest Minority	Interest Minority
Fiduciaria Davivienda S.A.	137,332	5.30%	7,277
Corredores Davivienda S.A	66,213	4.30%	2,850
Inversiones Financieras Davivienda S.A.	625,164	3.88%	24,245
Banco Davivienda Salvadoreño S.A.	942,658	1.76%	16,585
Banco Davivienda Honduras S.A.	366,623	3.19%	11,695
Seguros Bolívar Honduras S.A.	89,781	9.95%	8,936
Corporación Davivienda S.A.	373,256	0.04%	156
Aseguradora Mixta S. A.	35,975	49.00 %	17,628
			89,371

(Millions of Pesos (COP))

December 31st, 2014

	Equity	% Interest Minority	Interest Minority
Fiduciaria Davivienda S.A.	132,700	5.30%	7,032
Corredores Asociados S.A.	48,336	0.00%	0
Davivalores S.A.	17,459	21.00%	3,666
Inversiones Financieras Davivienda S.A.	474,735	3.88%	18,410
Banco Davivienda Salvadoreño S.A.	733,480	1.76%	12,904
Banco Davivienda Honduras S.A.	246,658	0.00%	7,868
Seguros Bolívar Honduras S.A.	76,072	0.00%	7,571
Corporación Davivienda S.A.	267,582	0.04%	112
			57,564

January 1st, 2014

	Equity	% Interest Minority	Interest Minority
Fiduciaria Davivienda S.A.	122,184.10	5.30%	6,474
Davivalores S.A.	16,423.90	21.00%	3,449
Inversiones Financieras Davivienda S.A.	383,613.22	3.88%	14,877
Banco Davivienda Salvadoreño S.A.	607,379.14	1.76%	10,686
Banco Davivienda Honduras S.A.	187,438.40	5.78%	10,841
Seguros Bolívar Honduras S.A.	72,687.18	11.04%	8,025
Corporación Davivienda S.A.	231,455.27	0.04%	100
Banco Davivienda Panamá S.A.	233,491.85	0.00%	2
			54,454

11 Specific items in the consolidated statement of comprehensive income

11.1 Investment Income

The following is a breakdown of investment income:

		2015		2014
Assessment of financial instruments of investment		393,739		345,101
Profit	777,436		618,380	
Loss	(383,697)		(273,279)	
Assessment of Equity instruments		11,411		9,925
Profit	17,279		13,605	
Loss	(5,868)		(3,680)	
		405,150		355,026
Gain on sale of investments	68,212		81,514	
Loss on sale of investments	(41,735)		(52,867)	
Sale of investments, net		26,477		28,647
Investment income		431,627		383,673

(Millions of Pesos (COP))

11.2 Income from commissions and services

The detail from commissions and services is presented:

	2015	2014
Income from commissions and services	1,164,374	1,044,492
Expenses from commissions and services	253,865	210,162
	910,509	834,330

The main concepts of these commissions arising from operations: Transactional, payment, insurance banking, foreign trade, etc.

11.3 Operating costs

The detail from Operating costs is presented:

	2015	2014
Fees	183,409	162,144
Maintenance and Adaptations	125,422	97,358
Cleaning and Security Services	53,190	49,489
Advertising, Advertisement and Public Relations	97,798	89,901
Insurance	67,664	72,395
Contributions and Other	71,569	66,021
Leases	112,454	98,695
Electronic data processing	60,526	67,421
Transportation	70,520	59,489
Taxes	169,280	128,505
Safe Deposit	95,591	85,755
Others	232,629	230,226
Operating expenses	1,340,052	1,207,399
Amortizations and depreciations	74,095	53,832
	2,524,553	2,202,346

11.4 Personnel costs

The detail from Personnel costs is presented:

	2015	2014
Wages and Benefits	928,343	781,351
Incentives	112,881	96,533
Personnel Benefits	18,092	15,183
Other benefits	51,090	48,048
Total Personnel Expenses	1,110,406	941,115

(Millions of Pesos (COP))

11.5 Administrative and Operating Expenses

The detail of the administrative and operating expenses at December 31, 2015 is as follows:

	2015	2014
Operating, Credit and Collections	196,537	196,226
Administrative	485,103	429,971
Advertising	95,500	85,884
Computer & Infrastructure	176,808	161,551
Taxes	169,281	128,505
Insurance, Fees, Contributions and Other	216,824	205,262
	1,340,052	1,207,399

11.6 Other Income and Expenses, net

The following is a breakdown of other Income and expenses, net:

	2015	2014
Other operating income		
Operational Risk Insurance Recovery	15,673	4,826
Sale of assets held for sale	14,661	18,226
Reversals losses because of Impairment	36,018	14,660
Other income	26,000	43,827
	92,351	81,538
Other operating expenses		
Operational risk losses	19,537	27,520
Judicial losses and Others	14,960	11,163
Sale of assets held for sale	14,240	7,693
Reversals losses because of Impairment	51,791	29,724
	100,528	76,100
Total other operating income and expenses, net	(8,177)	5,438

12 Related parties

The Bank may celebrate transactions, agreements or contracts with related parties, on the understanding that any such transactions will be made with reasonable values, taking in to account among other of the following criteria:

- The conditions and rates existing in the market in the sector in which the operation is performed
- The activity of the companies involved
- The growth prospects of the respective business.

The following are considered related parties:

1. Companies of the group:

Subsidiaries Fiduciaria Davivienda, Corredores Davivienda, Banco Davivienda Panamá, Banco Davivienda Panamá Licencia Internacional, Banco Davivienda Honduras, Seguros Honduras, Inversiones Financieras Davivienda Salvador, Grupo del Istmo Costa Rica.

Companies Grupo Empresarial Bolívar: Capitalizadora Bolívar, Seguridad Compañía Administradora de Fondos de Inversión, Leasing Bolívar, Compañía de Seguros Bolívar, Seguros Comerciales Bolívar, Sociedades Bolívar, Investigaciones y Cobranzas el Libertador, Multinversiones Bolívar, Asistencia Bolívar, Riesgo e Inversiones Bolívar, Construcción y Desarrollo Bolívar, Inversora Bolívar, Ediciones Gamma, Promociones y Cobranzas Beta, Constructora Bolívar Bogotá, Constructora Bolívar Cali, CB inmobiliaria, CB Hoteles and Resorts, Prevención Técnica, Riesgo e Inversiones Bolívar, Cobranzas Sigma, Delta Internacional Holding, Sentido Empresarial, Sentido Empresarial Internacional.

2. **Affiliates:** Multiactivos, Redeban and Titularizadora, Sersaprosa, Serfinsa, ACH El Salvador, Zip Amarateca, Bancajero Banet.
3. **Key management personnel:** Managers
4. **Others:** Shareholders > than10% Shareholders between 5% and 10%, ACH, Deceval and Finagro; companies in which the Bank participates in more than 10%.

Banks and companies where managers have a greater than or equal to ten percent (10%) direct or indirect participation of the outstanding shares or shares of its equity stakes.

Other shareholders with less than ten percent (10%) and greater than or equal to five percent (5%) of capital participation of the Bank (Inversiones Cusezar e Inversiones Meggido) .

The Bank has agreements of office networks and business cooperation agreements with Leasing Bolívar, Fiduciaria Davivienda and Corredores Davivienda; property leases with Promociones y Cobranzas Beta, Ediciones Gamma y Seguros Comerciales Bolívar; trade agreement with Asistencia Bolivar; collection management contracts with Cobranzas Beta; and publishing magazines and marketing agreement with Ediciones Gamma, administration contract and support on the Davivienda website business Multilatina Banco Davivienda El Salvador with Banco Davivienda Colombia, Banco Davivienda Costa Rica and Banco Davivienda Panama.

There are also placement and collection agreementsof insurance policies with Seguros Bolivar, Seguros Comerciales Bolívar and Aseguradora Mixta with Banco Costa Rica.

All operations were carried out at market prices; deposit rates are among 0.00% and 6.39% and placement are between 0.01% and 28.92% including housing loans to managers with rates to UVR and UVR + 2%; agreed as employee benefits.

As of December 2015 there are no loans with interest rates, terms, guarantees and other different conditions to those agreed upon with third parties for the loans granted to the companies that are part of the related parties of the Bank.

At the close of December 31, 2015 there are no portfolio transactions with shareholders whose stake is less than 10% of the share capital of the Bank, which represent more than 5% of the regulatory capital.

The Bank's regulatory provision should make and maintain mandatory investments in securities issued by the Fondo para el Financiamiento del Sector Agropecuario as TDA - Titles of Agricultural Development for $ 663,765; for class A issued at a nominal rate of 2.06% quarterly in arrears and Class B 4.02% nominal quarterly in arrears; which does not correspond to market rates.

Likewise, the Bank conducted Rediscount operations with Finagro, which are listed below:

(Millions of Pesos (COP))

Rediscout operations	December 31st, 2015
Small Rediscount Guarantee	145.668
Interests payable rediscount	1.734
Rediscount Interest Expense	6.315

These operations correspond to the holding fund for the agricultural sector at preferential rates.

The following transactions with related parties are presented, as of December 31, 2015 and 2014

December 31st, 2015

	Companies of the group:	Affiliates:	Personal Key (1)	Others	Total
Assets (2)	**110.860**	**252**	**4.064**	**99**	**115.275**
Investments	5.001	-	-	-	5.001
Loan portfolio and operations of financial Leasing	92.641	222	4.024	-	96.886
Accounts receivable	1.106	30	41	-	1.176
Other assets	12.113	-	-	99	12.212
Liabilitites (3)	**262.319**	**32.881**	**4.453**	**64.507**	**364.161**
Financial liabilities	249.924	12.000	4.400	64.277	330.602
Accounts payable	12.378	20.881	53	230	33.542
Others	17	-	-	-	17
Income	**114.344**	**106.802**	**404**	**4.111**	**225.662**
Commissions	105.207	93.278	7	-	198.492
Interests	5.458	21	371	-	5.850
Dividends	-	-	-	3.700	3.700
Others	3.679	13.504	27	410	17.619
Expenses	**60.014**	**61.171**	**694**	**12.527**	**134.405**
Commissions	-	54.194	-	4.881	59.076
Others	60.014	6.977	694	7.645	75.329

(1) According to the NCIF 24 management personnel key is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly: Strategic Committee members and members of the Bank Board of Directors.

It includes all transactions with key management personnel, excluding employee benefits listed below.

(2) Assets: The most significant transactions with related parties in the assets included housing loans with employment benefits to key personnel placement rate of UVR or UVR + 2.0% approved by the Board of Directors with a 15 years term with eligible collaterals and consumer loans at maximum market rates 28.92% .

Working capital loans, builder credit and corporate loans and credit card to companies of the Group with rates between 0.01% and 28.92%.

(3) Liabilities: The most significant transactions in liabilities were: with Group companies checking accounts with a rate of 0.0%, savings accounts with interest rates between 0.1% and 6.0% and TDCs with interest rate ranging between 4.2% and 5.8%. With other savings accounts of shareholders with interests rate of

(Millions of Pesos (COP))

4.7%. Shareholders with less than 10% and greater than or equal to 5% of the Bank's capital and current accounts with a rate of 0.0% and savings accounts with interest rate of 5.3% of shareholders with interest equal to or greater than 10% of the capital from the Bank.

December 31st, 2014

	Companies of the group:	Affiliates:	Personal Key (1)	Others	Total
Assets (2)	**40.963**	**380**	**5.144**	**31**	**46.517**
Investments	5.010	-	-	-	5.010
Loan portfolio and operations of financial Leasing	20.856	371	5.124	-	26.351
Accounts receivable	229	9	50	-	287
Other assets	14.867	-	-	31	14.898
Liabilitites (3)	**91.600**	**32.779**	**1.360**	**197.877**	**323.616**
Financial liabilities	89.077	13.465	1.311	197.833	301.687
Accounts payable	2.516	19.314	49	43	21.921
Others	7	-	-	-	7
Income	**100.915**	**94.139**	**410**	**4.404**	**199.869**
Commissions	89.671	85.472	10	881	176.035
Interests	7.916	61	372	-	8.349
Dividends	-	-	-	3.343	3.343
Others	3.328	8.606	28	180	12.142
Expenses	**56.298**	**67.370**	**310**	**16.402**	**140.381**
Commissions	56	53.665	-	3.406	57.127
Others	56.242	13.705	310	12.996	83.253

(1) According to the NCIF 24 key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly: Strategic Committee members and members of the Bank Board of Directors.

It includes all transactions with key management personnel, excluding employee benefits listed below.

(2) Assets: The most significant transactions with related parties in the assets included housing loans with employment benefits to key personnel with placement rate of UVR or UVR + 2.0% approved by the Board of Directors with a 15 years term with eligible collaterals and consumer loans at maximum market rates 28.63% .

Working capital loans, builder credit and corporate loans and credit card to companies of the Group with rates between 0.01% and 28.63%.

(3) Liabilities. The most significant transactions in liabilities were: With Group companies checking accounts with a rate of 0.0%, savings accounts with interest rates between 0.1% and 4.4% and TDCs with interest rate ranging between 4.2% and 4.44%. With Other Shareholders savings accounts with interest rate of 3.7%. Shareholders with less than 10% and greater than or equal to 5% of the Bank's capital and current accounts with a rate of 0.0% and savings accounts with interest rate of 4.2% of shareholders with interest equal to or greater than 10% of the capital from the Bank.

(Millions of Pesos (COP))

January 1st, 2014

	Companies of the group:	Affiliates:	Personal Key (1)	Others	Total
Assets (2)	**237.760**	**1.308**	**6.042**	**31**	**245.140**
Investments	10.001	-	-	-	10.001
Loan portfolio and operations of financial Leasing	208.733	1.304	6.013	-	216.051
Accounts receivable	984	3	28	-	1.015
Other assets	18.042	-	-	31	18.073
Liabilitites (3)	**124.509**	**36.005**	**2.981**	**221.072**	**384.568**
Financial liabilities	120.992	13.751	2.968	220.820	358.531
Accounts payable	3.509	22.254	14	252	26.029
Others	8	-	-	-	8

(1) According to IAS 24 key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director or administrator (whether executive or otherwise): Strategic Committee members and members of the Bank Board of Directors.

It includes all transactions with key management personnel, excluding employee benefits listed below.

(2) Assets: The most significant transactions with related parties in the assets included housing loans with employment benefits to key personnel with placement rate of UVR or UVR + 2.0% approved by the Board of Directors with a 15 years term with eligible collaterals and consumer loans at maximum market rates 29.68% .

Working capital loans, builder credit and corporate loans and credit card to companies of the Group with rates between 0.01% and 29.68%.

(3) Liabilities The most significant transactions in liabilities were: With Group companies checking accounts with a rate of 0.0%, Savings Accounts with interest rates between 0.1% and 3.75% and TDCs with interest rate ranging between 3.95% and 4.1%. With Other Shareholders savings accounts with interest rate of 3.7%. Shareholders with less than 10% and greater than or equal to 5% of the Bank's capital and current accounts with a rate of 0.0% and savings accounts with interest rate of 3.25% of shareholders with interest equal to or greater than 10% of the capital from the Bank.

(Millions of Pesos (COP))

Transactions with key management personnel are detailed below:

	December 31st, 2015		December 31st, 2014		January 1st, 2014	
	Maximum Balance	Closing balance	Maximum Balance	Closing balance	Maximum Balance	Closing balance
Mortgage loans and other secured loans	852	3,292	894	4,228	935	4,615
Credit Cards	26	248	34	244	27	314
Other loans	171	484	192	652	375	1,085
	1,050	4,024	1,120	5,124	1,338	6,013

Compensation of key management personnel:

The remuneration of key management personnel consists of:

Concept	December, 31.2015	December, 31.2014
Wages	4,301	4,006
Short Term Benefits	1,550	1,012
	5,851	5,018

There were no significant transactions completed during the year ended December 31, 2015, between Banco Davivienda and other entities under the influence or in the interest of Sociedades Bolivar S.A. nor Sociedades Bolivar S.A. and other entities in the interest of Davivienda.

There were no major decisions taken by Banco Davivienda or left to be taken through the influence or in the interest of Sociedades Bolivar SA, nor decisions made or left to be made by Sociedades Bolívar S.A. in the interest of Davivienda

13 Subsequent events or Acts

Integration with Leasing Bolívar

On January 4, 2016 the execution of the merger agreement was made between Banco Davivienda S.A. and Leasing Bolívar S.A., which had been approved by the Board of Directors in the meeting held on June 30, 2015, in order to reap the benefits to be derived from the operation in terms of portfolio growth and commercial areas as well as further deepening and consolidating the markets. Integration is a complement to the business and SME strategy.

The percentage of instruments with acquired right to vote was 100% of the ordinary shares.

a) The Grupo Empresarial Bolivar considered it convenient to promote the merger between Banco Davivienda SA (Absorbing entity) and Leasing Bolívar SA (Absorbed entity), in order to advance a technically and economically efficient management of the companies that comprise it.
b) This process is intended to complement the strategy of Corporate Banking Bank, strengthening the supply of financing productive to companies and individuals with business by joining the products, knowledge and experience of Leasing Bolívar to Davivienda’s capabilities, structure, network and skills. By integrating the two commercial forces we may increase its ability to serve customers of different segments of the Bank.
c) Meanwhile, Leasing Bolívar’s customers now being Davivienda’s customers too may receive a more complete range of products and increase their links with the company.

(Millions of Pesos (COP))

d) With the merger, it is expected that Banco Davivienda will increase its competitiveness and current market share, which will allow it to continue the expansion of their business. The efficiency achieved with this merger will come from synergies in support areas, improved funding costs from the current Leasing Bolívar, increase of customer loyalty and efficient use of the trade network to serve different segments.

e) How the control was obtained - by signing a "Merger Agreement" signed between Leasing Bolivar and Banco Davivienda. It was agreed to merge Bolívar Leasing S.A. Compañía de Financiamiento, with Banco Davivienda S.A. This decision was approved by the Extraordinary Shareholders' Meetings held on September 23, 2015 made with the shareholders of Banco Davivienda S.A. and Leasing Bolívar S.A. In the agreement signed it was determined that Leasing Bolivar shareholders would receive 0.31040 shares from Banco Davivienda S.A. for each ordinary or preferred share of Leasing Bolivar that they had enrolled in the register of shareholders. This way 7,456,179 preferred shares were issued from Banco Davivienda to acquire control of Bolivar Leasing S.A.

There will be no goodwill recognized due to the particular conditions of the merger process, in which the target company is currently under the control of the parent company of Grupo Bolívar, -Sociedades Bolívar SA, therefore, the provisions contained shall not apply in NIF3 regarding the Business Combination

The amount of assets and liabilities included in the process, are:

	Assets		Liabilities
Cash and cash equivalents	62,817	Public deposits	768,547
Investments	9,407	Loans from entities	272,677
Net Portfolio	1,063,465	Accounts payable	47,869
Other Assets	106,894	Other liabilities	13,474
Total assets	1,242,584	Total Liabilities	1,102,567

The assets acquired in the merger process correspond mainly to the following items: cash and cash equivalents, $ 62,817, Investments$ 9,407, Net Portfolio $ 1,063,465 and Other Assets $ 106,894.

Furthermore, the integrated liabilities are represented by the following: $ 768,547 public deposits, loans Entities $ 272,677, $ 47,869 Accounts payable and other liabilities worth $ 13,474

The fair value at the date of acquisition of the total compensation transferred and the fair value at the acquisition date for each major class of compensation, does not apply according to paragraph B64 of IFRS 3 business combination because it is a business combination with common control. No contingencies or credits to reveal were identified.

Sale of CIFIN Participation

On February 8, the Bank signed an agreement with TransUnion Netherlands II BV for the sale of one hundred percent (100%) of its shareholding in CIFIN SA, qualified as a Society of Technical and Administrative Services, accredited as a financial, credit, trade and services information operator.

On this same date, the sale of 68,735 common shares corresponding to 71% is perfected. The value received for each share was of COP $ 629,563.37.

The carrying amount to February 8 was $ 2,448 and the sale was made for $ 57,599 which the value of $ 43,273 was received on that date. It is expected to perfect in May 2016 the remaining sale that is subject to compliance with special conditions.

For purposes of determining the fair value of this investment during the transaction mentioned above, the value set in the sale was updated. See note 10.9

14 Adoption of Accounting and Financial Reporting Standards

The Bank prepared for the first time the adoption report to the International Financial Reporting Standards (IFRS) as of January 1st 2014 in accordance with Accounting and Financial Reporting Standards Applied in Colombia (NCIF) effective to the 1st of January 2013, adopted in the country by Law 1314 issued on July 13th 2009 and Decree 3023 of December 27th, 2013 which defines the legal framework applicable to Group 1 entities and the standards issued by the Colombian Financial Superintendence (SFC) . The Bank was classified in this group because it is a public interest entity and issuer of securities.
For the presentation of the consolidated financial statements, application was given to technical regulatory framework provided in the Annex to Decree 2784 of 2012 updated by Decree 3023 of 2013. With the following exceptions:

According to the External Circular 036 of 2014 issued by the SFC, you should: recognize the difference between expected losses calculated with SFC approved models and the losses incurred as defined in IFRS 9, in a specific equity account in other comprehensive income while maintaining recognition of the deterioration of the loan portfolio in the period's results.

Law 1739 from 2014 established the accounting treatment of the wealth tax charged to capital reserves without affecting earnings.

Additionally, the SFC gave the following specific instructions in the same external Circular 036:

The positive differences generated in the first application of the NCIF may not be distributed to stem losses, perform capitalization processes, share profits and / or dividends, or be recognized as reserves; and you can only have them when they have done effectively with third parties different than those which are related parties.

The positive net differences that are generated for the first time of the NCIF will not be counted in meeting prudential requirements of regulatory capital, minimum capital required to operate, according to the nature of each entity. Should technical differences arise, they must be deducted from regulatory capital.

According to the provisions of IFRS 1, below, it shows how the transition from previous accounting principles applied in Colombia (COLGAAP) have affected the financial position, comprehensive income and cash flows previously presented for the purpose of providing information related to the significant adjustments to enable an understanding of the consolidated financial statements shown here.

At the transition date, the Bank applied the following IFRS exceptions and exemptions as required by IFRS 1 "First-time Adoption of International Financial Reporting Standards".

Exceptions

1. Calculation of the Estimates

Estimates at the date of transition are consistent with estimates at that time under the COLGAAP, unless there is evidence of error in these estimates.

All estimates at the date of convergence are in harmony with the accounting policies defined at the transition date of NCIF, except for the following accounting policies that were different, as the established by the NCIF:

- Loss models incurred to estimate the deterioration of the portfolio.
- Amortized cost of financial instruments - liabilities.
- Useful lives of fixed assets.
- Employee benefits.
- Deferred Tax
- Impairment of investments, fixed and intangible assets.
- Provisions for litigations.

2. Derecognition of assets and financial liabilities accounts

The Bank applied the derecognition requirements of IFRS 9 prospectively in accordance with the provisions in IFRS 1, for transactions taking place starting from January 1st 2014.

On the transition date to NCIF the assets and related liabilities are canceled directly with each other, generated by legally authorized issuers of Colombian securities for repurchase of Term Deposit Certificates (TDC), without involving the extinction of title due to confusion. As of January 1st, 2014 they had registered $ 16,431 in the investment portfolio and TDC's because they correspond to assets and liabilities arising holdings of securities of the Bank itself.

In the context of IFRS 1, the option of not recognizing financial assets related to loan portfolio punished under COLGAAP was taken.

3. Classification and measurement of financial assets and financial liabilities

Financial assets

The classification of financial instruments in the investment portfolio according to the business model defined by the Bank made the following impacts:

Investment Portfolio

The business model defined by the Bank considers the liquidity structure as well as the risk management as the ability and intent that the administration has regarding the securities that comprises the investment portfolio, in addition to the characteristics of the current financial assets in the investment portfolio and derivatives, is classified mostly at fair value, considering that structural portfolios include cash reserves and trading securities, and 14.8% of the Structural Portfolio will be held until maturity as assets at Amortized Cost, with no effect on equity by maintaining the same recognition under the COLGAAP.

Portfolio

In order to implement the IFRS 9 provisions the loan portfolio was classified according to the defined business model considering the administrative and financial capacity for resource allocation and maintain contractual flows until maturity, concluding that the loan portfolio will be entirely valued at Amortized Cost. Origination costs for amortized cost applied to loans disbursed after January 1st, 2014.

In addition the effect on the corresponding results was recorded when the recognition of the benefit in the rate granted for housing loans to employees.

The granting or transaction costs were recorded directly in income when they are incurred in under COLGAAP and the NCIF defines that the loan portfolio is measured at amortized cost, including incremental transaction costs directly attributable to the granting of loans through the effective interest rate method.

The interests that are recoverable of which any accounting accrual was suspended under COLGAAP are incorporated, with credit to the loan portfolio and to the retained earnings account because of the adoption for the first time.

Deterioration of the portfolio

Under COLGAAP, the providing portfolio was determined according to the classification by risk level under the concept of expected losses which differs from the concept of incurred loss in IFRS 9. This involves determining the provision according to the expected future flows of the credit operations.

The result of applying incurred loss models generated a reversal of these capital provisions by $ 556,588 and interest of $ 36,346. The related deferred tax amounts to $ 215,029, which were recognized in the ORI according to the instruction of the SFC.

Financial liabilities

For the designation of previously recognized financial instruments, an analysis of the option that allows to designate it was done, on the transition date to NCIF, any financial liability as at fair value with changes in the results, and it was determined not to use the exemption proposed in the IFRS 1. In such a way that all liabilities were measured at Amortized Cost except for the derivatives which are measured at fair value with changes in the results as it was being done in the COLGAAP. For bond issues placement costs were recognized, and are carried at amortized cost.

4. Embedded derivatives

In the transition to NCIF, the embedded derivatives in other contracts are to be treated as separate assets or liabilities unless they meet certain criteria. These assets and liabilities are measured at fair value and changes in fair value are recognized in income.

The COLGAAP did not require the identification and separate recognition of embedded derivatives.

The assessment resulted in the fact that no embedded derivative was found in the contracts for procurement of goods or services.

Exemptions

5. Deemed cost - Property and Equipment and Intangibles

Property: The land and buildings owned by the Bank to January 1st, 2014 were recognized at fair value being equivalent to the cost at the date of transition to NCIF, for which the carrying amount over valuations under the COLGAAP was taken.

The option of deemed cost was applied for appraisals of the Bank's properties that meet the international standards requirements, being recognized at $ 545,055 as an increased value of fixed assets. These valuations were recorded in the surplus account in equity and were transferred to the adjustment account for the first time.

For office furniture it was chosen to use book value according to COLGAAP.

In the case of computer equipment, retrospective application was given to the IAS 16 for equipment that under COLGAAP were fully depreciated and were in use, as if **IAS** 16 had always been applied; therefore, adjustments to depreciation changes were made in the estimation of new useful lives with an effect of $ 48,376

Depreciations were made according to the Colombian tax law and adjusted them using the useful lives defined by policy.

Intangibles: we chose to use the book value according to COLGAAP.

6. Use of deemed cost for related investments and joint ventures

For investments in associates where significant influence is established, we decided to apply the deemed cost that IFRS 1 allows, reclassifying the value of the valuation cost by $ 26,147. These valuations were recorded in the surplus account in equity and were transferred to the adjustment account for the first time.

7. Business Combinations

The Bank opted not to apply in a retrospective way the requirements of IFRS 3 for business combinations recorded in books, it kept as goodwill the book value at the date of transition to NCIF according to COLGAAP, keeping the record in Colombian pesos.

Therefore the effects of variations of foreign currency exchange rates were not applied retrospectively to the fair value adjustments nor to the goodwill that has emerged in business combinations that occurred before the transition to NCIF, being recognized the goodwill generated by the purchase of investments in Central America where each entity was acquired in each country's currency and restated in pesos with the Representative Market Exchange Rate (TRM) of the date of transition to the NCIF, this is January 1st, 2014

Under COLGAAP the amortization of goodwill was performed, unlike NCIF it is only contemplated when there is impairment for the goodwill and intangibles.

8. Accumulated differences because of the conversion effect

According to IAS 21, the adjustment resulting from the conversion of financial statements of foreign subsidiaries are recorded in equity in the statement of other comprehensive income; however, in accordance with IFRS 1 in preparing the statement of financial position opening, the Bank applied the one permitted by NCIF to the value determined by this concept of all foreign subsidiaries to that date be null.

Reconciliation of Consolidated Financial Statements

Then detailed reconciliations between COLGAAP and NCIF with exceptions, include: a) Statement of Financial Position to the transition date, January 1, 2014, b) Statement of Comparative Financial Position at December 31, 2014, c) Comparative Patrimonial Reconciliations to January 1, 2014 and December 31, 2014, d) Reconciliation of Income Statement at December 31, 2014, e) Notes of the reconciliations explaining the adjustments and reclassifications between COLGAAP and NCIF.

All originated adjustments were recorded in the "*Adjustments in the application for the first time of IFRS"* account, an account included in the category called Other Comprehensive Income (OCI) in accordance with the instructions issued by the SFC in the External Circular 036 of 2014.

Reconciliation of the Financial Position Statement Consolidated to January 1, 2014 (transition date)

January 1st 2014, (Figures in millions of pesos)	Note	COLGAAP Balance	Reclassifications	Transition effect to NCIF	NCIF
Asset					
Cash and cash equivalents	a)	4,550,505	295.796	(1.172)	4,845,128
Money market and related operations		446.321	(19.268)	15	427.068
Investments measured at fair value	b)	7,877,454	(332.272)	(1,089,187)	6,455,995
Derivatives		78.152	-	(1.689)	76.463
Loan portfolio and financial leasing operations, net	c)	39,427,371	58.419	1,041,752	40,527,542
Accounts receivable, net	d)	481.399	(6.271)	(111.182)	363.946
Realizable assets in lieu of payment and returned property		90.768	-	(90.768)	-
Assets held for sale	e)	-	(45.081)	79.022	33.941
Investments measured at amortized cost	b)	-	-	955.911	955.911
Investments in associates	b)	-	-	69.039	69.039
Investments in other companies	b)	-	-	114.085	114.085
Property and equipment, net		495.943	(1.480)	611.861	1,106,324
Investment Property	f)	-	-	74.856	74.856
Capital gain		1,084,549	-	543.298	1,627,847
Intangibles		-	-	40.801	40.801
Deferred Tax	g)	-	-	54.795	54.795
Other non financial assets, net	h)	1,842,014	40.387	(1,650,092)	232.310
Total assets		**56,374,477**	**(9.770)**	**641.345**	**57,006,051**
Liabilities					
Deposits and current liabilities	i	36,286,120	(8.092)	299.622	36,577,650
Saving accounts		16,871,171	(8.092)	15.036	16,878,115
Deposits in checking account		5,929,620	-	(15.523)	5,914,097
Term deposit certificates		13,063,988	-	144.047	13,208,034
Other current liabilities		421.341	-	156.062	577.403
Money market and related operations		1,235,246	-	38	1,235,284
Derivatives		62.567	-	(1.689)	60.878
Bank loans and other obligations	j	4,095,043	(1.486)	15.159	4,108,717
Debt instruments issued	k	6,651,352	-	60.051	6,711,403
Accounts payable		1,093,584	291	(394.143)	699.731
Taxes payable		26.580	-	65.010	91.589
Differed income tax payable		-	-	718.554	718.554
Technical reserve		-	-	95.737	95.737
Other non-financial liabilities and estimated liabilities	l	804.777	(483)	(552.077)	252.218
Minority interest		60.379	-	(60.379)	-
Total Liabilities		**50,315,648**	**(9.770)**	**245.884**	**50,551,762**
Equity					
Capital		62.190	-	-	62.190
Issuance premium		-	-	3,389,608	3,389,608
Statutory Reserve		3,932,936	-	(3,371,491)	561.444
Occasional reserves		487.858	-	126.971	614.829
Accumulated results		851.106	-	-	851.106
Other comprehensive income	m)	724.740	-	(119.433)	605.307
Adjustments in the application for the first time		-	-	315.351	315.351
Total equity attributable to holders of equity instruments of the Bank		**6,058,829**	**-**	**341.006**	**6,399,836**
Non-controlling interest.	n	-	-	54.454	54.454
Total equity		**6,058,829**	**-**	**395.460**	**6,454,289**
Total liabilities and equity		**56,374,477**	**(9.770)**	**641.344**	**57,006,051**

Reconciliation of Consolidated Financial Statement to December 31, 2014 (Comparative)

Adjustments for transition to NCIF to January 1, 2014 were recognized in equity and for comparative purposes the adjustments are included as of December 31, 2014 in the income statement and other comprehensive income, accordingly:

December 1st 2014, (Figures in millions of pesos)	Note	COLGAAP Balance	Reclassifications	Transition effect to NCIF	NCIF
Asset					
Cash and cash equivalents	a)	5,258,855	-	10.360	5,269,215
Money market and related operations		508.828	-	30	508.858
Investments measured at fair value	b)	8,119,148	14.973	(1,435,368)	6,698,752
Cash and derivatives operations		407.252	-	10.775	418.027
Loan portfolio and financial leasing operations, net	c)	48,943,249	-	1,328,797	50,272,046
Accounts receivable, net	d)	657.237	-	(215.697)	441.540
Received assets in lieu of payment and returned property		76.015	-	(76.015)	-
Assets held for sale	e)	-	-	24.386	24.386
Investments measured at amortized cost	b)	-	-	1,028,222	1,028,222
Investments in associates	b)	-	-	84.839	84.839
Investments in other companies	b)	-	-	108.954	108.954
Property and equipment, net		517.567	-	645.093	1,162,660
Investment Property	f)	-	-	62.959	62.959
Capital gain		1,030,980	-	598.278	1,629,258
Intangibles		-	-	75.447	75.447
Deferred Tax	g)	-	-	73.735	73.735
Other non financial assets, net	h)	2,027,500	-	(1,769,208)	258.292
Total assets		**67,470,615**	**14.973**	**631.602**	**68,117,190**
Liabilities					
Deposits and current liabilities	i)	43,584,986	4.426	166.714	43,756,126
Saving accounts		19,756,590	4.426	(4.426)	19,756,590
Deposits in checking account		7,047,436	-	(645)	7,046,791
Term deposit certificates		16,295,920	-	(24.867)	16,271,052
Other current liabilities		485.041	-	196.652	681.693
Money market and related operations		1,164,688	10.547	(10.459)	1,164,776
Derivatives		311.300	-	(10.555)	300.744
Bank loans and other obligations	j)	5,453,645	-	19.098	5,472,743
Debt instruments issued	k)	7,685,182	-	74.807	7,759,988
Accounts payable		1,233,008	-	(417.780)	815.228
Taxes payable		39.382	-	(593)	38.788
Differed income tax payable		-	-	958.109	958.109
Technical reserve		-	-	114.634	114.634
Other non-financial liabilities and estimated liabilities	l)	957.716	-	(673.568)	284.148
Minority interest		63.886	-	(63.886)	-
Total Liabilities		**60,493,793**	**14.973**	**156.519**	**60,665,285**
Equity					
Capital		62.190	-	-	62.190
Issuance premium		-	-	3,389,608	3,389,608
Statutory Reserve		4,158,934	-	(3,375,555)	783.379
Occasional reserves		870.953	-	68.225	939.178
Accumulated results		1,060,447	-	(101.673)	958.774
Other comprehensive income	m)	824.299	-	114.971	939.270
Adjustments in the application for the first time		-	-	321.942	321.942
Total equity attributable to holders of equity instruments of the Bank		**6,976,823**	**-**	**417.518**	**7,394,341**
Non-controlling interest.	n)	-	-	57.564	57.564
Total equity		**6,976,823**	**-**	**475.082**	**7,451,905**

(Millions of Pesos (COP))

Total liabilities and equity	**67,470,615**	**14.973**	**631.602**	**68,117,190**

Reconciliation of equity

With the implementation of NCIF, the SFC defined that it must be recognized in equity in the accounts "*Settings in the first application of IFRS*" and "*Retained earnings process of convergence to IFRS*" adjustments to January 1 and December 31 2014, respectively. The reconciliation of equity is shown:

	Note	January 1st, 2014	December 31, 2014
Equity balance under COLGAAP		6,058,829	6,976,823
Portfolio	c)		
Reversal of the provisions of the portfolio		592,933	592,933
Activation of contingent interests		77,580	77,580
Derecognition of Restructured Interests		31,401	31,401
Property, Plant and Equipment and BRP'S.			
Estimated useful lives and appraisals Property, Plant and Equipment		86,887	86,887
Reversion appreciations Property, plant and equipment		(147,503)	(173,903)
Derecognition provisions BRPs		54,840	54,840
Other Assets			
Equity tax		(47,458)	2,113
Deferred Tax	g)		
Attributed Cost Property, plant and equipment		(173,298)	(173,298)
Reversal of the provisions of the portfolio		(215,029)	(215,029)
Other Concepts		11,935	11,935
Conversion of Financial Statements		-	143,759
Investment Elimination Difference		(1,100)	(1,100)
Other Concepts		69,818	76,361
Effect income for the period		-	(96,961)
Settings application for the first time / by convergence		341,006	417,518
Uncontrolled participation		54,454	57,564
Total transition effect to NCIFAC		**395,460**	**475,083**
Equity under NCIFAC		**6,454,289**	**7,451,905**

Reconciliation of Results as of December 31, 2014. (Transition Year)

Income under COLGAAP	1,060,447
Portfolio	
Portfolio impairment (incurred losses)	51.733
Amortized cost and recognized contingent interests	55.933
Investment	
For the re-expression of investments in subordinates	(220.749)
Associated Dividends	(15.245)
Equity method for investments	3.656
Property, plant and equipment	
Reverse of depreciation expense due to change in useful lives	17.681
Reverse provisions Assets received in lieu of payment	27.966
Deferred Tax	(99.519)
Reversion of the Amortization of intangible	53.569
Other adjustments	28.013
Subtotal transition effect to IFRS	(96.961)
Income under IFRS	**963.486**

(Millions of Pesos (COP))

Following the effect on cash flows for the transition year is as follows:

	Year finished on December 31 2014		
	COLGAAP	Adjustments and reclassifications	NCIFAC
Net Cash (used in) provided by operating activities	(2.100.179)	235.643	(1.864.536)
Net cash used in investment activities	(149.192)	730.994	581.803
Net cash provided by financing activities	3.032.881	(1.770.235)	1.262.646
Effect of exchange difference in cash and cash equivalents	-	-	-
Net decrease in cash and cash equivalents	783.510	(803.598)	(20.088)
Cash exchange difference on cash and cash equivalents	-	737.421	737.421
Cash and cash equivalents at beginning of year	4.982.953	(137.825)	4.845.128
Cash and cash equivalents at the end of the year	5.766.463	(204.002)	5.562.461

The main effects on cash flow for the payment of income tax and interest paid are presented separately.

Notes to the reconciliations

Following, the explanatory notes to the adjustments and reclassifications to the consolidated financial statements are presented under COLGAAP to reach the implementation of new financial reporting standards NCIF to January 1st and December 31st, 2014

a) Cash Equivalents

By applying the NCIF the Bank canceled the provision required under COLGAAP for reconciling items of debtor nature of more than 30 days pending regularization, which were adjusted with equity impact.

According to IAS 7 the financial instruments that are highly liquid, readily convertible into cash and subject to insignificant risk of changes in value are classified and presented in cash and cash equivalents. Those who do not meet this definition are classified as receivables.

Due to the above, the Bank reclassified from the category of money market and related operations (interbank funds) to accounts receivable.

b) Investments

As a result of updating the value of investments in subsidiaries when applying the homogenization of NCIF to the assets, an effect of lower value of elimination of the consolidated investment, was generated.

The securities are moved from investments in associates' category where there is a significant influence, additionally the investments from where there is no significant influence or control they were reclassified to a category of investments in other companies that were classified under the COLGAAP in the investment portfolio.

c) Portfolio

Under COLGAAP loans to employees were recognized in other assets and under the NCIF they are reclassified to the credit portfolio heading, additionally by applying NCIF the recognition of a deferred asset is generated by the estimated profit rate to employees of those loans given with preferential rates and in results of the transition period the income portfolio which under COLGAAP was recorded as deferred revenue, is recognized.

d) Accounts receivable

The provision made under COLGAAP for items with more than 180 days overdue, which were adjusted with equity impact, was canceled.

e) Assets held for sale

In application of IFRS 5 assets held for sale, which are expected to sell in their present condition and have a high probability of sale are classified in this category, under the COLGAAP these assets were classified in the category of assets received in payment and restored.

The Bank reclassified to investment property those real estate that did not meet the requirements to be classified under IFRS 5 or IAS 16.

f) Investment Property

We have a new category called Investment Property under NCIF, caused by reclassification of properties that are not being used. Following, the reclassifications to this new category are shown:

Description	**January 1st, 2014**
Reclassification from BRP'S to investment property	73,690
Reclassification of land and buildings, net to investment properties	8,789
Total Reclassification	**82,479**

g) Deferred Tax

Tax deferred income is generally recognized based on temporary differences generated by revenues, costs or expenses that in accounting are recognized in a different fiscal period, and these differences are classified in: permanent differences and temporary differences, this tax being measured with effect on the date of recognition of the permanent difference rate.

It should be applied to IAS 12 "Income Taxes" on those temporary differences arising from differences between the accounting and tax balances of the assets and liabilities denominated "liability method" and are recognized at the rate expected for the moment of the reversion.

The way in which it is expected to recover or settle the carrying amount of assets and liabilities determines the tax consequences which are reflected in deferred taxes. The deferred Tax assets was recognized on temporary differences arising from the implementation of the NCIF generated by the write-off of deferred assets that are kept for tax purposes, the generated deferred tax liabilities was also recognized, mainly by the deemed cost of property and equipment option.

h) Other assets

The following adjustments were determined in implementing the NCIF, because under those rules the deferred assets category does not exist: i) by computer programs, ii) placement discount on investment securities, iii) remodeling owned offices, iv) improvements to property taken on lease, v) property tax and vi) other deferred costs that do not correspond to the definition of assets under NCIF, like provisions that were required under COLGAPP and are not required by the NCIF.

The following balance reclassifications of other assets were done to the following categories: i) employee portfolio, ii) computer programs that are reclassified to the heading of intangibles and iii) goodwill and other minor ones.

In COLGAAP the amortization of goodwill was used and because of the deemed cost option on investments in subsidiaries the goodwill amortization is reversed which not required under NCIF.

i) Deposits and current liabilities

Interest on deposits and current liabilities were recorded in accounts payable, according to IFRS 9 "Financial Instruments", the financial liabilities are measured at amortized cost using the effective interest method, which includes the estimated cash flows of the instrument taking into account all contractual terms thereof, and they include commissions and interest paid or received between parties of the contract, giving birth to the reclassification of the payable interest on deposits and current liabilities.

j) Bank loans and other financial liabilities

In application of IFRS 9 "Financial Instruments", to recognize financial liabilities at amortized cost a reclassification of interest payable on loans with banks was done, and the obligations of the Bank arising from the banking services were recognized under COLGAAP in the category of deposits and current liabilities being reclassified to other financial liabilities.

k) Debt instruments issued

The Bank recognized obligations for bonds issued in the item of investment securities in circulation and the interests payable were recorded in a separate item. As established in IFRS 9 "Financial Instruments", these financial liabilities should be measured at the amortized cost including commissions and established interests in contracts, as part of the effective interest rate, as well as transaction costs and any other premiums or discounts. This resulted in an adjustment to recognize transaction costs by issuing bonds with equity impact and the reclassification of interest payable to the category of debt instruments issued.

l) Estimated liabilities and provisions

COLGAAP required to record the estimated value to be paid of the disputes considering the qualification as established in Decree 2649 of 1993, by applying IAS 37 "Provisions, contingent liabilities and assets" the provisions for those disputes should only be recognized according to professional judgment that says that the payment is virtually certain, generating an adjustment to cancel the provisions that did not meet the IFRS requirements with equity impact.

The loyalty customer program that gives points to be redeemed for prizes once the program requirements are met were recognized under COLGAAP in the heading of estimated liabilities and provisions, in accordance with IFRIC 13 "Loyalty customer programs". The credit awards are components to be recognized separately from the sales transaction that generates and recognizes as deferred income at fair value of each credit award and be recognized in the result of the period in time when the customer redeems points. The application of IFRIC 13 resulted in a reclassification of the estimated liability for loyalty programs to other liabilities.

m) Other comprehensive income

During 2014 they were recognized under COLGAAP the property and equipment valuations and unrealized gains on investments available for sale which were reversed to have comparative figures under NCIF.

n) Non-controlling interests - before minority interest

The non-controlling interests are recognized under COLGAAP, by way of a minority interest in the shares that do not correspond to the economic group to which the combined ones belong to, being equivalent to the share of net assets (equity) and the results of a subordinate, attributable to social rights, whose owners are different to the ones from the group of consolidated companies, which are presented in the balance sheet as a separate item in the liability and in the consolidated profit and loss statement. Under IFRS 10 in the consolidated financial statement, these participations within equity are reflected, separately from the equity of the owners of the controller being calculated on the equity of the subsidiaries applying the same policies of the matrix.

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