



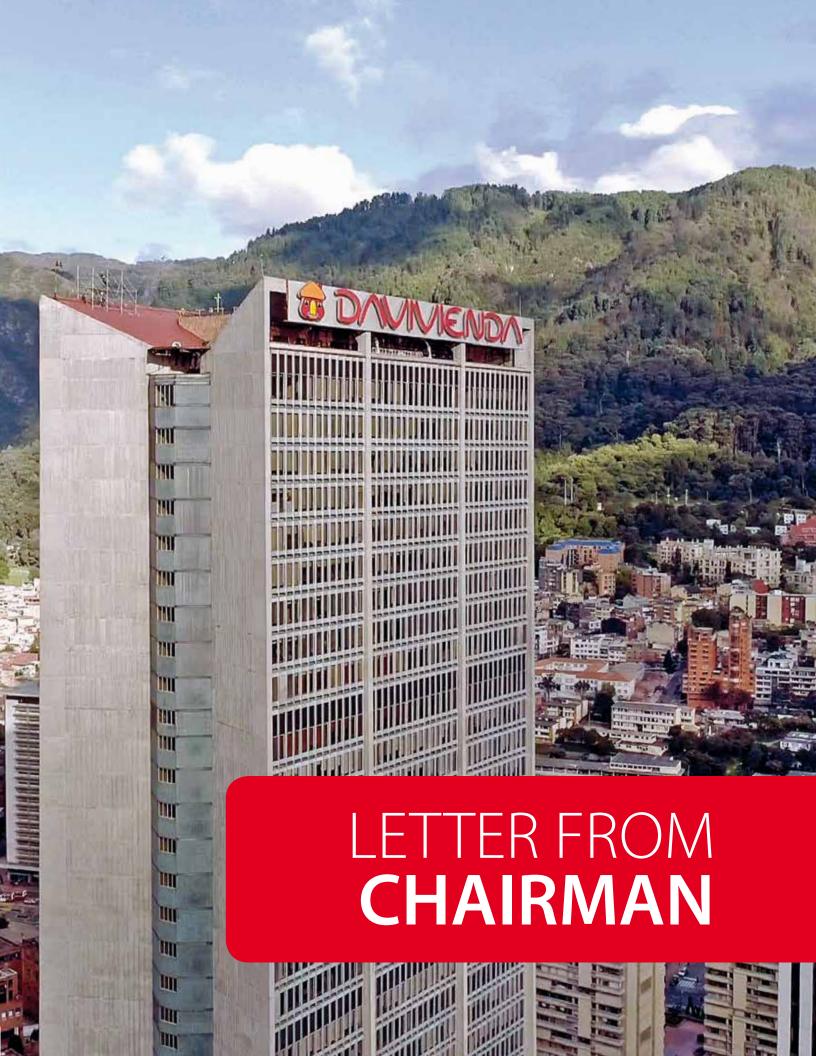
DAVIVIENDA FLOWERgreen energy that charges your phone

We have brought Colombia for the first time this innovative green technology system, composed of 12 panels that open automatically and follow the path of the sun. Clean and efficient energy that can be used for free to recharge cell phones and handheld devices in the points arranged around it.



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DEAR SHAREHOLDERS:

It is very gratifying for us to put the Management Report and the financial results of Davivienda as of December 31, 2017 for your consideration.

During the year there were major challenges that generated uncertainty and affected the development of the businesses in the countries in which we operate. As a countermeasure, our strategy focused on risk management, the efficiency of operations and the quality of service, which is implemented through a business model that balances the operations of retail banking and wholesale banking. In this way we seek to make our results less volatile and vulnerable to economic cycles.

In terms of financial results, the Bank's profits closed at \$1.28 trillion¹, 25.6% lower than those registered the previous year, mainly because of the increase in allowances of corporate and consumer portfolios for \$1.98 trillion, and given that in 2016 there were occasional profits of \$307 billion.

The return on the average equity was of 12.38% for the year, affected mainly by the economic slowdown. Equity solvency closed at 12.34% on December 2017, within the level expected for our activity.

INNOVATION

We continue in our efforts to become an innovative organization, investing in knowledge, talent and technology, as well as seeking partners, best practices and experiences around the world. 2017 was a year of big results in innovation.

We were the first bank in the world to launch the keyboard for mobile phones that allows transactions from social networks with the implementation of our "Tecla de la Casita Roja" ("Red House key"), with which DaviPlata customers can make transfers with total safety from applications as Facebook and WhatsApp, among others.



MAIN CONSOLIDATED RATIOS

(In trillions of pesos, except percentages)

	2016	2017	Annual variation
Gross financial margin	4.97	5.49	10.5%
Allowances	1.23	1.98	60.0%
Net financial margin	3.74	3.52	-5.8%
Operating expenses	2.94	3.19	8.7%
Profit	1.72	1.28	-25.6%
Efficiency	45.10%	46.60%	Δ 150 pb ²
ROAE	18.56%	12.38%	-Δ 619 pb
ROAA	1.92%	1.30%	-∆ 62 pb

1. \$ = COP, Colombian pesos for the purposes of this report.



Additionally, we launched **DaviPlata Global**, which will allow millions of Colombians living abroad to manage and send remittances to their families from their cell phone in the United States, Spain and Chile, initially. It will provide a simple, friendly and safe service, in very convenient conditions for our customers. We hope to offer much more added value and benefits through this new mobile platform.

DIGITAL TRANSFORMATION

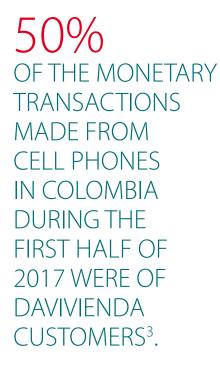
In 2017 we expanded our digital offer with the launch of the first 100% digital collective savings application in Colombia, "Hagamos Vaca", in addition to DaviPay, DaviPlata Global and the "Tecla de la Casita Roja", with which our clients can cover their transactional, purchase and sale needs, guaranteeing that all the operations that they usually perform can be done through these channels.

To date, our clients can open a digital account from the Davivienda Móvil app in just 3 steps with the validation of their fingerprint and their ID; they can also acquire virtual CDAT (term deposits) and insurance products as Protección Tarjetas, Tranquilidad Mujer, Tecnología Segura y Vida Online.

Our digital service model through the Davivienda Móvil app, allows our clients to manage their personal finances, helping them to have a simple budgeting tool to identify the income they receive and to classify their expenses in nine categories, with the aim of controlling their spending and meet their goals.

In the digital community we achieved a 41% growth compared to 2016. Likewise, we grew in the number of monetary transactions, 20% in davivienda.com and 115% in the Davivienda Mobile application. We closed the year with an approximate of 2 million downloads in our applications.

In 2018 we will continue our efforts to transform Davivienda into a fully digital bank.



DAVIPLATA

During 2017, DaviPlata continued to consolidate itself as a product of financial inclusion in Colombia. As of December, we had 4 million customers, of which 780 thousand used the product through our mobile application DaviPlata. Likewise, we remain being allies both of companies for their payroll payments and of the National Government for subsidies dispersion of More Families in Action ("Más Familias en Acción") and Youth in Action ("Jóvenes en Acción") programs. Additionally, we maintained our leadership as an innovative platform at the service of Colombians.

In June 2017, we were awarded 5 of the 8 groups of beneficiaries of the "Más Familias en Acción" government program for the dispersion of subsidies to nearly 700 thousand Colombians. We also won the tender of "Jóvenes en Acción" subsidies payment,



 Informe de Operaciones, Superintendencia Financiera de Colombia. Informe primer semestre 2017.



\$18 TRILLION CONSOLIDATED MORTGAGE PORTFOLIO BALANCE. 14.1% GROWTH.

allowing the delivery of these incentives to more than 120,000 beneficiaries throughout the country.

Innovation is one of the fundamental pillars of DaviPlata. In March 2017 we launched a unique solution in the world, which allows any Colombian on social networks to pass money. This solution, called the "La Tecla de la Casita Roja" ("Red House key"), is a disruptive innovation in the global financial market and has made us the first bank in the world to massively launch such functionality. It was possible thanks to the partnership with the Israeli startup Paykey, with whom we worked for 3 months with the aim of delivering an innovative solution to change the traditional way of sending money and the relation of the customers with the bank.

RETAIL BANKING

We work with the purpose of creating value for our organization and for society, and we keep our commitment to Colombian families who dream with acquiring their own homes through our products.

Our management during the year 2017 is endorsed by excellent results:

- Our balance of the consolidated mortgage portfolio showed a growth of 14.1%, going from \$ 15.8 trillion in 2016 to \$ 18.0 trillion in 2017. In addition, we reached a 28% share in disbursements⁴.
- Our operation in Colombia registered a 13% growth in disbursements of mortgage portfolio, equivalent to \$4.3 trillion during the year, thanks to our leadership and high market share in disbursements for the Government's housing programs aimed at low-income families: "Mi Casa Ya" (My House Now) Initial Fee, 37%; Frech II⁵ program, 33%; Vipa⁶, 31%; and Frech No VIS, 33%. In addition, we remain being leaders in loans placement in the range of VIS⁷ housing with 38% share, and housing leasing with 55%.
- **4.** Figure to November 2017.
 - 5. Frech: Reserve Fund for the Stabilization of the Mortgage Portfolio, aid program offered by the National Government and administered by the Colombian Central Bank, which facilitates the financing of new social housing in urban areas covering a percentage of the agreed interest rate for a housing loan.
- 6. VIPA: Housing program for savers, aimed at households with income of up to 2 current monthly minimum wage, for the purchase of new urban housing up to 70 current monthly minimum wage.
- 7. VIS: Social interest housing, its maximum value is 135 current monthly minimum wage.

4 MILLION
CUSTOMERS OF
DAVIPLATA.
780,000 BY
MEANS OF THE
DAVIPLATA APP.



• We closed with a consolidated balance of \$ 20.7 trillion in the consumer portfolio which represents a 9.6% growth compared to the previous year. The growth in fixed-rate loans and payroll loans stands out, with increases of 16% and 8.8% respectively; Credit cards showed an annual increase of 8.6%. We launched Express Digital Experience in Colombia, which changes the buying experience of our wholesale partners' customers, allowing them, through the immediate approval of a credit card, to purchase quickly and easily. The approval and granting of the credit is done in less than 15 minutes, in a 100% digital process (without physical documents). In this way we generate an efficiency of 30% in the cost of selling the placement of credit cards. This has allowed us to reach more than 65 thousand customers, 73% of which are new to the Bank.

WHOLESALE BANKING

The consolidated portfolio of companies increased by 3.3%, achieving a balance of \$ 39.5 trillion. The Colombian portfolio showed a growth of 5.6%, going from \$ 29.2 trillion in 2016 to \$ 30.9 trillion in 2017, and keeping its 12% share of the market. The volume of accumulated disbursements decreased by 1.9%, this is, it went from \$ 22.1 trillion in 2016 to \$ 21.7 in 2017. The financing of private equity funds for the acquisition of companies and real estate assets underscores.

In Colombia, the construction credits showed a 16% growth in their balance, going from \$ 3.6 trillion in 2016 to \$ 4.2 trillion in 2017. At the end of 2017 we recorded a 5% growth in disbursements of those credits, equivalent to \$ 170 billion, for an annual accumulated of \$ 3.4 trillion.

\$39.5 TRILLION CONSOLIDATED BALANCE IN BUSINESS PORTFOLIO.

WEALTH MANAGEMENT

More clients chose us in 2017, both the Bank and our subsidiaries, because of good management of their investments, and they relied on our products to manage their resources. We obtained a superior growth than the one of the sector in the balances managed in mutual funds, gaining market share: we closed with 9.9% compared to 8.9% which we started the year with, and we grew 45.8% in balances, going from \$ 4.64 trillion in 2016 to \$ 6.77 trillion in 2017.

Regarding voluntary pension funds, with Dafuturo we also increased the market share from 6.5% to 7.2%, and closed with assets under management in this fund of \$ 1.4 trillion. This is the outcome of teamwork carried out from the commercial front, investments, operations, technology, product and strategies, which has allowed us to deliver new functionalities in business and SMF channels, and in our portal www.davivienda.com, in addition to having more investment options through the closed alternatives offered by Dafuturo, a new diversified multi-portfolio with a conservative risk profile and the new real estate investment fund managed by Davivienda Corredores.

45.8%
INCREASE IN
BALANCES
MANAGED IN
COLLECTIVE
INVESTMENT
FUNDS:
\$ 6.77 TRILLION.



INTERNATIONAL BANKING

Assets totaled USD⁸ 8.0 billion, 6.7% more compared to the previous year. The portfolio represented 64% of total assets, closing at USD 5.1 billion. In terms of risk, the portfolio closed with a NPL indicator of 1.95% and a coverage of 150.0%.

The profit registered by our banks in Central America during 2017 was USD 57 million. On another hand, our insurance companies obtained a profit of USD 11.2 million, 6% above the result of 2016. The issued premiums totaled USD 70 million, with an increase of 10% and excellent claim and efficiency indexes.

OTHER RELEVANT EVENTS

DEBT ISSUES AND SECURITIZATIONS

2017 was very active in issuances of corporate debt, both in Colombia and in our subsidiaries. In March, we issued a subordinated bond for \$ 399 billion in the local market, and in April we issued the largest green bond issuance of a financial institution in Latin America for \$ 433 billion, which will be exclusively dedicated to promote and finance Colombia's efforts in renewable energy, sustainable construction, cleaner production and energy efficiency, among other areas. In June we also issued ordinary bonds for \$ 700 billion in the local market.

In the month of October we carried out a global senior bond emission in the international market for \$ 1.47 trillion (USD 500 million) to 5 years with a rate of 7.50%, this being the first issuance made abroad, in pesos, by a private Colombian entity.

Regarding debt emissions in our international subsidiaries, we issued USD 60 million in the local market in El Salvador in April. Our subsidiary in Costa Rica also made issuances in the local market for USD 75 million.

As for securitization of mortgage portfolio in Colombia, we carried out 4 portfolio sales during 2017, for \$ 671.5 billion.

SALE OF REAL ESTATE ASSETS

In December we carried out the sale and subsequent lease of a fixed assets portfolio (commercial and administrative offices) in several cities of Colombia for \$146 billion. This operation generated a non recurring income of \$36.5 billion and will allow us to strengthen the Bank's equity level by approximately 10 basis points of solvency 9, through the efficient use of assets and the capitalization of results.

\$433 BILLION. THE LARGEST EMISSION OF GREEN BONDS FROM A FINANCIAL INSTITUTION IN LATIN AMERICA.

\$ 1.47 TRILLION. EMMISION OF GLOBAL SENIOR BONDS IN THE INTERNATIONAL MARKET.



- 8. USD: United States Dollars.
- **9.** Proforma, subject to approval by the General Assembly of Shareholders of March 2018.



MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM •

SUSTAINABILITY

We have been included for the first time in the Sustainability Yearbook of RobecoSAM, which only 2 Colombian banks are part of; this achievement means that we are one of the 41 most sustainable banks in the world among 165 evaluated, with a score of 83 out of 100.

Likewise, we entered (for the fourth consecutive year) in the Dow Jones Sustainability Index, Emerging Markets category, and were included in the Dow Jones Sustainability Mila Pacific Alliance Index, that measures the performance of Colombian, Chilean, Mexican and Peruvian companies in terms of sustainability.

These results are due to consolidation and management of our sustainability strategy that includes our national and international subsidiaries; in this strategy our education and financial inclusion programs, our commitment to the environment through the strengthening of risk mitigation, the financing of sustainable businesses and the management carried out to strengthen projects focused on alleviating the impact of climate change, stand out.

FINANCIAL EDUCATION

In Colombia, we expanded the training coverage to reach new segments of the population, consolidating the presence of "Mis Finanzas en Casa" (My Finances at home), a financial education portal for Colombian families, on Facebook, Twitter, LinkedIn and Instagram social networks. Additionally, we created 2 new portals: "Mis Finanzas para invertir" (My Finances for Investing), aimed at non-expert investors and "Mis Finanzas para mi Negocio" (My Finances for My Business), for our banking correspondents throughout the country.

83/100 POINTS: DAVIVIENDA, ONE OF THE 41 MOST SUSTAINABLE BANKS WORLDWIDE.





533REGISTERED
BANKING
CORRESPONDENTS





Tools such as "Mis Finanzas en Casa" (My Finances at Home), conferences for employees of companies with payroll agreements, the application "Haga Cuentas" (Do the Math) and the accompanying strategies to our customers at different moments of truth, continue to consolidate as excellent opportunities to improve Colombians' money management and their construction of wealth.

Mis Finanzas en Casa (My Finances at Home) continued carrying simple and friendly financial education to diverse communities of DaviPlata, with excellent results.

In Cultivarte, Mis Finanzas en Casa (My Finances at Home) developed new content for children and young people in elementary and high school, which allow them to experience from a young age the importance of good money management in a playful way.

We also launched Monetarium in the portal Mis Finanzas en Casa - the section for children - in Costa Rica, El Salvador and Honduras, benefiting more than 12 thousand users.

WE LAUNCHED

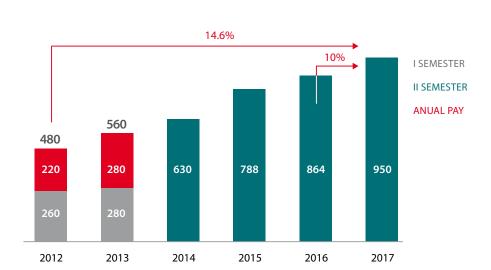
MONETARIUM

ON THE INTERNET

FOR CHILDREN

FROM COSTA RICA,
EL SALVADOR AND

HONDURAS.



DISTRIBUTION OF DIVIDENDS

Dividends corresponding to 2016 profit were paid on March and September 2017. The value paid was \$ 950 per share, for a total of \$ 429 billion distributed among more than 20 thousand shareholders. This payment represented 27.9% of the profit generated during the year.

Our achievements are the result of more than 45 years of dedication, motivated and qualified employees, well-defined strategies and, in particular, an ethical and transparent culture.

I want to thank the efforts of all of the employees of Banco Davivienda and its subsidiaries, and encourage them to continue working with dedication and enthusiasm to enrich the experience of our customers in a simple, friendly and reliable way. And to you, our shareholders thank you very much for the trust you place in our management.

HISTORICAL DIVIDEND PER SHARE

With support of our shareholders, clients, Board of Directors and a great team, we are prepared to achieve the goals we have set.

Eliain Ehua

Efraín E. Forero Fonseca Chairman of Banco Davivienda S.A.



CONSOLIDATED FIGURES

(In trillion pesos, except percentages)

	2016	2017	VARIATION
ASSETS	93.5	100.8	7.7%
NET LOAN PORTFOLIO	71.3	75.9	6.5%
DEPOSITS	59.6	63.3	6.1%
EQUITY	10.0	10.9	8.4%
PROFIT	1.7	1.3	(25.6%)
SOLVENCY	11.02%	12.34%	11.9%
TIER I	6.47%	7.54%	16.5%
	7/4	-	

	BANCO DAVIVIENDA	SUBSIDIARIES	TOTAL
CUSTOMERS ¹⁰	8,921,993	955,133	9,877,126
BRANCHES	592	155	747
MUNICIPALITIES ¹⁰	737	50	787
ATMs	1,953	495	2,448
EMPLOYEES	13,209	4,188	17,397
DEBIT CARDS	4,040,563	445,640	4,486,203
CREDIT CARDS	1,436,494	149,864	1,586,358





INDIVIDUAL FIGURES

SUMMARI

(In trillion pesos, except percentages)

	2016	2017	VARIATION
ASSETS	72.7	78.5	8.0%
NET LOAN PORTFOLIO	54.3	58.4	7.5%
DEPOSITS	45.6	48.6	6.7%
EQUITY	8.9	9.5	7.7%
PROFIT	1.5	1.1	(28.0%)
SOLVENCY	13.90%	15.60%	12.3%
TIER I	7.67%	9.04%	17.8%

	2016	2017
CUSTOMERS ¹⁰	7,714,552	8,921,993
BRANCHES	593	585
MUNICIPALITIES ¹⁰	866	737
ATMs	1,761	1,953
EMPLOYEES	12,629	12,630
DEBIT CARDS	3,644,669	4,040,563
CREDIT CARDS	1,411,073	1,436,494

INTERNATIONAL RATINGS

BBB-

Debt rating by Standard & Poors Stable outlook (investment grade)

BBB

Debt rating by Fitch Ratings Stable outlook (investment grade)

Baa2

Debt rating by Moody's Stable outlook (investment grade)

NATIONAL RATINGS

AAA

Long-term debt rating by BRC Standard & Poor's

AAA

Rating of long-term debt by Fitch Ratings. Stable outlook





COLOMBIAN MICRO ENVIRONMENT

GENERAL CONTEXT

2017 was marked by a recovery in global economic activity, which included acceleration in the growth of both developed and emerging countries, and those of Latin America. According to estimates of the World Bank, global growth went from 2.4% in 2016 to 3.0% in 2017, and Latin America went from falling 1.5% in 2016 to growing 0.9% in 2017.

The improvement in Latin America was not general, since the growth was concentrated in 5 countries: Brazil, Ecuador, Panama, Guatemala and Honduras. The rest of the countries showed a slowdown, including Colombia, which after growing by 2% in 2016 reduced its growth to 1.8% in 2017; however, Colombia's growth was higher than that of the region.

The events that explain the lower growth of Colombia in 2017 are, mainly, the lagged effect of the fall in oil prices and the effects of the monetary policy applied in 2016. Regarding the first factor, due to the fall in the oil rent, the Government has cut its spending levels, mainly investment, which has decreased aggregate demand. In addition, the VAT increase, necessary to rebuild public finances, not only reduced household disposable income, but also affected significantly the levels of confidence and willingness to spend. The fall in oil prices also affected the demand of Venezuela, which made our sales to that country reach its lowest levels in several decades.

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

In terms of domestic inflation, the year was marked by a sharp correction in food prices and a moderation in the growth of tradable goods that resulted from greater stability in the price of the dollar. These moderations, particularly observed in food prices, allowed to go from an inflation rate of 5.75%, at the end of 2016, to 4.09% in 2017.

As a consequence of the improved growth prospects of the United States, and despite the breach of the inflation target, the monetary authorities in that country increased its interest rate three times in 2017 (March, June and December). In the month of December the approval of an aggressive tax reform, which reduces the income tax for US companies from 35 to 21%, improved the growth forecast of this country for the months to come.

1.8% ECONOMIC INCREASE OF COLOMBIA IN 2017.



GROSS DOMESTIC PRODUCT

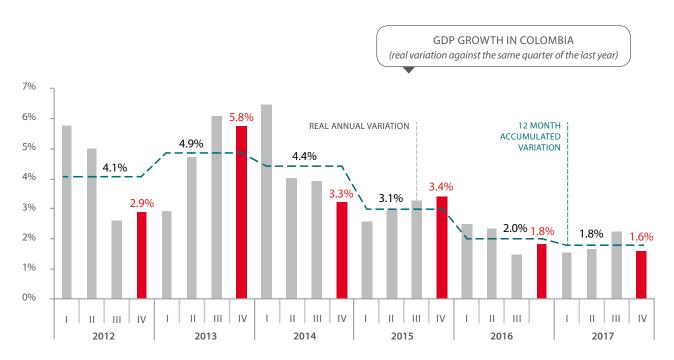
DANE's (National Administrative Department of Statistics) available information of Colombia's growth indicates that in the third quarter of 2017 the GDP grew 2.0% compared to the same quarter of the previous year. With this result, the Colombian economy reached during the January-September period, a real annual growth of 1.5%, lower than the 2.1% recorded in the same period of 2016.

Colombia's lagged growth was in line with what happened in Latin America. For example, Bolivia, Chile, Paraguay and Peru recorded a poorer economic performance in 2017 than in 2016.

Sectors with the greatest dynamism during the first 3 quarters of 2017 was the agricultural sector, with a growth of 6.3%, followed by financial services, real estate and insurance, with a variation of 3.9%. The sectors with the worst performance in the same period were mining (-5.6%), manufacturing (-1.2%), construction (-0.9%) and transport and communications (0,0%).

From the components of aggregate demand, the final internal demand had an annual growth of 1.7% for the January-September period of 2017. This variation is higher than the one registered in the same period of 2016, when the annual growth reached 0.2%. Within domestic demand, household consumption grew 1.6% annually on real terms, government spending 3.5% and investment 0.5%. In the same period of 2016, the variations of these components were 2.0%, 2.4% and -5.0%, respectively.

IN 2017
HOUSEHOLDS
CONSUMPTION
GREW 1.6%,
GOVERNMENT
SPENDING 3.5%
AND INVESTMENT
0.5%.



Source: Dane



Variables directly related to the external sector during the January-September period of 2017 showed variations in opposite directions: while exports were marginally contracted, imports grew, albeit at a low rate. Exports were reduced in the mentioned period at an annual rate of 0.5% real, while imports increased by 1.8% annual real. In the same period of 2016, exports contracted at a rate of 0.4%, while imports fell 6.8%; this reveals that, while foreign sales have maintained stable dynamics when comparing the 2 years, imports have recovered significantly.

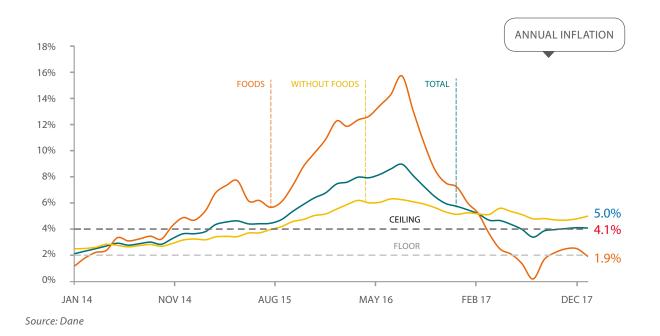
INFLATION

In 2017, annual inflation closed at 4.09%, lower than the 5.75% registered in 2016. This figure, which is very close to the target range of the Colombian Central Bank, reflects the continuing adjustment of inflation to the strong increases observed in 2015 and 2016.

The decrease recorded in total inflation during 2017 occurred between January and July, closing this period at 3.4%. As of August, inflation increased to 4.09%, fluctuating around 4% between August and December. The behavior of food prices was a determining factor in the decline of total inflation, given that the good food supply promoted and kept inflation at low levels. Likewise, inflation without food was also lower than in 2016, although it was above 4% during the whole year; this result was a result of the downward trend in tradable goods.

Regarding the increase in the minimum wage for 2018, the parties agreed that it would be 5.9%, higher by 1.81 percentage points to inflation in 2017 (4.09%). The current minimum wage for 2018 was set at \$ 781,242 per month.

4.09%
INFLATION
RATE IN
COLOMBIA,
IN 2017.





4.75% INTERVENTION RATE OF BANCO DE LA REPUBLICA AS OF DECEMBER 2017.

MONETARY POLICY AND INTEREST RATES

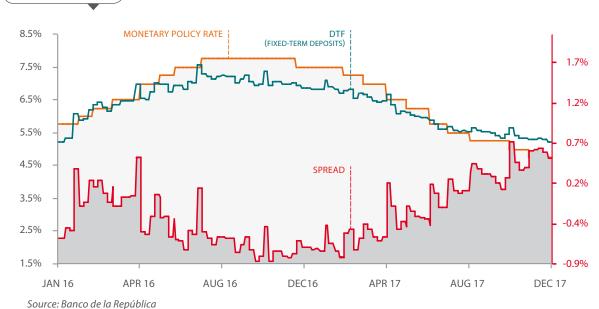
As a consequence of the decrease in inflation and in order to avoid an economic slow-down greater than that consistent with the adjustment of spending to a lower level of income, the Colombian Central Bank decreased its intervention rate 9 times during the year, which allowed to bring the monetary policy rate from 7.5% at the beginning of the year to 4.75% in the month of December.

Naturally, the behavior of the Fixed-Term Deposits rate was strongly linked to that of the monetary policy rate. The first rate went from 6.86% at the beginning of 2017, to 5.21% in the last week of the year.

FISCAL POLICY

According to preliminary figures, in 2017 the National Government registered a deficit of 3.1% GDP, achieving a reduction of 0.9% compared to the results of 2016 and complying with the goals established by the fiscal rule. This result was achieved thanks to the combination of several factors, including tax revenues, non recurring income received by the Government and the \$ 4 trillion budget cut decreed on December 2015.







In 2017, tax revenues totaled \$ 126.6 trillion and showed an 8% growth compared to the previous year. This behavior was driven by the 20.5% increase in VAT collection, associated with the 3% increase in its general rate and the normalization process of assets abroad. The latter helped to compensate for lower resources received for tax on wealth and other taxes, such as the tax on financial movements (4x1,000). Despite this, the \$ 130.4 trillion goal was not met.

Additionally, the Government received a non recurring income of \$ 4.2 trillion derived from the arbitration against two cellular telephone companies. \$ 1.1 trillion of these resources were integrated into 2017 and with the remaining \$ 3.1 trillion, a reserve destined to cover the needs of the following years was constituted.

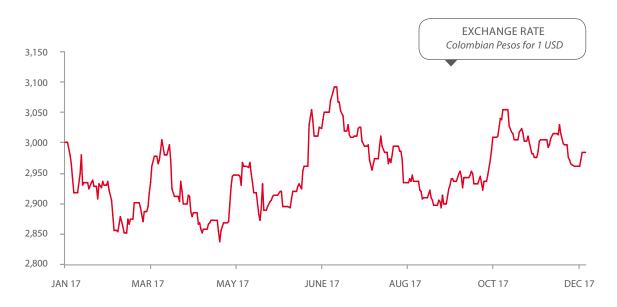
In December of 2017, the rating agency Standard and Poor's announced the cut of Colombia's sovereign risk rating, from BBB to BBB-, assigning a stable outlook. This decision was due to the weakening of economic activity, the increase in the government's external debt levels and still very high exposure to oil revenues.

EXCHANGE RATE

During 2017, the average value of the exchange rate COP/USD (\$ 2,950.6), as well as the value at the end of the year (\$ 2,984.0), were below the levels reached in 2016 (\$ 3,052.1 and \$ 3,000.7 respectively).

The causes of the modest appreciation of the Colombian peso were associated with 3 main factors: on one hand, as a result of the world's greatest growth, the demand for oil increased, therefore the average value of this raw material reached levels higher than in 2016. Moreover, the better expectations of growth and behavior of commodities led to a

\$ 2,984.0 EXCHANGE RATE AGAINST THE DOLLAR AS OF DECEMBER 31, 2017.



Source: Financial Superintendence of Colombia



fall in the levels of risk in emerging countries and a return of portfolio investments to these countries. In fact, 2017 was a record year in terms of capital inflows to these countries.

Finally, the dollar worldwide suffered a modest appreciation during the year. Although in the first months the expectation of the government of President Trump appreciated its currency considerably, pressing up the currencies of the emerging countries, as months passed the difficulties of the new government depreciated its currency again. Not even the approval of the tax reform, at the end of 2017, changed the trends observed throughout the year.

INTERNATIONAL TRADE

In 2017, foreign trade activities changed the decreasing trend observed since 2015, and showed a positive behavior.

At the end of November 2017 and so far this year, exports amounted USD 33,821 million FOB, showing a growth of 19.6% compared to the same period of 2016. This result was driven mainly by the increase of 30.1% in fuel sales, with the coal and oil items being those with the highest contribution. They were followed by exports of food and beverages, with an increase of 12.9%, among which, coffee and animal products stood out.

Furthermore, imports totaled USD 42,440 million CIF, registering an increase of 3.9%. Although this figure shows a significant recovery from the 18.1% drop recorded the previous year, the slowdown in economic activity in the country contributed to moderate dynamics in imports. The external purchases of manufactures recorded an increase of 5%, promoting total imports; Products such as telecommunications equipment, iron and steel, and chemical products, stand out.

Thanks to this, in the period between January and November 2017, the Colombian economy registered a trade deficit of USD 6,692 million FOB, showing a decrease of 37.5% compared to the same period of 2016.

FINANCIAL SECTOR

During the year 2017 the return on Assets - ROA¹³ and equity - ROE¹⁴ of the financial system (without Special Official Institutions and without cooperatives) decreased when compared to the levels observed in previous years, recording 1.2% for November 2017 and 9.1%, respectively.

Since mid-2016, the growth rate of the portfolio and the collections¹⁵ continued to show very similar results; at the end of 2017, the portfolio grew by 6.2% per year, while deposits recorded a variation of 6.6% per year.

USD 33,821 FOB MILLIONS TOTAL COLOMBIAN EXPORTS IN 2017.

USD 42,440
MILLIONS TOTAL
COLOMBIAN
IMPORTS IN 2017.

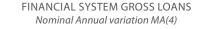
- 13. Annual profits / Average of 12 months assets.
- 14. Annual profits / Average of 12 months equity.
- **15.** The loan portfolio and M3 information results from the 4-week moving average of the figures of the Colombian Central Bank.

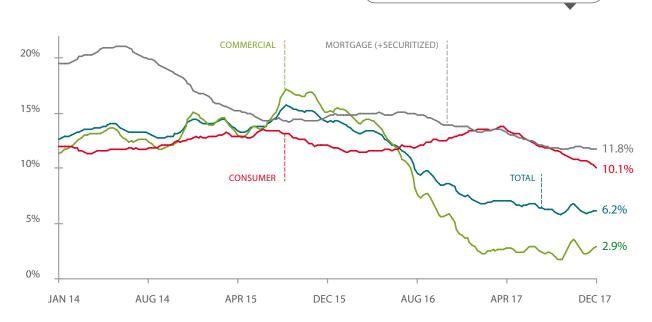


After observing a sharp slowdown in 2016, the commercial portfolio (the one with largest share of the total) showed a more stable trend in 2017, with nominal variations in the range of 1.7% and 3.7%, with a slight increase of 2.9% per year at the end of December, one percentage point below the levels reached in the same month of 2016. Mortgage portfolio showed a downward trend until August 2017, and remained around a 12% rate per year. The consumer portfolio showed a good performance in the first quarter of the year, when it grew by 13.8%; however, from May on, its growth rate slowed down, falling to 10.1% per year at the end of 2017.

The growth of deposits continued to show a slowdown, going from growing 7.7% in December 2016 to 6.6% in the same month of 2017. This behavior was influenced, mainly, by the poor performance observed in savings accounts and checking accounts during the course of the year, which were in negative territory half of the period. By the end of December, such deposits registered nominal annual variations of 6.7% and 5.4%, in that order. Meanwhile, the term deposits that in 2016 had had a strong acceleration fell significantly, going from recording close to 25% increases per year at the beginning of 2017 to a variation of 6.8% at the end of the year.

AT YEAR-END
2017, THE
PORTFOLIO
GREW
6.2%
ANNUALLY.





Source: Banco de la República



CENTRAL AMERICAN MACRO ENVIRONMENT

ECONOMIC ACTIVITY

THE SECTORS THAT
REGISTERED THE
BIGGEST BOOST
IN GROWTH
IN CENTRAL
AMERICA WERE
MANUFACTURER,
AGRICULTURAL
AND SERVICES
ACTIVITIES.

In the third quarter of 2017, accumulated economic growth increased in Honduras and Panama compared to the same period in 2016. In contrast, Costa Rica recorded a slow-down and El Salvador saw similar growth between 2016 and 2017.

Sectors that recorded the greatest growth momentum in the region in the first three quarters of 2017 were manufacturing, agriculture and services activities, such as financial and professional activities.

In Panama, construction and transport sectors stand out, due to investments in infrastructure projects, both public and private, and the dynamism of Canal operations, given its expansion needs.

In Honduras, the agricultural sector recorded the greatest contribution to growth due to the dynamism of fishing, cultivation of coffee, African palm and poultry farming.

In Costa Rica, economic activity was affected by the rapid increase in the monetary policy rate, which, as will be seen below, increased by 3 percentage points. Financial and insurance activities recorded the greatest slowdown.

ANNUAL GDP GROWTH

(In percentage)

Country	2016	2017-l	2017-II	2017-III	2017 (I al III Trim)	Projection 2017*
Panama	5.0	6.1	5.3	5.4	5.6	5.7
Costa Rica	4.3	3.9	3.6	3.1	3.5	3.9
El Salvador	2.4	2.2	2.3	2.4	2.3	2.3
Honduras	3.8	5.9	4.5	6.5	5.6	3.8

* World Economic Outlook, FMI, Davivienda.



INFLATION

In 2017, inflation in the region accelerated, given the increase in oil and fuel international prices. The exception was Panama, where the price increase closed the year with lower inflation than the previous year.



COSTA RICA

Annual inflation closed 2017 at 2.57%, above the 0.77% in 2016 and within the target range established by its Central Bank (2.0% - 4.0%). The item that most pushed upwards was transport, due to the increase in the price of fuel.



HONDURAS

Annual inflation in 2017 was 4.73%, above the 3.31% recorded in 2016, but within the range established by the Central Bank of Honduras (3.5% - 5.5%). This increase was influenced by the closure of roads that led to shortages in December and increased the cost of many agricultural products. In turn, the freezing of fuel prices was a factor that mitigated the increase of prices in November and December; this cushioned the increase in the price of land and air transport.



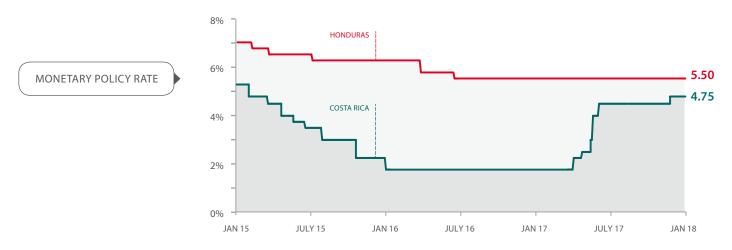
EL SALVADOR

Inflation closed the year at 2.04%, above the -0.93% registered in 2016. The effect of the increase in fuel prices put upward pressure on accommodation, water, electricity, gas and other fuels, as well as transport, due to the increase in the prices of transport services.



PANAMA

Inflation closed the year at 0.48%, below the increase at the end of 2016 (1.46%). The decrease was due to reductions in the prices of foods (such as fruits, vegetables and meat), of telephone equipment, clothing and footwear, and the internal public transport fare, which counteracted the upward effect of fuels.



Source: Central Banks



MONETARY, FINANCIAL AND FISCAL POLICIES

COSTA RICA

2017 was characterized by successive increases in the monetary policy rate (MPR), from 1.75% in January to 4.75% in December. The most rapid increases occurred in the month of May and were part of a series of measures carried out by the Central Bank of Costa Rica (BCCR) to control a speculative attack against the colon.

The exchange rate against the dollar registered a devaluation of 2.52% at the end of 2017; however, it reached 7% in the month of May. This led the BCCR to increase the MPR and increase the intervention exchange rate.

The fiscal deficit of Costa Rica in 2017 was 6.2% as a share of the GDP¹⁶, above the 5.2% registered in 2016. The increase was due to an accelerated increase in current expenses compared to current income.

Current revenues grew 3.8% in 2017, decelerating against the increase of 9.1% in 2016. This behavior was due to a lower increase in tax revenues, mainly from the collection of sales tax and profits. On another hand, the growth of current expenses was 8.7%, compared to 5.8% in 2016. This was caused by the increase in interest payments on debt and transfers to the public and private sectors.

Debt as a share of GDP rose to 48.5%¹⁷, above the one recorded at the end of 2016 (45.1%).



Source: Central Banks

- **16.** The nominal GDP used to find this ratio is the GDP estimated by the Ministry of Finance of Costa Rica for 2017.
- **17.** The nominal GDP used to find this ratio is the GDP estimated by the Ministry of Finance of Costa Rica for 2017.



HONDURAS

The MPR remained at 5.50% during the year 2017 and the lempira registered a devaluation of 1.06%.

Besides that, the accumulated fiscal deficit between January and October of 2017 was -1%¹⁸, below the one registered in the same period of 2016 (-1.2%).

In the accumulated period of January-October, current income presented an annual increase of 11.3%, lower than the one presented in the same period of 2016 (14.0%), but above the growth of current expenses (8.3%). The increase in current expenses for the same period of 2016 was 12.8%.

Public debt as a percentage of the GDP at the end of 2017 was 47.8%¹⁹, moderately above the level at the end of 2016, when it reached 46.7%.

EL SALVADOR

The fiscal deficit as a proportion of GDP for the period of January-November 2017 was 1.3%²⁰, lower than the 1.4% showed in the same period of the previous year. Current income recorded an increase of 5.7% for the same period, decelerating from 7.7% in January-November 2016.

Current expenses increased by 6.5% for the period of January to November 2017, while in the same period of 2016 contracted 0.8%. The debt, as a percentage of the GDP, at the end of 2017, was $61.9\%^{21}$, above the 60.9% observed the previous year.

In the second semester of 2017, the Legislative Assembly reached an agreement that allowed to reform the pension system, approve an external debt issuance and finance the 2018 budget, which met the Fiscal Responsibility Law approved in 2016.

With these advances in fiscal matters, the risk perception of the country showed a decrease. The EMBI of El Salvador fell by 157 basis points in 2017, which is the biggest improvement in the region.

PANAMA

In the January-September 2017 period, tax revenues registered an increase of 2%, below the growth of current expenses of 8.5%. The fiscal deficit to September was 3.9%, above the 3.7% recorded on the same date of 2016. The debt as a percentage of GDP amounted 40.0% in December 2017, compared to 39.1% of the close of 2016.



- **18.** The nominal GDP used to find this ratio is the GDP estimated by the Secretary of Finance of Honduras for 2017.
- **19.** The nominal GDP used to find this ratio is the GDP estimated by the Secretary of Finance of Honduras for 2017.
- **20.** The nominal GDP used to find this ratio is the GDP estimated by the Central Bank of El Salvador for 2017.
- **21.** The nominal GDP used to find this ratio is the GDP estimated by the Central Bank of El Salvador for 2017.



FISCAL SECTOR

(Data accumulated to December; annual variations)

Country	Current	income	ne Current expenses		Deficit (% PIB)		Debt (% PIB)	
Country	2016	2017	2016	2017	2016	2017	2016	2017
Costa Rica	9.1	3.8	5.8	8.7	-5.2	-6.2	45.1*	48.5*
El Salvador (data as of Nov.17)	7.7	5.7	-0.8	6.5	-1.4	-1.3	60.9*	61.9*
Honduras (data as of Oct.17)	14.0	11.3	12.8	8.3	-1.2	-1.0	46.7*	47.8*
Panama (data as of Sep.17)	8.9	2.0	5.2	8.5	-3.7	-3.9	39.1*	40.0*

^{*} Data at the end of the year.

RATINGS OF SOVEREIGN DEBT

Quality	Moody`s	S&P	Fitch
Medium Investment Grade	A1 A2 A3	A+ A A-	A+ A A-
Low Investment Grade	Baa1 Baa2 Panama (pos) Baa2 Colombia (sta) Baa3	BBB+ BBB Panama (sta) BBB Colombia (sta) BBB- Colombia (sta)	BBB+ BBB Panama (sta) BBB Colombia (sta) BBB-
No Investment Grade	Ba1 Costa Rica Ba2 Costa Rica (neg)	BB+ BB BB- Costa Rica (neg) BB- Honduras (sta)	BB+ Costa Rica BB Costa Rica (sta)
Highly speculative	B1 Honduras (sta) B2 Honduras (pos) B3 El Salvador (neg)	B+ Honduras (pos) B B- El Salvador (neg)	B+ El Salvador B B- El Salvador (sta)
In Risk of Default	Caa1 El Salvador (sta) Caa2 Caa3	CCC+ El Salvador (pos) ACCCC	CCC+ CCC CCC-
Close to default	Ca	CC C	СС
Default	С	D SD	D RD

Source: Bloomberg

Source: Ministries of Finance, Secretariats of Finance and Central Banks.





COSTA RICA

The risk rating granted by Standard & Poor's did not change in 2017. However, this rating agency is the one that placed the country in the lowest position in its rating scheme. Moody's and Fitch reduced the rating of Costa Rica by one level, placing it in Ba2 and BB, respectively, obeying fiscal concerns and the lack of agreement to approve a tax reform. The outlook remains in negative territory from all rating agencies.



EL SALVADOR

It is the country in the region that showed the most rating changes in 2017. Comparing 2017 and 2016, it presented rating reductions by Moody's and Standard & Poor's, going from B3 to Caa1 and from B- to CCC +, respectively. Fitch reduced its rating from B + to B-. The ratings were temporarily in default due to the delay in the payment of pension titles.

Rating reductions in the year were caused by the deterioration of the Government's financing capacity, the lack of political agreement to approve a tax reform and short-term cash difficulties. In the second semester, the agreements reached at the Legislative Assembly allowed improving the risk perception on the country's debt.



HONDURAS

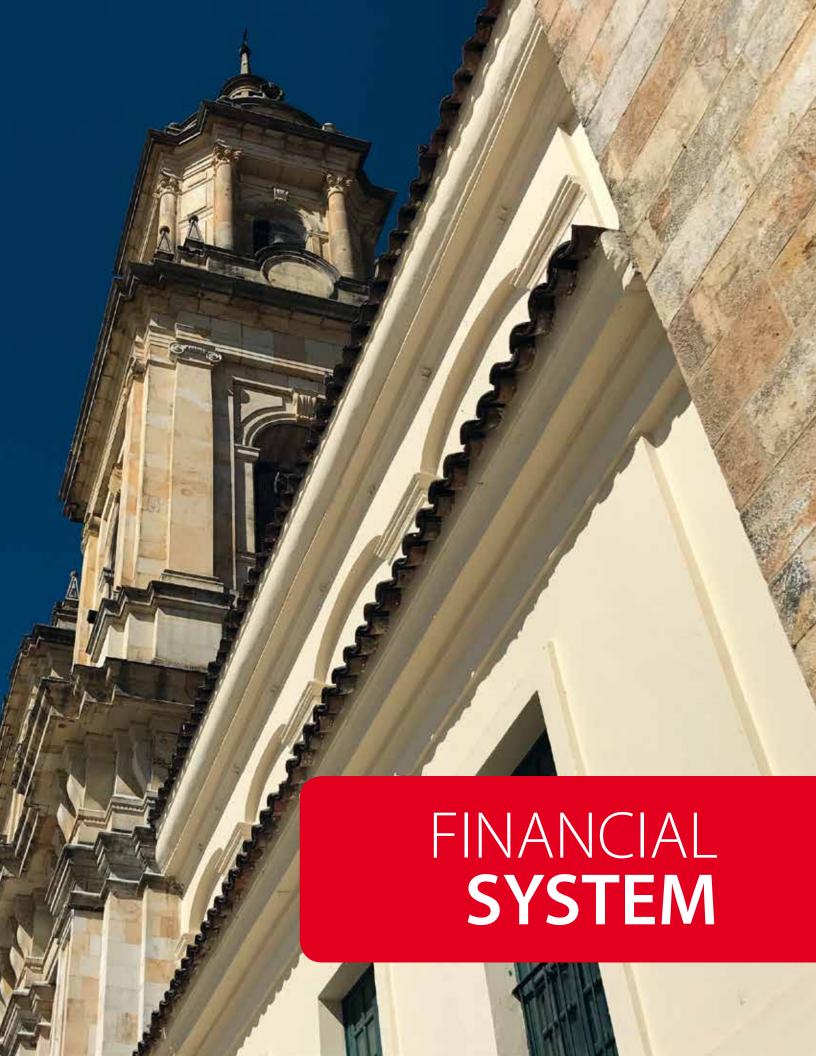
Moody's and Standard & Poor's granted improvements to the country in the risk rating, passing them from B2 to B1 and from B + to BB-, respectively. These improvements correspond to greater fiscal flexibility and a limited increase in indebtedness. The outlook for the rating by Moody's is stable, while for Standard & Poor's it is positive.

Along with the increase in the rating, the International Monetary Fund, in its periodic reviews of the stand-by agreement in 2017, pointed out the fulfillment of its requirements in terms of goals of fiscal deficit and indebtedness.



PANAMA

At the end of 2017, its risk rating by Moody's, Standard & Poor's and Fitch remained stable at BBB, with a positive outlook for Moody's and stable for the other two rating agencies.





COLOMBIAN FINANCIAL SYSTEM

During 2017, the system's portfolio showed a slowdown in its growth, and NPL levels showed deterioration in all credit modalities. Profitability indicators have decreased, while levels of liquidity and portfolio coverage remain strong. The challenge to continue adapting solvency to the future requirements of Basel III persists.

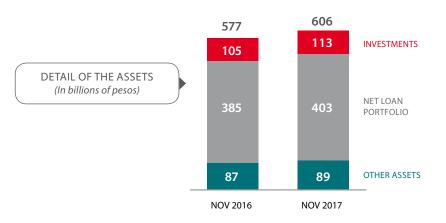


ASSETS

The annual growth of the asset, 5.0%, was driven by the annual increase of 4.8% of the net portfolio that continued to represent 67% of the total assets. The investment portfolio remained at similar levels and increased its participation from 18% in 2016 to 19% in November 2017.

	Nov. 2016	Nov. 2017	Annual variation	Sha	are
			2016 - 2017	2016	2017
Total Assets	577	606	5.0%	100%	100%
Investments	105	113	7.8%	18%	19%
Net Loan Portfolio	385	403	4.8%	67%	67%
O ther Assets	87	89	2.5%	15%	15%

Source: Financial Superintendence of Colombia



5% ANNUAL GROWTH IN ASSETS COLOMBIA, IN 2017.

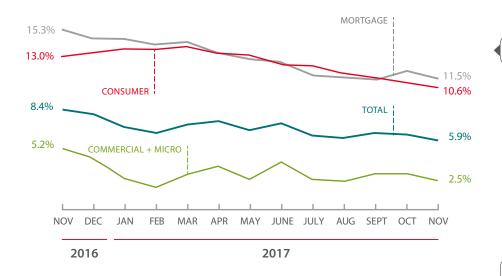


CREDIT PORTFOLIO

The portfolio of credit institutions showed a significant deceleration in their growth rate, going from 8.4% in November 2016 to 5.9% in the same month of 2017; This is due to the behavior of all credit modalities, especially the commercial loan portfolio, which went from 5.2% to 2.5% between November 2016 and November 2017. The portfolio with the highest growth was mortgage, which grew to 11.5% in the analysis period.

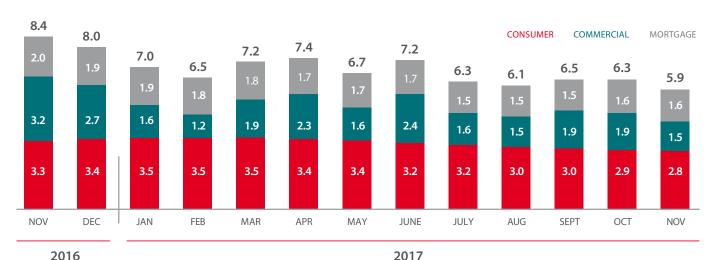
Consumer portfolio was the one with the greatest contribution to the growth of the total portfolio, contributing 2.8%. The commercial portfolio was the one with the highest share in the total portfolio (58%), although it contributed with only 1.5% of the growth.

5.9%
GROWTH
OF CREDIT
INSTITUTIONS.
(AS OF NOVEMBER 2017)



GROSS PORTFOLIO ANNUAL GROWTH

CONTRIBUTION BY MODALITY TO THE GROWTH OF THE GROSS PORTFOLIO (In percentage)



2017

Source: Financial Superintendence of Colombia



NPL

The NPL indicator for the sector stood at 6.4%, compared to 4.7% for the previous year. All types of credit showed deterioration, especially the commercial one, which increased 230 basis points due to contractions of sectors of the economy such as oil and mining, causing some debtors to show problems of timely payments of their loans. Likewise, the consumer portfolio showed a deterioration of 90 basis points, while housing deteriorated 70 basis points in the last year.



FUNDING

Despite the lower dynamism of savings accounts in the liabilities of the system, they continue to be the main source of funding for credit institutions in Colombia, with a 32% share; they are characterized by being low cost and stable over time.

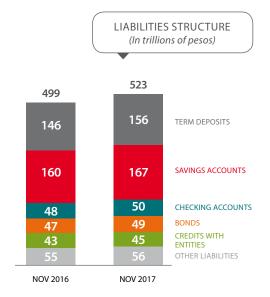
The capital market has become an important source of collection for banks, which allows them to achieve an adequate match between the duration of the asset and that of the liability. The bonds represented 9% of the total liabilities and recorded a growth of 12%. In line with the behavior of the portfolio, funding also showed a slowdown, with an annual growth of 4.9%.

Term deposits increased 7% and bonds grew 6%, higher than the growth of demand resources, which increased to 4% in the analysis period; this shows the preference of credit institutions for longer-term and stable funding sources.

THE PREFERENCE
OF THE CREDIT
ESTABLISHMENTS
IS SHOWN BY
LONG-TERM AND
STABLE FUNDING
SOURCES.



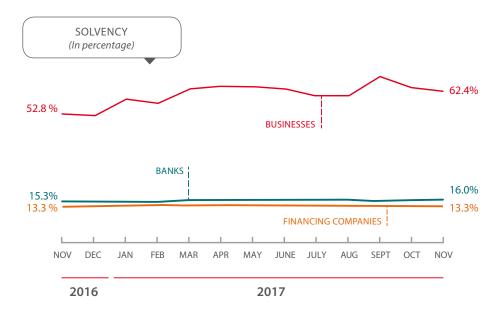
	Annual variation	Sł	nare
	2016 - 2017	2016	2017
Liabilities	5%	100%	100%
Term Deposits	7%	29%	30%
Savings accounts	4%	32%	32%
Checking accounts	4%	10%	10%
Bonds	6%	9%	9%
Credits with entities	3%	9%	9%
Other liabilities	2%	11%	11%



Source: Financial Superintendence of Colombia

EQUITY AND SOLVENCY

Due to the efforts of the entities to maintain comfortable levels of capital to respond to liquidity needs, the individual solvency ratio remained well above the 9% required by the regulation.



Source: Financial Superintendence of Colombia

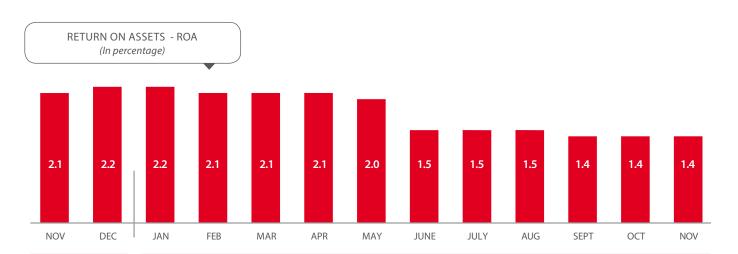


38.17% DECREASE OF NET INCOME OF CREDIT INSTITUTIONS.

PROFITABILITY

In 2017, the profitability indicators of the system showed a decrease in both the return on equity and the asset; This is explained by the 38.17% decrease in the net income of credit establishments.





2016 2017

Source: Financial Superintendence of Colombia



CENTRAL AMERICAN FINANCIAL SYSTEM



COSTA RICA

ASSETS

Assets had a growth of 5%; the loan portfolio represented 65% of total assets and was the item that had the most influence on the annual growth of the total assets; the loan portfolio grew 3%, investments 10% and other assets 7%.

_		
	DETAIL OF THE ASSETS	
	(In millions of dollars)	
		_

44,400	46,556	
6,605	7,278	INVESIMENTS
29,326	30,207	LOAN PORTFOLIO
8,468	9,071	OTHER ASSETS

DEC 2017

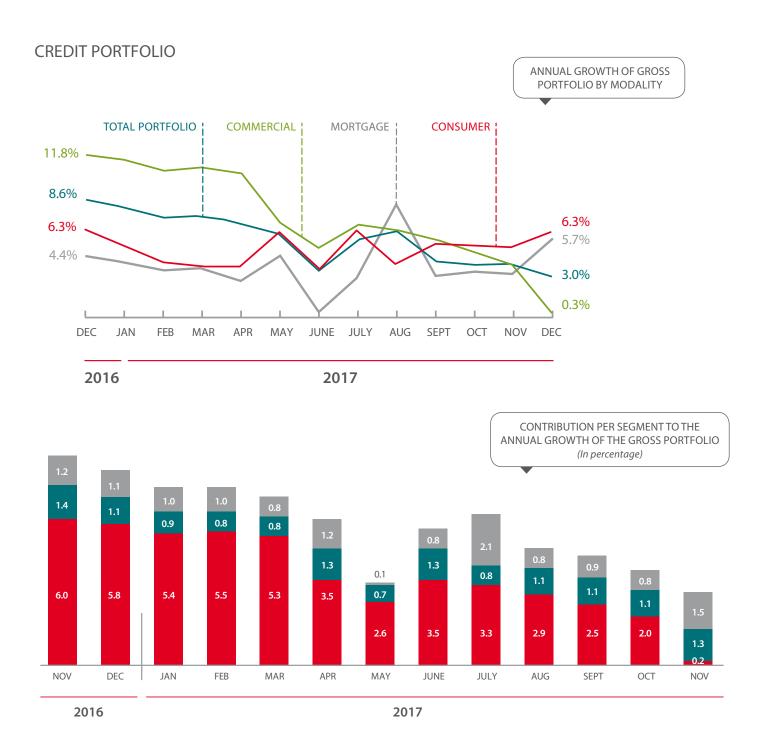
DEC 2016

Source: SUGEF

	Annual variation	Share	
	2017 - 2016	2016	2017
Total assets	5%		
Investments	10%	15%	16%
Loan Portfolio	3%	66%	65%
Other assets	7%	19%	19%



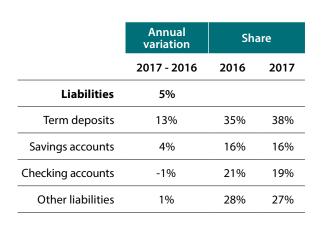




FUNDING

Liabilities grew 5%. Term deposits accounted for 38% of liabilities and grew 13%; savings accounts accounted for 16% and grew 4%; checking accounts accounted for 19% and decreased 1%; and other liabilities represented 27% and grew 1%.











2016 2017



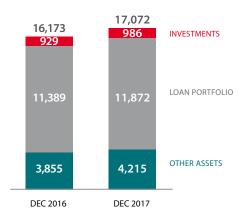


EL SALVADOR

ASSETS

The assets had a growth of 5.6%; loan portfolio represented 70% of total assets and grew 4%. This increase was accompanied by a greater volume of deposits (10.2%) and investments (6.2%).

DETAIL OF THE ASSETS
(In millions of dollars)

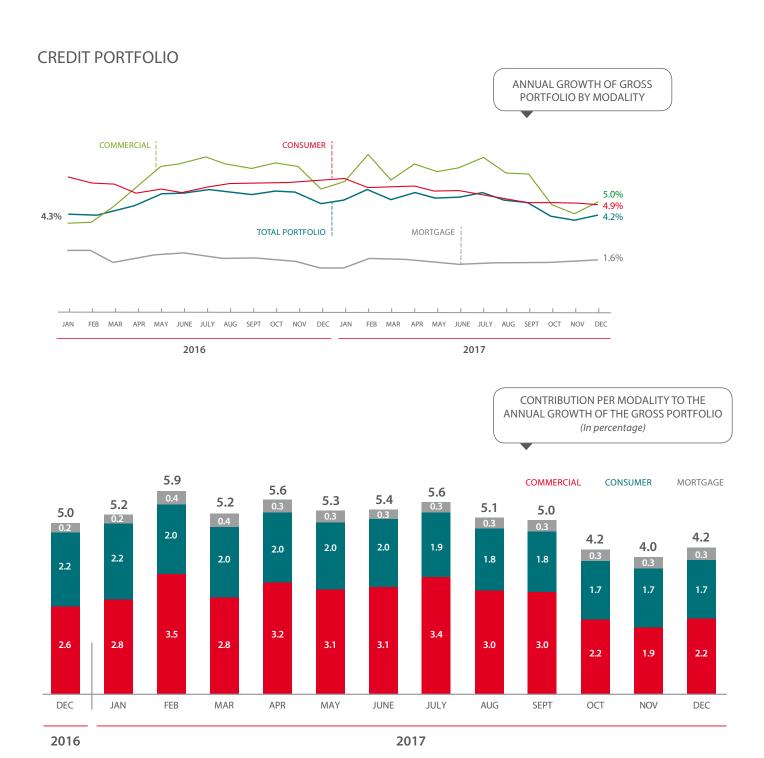


	Annual variation	Share	
	2017 - 2016	2016	2017
Total assets	6%		
Investments	6%	6%	6%
Loan Portfolio	4%	70%	70%
Other assets	9%	24%	25%

Source: SSF





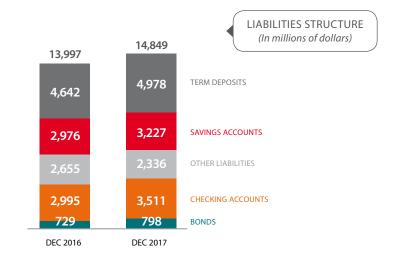


FUNDING

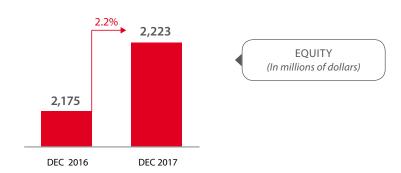
Liabilities grew 6% driven by an increase of 10.4% in deposits. Term deposits grew by 7.2%, savings accounts by 8.4% and checking accounts by 17.2%. These growths were offset by a 15% decrease in financial obligations.



	Annual variation	Share	
	2017 - 2016	2016	2017
Liabilities	6%		
Term deposits	7%	33%	34%
Savings accounts	8%	21%	22%
Checking accounts	17%	21%	24%
Bonds	9%	5%	5%
Other liabilities	-12%	19%	16%







PROFITABILITY

2016

DEC

JAN



JUNE

JULY

AUG

SEPT

OCT

NOV

DEC

MAY

2017

2016 2017

MAR





HONDURAS

ASSETS

Assets had a growth of 6%; loan portfolio represented 63% of total assets and grew 6%; investments decreased by 4% and other assets increased by 13%.

DETA (In I		
16,996 2,615	18,044 2,512	INVESTMENTS
10,763	11,446	LOAN PORTFOLIO
3,618	4,086	OTHER ASSETS
DEC 2016	DEC 2017	

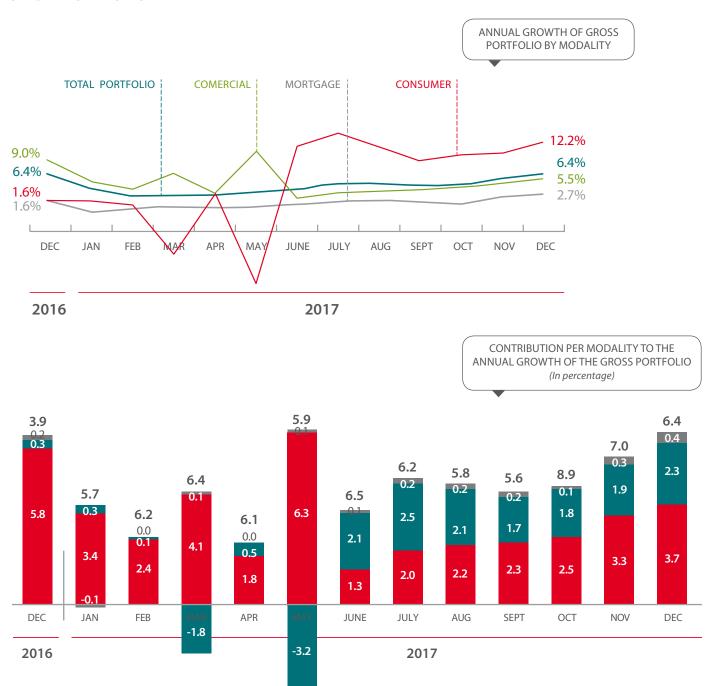
	Annual variation	Share	
	2017 - 2016	2016	2017
Total assets	6%		
Investments	-4%	15%	14%
Loan Portfolio	6%	63%	63%
Other assets	13%	21%	23%

Source: CNBS





CREDIT PORTFOLIO

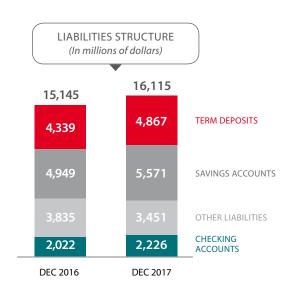


FUNDING

Liabilities grew 6% annually, term deposits represented 30% of liabilities, savings accounts 35% and grew 13%, checking accounts represented 14% and grew 10%, and other liabilities constituted the 21%, with a decrease of 10%.

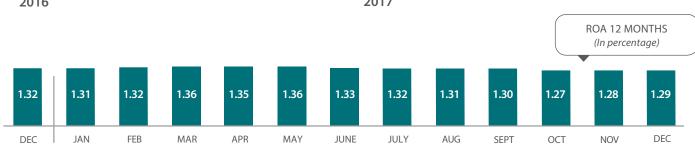


	Annual variation Share		are
	2017 - 2016	2016	2017
Liabilities	6%		
Term deposits	12%	29%	30%
Savings accounts	13%	33%	35%
Checking accounts	10%	13%	14%
Other liabilities	-10%	25%	21%



EQUITY





2016 2017





PANAMA

ASSETS

Assets presented a decrease of 1%; loan portfolio represented 63% of total assets and was the item that had the greatest influence on the annual growth of total assets. The portfolio increased 0.2% and investments grew 8%, while the other assets decreased 10%.

DETAIL OF THE ASSETS (In millions of dollars)

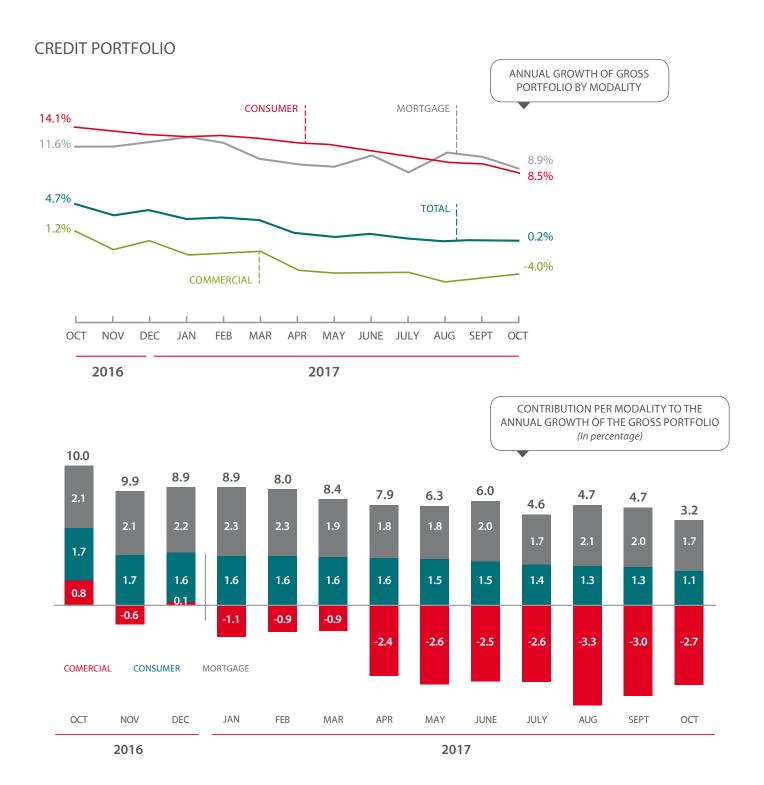
119,147	118,428	
20,174	21,817	INVESTMENTS
74,299	74,315	LOAN PORTFOLIO
24,674	22,296	OTHER ASSETS
OCT 2016	OCT 2017	

	Annual variation	Share	
	2017 - 2016	2016	2017
Total assets	-1%		
Investments	8%	17%	18%
Loan Portfolio	0%	62%	63%
Other assets	-10%	21%	19%

Source: SBN





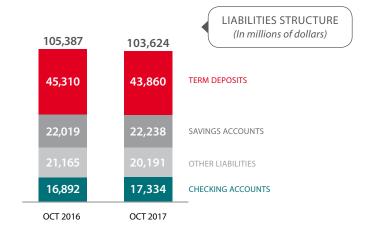


FUNDING

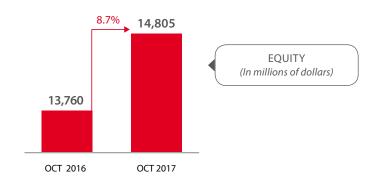
Liabilities decreased 2%. term deposits accounted for 42% of liabilities and decreased 3%; savings accounts accounted for 21% and grew 1%; and checking accounts represented 17% and grew 3%.

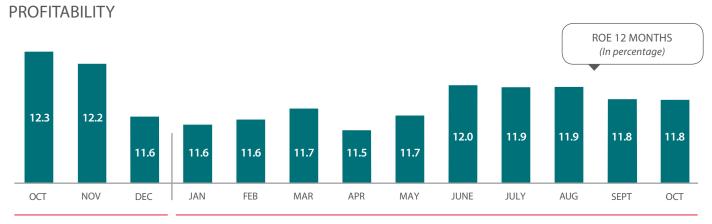


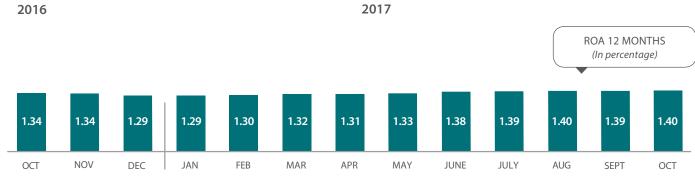
	Annual variation	Share	
	2017 - 2016	2016	2017
Liabilities	-2%		
Term deposits	-3%	43%	42%
Savings accounts	1%	21%	21%
Checking accounts	3%	16%	17%
Other liabilities	-5%	20%	19%



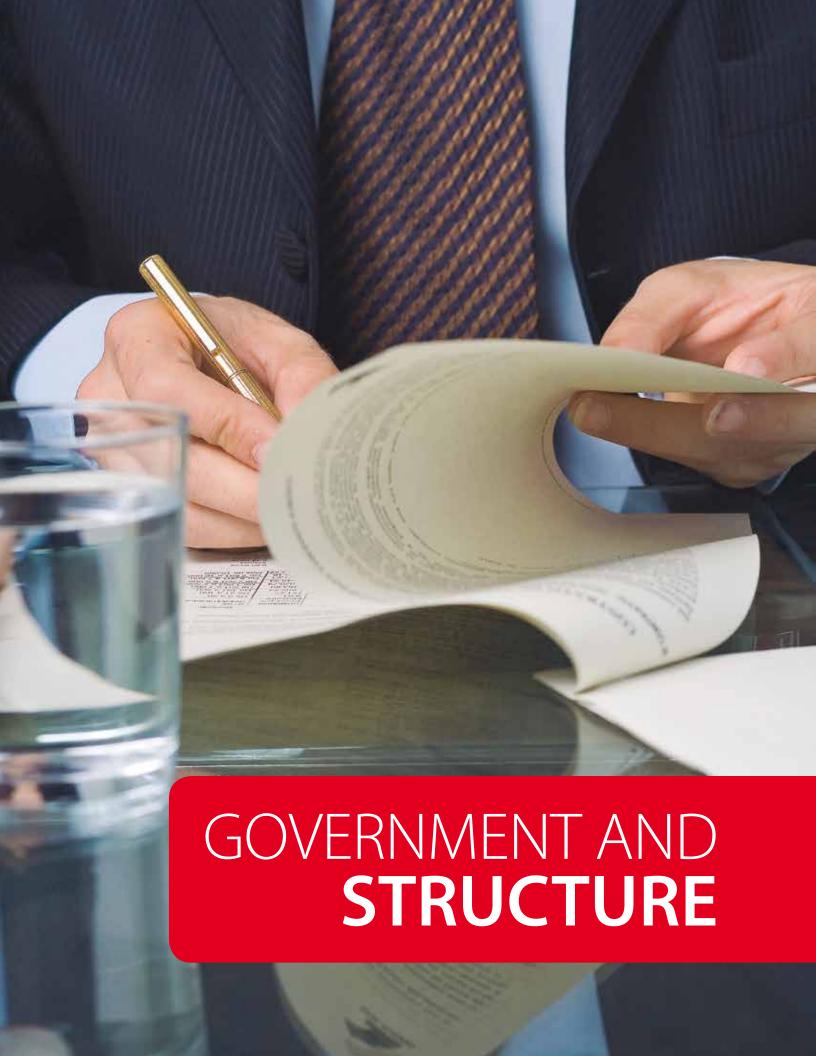
EQUITY





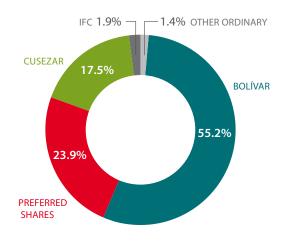


2016 2017





OWNERSHIP STRUCTURE



	2017
Ordinary shares	343,676,929
Preferred shares	107,993,484
Total shares	451,670,413

BOARD OF DIRECTORS

The Assembly elected the following Board of Directors for the period 2017-2019:

Line	Main members	Substitute members		
First	CARLOS GUILLERMO ARANGO URIBE Chairman of the Board of Directors	ROBERTO HOLGUÍN FETYY		
Second	JAVIER JOSÉ SUAREZ ESPARRAGOZA	OLGA LUCÍA MARTÍNEZ LEMA		
Third	ÁLVARO PELÁEZ ARANGO Independent member	FEDERICO SALAZAR MEJÍA		
Fourth	ANDRÉS FLOREZ VILLEGAS Independent member	VÍCTOR ENRIQUE FLÓREZ CAMACHO		
Fifth	KARL VOLTAIRE Independent member	HÉCTOR GÓMEZ		
Fiscal Auditor	KPMG S.A.S.			
Financial Consumer Ombudsman: Main: CARLOS MARIO SERNA JARAMILLO				



ORGANIZATIONAL STRUCTURE OF THE BANK

	Colombia	Costa Rica	El Salvador	Panama	Honduras	Mlami
Banks	DAVIVIENDA	DAVIVIENDA Costa Rica (1) 100%	DAVIVIENDA El Salvador (4) 98,2%	DAVIVIENDA General 100% DAVIVIENDA Internacional 100%	DAVIVIENDA Honduras 94,2%	DAVIVIENDA 100%
Insurance		DAVINENDA Seguros S.A. 51% DAVINENDA 100%	DAVIVIENDA El Salvador (4) 100%		DAVIVENDA Honduras 88,6%	
Trusts	Fiduciaria PA/VICNDA 94,7%					
Commissioners	Corredores 95,7%	DAVIVIENDA 100%	DAVIVIENDA 100%	Corredores III		
Leasing		DAVIVIENDA 100%				





RECENT CHANGES IN THE STRUCTURE OF THE ORGANIZATION

On June 13, 2017, Banco Davivienda El Salvador sold the Warehouse El Salvador S.A.

GENERAL MEETING OF SHAREHOLDERS

During 2017, the General Assembly of Shareholders met at the following times:

Date	Type of meeting	Act No.	No. of shares
represented	Ordinary	124	342,397,045 Quorum of the 99,628%

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

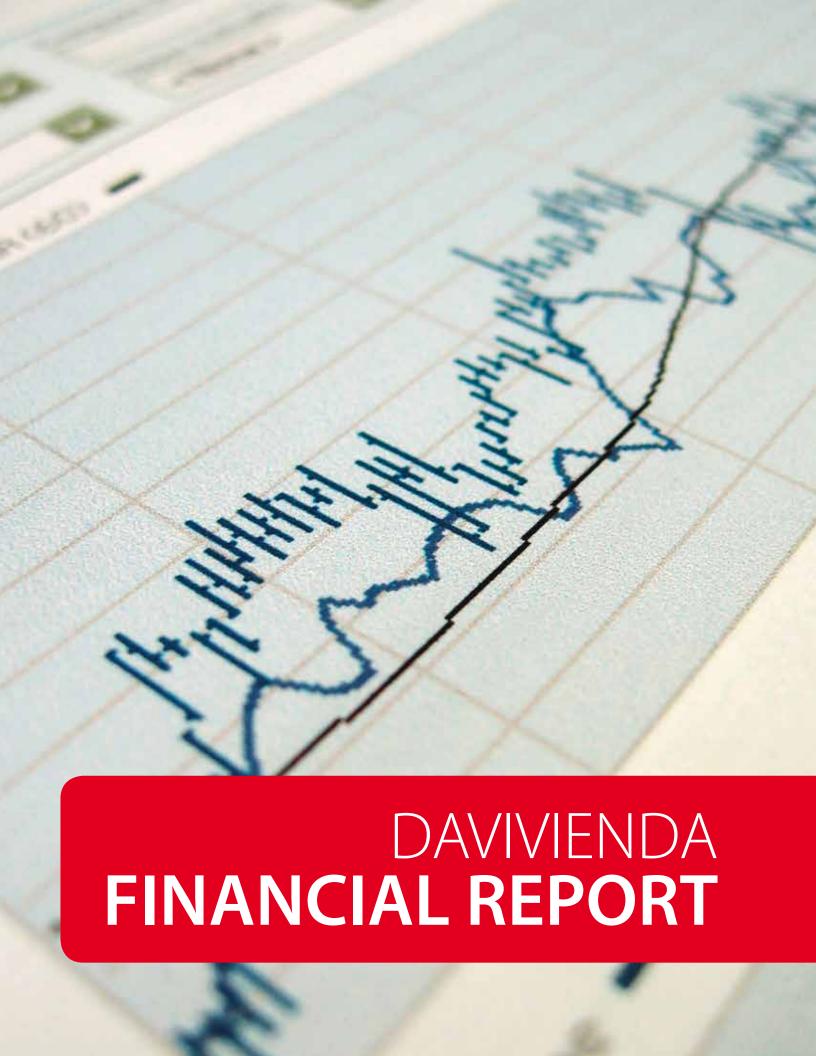
The call, rights and obligations of shareholders, characteristics of the shares and operating regulations of the Shareholders' Meeting were announced to shareholders and to the market in general through the website *www.davivienda.com*

In addition, the Assembly was transmitted online to the Bank's shareholders in compliance with the recommendations of the Code of Best Corporate Practices, Country Code (Código País), which establishes that electronic media are of great help in disclosing information.

It should be stressed that shareholders and investors of the Bank have an exclusive service channel, the Shareholders and Investors Attention Office, at El Dorado Avenue No. 68C-61, Torre Central Davivienda Building, office 901, Bogota. Additionally they have contact lines ((571) 220-3495, (571) 338-3838, 01-8000 123-838) and a link on the corporate website to which they can send comments, as well as the emails *atencionainversionistas@davivienda.com* e *ir@davivienda.com*

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

ATTENTION
OFFICE AND
EXCLUSIVE
CHANNEL OF
ATTENTION FOR
SHAREHOLDERS
AND INVESTORS
OF THE BANK.





CONSOLIDATED DAVIVIENDA FINANCIAL REPORT

The figures presented below correspond to the consolidated results obtained in 2017 and are compared with the results at 2016, both periods under full IFRS.

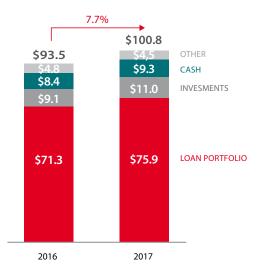
It is worth noting the growth of the Mortgage portfolio that closed at \$ 18.0 trillion, 14.1% more than the previous year, mainly in Colombia, due to the active participation of the Bank in the financing of mortgage portfolio in VIS, VIP and traditional segments. In the country, this portfolio shows a 15% annual growth, reaching a balance of \$ 14.6 trillion. The consumer portfolio grew by 9.6% compared to 2016, the fixed-rate credit and payroll stand out in Colombia. The commercial portfolio closed at \$ 39.5 trillion, 3.3% higher than the result of 2016.

ASSETS ANALYSIS AND STRUCTURE

At the end of December 2017, the assets reached \$ 100.8 trillion, 7.7% more than in 2016. This result is mainly explained by the behavior of the net portfolio that increased \$ 4.7 trillion, an additional 6.5% when compared to the previous year, reaching a share of the total assets of 75.3%.

Net investments increased 21.3%, closing at \$ 11.0 trillion, achieving a share of the total assets of 11.0%; cash and inter-bank closed at \$ 9.3 trillion, an additional 11.3% compared to the closing of 2016.

\$ 100.8 TRILLION ASSETS OF DAVIVIENDA CONSOLIDATED IN 2017. CONSOLIDATED DAVIVIENDA / BEHAVIOR OF ASSETS (In trillions of pesos)





\$ 38.7 TRILLION PORTFOLIO BALANCE OF RETAIL BANKING (CONSUMER AND MORTGAGE) IN 2017.

The growth on the balance of the consolidated loan portfolio in 2017 is mainly explained by the retail banking (consumer and mortgage), which closed at \$ 38.7 trillion, an additional \$ 4.0 trillion compared to the end of 2016, particularly for the Mortgage portfolio In Colombia.

The Mortgage portfolio increased 14.1% compared to the result of 2016, closing at \$ 18.0 trillion, both in social interest housing and in traditional housing.

The consumer portfolio closed at \$ 20.7 trillion, an additional 9.6% compared to the same period of the previous year, driven mainly by the increase in fixed-rate loans and payroll in Colombia.

73.6% of the consolidated portfolio is termed in pesos and 26.4% in foreign currency. The COP to USD exchange rate reached \$ 2,984.00, resulting in a devaluation of 0.6%, compared to \$ 3,000.71 as of December 2016.

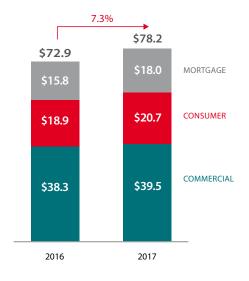
162.3%
COVERAGE LEVEL
FOR THE NONPRODUCTIVE
PORTFOLIO AT THE
CLOSE OF 2017.

CONSOLIDATED DAVIVIENDA / GROSS PORTFOLIO

(In trillion of pesos, except percentages)

	2016	2017	Variation		
	2016	2017	Value	Percentage	
Commercial	38.3	39.5	1.3	3.3%	
Consumer	18.9	20.7	1.8	9.6%	
Mortgage	15.8	18.0	2.2	14.1%	
Gross portfolio	72.9	78.2	5.3	7.3%	

The NPL greater than 90 days past due closed at 2.76%, 77 basis points more than in 2016, given the deterioration of the commercial portfolio of some customers as a result of the economic slowdown, and the mortgage portfolio, mainly in Colombia, for the securitizations made during the year (\$ 671.5 billion) and the deterioration of housing loans disbursed to independent persons and leasing operations.





The commercial NPL closed the year at 2.55%, an additional 113 basis points compared to 2016, mainly by individual customers in Colombia. The NPL of the consumer portfolio closed the year at 2.63%, an additional 1 basis point in relation to 2016, remaining stable despite the slowdown in the Colombian economy and the adjustments in the risk model so far this year to mitigate the risk of the economy. Finally, the Mortgage portfolio closed at 3.35%, 77 additional basis points to the 2016 report.

We closed 2017 with a coverage²¹ level of 162.3% for the non-performing loan portfolio.

CONSOLIDATED DAVIVIENDA / INDICATORS OF UNPRODUCTIVE PORTFOLIO AND COVERAGE

	2016	2017
Consumer	2.64%	2.63%
Commercial	1.43%	2.55%
Mortgage	2.58%	3.35%
Total NPL	1.99%	2.76%
Total coverage	197.6%	162.3%

NPL: Portfolio > 90 days / Gross Portfolio

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

LIABILITIES ANALYSIS AND STRUCTURE

Total liabilities grew 7.6% compared to the previous year, closing at \$ 89.9 trillion, mainly explained by the 14.3% increase in term deposits, while demand deposits remained stable compared to the quarter, primarily for the reduction of the balance on expensive accounts.

The net portfolio to funding sources ratio closed at 89.3% compared to 91.2% presented in 2016. Demand deposits accounted for 39% of funding sources, term deposits 34.5%, bonds 14.1%, loans with other entities 11.4% and other deposits 1.0%.

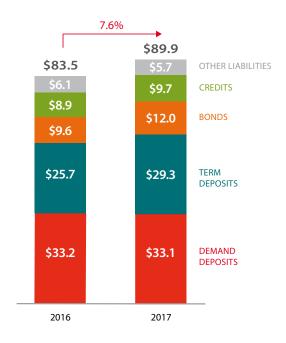
7.6%
TOTAL LIABILITIES
GROWTH IN 2017
COMPARED TO
LAST YEAR.

21. Coverage: (P&L Allowances + Equity Allowances) / non-performing loan portfolio quality based on delinquency.



\$ 11.1
TRILLION
CONSOLIDATED
TECHNICAL EQUITY
AT THE CLOSING
OF 2017.
19.1% MORE
THAN IN 2016.





DAVIVIENDA CONSOLIDATED / FUNDING SOURCES

(In trillions of pesos, except percentages)

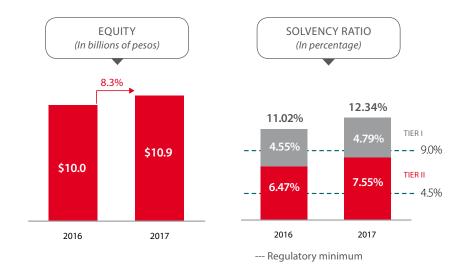
	2016		2017		Variation	
	Value	Share	Value	Share	Value	Percentage
Saving accounts	25.4	32.6%	24.0	28.3%	-1.4	-5.5%
Checking accounts	7.8	10.0%	9.1	10.7%	1.3	16.4%
Term Deposits	25.7	32.8%	29.3	34.5%	3.7	14.3%
Other deposits	0.7	0.9%	0.9	1.0%	0.1	15.1%
Bonds	9.6	12.3%	12.0	14.1%	2.4	25.3%
Credits with entities	8.9	11.4%	9.7	11.4%	0.8	8.7%
Funding sources	78.1	100.0%	85.0	100.0%	6.9	8.8%

EQUITY ANALYSIS AND STRUCTURE

Equity closed at \$ 10.9 trillion, 8.3% more than in 2016, mainly due to the internal generation of results.

Similarly, the consolidated technical equity amounted to \$ 11.1 trillion, an increase of 19.1% compared to the previous year's report, as a result of the capitalization and generation of profits during 2017. Risk weighted assets totaled \$ 86.5 trillion, with a growth of 4.6% compared to the previous year, and the market risk closed at \$ 345 billion, wherewith the solvency ratio stood at 12.34%, compared to the regulatory 9% for the total indicator and a basic solvency ratio of 7.54%, compared to 4.5% required by the regulator.





\$86.5
TRILLION
ASSETS WEIGHTED
BY RISK LEVEL.
4.6% MORE
THAN IN 2016.

INCOME STATEMENT

Profit as of December 2017 totaled \$ 1.28 trillion, 25.6% less than the accumulated results as of December 2016.

DAVIVIENDA CONSOLIDATED / RESULTS AS OF DECEMBER 2017

(In billions of pesos, except percentages)

	December	December	Growth		
	2016	2017	Value	Percentage	
Financial income	8,675	9,338	663	7.6%	
Portfolio income	7,870	8,666	797	10.1%	
investments Income	752	593	(160)	(21.2%)	
Interbank Funds . Overnight	53	78	25	47.8%	
Financial expenses	3,705	3,844	139	3.8%	
Gross financial margin	4,970	5,494	524	10.5%	
Allowances	1,235	1,975	741	60.0%	
Net financial margin	3,735	3,519	(217)	(5.8%)	
Operating income	1,133	1,216	83	7.3%	
Operating expenses	2,935	3,190	255	8.7%	
Changes and net derivatives	178	104	(74)	(41.4%)	
Other income and net expenses	232	39	(193)	(83.1%)	
Operating margin	2,344	1,688	(656)	(28.0%)	
Taxes	619	405	(214)	(34.6%)	
Net income	1,725	1,283	(442)	(25.6%)	

BANCO DAVIVIENDA S.A. 56 / MANAGEMENT REPORT 2017



At the end of 2017, the net financial margin showed an annual decrease of 5.8% due to the increase in the allowances expense during the year, as a result of the lower dynamics of Colombian economy. The growth of 10.1% in portfolio income was predominantly due to the increase recorded in retail banking, whereby income of the consumer portfolio grew 17.2%, due to the increase in the balance of this portfolio (9.6%), particularly in Colombia, where it increased 9.9%. In relation to Mortgage portfolio, income closed at \$ 1.9 trillion, a figure 10.7% higher than the one recorded in 2016. Commercial loans had the lowest growth in income (4.5% compared to 2016), when closing at \$ 3.6 trillion.

Income from the investment portfolio decreased 21.2%, closing at \$ 593 billion. Financial expenses grew 3.8%, as a result of the increase in expenses for term deposit certificates (CDT), which grew 11.7% when compared to 2016, and the payments of credits to correspondent banks, which increased 14.5% comparing to the previous year.

The NIM²² remained at the levels recorded at the end of 2016, reaching 6.57%.

Net allowances expense increased by \$ 740.7 billion, to close at \$ 1.9 trillion, 60.0% higher than the previous year's record, due to the increase in the provision expense of the commercial portfolio, the behavior of some corporate customers and the increase in allowances of the consumer portfolio; in this way, accumulated cost of risk²³ at the end of the year was 84 basis points higher than the one recorded in 2016, going from 1.69% to 2.53%.

The operating margin closed at \$ 1.7 trillion, 28.0% below the margin obtained in 2016, due to the increase in provisions' expense, the increase in operating expenses of \$ 255 billion, the reduction in other income and net expenses (even taking into account the profit generated by the sale of some fixed assets at the end of 2016) and the income received from the shares of Credibanco. The lower income from Changes and Net Derivatives (a reduction of 41.4%) also had a negative impact on the operating margin during 2017.

Operating expenses closed at \$3.2 trillion, higher by 8.7% compared to 2016, mostly due to the increase in operating expenses, which increased 11.9% when compared to 2016, as a result of the payment of leases of the real estate sold in December of the previous year and the increase of taxes as a result of the tax reform. In this way, the efficiency ratio²⁴ deteriorated 150 basis points, going from 45.1% in December 2016 to 46.6% in December 2017.

Tax expenses were \$ 405 billion, 34.6% less than those registered in 2016. As a result, net income closed at \$ 1.28 trillion, 25.6% below that registered in 2016, thereby the return measured on average equity was 12.4%.

- **22.** NIM (12 months): Accumulated gross financial margin / average productive assets..
- 23. Cost of risk: Accumulated allowances expense (12 months)/ Gross Loans
- **24.** Efficiency (12 Months) = Operative Expenses / (Gross Financial Margin + Operational Income + Other income & Expenses).



DAVIVIENDA INDIVIDUAL FINANCIAL REPORT

During 2017 we supported important sectors of the economy, such as business, construction and housing, and we continued to consolidate our DaviPlata operation as a great ally of the Government in the dispersion of subsidies granted to the country's most vulnerable population.

ASSETS ANALYSIS AND STRUCTURE

The net portfolio grew by 7.5%; retail banking, which reached \$ 31.2 trillion, stands out with a growth of 12.2% compared to 2016. In the consumer portfolio, the fixed-rate credit lines and payroll, which grew 18.6% and 9.8% respectively, stand out. Regarding the Mortgage portfolio, our high participation in housing programs aimed at low-income families is highlighted. As a result, we continue to be the leading institution in the placement of VIS housing loans, with a 38% share in the market.

Wholesale banking closed at \$ 30.1 trillion, 4.6% more than the previous year, driven primarily to the growth of the SME portfolio that grew 13.8%, and the construction segment that grew 17.6%.

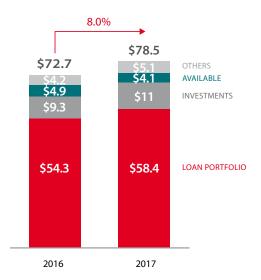
At the end of 2017 we continue to be the third largest bank by assets in Colombia, with \$ 78.5 trillion and an 8.0% growth in the last 12 months. This result is mainly explained by the \$ 4.1 trillion growth in the net portfolio. Investments, interbank and cash increased 13.7%, an equivalent growth of more than \$ 1.9 trillion. Loan portfolio represented 74.4% of total assets, while investments represented 14.0%.

As of December 2017, there was a 7.5% growth in the credit portfolio as a result of the good performance of the retail banking portfolio, with an increase in the balance of \$ 3.4 trillion, and the wholesale banking portfolio, with an increase of \$ 1.3 trillion. \$1,3 billones.

BANCO DAVIVIENDA /
BEHAVIOR OF ASSETS
(In trillions of pesos)

3rd LARGEST
BANK IN
COLOMBIA
BY ASSETS:
\$ 78.5 TRILLION.

7,5%INCREASE IN LOAN PORTFOLIO IN 2017.





BANCO DAVIVIENDA / GROSS LOANS

(In billions of pesos, except percentages)

	2016	2017	Var	iation
	2016	2017	Value	Percentage
Wholesale banking	28,836	30,148	1,312	15.8%
Corporate	18,002	17,834	(168)	(0.9%)
Construction	3,600	4,235	634	17.6%
Companies	1,405	1,446	41	2.9%
SME	5,830	6,634	804	13.8%
Retail banking	27,814	31,198	3,384	12.2%
Consumer	15,198	16,814	1,515	10.0%
Mortgage	12,616	14,484	1,869	14.8%
Bank Total	56,651	61,347	4,696	8.3%

The NPL based on delinquency²⁵ closed at 2.67%, showing a deterioration of 75 basis points when compared to the 2016 indicator, reflecting the lower growth of the Colombian economy.

The indicator that showed the greatest deterioration was the commercial NPL, which closed at 2.35%, with an increase of 112 basis points, given the deterioration of some customers.

The mortgage NPL closed at 2.30%, 75 basis points higher than the previous year's report. This deterioration was foremost due to the deterioration of housing loans disbursed to independent persons and housing leasing operations, and to securitizations made during the year, for \$ 671.5 billion.

The indicator of the consumer portfolio increased in December 2017 to 3.57%, 5 basis points more than in December 2016, because of the deterioration in vehicle credits.

Regarding the coverage ratio and within our risk management, we have maintained coverage levels²⁶ for the unproductive portfolio, closing 2017 with 179%; the difference compared to the previous year is mainly explained by the higher level of deterioration in the commercial and mortgage portfolio.

2.71%

NON-PERFORMING
LOAN PORTFOLIO
QUALITY
INDICATOR BASED
ON DELINQUENCY
IN 2017.

- **25.** NPL ratio based on delinquency: Consumer portfolio > 61 days past due; commercial and microcredit >92 days past due; mortgage and housing leasing >123 days past due).
- **26.** Coverage: (P&L Allowances + Equity Allowances) / non-performing loan portfolio quality based on delinquency.



BANCO DAVIVIENDA / NPL AND COVERAGE RATIOS

	2016	2017
Consumer NPL	3.52%	3.57%
Commercial NPL	1.23%	2.35%
Mortgage NPL	1.55%	2.30%
Total quality	1.91%	2.67%
Total coverage	217%	181%

NPL: Consumer portfolio > 61 days past due; commercial and microcredit >92 days past due; mortgage and housing leasing >123 days past due).

Coverage: (P&L Allowances + Equity Allowances) / non-performing loan portfolio quality based on delinquency.

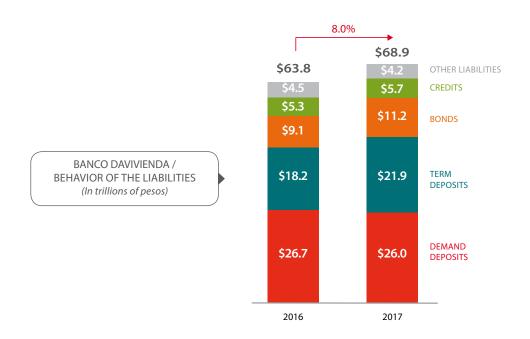
LIABILITIES ANALYSIS AND STRUCTURE

Total liabilities grew 8.0% compared to the previous year, reaching \$ 68.9 trillion, as a result of the 20.2% increase in term deposits, which closed at \$ 21.9 trillion, while demand deposits decreased 2.4% closing at \$ 26.7 trillion.

The net portfolio to funding sources ratio closed at 89.16%, 140 basis points less than in 2016.

Savings deposits represented 31% of total funding sources; the checking account represented 8.7%, term deposits 33.4%, bonds 17.1% and credits 8.6%.

8%
INCREASE IN
LOAN PORTFOLIO
IN 2017.





BANCO DAVIVIENDA / FUNDING SOURCES

(In trillions of pesos. except percentages)

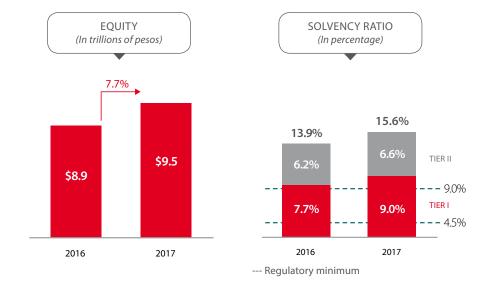
	2016		20	2017		Variation	
	Value	Share	Value	Share	Value	Percentage	
Savings accounts	22,052	36.8%	20,273	31.0%	(1,779)	(8.1%)	
Checking accounts	4,681	7.8%	5,699	8.7%	1,018	21.8%	
Term deposits	18,210	30.4%	21,894	33.4%	3,684	20.2%	
Other deposits	658	1.1%	773	1.2%	114	17.4%	
Bonds	9,063	15.1%	11,179	17.1%	2,116	23.3%	
Credits	5,293	8.8%	5,664	8.6%	371	7.0%	
Funding sources	59,957	100.0%	65,481	100.0%	5,524	9.2%	

EQUITY ANALYSIS AND STRUCTURE

As of December 2017, the Bank's equity closed at \$ 9.5 trillion, \$ 685 billion more than in December 2016.

Likewise, as of December 2017, the technical equity amounted to \$ 10.9 trillion, while risk weighted assets totaled \$ 66.8 trillion. Taking into account a market risk equal to \$ 273 billion, these figures indicate a 15.6% solvency²⁷ ratio of the Bank for the total indicator against the regulatory 9%, and 9.04% for the basic solvency indicator, with a minimum requirement level of 4.5%.

\$10.9 TRILLION TECHNICAL EQUITY OF INDIVIDUAL BANK AS OF DECEMBER 2017.



27. Technical equity / (Risk Weighted Assets + (100/9 * Market risk))



INCOME STATEMENT

The accumulated results as of December 2017 totaled \$ 1.1 trillion, with a decrease of 27.9% compared to \$ 1.5 trillion as of December 2016.

BANCO DAVIVIENDA / RESULTS AS OF DECEMBER 2017

(In billions of pesos, except percentages)

	December	December	Gr	owth
	2016	2017	Value	Percentage
Financial income	7,070	7,562	491	7.0%
Portfolio income	6,460	7,076	616	9.5%
Investments Income	566	424	(141)	-25.0%
Interbank . Overnight Funds	44	61	17	38.0%
Financial expenses	3,147	3,225	78	2.5%
Gross financial margin	3,923	4,337	413	10.5%
Allowances	1,471	1,777	306	20.8%
Net financial margin	2,452	2,560	107	4.4%
Operating income	1,093	1,064	(29)	-2.6%
Operating expenses	2,145	2,377	233	10.8%
Changes and net derivatives	133	68	(65)	-48.8%
Other income and net expenses	301	66	(236)	-78.2%
Operating margin	1,834	1,380	(454)	-24.7%
Taxes	296	272	(24)	-8.0%
Net income	1,539	1,108	(430)	-28.0%





At the end of 2017, the gross financial margin showed a growth of 10.5% compared to the accumulated of the previous year.

Income from portfolio interest increased by 9.5%, given the increases in income from the consumer portfolio, which totaled \$2.8 trillion, with a growth of 19.5% compared to 2016. Within this portfolio, the main increases compared to the previous year were given by credit card (27.8%) and vehicle (17.5%) segments.

Income from the Mortgage portfolio closed at \$1.5 trillion, 8.5% higher in 2016, both in the VIS and non-VIS segments.

Income from wholesale banking portfolio totaled \$ 2.7 trillion, with a growth of 1.4%

Income from investments decreased 25.0% with respect to the previous year, to a greater extent due to the performance of the debt portfolio, which recorded a 34.4% drop in income.

Financial expenses grew 2.5% as a result of the higher participation of term instruments, with higher rates within funding sources.

The NIM²⁸ increased 2 basis points when compared to the value registered during 2016, closing at 6.88%.

Net allowances expense increased by \$ 306 billion, to close at \$ 1.7 trillion due primarily to the increase in the provision expense of the commercial and consumer portfolios.

The operating margin closed at \$ 1.38 trillion, 24.7% lower than in 2016; This result is mainly explained by the decreases in operating income (-2.6%, closing at \$ 1.06 trillion) and other net income and expenses (-78.2%, closing at \$ 66 billion), including income generated by the results of the subsidiaries (\$ 258 billion) that are valued by the participation method (MPP) as of 2015.

Operating expenses increased 10.8%, reaching \$ 2.37 trillion, primarily attributed to the 6.8% increase in personnel expenses and 15.9% in other administrative expenses.

The 3.95% increase of taxes expenses is mainly because of Industry and Commerce (ICA) and VAT on capital goods.

Consequently, the efficiency ratio²⁹ went from 42.6% in December 2016 to 45.9% in December 2017.

10.5%
INCREASE OF
GROSS FINANCIAL
MARGIN SINGLE
BANK AS OF
DECEMBER 2017.

\$ 1.11
TRILLION
NET INCOME
SINGLE BANK 2017.



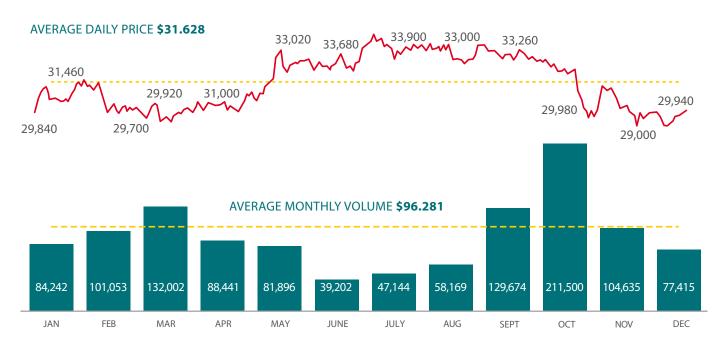
As a result of the variation of the exchange rate, income from changes and derivatives decreased by 48.8% and closed at \$ 67.8 billion. Regarding the other net income and expenses, a decrease of \$ 236 billion was presented. This is mainly explained because the extraordinary sale of property (plant and equipment decreased by 72.2%). Moreover, tax expenses totaled \$ 272 billion.

The net profit closed at \$ 1.1 trillion, 28.0% lower than the one obtained in 2016, whereby the return measured on the average equity was 12.25%.

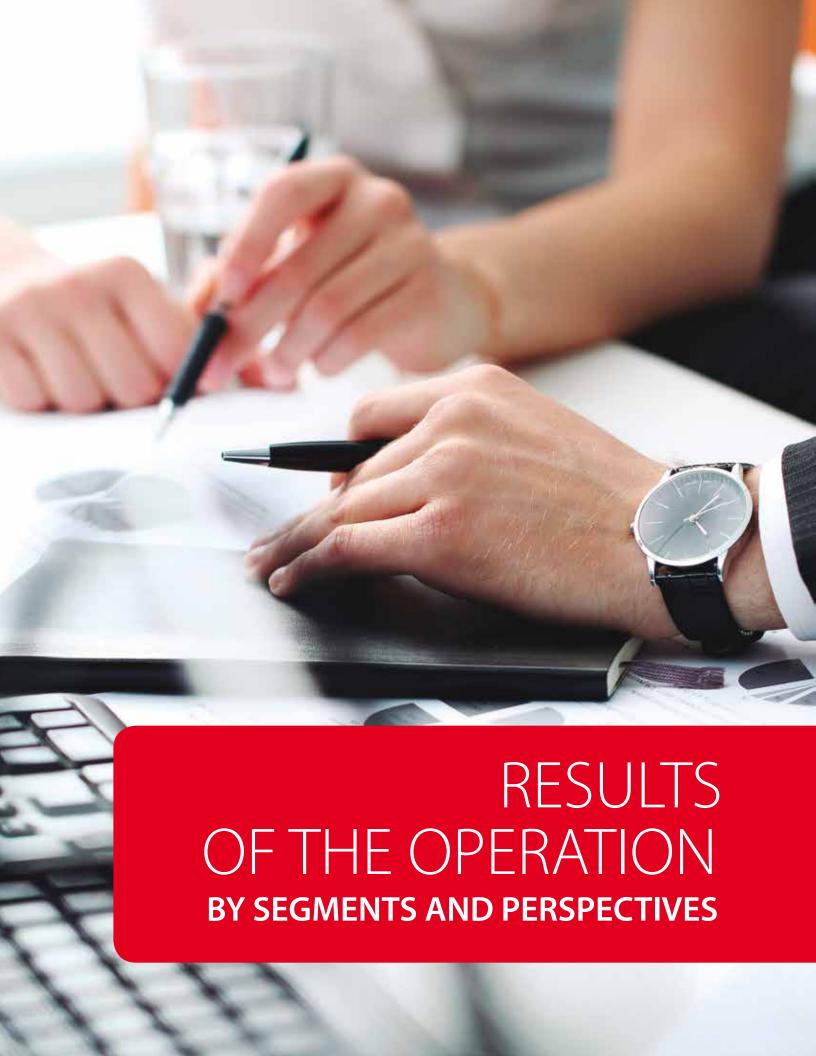
SHARE BEHAVIOR

At the end of 2017 Davivienda had 451.7 million shares³⁰, the same amount as of 2016. 23.9% corresponded to preferred shares that were in the Colombian stock market. Of these, 30% were owned by local pension funds, 24.5% belonged to foreign investors, 37.8% to Colombian companies other than pension funds and 7.6% to retail.

The average monthly volume traded for the share was \$ 96.2 billion during the year, corresponding to a daily average of \$ 4.7 billion. The year 2017 closed with a price of \$ 29,940.20 lower compared to the close of the previous year.



Source: Colombian Stock Exchange, Deceval. Calculations: Davivienda





SEGMENTS OF OPERATION

The Bank determines the presentation of its business operating segments based on the way in which information is organized and received; these segments are components of the Bank dedicated to financial and banking activities, that generate income and incur expenses, and from which an effective rendering of accounts is ensured, for an optimal measurement of its results, assets and liabilities, that regularly are evaluated and verified by the Strategic Committee, headed by the Chairman of the Bank (MITDO - Maximum Instance for Making Operational Decisions), for the correct decision making, the appropriate allocation of resources and the respective evaluation of their performance. Taking into account this form of organization, the operating segments for the Bank were determined considering:

- Activities of individuals and businesses, which are reported separately at the level of assets, liabilities, income and expenses.
- The results that are examined periodically by the MITDO.
- The relationship whereby differentiated financial information is available.

The operating segments are components of the matrix, which include the results of the different countries where we are at, so that their results are classified and presented in the segments established by the Bank:

RETAIL BANKING

This segment contains all the products and services offered to natural persons. Davivienda offers a wide variety of products and services focused on meeting the needs of its customers, among which there are investment products, financing and savings.

WHOLESALE BANKING

This segment includes the offer of products and services aimed at legal persons. It offers financial and transactional solutions in local and foreign currency and financing, savings and investment products, in order to cover the needs of this type of clients in the different sectors of the economy.

DISCRETE FINANCIAL INFORMATION ALM

The Discrete Financial Information segment ALM (assets and liabilities management) corresponds to segments of assets, liabilities, income and treasury expenses equal to or greater



than 10% of the asset, which are presented in aggregate form, as well as the management of mismatch and liability, and any effect of re-expression by change, either by position of the treasury or the bank book. This is why the result of this segment does not reflect only the result of a business line but reflects corporate decisions on the management of emissions and financing of the Bank. Still, when managing the Bank's liquidity resources, it is monitored by management, as the other segments are, too. Taking this into account, we present the main dynamics in the segment.

INTERNATIONAL OPERATION

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

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



RESULTS BY SEGMENT 2017

RESULTS BY SEGMENT / JANUARY - DECEMBER 2017

(In millions of pesos)

Income statement	Retail	Wholesale	Discrete financial infor- mation ALM*	International**	Eliminations and standard- izations	Total Consolidated Bank
Interest Income	4,283,583	2,748,179	547,274	1,535,912	223,069	9,338,017
Interest Expenses	(328,939)	(1,857,475)	(1,038,713)	(635,133)	16,458	(3,843,802)
Net FTP***	(1,083,913)	555,465	528,448	0	(0)	0
Portfolio allowances and accounts receivable net	(1,311,065)	(464,990)	(1,092)	(186,168)	(12,047)	(1,975,362)
Net financial margin	1,559,666	981,180	35,916	714,611	227,480	3,518,852
Commission, services and insurance income, net	533,521	219,115	233,286	251,631	(33,296)	1,204,257
Result from investments in associates, net	0	0	4,350	0	0	4,350
Dividends	0	0	7,262	0	0	7,262
Operational expenses	(1,496,782)	(682,719)	(337,181)	(739,930)	66,262	(3,190,350)
Changes and derivatives, net	0	0	67,836	31,523	5,057	104,416
Other income and expenses, net	(41,156)	18,423	89,241	12,232	(39,552)	39,189
Operational margin	555,250	535,999	100,709	270,067	225,951	1,687,976
Income tax and related taxes	(62,913)	(199,645)	(41,169)	(71,304)	(29,964)	(404,995)
Net income	492,337	336,353	59,540	198,763	195,988	1,282,981
Assets	31,276,464	28,985,966	18,686,234	23,944,542	(2,121,918)	100,771,288
Liabilities	13,010,859	33,491,128	22,619,237	21,099,514	(333,316)	89,887,422

^{*} ALM: Assets and Liabilities Management.
** International: Results of international subsidiaries without eliminations and standardizations.

^{***} Net FTP: It refers to the costs of transferring resources between segments, which are assigned in a systematic and coherent manner, and managed within the entity.



RESULTS BY SEGMENT 2016

RESULTS BY SEGMENT / JANUARY - DECEMBER 2016*

(In millions of pesos)

Income Statement	Retail	Wholesale	Differentiated financial infor- mation ALM*	International**	Eliminations and standard- izations	Total Consolidated Bank
Interest Income	3,680,693	2,732,299	674,212	1,489,581	98,212	8,674,997
Interest Expenses	(329,481)	(1,778,247)	(1,039,356)	(566,509)	8,754	(3,704,838)
Net FTP***	(798,760)	544,704	254,056	0	0	0
Portfolio allowances and accounts receivable net	(976,706)	(496,294)	1,811	(209,171)	445,655	(1,234,705)
Net financial margin	1,575,746	1,002,461	(109,276)	713,902	552,622	3,735,454
Commission, services and insurance income, net	518,138	202,776	192,040	240,701	(29,097)	1,124,557
Result from investments in associates, net	0	0	3,228	0	0	3,228
Dividends	0	0	5,426	0	0	5,426
Operational expenses	(1,361,295)	(621,884)	(282,073)	(736,697)	66,949	(2,935,001)
Changes and derivatives, net	0	0	132,583	37,374	8,253	178,210
Other income and expenses, net	(21,042)	28,815	293,604	19,642	(88,835)	232,184
Operational margin	711,547	612,168	235,531	274,922	509,891	2,344,059
Income tax and related taxes	(135,424)	(231,761)	49,237	(61,548)	(239,833)	(619,329)
Net income	576,122	380,407	284,769	213,374	270,057	1,724,730
Assets	27,906,494	27,736,814	17,492,377	22,565,638	(2,153,307)	93,548,017
Liabilities	12,639,678	31,027,832	20,349,770	19,932,501	(446,810)	83,502,970

^{*} During 2017, the methodologies to calculate the Funds Transfer Pricing (FTP) had modifications that were based on adjustments to best practices. To make the results comparable, methodologies were applied historically. This situation represents differences in the figures at the end of 2016 in previous reports. Additionally, each year the customer segmentation is reviewed and, if necessary, classified again, generating changes in the business units

^{**} ALM: Assets and Liabilities Management

^{***} International: results of international subsidiaries without eliminations and standardizations.

^{****} Net FTP: It refers to the costs of transferring resources between segments, which are assigned in a systematic and coherent manner, and managed within the entity.



31.3% **GROWTH**OF FIXED CONSUMPTION CREDITS.

RETAIL BANKING

Accumulated profit to December 2017 in this segment totaled \$ 492.3 billion, 14.5% less than the accumulated results as of December 2016, increasing its share of the Bank's total income from 33.4% to 38.4% in the same periods, for the most part by virtue of the decrease in the participation of the Discrete Financial Information ALM in the Bank's total results.

The net financial margin of the retail banking segment as of December 2017 was 1.0% lower than in 2016, totaling \$ 1.56 trillion due to an increase of 34.2% in portfolio and accounts receivable allowances, and net FTP by 35.7%; nevertheless, financial income increased by 16.4%, due to the good performance of mortgage portfolios and the means of payments lines, that showed growth in annual income of 10.9% and 31.4%, respectively.

We highlight the revenues from consumer loans, which showed a growth of 9.9% and fixed consumer loans, which grew 31.3%, an increase of \$ 190,455 million in relation to December 2016 for both products.

The financial expenses of the segment decreased by 0.2% as a consequence of a slight increase in the collection balances, taking into account that the participation of savings and current accounts is greater than that of the CDT.

The net provision expense in the banking segment for individuals increased by \$ 334.4 billion, closing at \$ 1.31 trillion, mainly explained by the increase in the provision expense of the means of payment lines (39.5%), consumer credit payroll (32.5%) and fixed consumer loans (58.2%).

Income from commissions and net services showed an increase of 3.0%, closing at \$ 533.5 billion, as the means of payment and mortgage lines showed increases of 12.4% and 7.9%, respectively. However, the decrease of 6.4% in the areas related to the collection that represents 43.9% of the share in this segment is highlighted, as a result of the slight growth of the account balances.

The banking operating expenses increased by 11.3% in 2017, mainly explained by the 13.2% increase in the areas related to collection, a 9.1% increase in means of payment lines and a 9.8% in housing lines.

\$ 492.3 BILLION
ACCUMULATED
PROFIT RETAIL
BANKING AS OF
DECEMBER 2017.

\$ 1.56 TRILLION
NET FINANCIAL
MARGIN OF THE
SEGMENT.



\$ 2.75 TRILLION CORPORATE BANKING PORTFOLIO INCOME AS OF DECEMBER 2017.

WHOLESALE BANKING

The results as of December 2017 for this segment totaled \$ 336.4 billion, representing 26.2% of the Bank's profits and a decrease of 11.6% compared to 2016, most of all as a result of the 4.5% increase of financial expenses and 9.8% of operating expenses.

The net financial margin for this segment as of December 2017 showed a decrease of 2.1% compared to the accumulated figure for 2016, as a result of a 0.6% increase in financial income and a 6.3% decrease in allowances of portfolio and accounts receivable, that was offset by a further 4.5% increase in financial costs for the same periods, mainly explained by the higher financial cost of wholesale banking, whose expenses increased by 3.3%.

Portfolio revenues of the banking segment reached \$ 2.75 trillion, an additional 0.6% compared to 2016, above all thanks to the increase in income of the SME portfolio, which totaled \$ 786.1 billion, with an increase of 13.8%, and the portfolio of the construction banking with an increase of 8.7%; However, this increase was offset by the 7.8% decrease in the corporate banking income, closing at \$ 1.45 trillion.

Net allowances expense decreased by \$ 31.3 billion, closing at \$ 465 billion, mainly explained by the \$ 171 billion decrease in provision expense of the corporate portfolio, which has a 49.9% share in bank allowances; however, this decrease was offset by the increase of \$ 106.1 billion of expenses corresponding to SME banking, which represents 37.7% of the total provision.

Income from fees and services totaled \$ 219.1 billion, 8.1% more than the accumulated results as of December 2016, mainly explained by the 7.2% increase in wholesale banking revenues and 8.8% of SME banking; nevertheless, income from commissions and net services of construction banking and business banking grew by 33.0% and 3.3%, respectively.

At the end of 2017 the operating expenses of the companies segment increased by 10.9%, explained mainly by the increase in expenses of wholesale banking (9.0%) and SMEs (13.6%).

\$ 336.4 BILLION FROM CORPORATE BANKING AS OF DECEMBER 2017. 26.2% OF THE BANK PROFIT.



DISCRETE FINANCIAL INFORMATION ALM³¹

The net financial margin at the end of 2017 for this segment showed an increase of \$ 145.2 billion with respect to December 2016, due to the FTP net increase of 108.0%, substantially by cause of the fall in collection rates during 2017.

Income from services and commissions for the unit segment and ALM increased by \$ 41.2 billion, 21.5% more compared to December 2016. There is a 20.62% growth of equity banking, mainly by virtue of the increase of 26.94% in the Fiduciaria Davivienda.

The operating expenses of the segment showed a growth of 21.01%, \$ 58.6 billion more, due to the greater increase in the deterioration of the goods given in payment and returned.

This segment closed with a profit of \$ 59.5 billion during the year, representing a decrease of 79.1% with respect to 2016, mainly as a result of the decrease of 69.2% of non recurring income, such as mobilization of assets, sale of Cifín and Credibanco, generated during 2016 that in the course of 2017 did not show up.

This profit has a contribution of \$ 42.1 billion from the Fiduciaria Davivienda S.A. and \$ 10.6 billion from Corredores Davivienda for the period of January to December 2017.

INTERNATIONAL OPERATION

(Figures in Colombian pesos)

The results as of December 2017 for this segment represented 15.5% of the Bank's profit and closed at \$ 198.8 billion, with a decrease of 6.8% with respect to 2016, in general by cause of the increase of \$ 68.6 billion in financial expenses (12.1%), and also due to the increase in the balance of bonds in Costa Rica during the year, additionally, there's a 8.3% growth of allowances, mainly in the commercial portfolio, due to customers that presented financial problems, affecting the country's financial system.

The net financial margin for this segment as of December 2017 showed a growth of 0.1% compared to December 2016, given the behavior of the portfolio that represented a growth in financial income of \$ 46.3 billion, and the 11.0% decrease in Allowances and accounts receivable.

The financial income of the international segment reached \$ 1.54 trillion, 3.1% higher than in 2016; part of this increase is explained because at the end of 2017 the representative market rate reached a value of \$ 2,984.00, resulting in a revaluation of 0.6%, equivalent to \$ 16.71, compared to \$ 3,000.71 at the end of the previous year.

\$ 1.54 TRILLION FINANCIAL INCOME OF THE INTERNATIONAL SEGMENT.



Income from commissions and services increased 4.5%, \$ 10.9 billion more than in 2016, for a total of \$ 251.6 billion. Likewise, the other operating income showed a decrease of 37.73%, \$ 7.4 billion less compared to 2016, due to the increase in expenses because of deterioration of the goods received in payment.

Operating expenses showed a slight increase of 0.4% compared to December 2016, closing at \$ 739.9 billion that represent 23.2% of the Bank's total expenses.



COSTA RICA³²

At the end of 2017, Banco Davivienda owned 99.96% of the Corporación Davivienda through the holding company Grupo del Istmo. The Corporación also owned 100% of Banco Davivienda Costa Rica, 100% of the Stock Exchange Post and 100% of the Insurance Agency.

On the same date, Banco Davivienda Costa Rica was the sixth in the country's financial system, with a 6.6% stake and USD \$ 2,832 million in assets. The total balance of the gross portfolio was USD \$ 1,901 million, 57% of which corresponded to commercial, 16% to consumer and 27% to mortgage. The portfolio with the highest growth during 2017 was mortgage, closing at USD \$ 521 million, with a 14.2% growth.

As part of our growth strategy in Costa Rica, we capitalized the Bank through our subsidiary in Panama for USD \$ 21 million.

The value of the assets of Corporación Banco Davivienda Costa Rica closed at USD \$ 2,853, with a growth of 9.3%, while liabilities grew 9.6% with respect to 2016, closing at USD \$ 2,593 million. The equity of the Corporation reached USD 260 million, with a growth of 6.4%.

During 2017 the Corporation's profit was USD \$ 15.4 million, showing a decrease of 20.8%.

The portfolio income generated by the Bank increased compared to 2016 by USD \$ 23.8 million, which represents an increase of 17%. Income from investments decreased by 11.9% and financial expenses grew by 28%, mostly on the grounds that the increase in the cost of financial obligations and the increase in certificates of term deposits of 15%; the expense of allowances remained stable with respect to the previous year.

	Dec. 2017 / Dec. 2016
Mortgage	14.2%
Consumer	14.1%
Commercial	7.2%
Gross portfolio	10.1%



CORPORACIÓN DAVIVIENDA COSTA RICA / MAIN FIGURES

(In millions of dollars, except percentages)

	2016	2017	Variation			
	2016	2017	Value	Percentage		
Assets	2,611	2,853	242.5	9.3%		
Net loan portfolio	1,700	1,866	165.6	9.7%		
Liabilities	2,366	2,593	226.9	9.6%		
Equity	244	260	15.6	6.4%		
Profit	19	15	(4.1)	(20.8%)		

Note: Includes Bank and insurance.

Exchange rate as of December 2017: 1 dollar = 566.42 colones.

Exchange rate as of December 2016: dollar = 548.18 colones.

Average exchange rate as of December 2017: dollar = 562.96 colones.

Average exchange rate as of December 2016: dollar = 538.50 colones.



EL SALVADOR³³

At the end of 2017, Banco Davivienda owned 96.1% of Inversiones Financieras Davivienda in El Salvador. This holding company of the financial conglomerate in said country owned, in turn, 98.24% of Banco Davivienda Salvadoreño, 99.9% of insurance companies and 99.9% of Factoraje Davivienda. Through Banco Salvador it also had 99.9% of Almacenadora Davivienda and Valores Davivienda, indirectly.

On the same date, Banco Davivienda Salvadoreño was in second place in the system for assets in the country, with USD \$ 2,491 million and a share of 14.7%. The Bank closed with a gross portfolio of USD \$ 1,764 million, composed of commercial portfolio (46%), consumer (37%) and mortgage (17%). The commercial portfolio was the one to have grown the most, with 7.3%.

The assets of Inversiones Financieras Davivienda showed an increase of 9.4% compared to the previous year, mainly reflected in the growth of the net portfolio, which grew 6.5% per year, and in the increase in the balance of investments.

Equity closed at USD \$ 293 million, presenting a decrease of 2.6%, mainly in view of the distribution of profits.

	Dec. 2017 / Dec. 2016
Mortgage	4.1%
Consumer	6.4%
Commercial	7.3%
Gross portfolio	6.4%



The profit of Inversiones Financieras Davivienda during the year was USD \$ 26.4 million, with a decrease of 3.7% compared to the previous year, as a result of the 133.5% increase in taxes due to the fact that in 2016 there was a USD \$ 4.5 million deferred tax recognition.

Portfolio income generated by the Bank increased USD \$ 10.1 million compared to 2016 (6.8%), substantially due to the growth of the commercial portfolio; income of the consumer portfolio grew 5.2%. The financial expenses showed an annual growth of 18% and the expenses of allowances decreased USD \$ 3.5 million, with a reduction of 18% with respect to the previous year.

INVERSIONES FINANCIERAS DAVIVIENDA EL SALVADOR / MAIN FIGURES

(In millions of dollars, except percentages)

	2016	2017	Variation			
	2016	2017	Value	Percentage		
Assets	2,310	2,527	216.8	9.4%		
Net loan portfolio	1,619	1,723	104.8	6.5%		
Liabilities	2,009	2,234	224.6	11.2%		
Equity	301	293	(7.8)	(2.6%)		
Profit	27	26	(1.0)	(3.7%)		

Note: Includes Bank and insurance.



PANAMA³⁴

In 2017 the assets of Banco Davivienda Panama were USD \$ 1,456 million, distributed in USD \$ 1,298 million of the general license and USD \$158 million of the international license, which represents an increase of 1.4% over the previous year.

The gross portfolio of Banco Davivienda Panama closed at USD \$ 795 million, consisting mainly of commercial portfolio (86%). The behavior of the mortgage portfolio that grew 35%, closing at USD \$ 76 million and achieving a 10% share of the total portfolio is highlighted.

Liabilities totaled USD \$ 1,240 million, as follows: general license, USD \$ 1,139 million; and international license, USD \$ 101 million, with a decrease of 1.0% with respect to 2016, mainly explained by the decrease in loans with entities that were reduced by 50%.

The equity closed at USD \$ 216 million, of which USD \$ 159 million corresponded to the general license, 5.7% more than in 2016, and USD \$ 57 million to the international license, with an increase of 69%.

	Dec. 2017 / Dec. 2016
Mortgage	35.3%
Consumer	(11.1%)
Commercial	(22.3%)
Gross portfolio	(18.6%)



As of December 2016, profit closed at USD \$ 11 million, 34.6% more than in 2016, for the most part as a result of the increase in investment income that grew 13% and the lower provision expense of USD \$ 4.5 million, a 42% lower than the previous year. Operating expenses remained stable compared to the close of 2016

BANCO DAVIVIENDA PANAMA / MAIN FIGURES

(In millions of dollars, except percentages)

	2016	2017	Vai	riation
	2016	2017	Value	Percentage
Assets	1,437	1,456	19.5	1.4%
Net loan portfolio	957	779	(178.2)	(18.6%)
Liabilities	1,252	1,240	(12.4)	(1.0%)
Equity	184	216	31.9	17.3%
Profit	8,4	11,3	2.9	34.6%

Nota: Includes international license.



HONDURAS³⁵

At the end of December 2017, Banco Davivienda owned 94.2% of Banco Davivienda Honduras and 88.6% of the Insurance Company. The Bank's assets reached USD \$ 1,032 million, with a share in the financial system of 6.2%, making it the sixth largest bank in the country, with a gross portfolio of USD \$ 767 million. Of this portfolio, 40% corresponded to commercial, 31% to consumer and 29% to mortgage.

The performance of the portfolio was mainly driven by the growth of the consumer portfolio in USD \$ 25 million during the year, representing a growth of 12%, of which the payroll grew USD \$ 15 million (18% growth) and the mortgage portfolio USD \$ 10 million (5% growth). Finally, the commercial portfolio showed a decrease of 7%.

The Bank's profit reached USD \$ 9.3 million, 27% lower than the previous year, above all due to the increase of 9.1% in allowances expense due to the deterioration of the consumer portfolio, particularly credit and payroll. Operating expenses increased 2.4% compared to the previous year.

The Insurance Company raised USD \$ 84 million in assets, growing by 12% compared to the end of 2016. Liabilities reached USD \$ 52 million (increase of 9.1%), and equity closed at USD \$ 32 million. In 2017, the entity sold USD \$ 38 million in premiums and obtained a profit of USD \$ 5.4 million, remaining stable with respect to the previous year.

	Dec. 2017 / Dec. 2016
Mortage	4.8%
Consumer	11.7%
Commercial	(7.4%)
Gross portfolio	1.5%



BANCO AND SEGUROS DAVIVIENDA HONDURAS / MAIN FIGURES

(In millions of dollars, except percentages)

	2016	2017	Variation			
	2010	2017	Value	Value		
Assets	1,099	1,116	(17.6)	(1.6%)		
Net loan portfolio	738	746	8.0	1.1%		
Liabilities	952	956	4.1	0.4%		
Equity	147	160	13.5	9.2%		
Profit	19	15	(3.8)	(20.5%)		

Exchange rate to December 2016: 1 dollar = 23.50 lempiras.

Exchange rate to December 2017: 1 dollar = 23.59 lempiras.

Average exchange rate as of December 2016: 1 dollar = 22.84 lempiras.

Average exchange rate as of December 2017: 1 dollar = 23.49 lempiras.

MAIN FIGURES

(In millions of dollars, except percentages)

	Ass	ets	Δ% year	Equity		Δ% year	Pro	Δ% year	
	2016	2017	Д% уеаг	2016	2017	Δ% year	2016	2017	∆% уеаг
BANKS									
El Salvador	2,278	2,491	9.3%	286	276	(3.3%)	23	22	(5.3%)
Costa Rica	2,592	2,832	9.3%	232	247	6.4%	19	14	(22.9%)
Panama	1,437	1,456	1.4%	184	216	17.3%	8	11	34.6%
Honduras	1,023	1,032	0.8%	119	128	7.4%	13	9	(26.6%)
Total banks	7,330	7,812	6.6%	822	868	5.6%	63	57	(10.4%)



(In millions of dollars, except percentages)

	Asse	ets	A0/	Equity		A 0/	Pro	***		
	2016	2017	Δ% year	2016	2017	Δ% year	2016	2017	– Δ% year	
INSURANCE										
El Salvador	32	36	12.2%	15	17	11.3%	4.5	4.7	4.0%	
Costa Rica	19	21	10.2%	12	13	5.2%	0.6	1.1	90.4%	
Honduras	75	84	11.9%	28	32	16.8%	5.5	5.4	(1.5%)	
Total insurance	126.4	141.2	11.8%	54.8	61.8	12.8%	10.6	11.2	5.9%	
Total	7,456	7,953	6.7%	876	930	6.1%	74	68	(8.1%)	





RISK MANAGEMENT

At Banco Davivienda, comprehensive risk management is based on a governance structure aimed at achieving strategic objectives, based on management, administration and control of risk that could support the growth of business and the exploitation of opportunities. On this basis, management's efforts towards compliance with the strategy and control of associated risks are emphasized.

The risk areas are responsible for promoting and protecting the adequate control scheme of each of the risks, through the supervision of the way in which they are managed in the different areas, of the effectiveness of the controls and the levels of the risks, always ensuring that they are within the levels defined by the Grupo Empresarial Bolivar.

The corporate risk model of the organization is constantly evolving and updates are made according to the company's policies based on the management of business risks defined in the document called Enterprise Risk Management - Integrated with Strategy and Performance, published in 2017 by the Committee of Sponsoring Organizations of the Treadway Commission - COSO and previous documents that complement risk management as COSO Internal Control - Integrated Framework, published in 2014.

The Corporate Risk Committee is responsible for ensuring the operation of the organization's risk management system (Enterprise Risk Management - ERM). Among its main functions we can list the following:

- 1. Evaluate the harmonic functioning of the different risk management systems, as well as the integral risk profile of the organization.
- 2. Ensure that the organization's risk levels are within the established risk appetites and have the required capital adequacy.
- 3. Propose the risk appetite framework to be approved by the Board of Directors.

STRATEGIC RISK

For Davivienda, strategic risk is understood as the possible deviation from the expected results of the entity as a consequence of strategic decisions, the improper application of said decisions and / or the lack of capacity to respond to changes in the environment.

OUR MODEL
OF CORPORATE
RISKS IS IN
CONSTANT
EVOLUTION.



The nature of the strategic risks can be external or internal:

- External risks: associated with changes in the environment.
- Internal risks: associated with the formulation and execution of the strategies defined.
 The identification of internal strategic risks is addressed from the dimensions of the Management Model of the Grupo Bolivar.

Strategic Risk Management is the continuous process that seeks to identify, evaluate, control and monitor strategic risks in order to define and execute action plans that guarantee compliance with defined strategic objectives.

The strategic risk management seeks to protect the value of the organization because it is the strategic risks that threaten to generate disruption in the assumptions of the strategy. The materialization of a strategic risk can invalidate the rationality of a strategic decision, threaten the competitive position and affect the Bank's financial performance. But it can also point out to new opportunities in order to generate value and improve competitiveness and performance.



The Board of Directors is the highest approval body for strategic risk policies and methodology, while the Bank's Strategic Committee is the body responsible for ratifying the identified strategic risks and their proper management. The aforementioned is done with the support of the Strategic Risk and Planning Department, the transversal / vertical risks and the business units.

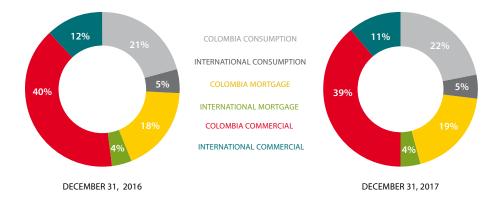
CREDIT RISK MANAGEMENT SYSTEM (SARC, in its Spanish acronym)

In order to maximize the Bank's profitability and maintain the portfolios at the desired risk levels, we have continued the process of strengthening credit risk management aimed at controlling and managing all stages of the cycle: origination, monitoring, collection and administration of guarantees. Under this premise, the Executive vice Presidency of Risk



seeks to strengthen risk management and accompany the growth strategy of the different segments of the Bank through specific areas of Credit Risk in SME banking, retail banking, wholesale, construction and Regional Unit, for the case of Central America.

At the end of 2017, our portfolio registered a value of \$ 78.2 trillion; Davivienda Colombia contributed with 80% of it and Davivienda International subsidiaries 20%, as follows:



During 2017, our portfolio showed a growth of 7.3% with respect to the previous year, driven by the Davivienda Colombia portfolio that grew by an average of 8.7%; the highest growth was in the mortgage portfolio, with a variation of 15%, followed by consumer (9.9%) and commercial (5.3%).

GROSS LOANS COMPOSITION

(In millions of pesos, except percentages)

Dusiness medal	December 21, 2017	December 31. 2016	Varia	Share	
Business model	December 31. 2017	December 31. 2016	\$	%	Snare
Davivienda Colombia	62,472,513	57,470,817	5,001,696	8.7%	80%
Commercial	30,854,186	29,289,740	1,564,447	5.3%	39%
Consumer	16,973,918	15,443,086	1,530,832	9.9%	22%
Mortgage	14,644,409	12,737,991	1,906,417	15.0%	19%
International subsidiaries	15,747,062	15,458,824	288,238	1.9%	20%
Commercial	8,687,747	8,990,127	-302,380	-3.4%	11%
Consumer	3,695,619	3,418,567	277,053	8.1%	5%
Mortgage	3,363,695	3,050,130	313,565	10.3%	4%
TOTAL	78,219,575	72,929,641	5,289,934	7.3%	100%



In the follow-up carried out throughout 2017, we found that the free investment and vehicle portfolios were the ones with the highest level of risk during the year, thus modifications to the origination policies were introduced, correcting both the accepted profile and the highest levels of indebtedness, including adjustments at the regional level. Besides that, in order to boost the placement of the payroll portfolio we made adjustments in the origination policies taking into account the risk levels of the companies and sectors.

As for the mortgage portfolio, we found an increase in the risk level of the portfolio in line with what was observed in the financial system, generated mainly by residential leasing and housing operations greater than VIS, in the segments close to the percentage limit of financing and allowed periods. During the year 2017 we made adjustments to the origination policies, seeking to maintain the healthy growth of the portfolio.

The commercial portfolio was within the levels of deterioration expected for 2017, situation that was mainly originated by specific credit exposures of clients with weaknesses in their financial structure. That adds to the slowdown in economic growth, the slow start of 4G infrastructure projects and the impact of the tax reform in some sectors of the economy.

With regard to the international subsidiaries, during 2017 the commercial segment registered a decrease in the balance of the portfolio, explained by a lower economic dynamism in the region and a high competition in the financial sector; however, we managed to keep our level of risk stable. In 2018 we expect to resume the historical portfolio level, maintaining NPL indicators.

We have identified a level of risk generated in the Honduran subsidiary for retail banking products; the rest of the subsidiaries present stable or improving developments. We took measures and expect to reverse the deterioration trend for the first half of 2018. In reference to the mortgage segment, the subsidiaries behave positively except Honduras, which begins to show deterioration alerts and for this we are generating adjustment measures.

Our biggest challenge is to support the migration of the credit process towards digitalization, promoting the healthy growth of the portfolio, aligned with the Bank's strategic objectives. During 2018 we expect a stabilization of the Colombian economy that will be reflected in the NPL towards the end of the year. The credit risk management will continue monitoring the portfolio looking for warning signals and taking the pertinent preventive or corrective measures.



MARKET RISK MANAGEMENT SYSTEM (SARM, in its Spanish acronym)

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

For treasury market risk management, we have limits based on the business model (structural portfolios and trading portfolios) and limits by risk factor (interest rate and exchange rate). Among the measures used are the Value at Risk, the DV01 and early warning of losses. For the management of the balance structure, risks associated with the interest rate and the exchange rates are identified. The first is managed by reading the match of the interest rate types on the balance sheet and the quantification of the sensitivity to their movements; and the second, through financial exchange coverage strategies that seek to reduce the sensitivity of the income statement and equity, from the perspective of a consolidated balance sheet. Coverage is defined based on the depth of the instrument markets for each currency and based on a prospective analysis of the economies and the market situation.

Davivienda uses the standard model for the measurement, control and management of market risk defined by the Financial Superintendence of Colombia, focused on consumption and capital allocation. During 2017 the Bank's level of exposure to market prices remained on average at \$ 283 billion, according to the standard model.

DAVIVIENDA USES THE STANDARD MODEL FOR THE MEASUREMENT, CONTROL AND MANAGEMENT OF MARKET RISK, DEFINED BY THE FINANCIAL SUPERINTENDENCE OF COLOMBIA.

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

(In millions of pesos)

Business Model	Minimum	Average	Maximum	Last
Interest rate	171,274	192,503	210,078	210,078
Exchange rate	57,886	77,709	120,955	120,955
Shares	2,194	2,915	3,274	3,123
Collective portfolios	9,760	10,687	11,357	10,349
Value at Risk	242,194	283,814	344,505	344,505



LIQUIDITY RISK MANAGEMENT SYSTEM (SARL, in its Spanish acronym)

The liquidity risk management is carried out taking into account, from the balance structure, both the usual business funding needs and the support for stress situations. For the subsidiaries, situations of a higher level of stress will be supported with liquidity from Colombia. To know the exposure to liquidity risk, we measure permanently the possibilities of withdrawals in stress situations, so that we can identify the main risks of concentration of maturities and concentration of wholesale customers, considering the volatility of the different funding sources.

For short-term purposes, the methodologies used to estimate liquidity risk consist of calculating the cash flows of the assets, liabilities and off-balance-sheet positions in different time bands, allowing permanent monitoring of the liquidity gap. For long-term management, the methodologies focus on the analysis of funding sources, their composition at the level of segments and products, and the characterization of assets and liabilities that do not have defined conditions of permanence.

WE DEVELOP
AWARENESS
AND TRAINING
STRATEGIES OF
OUR ETHICS
CODE AND OF
THE INTERNAL
TRANSPARENCY
LINE.

INTERNAL CONTROL SYSTEM (SCI, in its Spanish acronym)

We permanently review and update the controls in the Bank and our subsidiaries, taking into account regulatory changes, the environment, new products and services, and processes; we also consider the materialization of events to determine the causes and action plans that minimize the exposure of risks.

All policies and guidelines developed for each of the elements of the Internal Control System (SCI) contribute to reasonably meet the objectives of the entity.

During 2017 we continued to strengthen the Organizational Culture that is part of the Control Environment, developing awareness and face-to-face and virtual training strategies of our Code of Ethics and the Internal Transparency Line, reinforcing the importance of making our principles and values part of the philosophy of life of all our officials; we also reinforce the relevance of the principle of self-control as a basis for monitoring processes.

Additionally, we manage optimizations for the different elements of the Internal Control System based on the best international practices.

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



FINANCIAL CONSUMER SERVICE SYSTEM (SAC, in its Spanish acronym)

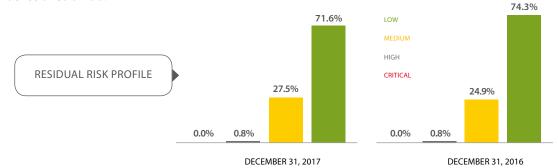
Clients and other financial consumers are the raison d'etre of the Bank and its national and international subsidiaries; for this reason we have developed an inter-institutional strategy to ensure that our superior purpose "Enrich life with integrity" is integrated into them through reliable, friendly and simple relationships, anticipating their needs and expectations, and resolving in an opportune manner and effectiveness those concerns or disagreements that may arise.

As fundamental components of the customer service strategy we have developed the following topics:

- 1. Know the levels of customer satisfaction and carry out the required actions.
- 2. Ensure the knowledge of the officials through the development of permanent training on the service model.
- 3. Strengthen different communication channels to reach the financial consumer with greater opportunity and effectiveness.

In accordance with the policies and the regulatory framework, the development of this strategic plan has allowed us to properly control the SAC risks.

This management model allows compliance with the regulatory requirements on Financial Consumer Care established by Law 1328 of 2009 and External Circular 015 of 2010 issued by the Financial Superintendence of Colombia.



RESIDUAL RISK PROFILE (SAC)

		December 31, 2017					December 31, 2016					
	Risks						Risks					
	Low	Medium	High	Critical	Total	Controls	Low	Medium	High	Critical	Total	Controls
Banco Davivienda	471	139	6	0	616	1,660	456	163	6	0	625	1,592
National subsidiares: - Fiduciaria Davivienda - Davivienda Corredores	135	94	1	0	230	582	113	28	0	0	141	328
Total	606	233	7	0	846	2,242	569	191	6	0	766	1,920



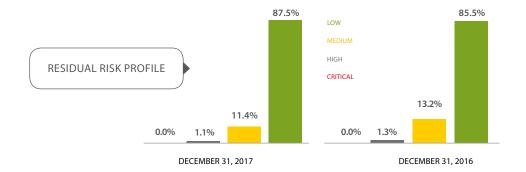
OPERATING RISK MANAGEMENT SYSTEM (SARO, in its Spanish acronym)

During the year 2017, the Bank and its national and international subsidiaries have launched a process of alignment and synergy with the operational risk management models and the activities that complement it, in order to ensure that the relevant risks of the different businesses are properly controlled and monitored, especially related to the following types of risk:

- Operating risks that directly or materially affect the Bank's income statement.
- Operating risks in the operational and financial processes.
- Fraud risks, information security and business continuity.

Likewise, and as part of the operating risk management strategy, we have integrated our technological structure as a fundamental basis for the assurance of information, documentation and application of models that will guide the strategy in the management and control of risks.

In accordance with the operation risk policies established by the Board of Directors and in accordance with the regulations established in each country, we have achieved an adequate management of operating risk.



OPERATING RISK MANAGEMENT SYSTEM (SARO)

			Decen	nber 31	, 2017					Decem	nber 31	, 2016		
	Duagana			Risks			Cantuala	Processes			Risks			Controls
	Processes	Low	Medium	High	Critical	Total	Controls	Processes	Low	Medium	High	Critical	Total	Controls
Banco Davivienda Colombia	204	1,508	413	16	0	1,937	4,838	208	1,407	421	21	0	1,849	4,679
Subsidiarias internacionales	165	1,749	38	21	0	1,808	3,932	161	1,561	37	25	0	1,623	3,392
Total	369	3,257	451	37	0	3,745	8,770	369	2,968	458	46	0	3,472	8,071



RISK MANAGEMENT SYSTEM FOR MONEY LAUNDERING AND FINANCING OF TERRORISM (SARLAFT, in its Spanish acronym)

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

The application of the compliance program in 2017 allowed determining the evolution of the consolidated risk of the risk factors, which remained stable during the year and within exposure thresholds categorized as low.

The AML-CFT Compliance Program is supported by a culture and organizational structure, policies, controls and procedures that are known and are applicable for the entire organization and that reflect the entire Colombian regulatory framework, as well as international recommendations and best practices in this matter, especially those of the "FATF" International Financial Action Task Force.

The procedures and rules of conduct regarding the application of all control mechanisms and instruments are integrated in the Compliance Manual and the Code of Conduct, which is known and accessible to all officers of the Group's entities. The Bank and its subsidiaries periodically carry out training programs aimed at their employees, third parties, allies and suppliers, among others, seeking to create awareness and commitment in each of them on the mitigation of crimes source of money laundering and / or financing of terrorism through the entities of the Group.

In compliance with the regulations, the Board of Directors appointed a Compliance Officer and his deputy, who are duly registered with the Financial Superintendence of Colombia.



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

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM (SARAS, in its Spanish acronym)

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

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

In accordance with the policies established in Colombia in terms of amounts, terms and sensitive sectors, SARAS applies for the granting of loans to customers in the wholesale, construction and business segments. Scope and accompaniment has been provided with this system, during the structuring and approval of loans for fourth generation (4G) infrastructure projects. Additionally, it applies in the evaluation of the Bank's strategic suppliers.

In subsidiaries in Central America, the SARAS methodology is adapted to the characteristics of the projects and activities of the wholesale banking segment to be financed, and in line with local legislation.

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

Davivienda continues to participate in the Green Protocol Committee; thus, during 2017 it served as chair of the Committee. The Green Protocol initiative of the Colombian financial sector, Asobancaria and the National Government allows to promote the sustainable development of the country and to work for the environmental preservation and the sustainable use of natural resources, through the execution of strategies and common benefit tools and the socialization of good practices to institutionalize the management of environmental and social risks, among other issues, within the associated financial entities.

THE **SARAS**METHODOLOGY
ADDRESSES
CONTAMINATION
PREVENTION,
BIODIVERSITY,
CLIMATE CHANGE
AND HUMAN RIGHTS.



FRAUD RISK MANAGEMENT SYSTEM (SARFRA, in its Spanish acronym)

The risk of fraud, classified as any illegal act whose characteristics may be deceit, concealment or breach of trust, and whose objective is the appropriation of money, goods, services and / or advantages or individual benefits³⁶, has been managed by Banco Davivienda through the Fraud Risk Management System (SARFRA) in compliance with the regulatory framework of the Operational Risk Management System (SARO).

Management carried out through SARFRA covers each stage of the fraud management cycle (prevention, detection, mitigation, analysis, government, investigation, prosecution and dissuasion), generating controls, policies and reports on both management and expense materialized by fraud, evaluated against the budget projection defined by the Bank; these expense reports by materialization are implicit in the management of Operational Risk and are presented to the Fraud Risk Committee for decision making that protects the organization, its customers, shareholders and other interested parties in search of a balance between the level of prevention of fraud and the impact on the client and the business.

By 2018, Banco Davivienda works to leverage its digital strategy, including its national and international subsidiaries, through a solution that facilitates the interaction between the Bank's channels and the authentication factors, strengthening the safety of the clients' transactions.

INFORMATION SECURITY AND CYBERSECURITY

During 2017, under the guidelines of the Risk and Media Executive Vice Presidencies, the Bank has defined new strategies and developed projects aimed at mitigating security and cybersecurity risks, through the development of its processes and the implementation of new tools to increase the ability for detecting, responding and retaining possible cyber attacks and cyber-threats in a timely manner. Among the most important initiatives we find the implementation of antimalware tools, tools and security correlation process and security monitoring, control tools for the protection against malware in clients, execution of specialized intrusion tests to evaluate the security and response posture to possible attacks and security incidents, initiation of the optimization plan of the identity management process and access to applications.

Policies, norms and procedures have been updated and adjusted at the level of processes and regulations, in accordance with business needs, in order to maintain adequate controls to mitigate threats and risks related to information assets. Moreover, the training and

THE BANK HAS
DEFINED NEW
STRATEGIES AND
DEVELOPED
PROJECTS
TO MITIGATE
THE RISKS OF
SECURITY AND
CYBERSECURITY.



awareness-raising plan was periodically carried out, aimed at all officials and third parties, seeking to create awareness and commitment on the protection of information and mitigation of risks.

In terms of regulatory and normative compliance, the Bank complies with the security requirements expected in External Circular 029 of 2014, the one that before was 042 of October 17, 2012 of the Financial Superintendence of Colombia, and includes these requirements in the development of each one of the projects from their very planning stage. In the same way, the government was defined and has been implementing and developing the plan to comply with Law 1581 on the protection of personal data. Internal monitoring to identify the level of compliance and possible risks is conducted through the area of Information Security.

The Bank continues the research on market trends, new threats, tools and control mechanisms that mitigate risks and maintain acceptable levels of the same for the business and, thus, support the delivery of products and services with a high level of quality and security for its customers.

BUSINESS CONTINUITY

In recent years, business continuity management has moved ahead to strengthen the implemented plans, models and strategies, guaranteeing the provision of critical services before the materialization of risks that may affect the normal operation of the entity, in compliance with internal policies, the regulatory framework, the implementation of international best practices and the basis of the DRII (Disaster Recovery Institute) methodology.

In the development of Business Continuity plans, 87 critical processes have been identified in the organization, for which the bank has developed, tested and certified, strategies that allow the reestablishment of the Bank's service provision.

During 2017, the second DRP (Disaster Recovery Plan) exercise, which allowed integrating different strategies of the Continuity Plan, was carried out and it did achieve the simultaneous activation of the alternate operation centers, the joint operation of critical platforms that support the processes, the development of critical business activities by the main and alternate officers, and the validation of communication schemes, as well as the identification of additional actions to achieve the capability of operational transactions in the face of major failure scenarios.

Similarly, year after year, the Crisis Management Scheme has been strengthened, making it, in this way, possible to respond systematically to unexpected events that could threaten officials, interest groups, assets and technological or operating infrastructure of the organization, under previously established protocols of action and communication.

THE MANAGEMENT OF BUSINESS CONTINUITY

REMAINS
GUARANTEEING
THE PROVISION OF
CRITICAL SERVICES
IN LIGHT OF THE
MATERIALIZATION
OF RISK.

BANCO DAVIVIENDA S.A. 91 / MANAGEMENT REPORT 2017



Throughout the year 2017 new scenarios have been incorporated into the Crisis Management scheme that seek to provide integral management of the risks involved in the current model; likewise, the communication schemes to clients have been optimized, achieving an opportune message regarding the materialized incidents, in compliance with the regulatory framework.

The Business Continuity of the organization is periodically evaluated by internal and external control entities. To date, no findings related to management have been identified.



TRANSACTIONS WITH RELATED PARTIES, SIGNIFICANT TRANSACTIONS AND SUBSEQUENT EVENTS

The operations conducted by Banco Davivienda with its partners and administrators are in accordance with the general policies of the entity. These operations are detailed in Note 14 of the Financial Statements.

The credits and deposits with related parties (shareholders, members of the Board of Directors, legal representatives and others) amount to \$ 144,329 million and \$ 645,265 million, respectively.

SPECIAL REPORT OF THE BUSINESS GROUP

Banco Davivienda historically maintains business relationships with companies of the same Group, seeking greater joint efficiency through the specialization of each company in those tasks in which it has competitive advantages.

We present a summary of the main transactions with related parties as of December 31, 2017, the details of this are presented in Note 14 of the Financial Statements:

(In millions of pesos)

Assets	488,357
Liabilities	720,126
Income	385,854
Expenses	207,903

There were no important decisions taken or not taken by Banco Davivienda by influence or in the interest of Grupo Bolívar S.A., or decisions taken or not taken by Grupo Bolívar S.A. in the interest of the Bank.por el Grupo Bolívar S.A.



ADMINISTRATIVE **ASPECTS**

LEGAL STATUS

The Bank does not currently have legal proceedings against it which may affect its solvency or stability. The most important legal proceedings are related in Note 12.19 of the Financial Statements.

FREE CIRCULATION OF INVOICES

The Bank certifies that it complies with the provisions of Article 87 of Law 1676 of 2013, since it does not prevent the free movement of invoices through the retention of same or similar events.

ADMINISTRATIVE SITUATION

As of December 2017, Banco Davivienda had 11,728 indefinite-term job positions, 397 on fixed-term job positions and 505 on apprenticeships for a total of 12,630.

INTELLECTUAL PROPERTY

As of December 2017, Banco Davivienda certifies that it complies with the rules of industrial property and copyright.

EXPENSES TO COMPANY EXECUTIVES

In 2017, payments to key personnel that have authority and responsibility to plan, direct and control the activities of the entity, directly or indirectly, amounted to \$ 6.7 billion.

EXPENSES FROM ADVISORS OR LINKED MANAGERS

The fees to the advisors of the Board of Directors totaled \$ 761 million in the year.

DONATIONS

During the year 2017 donations for \$ 13,229 million were made.

12,630 EMPLOYEES AS OF DECEMBER 2017.



ADVERTISING AND PUBLICITY EXPENSES

Advertising expenses totaled \$ 78,442 million and public relations expenses \$ 3,311 million.

ASSETS ABROAD

Money and other assets of the company abroad amount to \$ 1,289,025 million and obligations in foreign currency to \$ 8,348,781 million.

DOMESTIC AND / OR FOREIGN INVESTMENTS

The breakdown of participative securities is disclosed in Note 12.3.7 of the Financial Statements. These amount to \$ 3,404,886 million.

(In millions of pesos)

International investments		3,006,081
Domestic investments		398,805
- Subsidiaries	339,762	
- Other	59,043	
Total		3,404,886

FORESEEABLE EVOLUTION OF BANCO DAVIVIENDA

Our growth rates are proportionally linked to the growth of the Colombian economy. We currently expect significant growth in the commercial loan portfolio and, on a moderate scale, in the mortgage portfolio. Part of this growth particularly that of the commercial portfolio, will be the result of government initiatives such as infrastructure, housing construction and industry support. We will continue to support small and medium enterprises through specialized products.

\$13.229 MILLION DONATIONS AS OF DECEMBER 2017.



CERTIFICATION AND RESPONSIBILITY OF FINANCIAL INFORMATION

We certify the shareholders that:

The individual and consolidated Financial Statements and other relevant reports for the period between January 1 and December 31, 2017 do not contain defects, inaccuracies or errors that prevent knowing the true financial situation and the operations of the Bank.

The Bank has adequate disclosure systems and control of financial information, and procedures that ensure that it is presented properly.

Likewise, we inform that there are no significant deficiencies in the design and operation of internal controls that would have prevented the Bank from registering, processing, summarizing or adequately presenting its financial information, as expressed in the report of the Internal Control System.

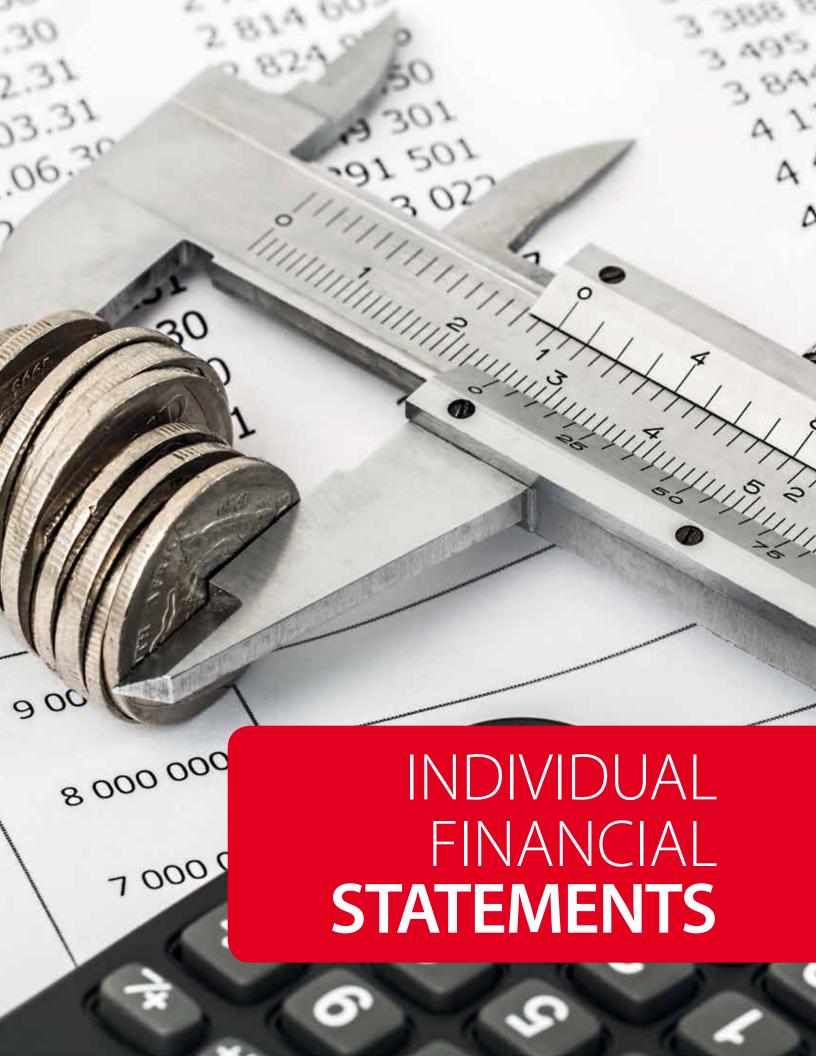
We appreciate the commitment of all officers and the support of our shareholders, with whom it has been possible to achieve the results revealed.

Carlos Arango Uribe

Efraín E. Forero Fonseca

Chairman Board of Directors

Chairman Banco Davivienda S.A.







KPMG S.A.S. Calle 90 No. 19C - 74 Bogotá D.C. - Colombia Teléfono

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INFORME DEL REVISOR FISCAL

Señores Accionistas Banco Davivienda S.A.:

Informe sobre los estados financieros separados

He auditado los estados financieros separados de Banco Davivienda S.A., los cuales comprenden el estado separado de situación financiera al 31 de diciembre de 2017 y los estados separados de resultados, otro resultado integral, de cambios en el patrimonio y de flujos de efectivo por el año que terminó en esa fecha y sus respectivas notas, que incluyen las políticas contables significativas y otra información explicativa.

Responsabilidad de la administración en relación con los estados financieros separados

La administración es responsable por la adecuada preparación y presentación de estos estados financieros separados de acuerdo con Normas de Contabilidad y de Información Financiera aceptadas en Colombia. Esta responsabilidad incluye: diseñar, implementar y mantener el control interno relevante para la preparación y presentación de estados financieros separados libres de errores de importancia material, bien sea por fraude o error; seleccionar y aplicar las políticas contables apropiadas, así como establecer los estimados contables razonables en las circunstancias.

Responsabilidad del revisor fiscal

Mi responsabilidad consiste en expresar una opinión sobre los estados financieros separados con base en mi auditoría. Obtuve las informaciones necesarias para cumplir mis funciones y efectué mi examen de acuerdo con Normas Internacionales de Auditoría aceptadas en Colombia. Tales normas requieren que cumpla con requisitos éticos, planifique y efectúe la auditoría para obtener una seguridad razonable sobre si los estados financieros separados están libres de errores de importancia material.

Una auditoría incluye realizar procedimientos para obtener evidencia sobre los montos y revelaciones en los estados financieros separados. Los procedimientos seleccionados dependen del juicio del revisor fiscal, incluyendo la evaluación del riesgo de errores de importancia material en los estados financieros separados. En dicha evaluación del riesgo, el revisor fiscal tiene en cuenta el control interno relevante para la preparación y presentación de los estados financieros separados, con el fin de diseñar procedimientos de auditoría que sean apropiados en las circunstancias. Una auditoría también incluye evaluar el uso de políticas contables apropiadas y la razonabilidad de los estimados contables realizados por la administración, así como evaluar la presentación de los estados financieros separados en general.



2

Considero que la evidencia de auditoría que obtuve proporciona una base razonable para fundamentar la opinión que expreso a continuación.

Opinión

En mi opinión, los estados financieros separados que se mencionan, preparados de acuerdo con información tomada fielmente de los libros y adjuntos a este informe, presentan razonablemente, en todos los aspectos de importancia material, la situación financiera separada de Banco Davivienda S.A. al 31 de diciembre de 2017, los resultados separados de sus operaciones y sus flujos separados de efectivo por el año que terminó en esa fecha, de acuerdo con Normas de Contabilidad y de Información Financiera aceptadas en Colombia, aplicadas de manera uniforme con el año anterior.

Otros asuntos

Los estados financieros separados al y por el año terminado el 31 de diciembre de 2016 se presentan exclusivamente para fines de comparación, fueron auditados por mí y en mi informe de fecha 17 de febrero de 2017, expresé una opinión sin salvedades sobre los mismos.

Informe sobre otros requerimientos legales y regulatorios

- 1. Con base en el resultado de mis pruebas, en mi concepto durante 2017:
- a) La contabilidad del Banco ha sido llevada conforme a las normas legales y a la técnica contable.
- Las operaciones registradas en los libros se ajustan a los estatutos y a las decisiones de la Asamblea de Accionistas.
- La correspondencia, los comprobantes de las cuentas y los libros de actas y de registro de acciones se llevan y se conservan debidamente.
- d) Se ha dado cumplimiento a las normas e instrucciones de la Superintendencia Financiera de Colombia relacionadas con la adecuada administración y provisión de los bienes recibidos en pago y con la implementación e impacto en el estado de situación financiera y en el estado de resultados de los sistemas de administración de riesgos aplicables.
- e) Existe concordancia entre los estados financieros que se acompañan y el informe de gestión preparado por los administradores, el cual incluye la constancia por parte de la administración sobre la libre circulación de las facturas emitidas por los vendedores o proveedores.
- f) La información contenida en las declaraciones de autoliquidación de aportes al sistema de seguridad social integral, en particular la relativa a los afiliados y a sus ingresos base de cotización, ha sido tomada de los registros y soportes contables. El Banco no se encuentra en mora por concepto de aportes al sistema de seguridad social integral.



3

Para dar cumplimiento a lo requerido en los artículos 1.2.1.2. y 1.2.1.5. del Decreto Único Reglamentario 2420 de 2015, modificados por los artículos 4 y 5 del Decreto 2496 de 2015, respectivamente, en desarrollo de las responsabilidades del Revisor Fiscal contenidas en los numerales 1º y 3º del artículo 209 del Código de Comercio, relacionadas con la evaluación de si los actos de los administradores de la Sociedad se ajustan a los estatutos y a las órdenes o instrucciones de la Asamblea de Accionistas y si hay y son adecuadas las medidas de control interno, de conservación y custodia de los bienes de la Sociedad o de terceros que estén en su poder, emití un informe separado de fecha 8 de febrero de 2018.

 Efectué seguimiento a las respuestas sobre las cartas de recomendaciones dirigidas a la administración del Banco y no hay asuntos de importancia material pendientes que puedan afectar mi opinión.

Revisor Fiscal de Banco Davivienda S.A.

T.P. 214605 - T Mierobro de KPMG S.A.S.

8 de febrero de 2018





CERTIFICACION DE LOS ESTADOS FINANCIEROS SEPARADOS

RESPONSABILIDAD DE LA INFORMACION FINANCIERA

Los suscritos Representante Legal y Contador del Banco Davivienda S.A. atendiendo los términos establecidos en los artículos 46 y 47 de la Ley 964 de 2005 y de acuerdo con los términos requeridos en las Normas de Contabilidad y de Información Financiera aceptadas en Colombia, se permiten:

Certificar que los Estados Financieros por el período comprendido entre el 01 de Enero y el 31 de Diciembre de 2017, no contienen vicios, imprecisiones o errores que impidan conocer la verdadera situación patrimonial o las operaciones del Banco Davivienda S.A., de acuerdo con lo establecido en el artículo 46 de la Ley 964 de 2005.

En concordancia con los términos dispuestos por las normas de Contabilidad y de información financiera aceptadas en Colombia y atendiendo los aspectos referidos en el Marco Conceptual, la información y afirmaciones integradas en los Estados Financieros han sido debidamente verificadas y obtenidas de los registros contables, elaborados de conformidad con el marco normativo antes referido.

Banco Davivienda S.A. cuenta con adecuados sistemas de revelación y control de información financiera, para lo cual se han diseñado los correspondientes procedimientos que permiten asegurar que ésta sea presentada en forma apropiada, cuya operatividad es verificada por la Auditoría y la Dirección Financiera.

Así mismo, informamos que no se han evidenciado deficiencias significativas presentadas en el diseño y operación de los controles internos que hubieran impedido al Banco registrar, procesar, resumir o presentar adecuadamente su información financiera. Se han realizado las actividades de control en la gerencia para prevenir el riesgo de fraude en procesos que afectaran la calidad de la información financiera y evidenciar cambios en su metodología de evaluación.



En los Estados Financieros se encuentran registrados todos los activos y pasivos existentes en la fecha de corte y éstos representan probables derechos y obligaciones futuras, respectivamente. Todas las transacciones del periodo fueron registradas y todos los hechos económicos, han sido reconocidos, y clasificados, descritos y revelados. Todos los elementos han sido reconocidos por los importes apropiados, teniendo en cuenta los aspectos referidos en el Marco Conceptual y en concordancia con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia.

Se han verificado previamente las afirmaciones contenidas en los Estados Financieros, conforme a los reglamentos normativos y que las mismas se hayan tomado fielmente de los libros en concordancia con el artículo 37 de la Ley 222 de 1995. El Banco cuenta con adecuados procedimientos de control y revelación de información financiera y su operatividad ha sido verificada, de acuerdo con los términos establecidos en el artículo 46 de la Ley 964 de 2005.

Bogotá, Febrero 05 de 2018

Juan Carlos Hernández Nuñez Representante Legal

Carmen Anilsa Cifuentes Barrera Contador T.P. 35089-T



Banco Davivienda S.A. Estados Separados de Situación Financiera Al 31 de diciembre de 2017 con cifras correspondientes al 31 de diciembre de 2016 (Millones de pesos colombianos (COP))

	Nota	diciembre 31, 2017	diciembre 31, 2016
ACTIVO			
Efectivo .	12.1	4.081.986	4.933.356
Operaciones activas de mercado monetario y relacionados	12.2	1.337.235	152.866
Instrumentos financieros de inversión, neto	12.3	6.175.692	4.743.671
Derivados	12.4	335.412	238.506
Cartera de créditos y operaciones de leasing financiero, neto	12.5	58.380.096	54.292.599
Cuentas por cobrar, neto	12.6	1.455.007	1.711.033
Activos mantenidos para la venta, neto	12.7	86.324	72.804
Inversiones medidas a costo amortizado, neto	12.3	1.392.427	1.369.644
Inversiones en subsidiarias y asociadas	12.3.7	3.404.886	3.216.541
Propiedades y equipo, neto	12.8	450.783	538.408
Propiedades de inversión, neto	12.9	33.865	45.885
Plusvalia	12.11	1.080.775	1.080.775
Intangibles	12.12	105.250	77.357
Otros activos no financieros, neto	12.13	172,143	233.520
Total activo		78.491.881	72.706.965
PASIVO	12.14	40 000 540	45 000 000
Depósitos y exigibilidades	12.14	48.638.542	45.600.939 21.990.834
Cuenta de ahorros Depósitos en cuenta corriente		20.186.530 5.699,239	4.680.765
Certificados de depósito a término		21.893.816	18.210.104
Otras exigibilidades		858.957	719.236
Operaciones pasivas de mercado monetario y relacionados	12.15	1.036.602	1.785.322
Derivados	12.4	354.549	246.170
Créditos de bancos y otras obligaciones	12.16	5.663.504	5,292,891
Instrumentos de deuda emitidos	12.17	11.179.368	9.063.260
Cuentas por pagar	12.18	1.181.227	989.103
Impuesto diferido, neto	13.7	497.087	613.603
Otros pasivos no financieros y pasivos estimados	12.19	396.286	256.205
Total pasivo		68.947.165	63.847.493
DATRIMONIO			
PATRIMONIO Capital y reservas (1)	12.20	7.709.912	6.385.568
Ganancias o pérdidas no realizadas (ORI)	12.20	202.418	174.713
Adopción por primera vez NIIF		435.116	507.026
Utilidades acumuladas de ejercicios anteriores		88.803	253.479
Utilidad del ejercicio		1.108.467	1.538.686
Total patrimonio		9.544.716	8,859,472
Total patilitonio		0.0741110	
TOTAL PASIVO Y PATRIMONIO		78.491.881	72.706.965

(1) Incluye prima en colocación de acciones.

Véanse las notas que acompañan los Estados Financieros Separados.

JUAN CARLOS HERNÁNDEZ NÚÑEZ Representante Legal

CARMEN ANILSA/CIFUENTES BARRERA
Contador
TP. No. 35089-T

RAFABL RODRÍGUEZ MARTÍN Revisor Fiscal de Banco Davivienda S.A. IP. No. 214605-T Miemero de KPMG S.A.S. (Véase mi informe del 08 de Febrero de 2018)



Banco Davivienda S.A. Estados Separados de Resultados

Por el año terminado al 31 de diciembre de 2017 con cifras correspondientes por el año terminado al 31 de diciembre de 2016 (Millones de pesos colombianos (COP))

	Nota	2017	2016
Ingresos por intereses		7.561.906	7.070.485
Cartera de créditos		7.076.025	6.460.356
Inversiones y valoración, neto	13.1	424.469	565.640
Operaciones del mercado monetario		61.412	44.489
Egresos por intereses		3.225.126	3.147.079
Depósitos y exigibilidades		2.202.114	2.120.091
Depósitos en cuenta corriente		29.290	41.276
Depósitos de ahorro		747.277	818.506
Certificados de depósito a término		1.425.547	1.260.309
Créditos de bancos y otras obligaciones financieras		218.111	202.018
Instrumentos de deuda emitidos		687.538	723.611
Otros intereses		117.363	101.359
Margen financiero bruto		4.336.780	3.923.406
Provisiones de activos financieros, neto		1.777.147	1.471.189
Provisiones de activos financieros		3.015.470	2.600.995
Reintegros de activos financieros		1.238.323	1.129.806
Margen financiero neto		2.559.633	2.452.217
Ingresos por comisiones y servicios, neto	13.2	779.737	742.013
Resultado de titulos participativos	13.3	262.305	325.245
Dividendos		22.188	25.524
Gastos operacionales		2.377.047	2.117.462
Gastos de personal	13.4	988.021	924.906
Operativos	13.5	1.330.258	1.141.258
Amortizaciones y depreciaciones	13.5	58.768	51.298
Diferencia en cambio, neta		67.451	(73.479)
Derivados, neto		385	206.061
Otros ingresos y gastos, netos	13.6	65.640	274.095
Margen operacional		1.380.292	1.834.214
Impuesto de renta y complementarios corriente	13.7	307.463	420.788
Impuesto de renta y complementarios diferido	13.7	(35.638)	(125.260)
Utilidad del ejercicio		1.108.467	1.538.686
Utilidad por acción del periodo en pesos (1)		2,454	3.407
(1) Octobrate de como a Milidad del ciercicio / Dremedio nenderado número de n	solonos en elecutación	2.101	0.101

(1) Calculada como: Utilidad del ejercicio / Promedio ponderado número de acciones en circulación.

Véanse las notas que acompañan los Estados Financieros Separados.

JUAN CARLOS HERNÁNDEZ NÚÑEZ Representante Legal

CARMEN Contador

TP. No. 35089-T

RAFAEL RODRÍGUEZ MARTÍN Revisor Fiscal de Baneo Davivienda S.A. TP. No. 214605-T Midmbro de KPMG S.A.S. (Véase mi informe del 08 de Febrero de 2018)



Banco Davivienda S.A. Estados Separados de Flujo de Efectivo Por el año terminado al 31 de diciembre de 2017 con cifras correspondientes por el año terminado al 31 de diciembre de 2016 (Millones de pesos colombianos (COP))

Flujos de efectivo de las actividades de operación:	Nota	diciembre 31, 2017	diciembre 31, 2016
Utilidad del ejercicio		1.108.467	1,538,686
Conciliación entre la utilidad del ejercicio y el efectivo neto usado en las actividades de operación			
Reintegro de instrumentos financieros de inversión, neto	12.3.6	(839)	(203
Provisión de cartera de créditos y leasing financiero, neto	12.5.15	1.857.650	1.548,308
Provisión de cuentas por cobrar, neto	12.6	80.354	84,685
Provisión de activos mantenidos para la venta, neto	12.7.4	27.787	21.959
Provisión (reintegro) de propiedades y equipo y de inversión, neto	12.8.3/12.9.2	293	(884
Provisión de otros activos, neto	12.13	25.679	(2.306
Provisión para cesantías		45.508	3.931
Provisión de pasivos estimados, neto	12.19	71.019	8.680
Depreciaciones	13.5	45.304	39.223
Amortizaciones	13.5	13.464	12.075
Diferencia en cambio		(67.451)	(393,952
Utilidad en venta de cartera, neta	12.5.11	(14.411)	
Utilidad Método Participación Patrimonial (MPP), neta	13.3	(258.162)	(270.755
✓aloración de inversiones, neta		(424.946)	(543.244
Pérdida (utilidad) en venta de inversiones negociables, neta		483	(23.204
Utilidad en venta de inversiones disponibles para la venta, neta		(6)	(53.684
Utilidad en venta de inversiones hasta el vencimiento, neta		(4.143)	
Valoración de derivados y operaciones de contado , neta		(385)	(206.061
Pérdida (utilidad) en venta de activos mantenidos para la venta, neta	12.7.3	1.379	(225
Utilidad en venta de propiedades y equipo y bienes dados en leasing neta	12.8.1	(31.364)	(147.108
Utilidad en venta de propiedades de inversión	12.9.3	(5.040)	(2.508
(Utilidad) pérdida en venta de otros activos		(190)	370
Otras recuperaciones pasivos estimados			(5.04)
Pago de cesantías		(43.236)	(4.145
mpuesto a las ganancias	13.7	271.825	295,528
Cambios en activos y pasivos operacionales:			
Disminución (aumento) en operaciones activas del mercado monetario y relacionadas		84.990	(24.504
Disminución (aumento) de inversiones negociables		56.634	(1.385.898
Aumento de cartera de créditos y operaciones de leasing financiero		(13.792.661)	(15.028.504
Producto de la venta de cartera de créditos	12.5.11/12.5.12	724.121	434.293
Disminución (aumento) de cuentas por cobrar		318,181	(405,997
Adiciones de activos mantenidos para la venta	12.7.2	(90.856)	(78.41
Producto de la venta de activos mantenidos para la venta	12.7	24.598	19.07
Aumento otros activos		(30,190)	(181.348
Producto de la venta de otros activos		12.001	7.467
Aumento depósitos y exigibilidades		5.474.829	9.000.747
(Disminución) aumento fondos interbancarios comprados ordinarios		(172.112)	17.069
Aumento (disminución) en derivados pasivos		108.379	(118.280
Aumento cuentas por pagar		203.538	96.083
(Disminución) aumento obligaciones laborales		(34.029)	86.420
Aumento pasivos estimados y provisiones		93.741	107.363
Impuesto a la riqueza		(21.841)	(54.704
Impuesto a las ganancias pagado		(353.526)	(433.627
Intereses Pagados		(2.909.989)	(1.856.780
Intereses Recibidos		7.103.273	6.267.043
Efectivo neto usado por las actividades de operación		(501.878)	(1.632.369
Flujos de efectivo de las actividades de inversión:			
Efectivo producto integración Leasing Bolivar		-	62.81
Dividendos recibidos		102.408	25.52
Aumento) disminución de inversiones disponibles para la venta		(1.141.817)	1.769.55
Disminución (aumento) de inversiones hasta el vencimiento		77.168	(62.53
Aumento de inversiones títulos participativos		(48.063)	(41.58
Disminución de derechos fiduciarios		-	3.77
Aumento) disminución de aceptaciones, operaciones de contado y derivados		(93.224)	402.50
Disminución de propiedades y equipos		2.033	4
Adiciones de propiedades y equipos y de inversión	12.8/12.9	(65.109)	(67.30
Producto de la venta de propiedades y equipo	12.8.1	30.286	117.80
Producto de la venta de propiedades de inversión	12.9.3	6.425	19.78
Disminución activos intangibles		41.007	40.70
		(1.088.884)	2,271.09



Banco Davivienda S.A. Estados Separados de Flujo de Efectivo (Continuación) Por el año terminado al 31 de diciembre de 2017 con cifras correspondientes por el año terminado al 31 de diciembre de 2016 (Millones de pesos colombianos (COP))

Flujos de efectivo de las actividades de financiación:			
Emisiones en instrumentos de deuda	12.17	2.999.843	958.589
Redenciones en instrumentos de deuda	12.17	(857.889)	(505.744)
Disminución en instrumentos de deuda		(1.065)	-
Nuevos préstamos en obligaciones financieras	12.16	4.166.552	4.104.316
Pagos del periodo en obligaciones financieras	12.16	(3.873.632)	(3.821.010)
Disminución en obligaciones financieras		(10.157)	-
Pago de dividendos en efectivo		(429.087)	(390.243)
Efectivo neto provisto en las actividades de financiación		1.994.564	345.908
Electivo neto provisto en las actividades de financiación		1.554.564	340.506
Aumento neto en efectivo y equivalente de efectivo		403.802	984.633
Efecto de la variación de la diferencia en cambio sobre el efectivo		14.187	(146.452)
Efectivo y equivalentes de efectivo al comienzo del periodo		5.001.232	4.163.051
Efectivo y equivalentes de efectivo al final del periodo (*)		5.419.221	5.001.232

(*) Incluye equivalentes de efectivo menores a 90 días en posiciones activas en operaciones del mercado monetario por \$1,337,235 para ciciembre 31, 2017 y \$67,876 para diciembre 31, 2016. Véanse las notas que acompañan los Estados Financieros Separados.

JUAN CARLOS HERNÁNDEZ NÚÑEZ Representante Legal CARMEN ANILSA CIFUENTES BARRERA Contador TP. No. 35089-T RAFAEL RODRIGUEZ MARTIN Revisor Niscal de Banco Cavivienda S.A. TP. No. 214605-T Miembro de KPMG S.A.S. (Véase mi informe del 08 de Febrero de 2018)



Banco Davivienda S.A.

Estados Separados de Otros Resultados Integrales

Por el año terminado al 31 de diciembre de 2017 con cifras correspondientes por el año terminado al 31 de diciembre de 2016 (Millones de pesos colombianos (COP))

_	2017	2016
Utilidad del ejercicio	1.108.467	1.538.686
Componentes de otro resultado integral que no se reclasificarán al resultado del periodo, neto de impuestos:		
Beneficios a empleados largo plazo	27.163	(31.078)
Total otro resultado integral que no se reclasificará al resultado del periodo, neto de impuestos	27.163	(31.078)
Componentes de otro resultado integral que se reclasificarán al resultado del periodo, neto de impuestos:		
Ganancia no realizada títulos renta fija	16.012	4.567
Inversiones en subsidiarias y otras inversiones de no control	14.644	25.431
Conversión diferencia en cambio de subsidiarias del exterior	(39.540)	(162.035)
Cobertura de inversiones netas en negocios en el extranjero, neto	9.426	68.948
Total otro resultado integral que se reclasificará al resultado del periodo, neto de impuestos	542	(63.089)
Total otro resultado integral, neto de impuestos	27.705	(94.167)
Resultado integral total	1.136.172	1.444.519

Véanse las notas que acompañan los Estados Financieros Separados.

JUAN CARLOS HERNÁNDEZ NÚÑEZ Representante Legal

CARMENANILSA CIFUENTES BARRERA

Contador TP. No. 35089-T

RAFAEL RODRÍGUEZ MARTÍN

Revisor Fiscal de Banco Davivienda S.A.

TP. No. 274505-T

Microbro de KPMG S.A.S.

(Véase mi informe del 08 de Febrero de 2018)

RESULTADOS ACUMULADOS



Banco Davivienda S.A.

Estados Separados de Cambios en el Patrimonio

Por el año terminado al 31 de diciembre de 2017 con cifras correspondientes por el año terminado al 31 de diciembre de 2016 (Millones de pesos colombianos (COP))

CAPITAL Y RESERVAS

Purple of the detector of 2019 Purple of 2019 Purpl			-	-	4			The state of the s	CONTRACTOR OF	
71.074 4.139.567 652.409 653.863 734.409 268.880 778.71 1214.253 777 acodes automine suscrines automine suscrines automine suscrines automine for a code of the co		Capital	Prima de emisión			Adopción por primera vez.	Ganancia no realizada (ORI)	Utilidad ejerticios anteriores	Utilidad del elercicio	Total Patrimonio de los accionistas
(54.704) (54.704) (54.704) (54.704) (54.704) (54.704) (54.704) (55.000) (475.000)	aldo a 31 de diciembre de 2015	71.074	4.133.667	822.469	563.683	734.409	268.880	79.871	1,214,263	7,718,516
\$16.070 k13 acciones suscribas \$324.020 \$475.000 \$324.020 \$475.000 \$27.4 \$25.000	spuesto a la riqueza (1)				(54,704)					(54.704)
acción Abri 20 de 2016 (2) 4 517 420 053 (424 57) (424 57) (424 57) (475 500	sistribución de dividendos: Dividendos decembidos en Cabación, 5864 por acción sobre 451,670,413 acciones suscritas y necessas Mer 20 y Sen 31 de 2016.								(380,243)	(390.243)
1163 123.084 125.000	cciones a razón de 3940 pesos por	4.517	420.053		(424.570)					
## 1163 123.084 (4.478) To 215 (4.482) To 215 (4.482) To 216 (4.482) To 218 (4.482) To 21	Reserva legal			324.020					(324,020)	
### 11/150 123.084 70.215 70.215 70.215 70.215 70.215 70.215 70.215 70.215 70.215 70.215 70.215 70.216 70.215 70.216 70.215 70.216	Reserva ocasional futuras capitalizaciones o aumentar reserva legal. Reserva ocasional aumentar reserva legal				25,000				(25.000)	
Eadas en el período 2015, para 1051, 190 667 14, 100 674 674 676, 100 676, 100 674 71, 100 674, 100 67	Liberación reserva ocasional valoración Inversiones precios de mercado - Decreto			4.478	(4.476)					
1.153 122.064 667 14.100 974	2330/50, para aumentar reserva rega. Disponer de utilidades de ajercicios de años arteriores realizadas en el periodo 2015, para			70.215				(70.215)		*
15.067 15.067 15.068 15.0	aumentar reserva legal strienonio integrado Leasing Bolivar	1.193	123.084		199	14,100		974		140.018
25.431 y cobortura de inversiones en el extranjero, nello 193.067 44.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 41.733 45.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 41.733 45.67 45.67 45.67 45.67 45.67 45.67 45.67 45.67 47.500 47	tro resultado integral , neto de impuesto a las ganancias Realizaciones aplicación NIIF per crimera vez					(241,483)		242 849		1.366
15.00	Inversiones en subsidiarias y otras inversiones de no control						25,431			25.431
4.657 15.00 4.4577 15.00 4.4578.804 15.00 500 000 174,713 15.00 500 15.00 500 000 174,713 15.00 500 000	Deservos en cambio controladas y copertura de inversidadas en el sixulargero, neto de inversabilitados.						(93,087)			(93,087
(31,078) (31	Ganandia no realizada tilulos rente fija						4.567			4,567
76.784 4 676.804 1 051.180 580.800 507.026 174.713 253.479 1.538.680 8. (21.841) (21.841) (21.841) (21.841) (428.087) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (428.087) (635.948) (438.087) (635.948) (635.94	Beneficios a empleados largo plato.						(31,078)		1 538 886	٠
(21.841) (429.087) (6 (429.087)	Mido a 31 de diciembre de 2016	76.784	4.676,804	1,051,180	580.800	507.026	174.713	253.479	1.538.698	9.
645.948 192.896 192.	npuesto a la riqueza (1) sstribución de dividendos:				(21.841)					(21,841)
102.596 192.	Dividencia decretadas en efectivo, \$950 por apolón sobre 451.670.413 acciones suscritas y pepadas. Abr.05 y Sep.21 de 2017.								(429,087)	(429.087)
745.948 (645.948) 720.755 (270.756) 720.755 (270.756) 720.756)	ovimiento de reservas:									٠
T92 896 (192 899) (192 899) (192 899) (192 899) (270,755	Reserva legal			645.948					(645.948)	
270,755 475,000 (476,000) 206,596 206,596 (71,910) 14,644 71,910 10,012 27,153 11,03,467 1.	Reserva ocasional futuras capitalizaciones o aumentar reserva legal.				192.896				(192,895)	1 0
236.596 (71.910) 14.644 71.910 (71.910) 14.645 71.910 (71.910) 14.644 71.910 (71.910) 14.64	Reserve octasional Capitalización reperva con compromiso utilidades 2015			475,000	(475,000)				(270.755)	
236.586) (71.910) 14.644 71.910 14.644 71.910 15.012 15.012 17.910 16.012 27.153 11.00.467 1.	Liberación de la reserva ocasional por valoración de inversiones a precios de mercado -			10.802	(10.802)					
(71.910) 14.844 71.910 (71.910) 14.844 71.910 (30.114) (3	Decreto 2338/95, para aumentar maenva legal. Disponer de utilidades de ejencicios de años anteriores realizadas en el periodo 2015, para			236 686				1009 06:67		0 9
71.910 (71.910) 14.644 77.910 (30.114)	aumentar reserva legal stro resultado integral , neto de impuesto a las ganancias							(coorney)		
430.114) 16.012 27.163 27.163 27.163 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467 1.108.467	Resizaciones aplicación NIIF por primora vaz (*) Invarsiones en subsidiarias y obas inversiones de no control					(71.910)		71.910		14.644
18.012 27.153 27.153 11.08.467 1.1	Diferencia en cambio controlladas y cobertura de inversiones natas en el extranjero, neto						(30.114)			(30.114)
221.153 27.153 11.08.467 1.1.	Generalis no resilizada di Libes tenta fila						16.012			16.012
1 (28-82) 1 (18-82) 2 (19-2) 1 (18-8	Beneficios a empleados largo plazo						27.163			
THE PERSON NAMED IN COLUMN TO A STATE OF THE PERSON NAMED IN COLUMN TO A STATE	esultado del ejercicio	20.704	4 878 and	0.440.640	5/8 9/2	196 448	BAY GOOD	88 800	1.108.467	

(1) En Asambles Extraordinaria del 30 de Entero de 2015, se autordo mputar el impuesto de la moueza, de conformida con lo stabilisade en ni sir y 1739 de 2014, si reservas patrimoniarias, para los acidas y 2015, 2016 y 2017.

(2) Se armenta valer norminal en 510 quedando en 5170 por acidas y la diferencia ne 9930 persos commispendia a prima en colocacida de acidando en estableción de validados antariores a la adepción de NIF por primera vaz 515.291 y realización de valorizaciones en movilización de acidados Financieros Separados.

Véense los notas que acompañal los Estados Financieros Separados.

JUAN CARLOS HERNANDEZ NÜÑEZ Representante Legal

Contador TP. No. 35089-T CARMER ANILSA

RAFAED RODRIGUEZ MARTIN
Revisor Fiscal de Banco Davivienda S.A.
TP. No. 214606-1
Mombro de KPMG S.A.S.
(Vésse mi Informe del 08 de Febrero de 2018)







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INFORME DEL REVISOR FISCAL

Señores Accionistas Banco Davivienda S.A.:

Informe sobre los estados financieros consolidados

He auditado los estados financieros consolidados de Banco Davivienda S.A. y Subsidiarias, los cuales comprenden el estado consolidado de situación financiera al 31 de diciembre de 2017 y los estados consolidados de resultados, otro resultado integral, de cambios en el patrimonio y de flujos de efectivo por el año que terminó en esa fecha y sus respectivas notas, que incluyen las políticas contables significativas y otra información explicativa.

Responsabilidad de la administración en relación con los estados financieros consolidados

La administración es responsable por la adecuada preparación y presentación de estos estados financieros consolidados de acuerdo con Normas de Contabilidad y de Información Financiera aceptadas en Colombia. Esta responsabilidad incluye: diseñar, implementar y mantener el control interno relevante para la preparación y presentación de estados financieros consolidados libres de errores de importancia material, bien sea por fraude o error; seleccionar y aplicar las políticas contables apropiadas, así como establecer los estimados contables razonables en las circunstancias.

Responsabilidad del revisor fiscal

Mi responsabilidad consiste en expresar una opinión sobre los estados financieros consolidados con base en mi auditoría. Obtuve las informaciones necesarias para cumplir mis funciones y efectué mi examen de acuerdo con Normas Internacionales de Auditoría aceptadas en Colombia. Tales normas requieren que cumpla con requisitos éticos, planifique y efectúe la auditoría para obtener una seguridad razonable sobre si los estados financieros consolidados están libres de errores de importancia material.

Una auditoría incluye realizar procedimientos para obtener evidencia sobre los montos y revelaciones en los estados financieros consolidados. Los procedimientos seleccionados dependen del juicio del revisor fiscal, incluyendo la evaluación del riesgo de errores de importancia material en los estados financieros consolidados. En dicha evaluación del riesgo, el revisor fiscal tiene en cuenta el control interno relevante para la preparación y presentación de los estados financieros consolidados, con el fin de diseñar procedimientos de auditoría que sean apropiados en las circunstancias. Una auditoría también incluye evaluar el uso de políticas contables apropiadas y la razonabilidad de los estimados contables realizados por la administración, así como evaluar la presentación de los estados financieros consolidados en general.



2

Considero que la evidencia de auditoría que obtuve proporciona una base razonable para fundamentar la opinión que expreso a continuación.

Opinión

En mi opinión, los estados financieros consolidados que se mencionan, preparados de acuerdo con información tomada fielmente de los libros y adjuntos a este informe, presentan razonablemente, en todos los aspectos de importancia material, la situación financiera consolidada del Banco y Subsidiarias al 31 de diciembre de 2017, los resultados consolidados de sus operaciones y sus flujos consolidados de efectivo por el año que terminó en esa fecha, de acuerdo con Normas de Contabilidad y de Información Financiera aceptadas en Colombia, aplicadas de manera uniforme con el año anterior.

Otros asuntos

Los estados financieros consolidados al y por el año terminado el 31 de diciembre de 2016 se presentan exclusivamente para fines de comparación, fueron auditados por mí y en mi informe de fecha 17 de febrero de 2017, expresé una opinión sin salvedades sobre los mismos.

Rafael Podríguez Martín Revisor Fiscal de Banco Davivienda S.A. T.P. 214605 - T Miembro de KPMG S.A.S.

13 de febrero de 2018





CERTIFICACION DE LOS ESTADOS FINANCIEROS CONSOLIDADOS

RESPONSABILIDAD DE LA INFORMACION FINANCIERA

Los suscritos Representante Legal y Contador del Banco Davivienda S.A. atendiendo los términos establecidos en los artículos 46 y 47 de la Ley 964 de 2005 y en concordancia con los términos requeridos en las Normas de Contabilidad y de Información Financiera aceptadas en Colombia, se permiten:

Certificar que los Estados Financieros Consolidados por el período comprendido entre el 01 de Enero y el 31 de Diciembre de 2017, no contienen vicios, imprecisiones o errores que impidan conocer la verdadera situación patrimonial o las operaciones del Banco Davivienda S.A y sus Subordinadas, de acuerdo con lo establecido en el artículo 46 de la Ley 964 de 2005.

En concordancia con los términos dispuestos por las Normas de Contabilidad y de Información Financiera aceptadas en Colombia y atendiendo los aspectos referidos en el Marco Conceptual , la información y afirmaciones integradas en los Estados Financieros Consolidados han sido debidamente verificadas y obtenidas de los registros contables, elaborados de conformidad con el marco normativo antes referido.

Banco Davivienda S.A y sus Subordinadas cuentan con adecuados sistemas de revelación y control de información financiera, para lo cual se han diseñado los correspondientes procedimientos que permiten asegurar que ésta sea presentada en forma adecuada, cuya operatividad es verificada por Auditoría y la Dirección Financiera.

Así mismo, informamos que no se han evidenciado deficiencias significativas presentadas en el diseño y operación de los controles internos que hubieran impedido al Banco y sus Subordinadas registrar, procesar, resumir o presentar adecuadamente su información financiera consolidada. Se han realizado las actividades de control en la gerencia para prevenir el riesgo de fraude en procesos que afectaran la calidad de la información financiera consolidada, y evidenciar cambios en su metodología de evaluación.

En los Estados Financieros Consolidados se encuentran registrados todos los activos y pasivos existentes en la fecha de corte y éstos representan probables derechos y obligaciones futuras, respectivamente. Todas las









transacciones del periodo fueron registradas y todos los hechos económicos, han sido reconocidos y clasificados, descritos y revelados. Todos los elementos han sido reconocidos por los importes apropiados, teniendo en cuenta los aspectos referidos en el Marco Conceptual y en concordancia con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia.

Se han verificado previamente las afirmaciones contenidas en los Estados Financieros, conforme a los reglamentos normativos y que las mismas se hayan tomado fielmente de los libros en concordancia con el artículo 37 de la Ley 222 de 1995. El Banco y sus Subordinadas cuentan con adecuados procedimientos de control y revelación de información financiera y su operatividad ha sido verificada, de acuerdo con lo establecido en el artículo 46 de la Ley 964 de 2005.

Bogotá, Febrero 12 de 2018

Juan Carlos Hernández Nuñez Representante Legal Carmen Anilsa Cifuentes Barrera Contador T.P. 35089-T





Banco Davivienda S. A. y sus Subsidiarias Estados Consolidados de Situación Financiera Al 31 de diciembre de 2017 con cifras correspondientes al 31 de diciembre de 2016 (Millones de pesos colombianos (COP))

Nota Internation Interna				
Efectivo		Nota	diciembre 31, 2017	diciembre 31, 2016
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Derivados				
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Instrumentos de deuda emitidos				
Cuentas por pagar 12,21 1.333.382 1.094.310 Impuestos por pagar 65.510 75.244 Impuesto diferido por pagar 12,22 1.086.861 1.163.087 Reservas técnicas 12,23 180.451 169.462 Otros pasivos y pasivos estimados 12,24 508.694 438.610 Total pasivo 89.887.422 83.502.970 PATRIMONIO 12,25 7.841.759 6.520.493 Ganancias o pérdidas no realizadas (ORI) 1.650.921 1.637.363 Adopción por primera vez NIIF 23.335 77.518 Resultados del ejercicio 1.275.266 1.717.968 Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047	, ,			
Impuestos por pagar 65.510 75.244 Impuesto diferido por pagar 12,22 1.086.861 1.163.087 Reservas técnicas 12,23 180.451 169.462 Otros pasivos y pasivos estimados 12,24 508.694 438.610 Total pasivo 89.887.422 83.502.970 PATRIMONIO 12,25 7.841.759 6.520.493 Ganancias o pérdidas no realizadas (ORI) 1.650.921 1.637.363 Adopción por primera vez NIIF 23.335 77.518 Resultados del ejercicio 1.275.266 1.717.968 Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047	nieu einen de			
Impuesto diferido por pagar 12,22 1.086.861 1.163.087 Reservas técnicas 12,23 180.451 169.462 Otros pasivos y pasivos estimados 12,24 508.694 438.610 Total pasivo 89.887.422 83.502.970 PATRIMONIO Capital y reservas (1) 12,25 7.841.759 6.520.493 Ganancias o pérdidas no realizadas (ORI) 1.650.921 1.637.363 Adopción por primera vez NIIF 23.335 77.518 Resultados del ejercicio 1.275.266 1.717.968 Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047		12,21		
Reservas técnicas 12,23 180.451 169.462 Otros pasivos y pasivos estimados 12,24 508.694 438.610 Total pasivo 89.887.422 83.502.970 PATRIMONIO Capital y reservas (1) 12,25 7.841.759 6.520.493 Ganancias o pérdidas no realizadas (ORI) 1.650.921 1.637.363 Adopción por primera vez NIIF 23.335 77.518 Resultados del ejercicio 1.275.266 1.717.968 Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047				
Otros pasivos y pasivos estimados 12,24 508.694 438.610 Total pasivo 89.887.422 83.502.970 PATRIMONIO Capital y reservas (1) 12,25 7.841.759 6.520.493 Ganancias o pérdidas no realizadas (ORI) 1.650.921 1.637.363 Adopción por primera vez NIIF 23.335 77.518 Resultados del ejercicio 1.275.266 1.717.968 Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047				
Total pasivo 89.887.422 83.502.970 PATRIMONIO Capital y reservas (1) 12,25 7.841.759 6.520.493 Ganancias o pérdidas no realizadas (ORI) 1.650.921 1.637.363 Adopción por primera vez NIIF 23.335 77.518 Resultados del ejercicio 1.275.266 1.717.968 Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047				
PATRIMONIO Capital y reservas (1) 12,25 7.841.759 6.520.493 Ganancias o pérdidas no realizadas (ORI) 1.650.921 1.637.363 Adopción por primera vez NIIF 23.335 77.518 Resultados del ejercicio 1.275.266 1.717.968 Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047		12,24		
Capital y reservas (1) 12,25 7.841.759 6.520.493 Ganancias o pérdidas no realizadas (ORI) 1.650.921 1.637.363 Adopción por primera vez NIIF 23.335 77.518 Resultados del ejercicio 1.275.266 1.717.968 Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047			89.887.422	83.502.970
Ganancias o pérdidas no realizadas (ORI) 1.650.921 1.637.363 Adopción por primera vez NIIF 23.335 77.518 Resultados del ejercicio 1.275.266 1.717.968 Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047	T T T T T T T T T T T T T T T T T T T	40.05	7 044 750	0.500.400
Adopción por primera vez NIIF 23.335 77.518 Resultados del ejercicio 1.275.266 1.717.968 Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047	Capital y reservas (1)	12,25		
Resultados del ejercicio 1.275.266 1.717.968 Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047				
Total patrimonio atribuible a los tenedores de instrumentos de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047				
de patrimonio del Banco 10.791.281 9.953.342 Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047			1.275.266	1./17.968
Participación no controladora 12,26 92.585 91.705 Total patrimonio 10.883.866 10.045.047			10.791.281	9.953.342
Total patrimonio 10.883.866 10.045.047		12.26	303.00	01 705
Total patiments		12,20		

(1) Incluye prima en colocación de acciones

Véanse las notas que acompañan a los estados financieros consolidados.

JUAN CARLOS HERNANDEZ NÚÑEZ Representante Legal CARMEN ANILSA CIFUENTES BARRERA Contador

TP. No. 35089-T

RAFAEL RODRÍGUEZ MARTÍN Revisor Fiscal de Banco Davivienda S.A. TP. No. 214605-T Miembro de KPMG S.A.S.

(Véase mi informe del 13 de febrero de 2018)



Banco Davivienda S. A. y sus Subsidiarias Estados Consolidados de Resultados

Por el año terminado el 31 de diciembre de 2017 con cifras correspondientes por el año terminado al 31 de diciembre de 2016 (Millones de pesos colombianos (COP))

	Nota	2017	2016
Ingresos por intereses		9.338.016	8.674.997
Cartera		8.666.780	7.869.538
Inversiones y valoración, neto	13,1	592.843	752.407
Fondos interbancarios, overnight, repo y simultaneas		78.393	53.052
Egresos por intereses		3.843.802	3.704.838
Depósitos y exigibilidades		2.611.615	2.516.333
Depósitos en cuenta corriente		29.289	41.275
Depósitos de ahorro		865.218	935.030
Certificados de depósito a término		1.717.108	1.540.028
Créditos de bancos y otras obligaciones financieras		382.655	334.114
Instrumentos de deuda emitidos		722.014	749.605
Otros intereses		127.518	104.786
Margen financiero bruto		5.494.214	4.970.159
Deterioro activos financieros, neto		1.975.362	1.234.705
Deterioro activos financieros, neto		2.311.779	1.479.683
Reintegro de activos financieros, neto		336.417	244.978
Margen financiero neto		3.518.852	3.735.454
Ingresos por operación de Seguros, neto		89.649	85.763
Ingresos por comisiones y Servicios, neto	13,2	1.114.608	1.038.794
Resultado por inversiones en Asociadas y Operaciones		4.350	3.228
Conjuntas, neto		4.550	0.220
Gastos operacionales		3.190.350	2.935.001
Gastos de personal	13,3	1.358.562	1.281.743
Administrativos y operativos	13,4	1.721.403	1.551.915
Amortizaciones y depreciaciones		110.385	101.342
Ganancia (Pérdida) en Cambios, neto		105.970	(36.707)
Derivados, neto		(1.554)	214.917
Dividendos Recibidos		7.262	5.426
Otros ingresos y gastos, neto	13,5	39.189	232.184
Margen Operacional		1.687.976	2.344.059
Impuesto de renta y complementarios	12,22	411.843	509.762
Impuesto de renta y complementarios diferido	12,22	(6.848)	109.568
Utilidad atribuible a los propietarios de la controladora		1.275.266	1.717.968
Utilidad atribuible a participaciones no controladoras		7.715	6.762
Utilidad del ejercicio		1.282.981	1.724.730
Utilidad por acción del periodo en pesos (1)		2.841	3.819

(1) Calculada como : utilidad del ejercicio / número de acciones promedio

Véanse las notas que acompañan a los estados financieros consolidados.

JUAN CARLOS HERNANDEZ NÚÑEZ Representante Legal CARMEN ANILSA DIFUENTES BARRERA Contador

TP. No. 35089-T

RAFAE RODRÍGUEZ MARTÍN Revisor Fiscalde Banoo Davivienda S.A. TP. No. 214605-T

Miembro de KPMG S.A.S.

(Véase mi informe del 13 de febrero de 2018)



Banco Davivienda S. A. y sus Subsidiarias Estados Consolidados de Otros Resultados Integrales Por el año terminado el 31 de diciembre de 2017 con cifras correspondientes por el año terminado al 31 de diciembre de 2016 (Millones de pesos colombianos (COP))

-	2017	2016	
Utilidad atribuible a los propietarios de la controladora	1.275.266	1.717.968	
Utilidad atribuible a participaciones no controladoras Componentes de otro resultado integral que no se reclasificarán al resultado del periodo, neto de impuestos:	7.715	6.762	
Instrumentos financieros con cambios en otro resultado integral Beneficios a empleados largo plazo	(3.828) 26.865	27.046 (31.078)	
Total otro resultado integral que no se reclasificará al resultado del periodo, neto de impuestos diferidos	23.037	(4.032)	
Componentes de otro resultado integral que se reclasificarán al resultado del periodo, neto de impuestos			
diferidos:			
Superávit método de participación patrimonial asociadas	262	(8.160)	
Deterioro cartera de credito para propósito de estados financieros consolidados	3.858	450.223	
Conversión diferencia en cambio subsidiarias del exterior	(13.599)	(187.783)	
Total otro resultado integral que se reclasificará al resultado del periodo, neto de impuestos	(9.479)	254.280	
Total otro resultado integral, neto de impuestos	13.558	250.248	
Resultado integral total	1.296.539	1.974.978	
Resultado integral atribuible a los propietarios de la controladora	1,295,906	1,973,607	
Resultado integral atribuible a participaciones no controladoras	633	1.371	
Resultado integral total	1.296.539	1.974.978	

Véanse las notas que acompañan a los estados financieros consolidados.

JUAN CARLOS HERNANDEZ NÚÑEZ Representante Legal CARMEN ANILSA CIFUENTES BARRERA Contador

TP. No. 35089-T

RAFAEL ODRÍGUEZ MARTÍN Revisor Fiscal de Banco Davivienda S.A. TP. No. 214605-T

Miembro de KPMG S.A.S. (Véase mi informe del 13 de febrero de 2018)



Banco Davivienda S. A. y sus Subsidiarias
Estados Consolidados de Cambios en el Patrimonio
Por el año terminado el 31 de diciembre de 2017 con cifras correspondientes por el año terminado al 31 de diciembre de 2016
(Millones de pesos colombianos (COP))

		CAPITALY	CAPITAL Y RESERVAS				RESULTADOS	RESULTADOS ACUMULADOS				
	Candled	Prima de	Reserva	Reservas	Adopcinon	Ganancia no Paulisada	Ganancies	Resultados del		Participaciones	Patrimonio de	
		emisión	Legal	Ocasionales	pelmera	(OR)	acumuladas	ejercicio	la controladora		los	
Saldo at 31 de diciembre de 2015	71,074	4,133,667 1,041,015	1,041,015	453,965	306,662	1.387,115		1,233,122	8.628.621	69.371	8.715.992	
Trastado utilidades							1.235.122	(1.233.122)	5	(5.051)	(150,051)	
Causación impuesto a la riqueza				(54.704)					(84.704)		(\$4,704)	
Distribución de dividendos:											1000000	
Pago de dividendos en efectivo de \$864 por acción sobre 451,870,413 acciones suscriba y pagadas. Mar 29 y sep 21 de 2016.							(390,244)		(395.244)		(390.244)	
Pago de dividendos en acciones de \$540 por acción sobre 451.670.413 acciones suscitas y	272.7	400.000										
pagadas, Abr 20 de 2016.	4.01/	450,003		(424.970)						3,282	3.282	
Movimiento de reservas:												
Reserva legal			131,190				(151,190)		37	(270)	(270)	
Reserva ocasional futuras capitalizaciones o aumentar reserva				475,000			(475,000)		7			
Reserva ocasional				74,126			(74.126)			(2.224)	(2.224)	
Ubersolán Reserva Ocasional valoración invensiones precios de mercado - Decreto 2336/95, parte aumentar reserva hosal			4.475	(4.475)					(M)			
Disponer de utilidades de ejercinios antenhores realizadas on el penhodo 2015, para aumembri la reserva logali			70.215				(70.215)		7.			
Papimonio integrado Leasing:	1,193	123.084		199	11.162		3,912		140.018		140.018	
Otro resultado integral, neto de impuesto a las ganancias												
Realizaciones aplicación NIFF por primera vez (Nota 12.25)					(240,306)		240.306			(63)	(63)	
Superavit método de participación patrimonial asociadas						(8.160)			(8.160)		(8.160)	
instrumentos financieros con cambios en otro resultado integrai						27,046			27,048		27.040	
Conversión diferencia en cambio subsidiarias del extenier						(187,783)			(187.783)		(167,783)	
Beneficios a empleados largo plazo						(31,078)			(31,078)		(31,078)	
Detentoro cartera de crédito para propósito de estados financieros consolidados						450.223	(336.565)		113,658	(102)	113.556	
Resultado del ejercicio					1	100000000000000000000000000000000000000	1.6	1,717,968	1,717,968	6.762	1,724,730	
Saldo al 31 de diciembre de 2016	76.784	4.675.804 1.245.895	1.245.395	520.010	77.518	1,637,363	2	1,717,958	0.953.342	91,705	10,045,047	
Saido at 31 de diciembre de 2016	76.784	4.676.804 1.246.895	1,246,895	520,010	77.518	1.637.363		1 717 568	575 1750	205 705	10.046.047	
Targeto utilizades							1,717,968	71 717 068		CX ADE	CT 8080	
impuesto a la rioceza				121.8413					C21 8417		(25.844)	
Delribution de dividendos:											141.041)	
Plago de dividendos en efectivo de \$950 por acción sobre 451.670.413 acciones suscritas y							(429,087)		(420 DST)		(459.067)	
Movimiento de reservas:							Time and the same		T-Belleville		(constant	
Neserva legal			668.638				(688.638)		62	199	587	
Reserva coasional para futures capitalizaciones o aumentar reserva legal				192,895			(192.895)		100		31	
Capitalización reserve con portpromiso utilidades 2015			475,000	(475,000)							9.90	
Liberación de la resente ocasional per valoración de invensiones a precios de mensado Decenso 2236/36, para aumentan resensa legal.			10.802	(10.802)							9	
Disponer de utilidades de ejercicios de años anteriores realizades en el período 2016, para aumentar reserva logal			236.587				(236.567)		190		: 6	
Otro resultado integral, neto de impuesto a las ganancias									903		1.22	
Resizaciones Apicación NIF por primara vez (?)					(54.183)		54.183		1	3	8	
Superave método de participación patrimonial asociadas					0000000	262			202		262	
Conversión diferencia en cambio substitlarias del exterior						(13.599)			(13.599)	(593)	(14.198)	
instrumentos financieros con cambios en otro resultado integral						(3.828)	19.561		15,733		15,733	
Beneficios a empleados largo plazo						26,865			26.865		26,865	
Deteriero cartera de crédito para propúsito de estados financieros consolidados						3,858	(19,518)		(15.660)		(15,880)	
	J					CONTRACTOR	ALC: NO.	1.275,206	1,275,288	7,715	1,282,981	
	76.764	4.676.604 2.657.922	2.657.922	430.249	23 335	1.650.921	+	1275268	10,791,281	92,585	10.883.866	
Warrier Itis notac que acempañan a los estados financienos consolidados.									1	1		
(*) Conveyponde principalmente a realización de valorizaciones de movilización de autivito de Denventa Colombia y Hontlama	ombay Hants	THE .		9					1	1		

ALLE S. BANKERA

Revisor Floral de Banco Dermenda S.A.
Revisor Floral de Banco Dermenda S.A.
Membrio de KPMG S.A.S.
(Véaser mi informe del 13 de febrero de 2018)

IAN CARLOS HERNANDEZ NO Representante Legal / MANAGEMENT REPORT 2017



Banco Davivienda S. A. y sus Subsidiarias
Estados Consolidados de Flujos de Efectivo
Por el año terminado el 31 de diciembre de 2017 con cifras correspondientes por el año terminado al 31 de diciembre de 2016
(Millones de pesos colombianos (COP))

	Nota	2017	2016
ujos de efectivo de las actividades de operación:	Nota	2017	2016
Utilidad del ejercicio		1.282.981	1.724.7
Conciliación entre la utilidad del ejercicio y el efectivo neto (usado en)		1.202.001	1.72-4.71
provisto por las actividades de operación:			
Deterioro de inversiones, neto	12,3	2,702	4.39
Deterioro de cartera de créditos y leasing financiero, neto	12,5,5	2.145.331	1.398.4
Deterioro de cuentas por cobrar, neto	12,6	26.186	6.6
(Reintegro) Deterioro de activos mantenidos para la venta, neto	12,7	(5)	7.0
Deterioro (Reintegro) de propiedades y equipo y de inversión, neto		915	(
Deterioro de otros activos, neto		42.233	27.0
Provisión para cesantías		48.402	3.9
Provisión de otros pasivos no financieros y pasivos estimados, neto	12,24	79.965	16.1
Depreciaciones		77.079	69.1
Amortizaciones	,	33.306	32.1
Diferencia en cambio, neta		(113.872)	(145.2
(Utilidad) en venta de inversiones, neta		(31.980)	(54.8
(Utilidad) por método de participación patrimonial asociadas, neto		(4.724)	(3.5
(Valoración) de Inversiones, neta		(560.863)	(697.5
Desvalorización (Valoración) de Derivados y operaciones de Contado, n	neta	1.554	(214.9
(Utilidad) en venta de cartera y activos leasing, neta	12,5,14	(14.411)	,
(Utilidad) en venta de propiedad, planta y equipo, neta		(31.574)	(147.5
(Utilidad) en venta de activos mantenidos para la venta	12,10	(737)	(2.1
(Utilidad) en venta de propiedades de inversión	12,11	(4.945)	(2.5
Provisión Impuesto a las ganancias		404.995	619.3
Cambios en activos y pasivos operacionales:			
Disminución en operaciones activas del mercado monetario y		74.027	156.7
relacionados		74.027	150.7
(Aumento) Disminución de aceptaciones, operaciones de contado y		(96.068)	415.5
derivados		(90.000)	415.5
(Aumento) Disminución en Inversiones medidas a valor razonable		(1.249.998)	538.8
(Aumento) de cartera de créditos y operaciones de leasing financiero		(15.909.924)	(17.211.1
Producto de la venta de cartera de créditos	12,5,14/12,5,15	725.252	435.8
Disminución (Aumento) en cuentas por cobrar		265.663	(690.1
(Aumento) activos mantenidos para la venta		(56.195)	(11.8
Venta de activos mantenidos para la venta	12,7	26.155	20.4
(Aumento) otros activos		(3.901)	(91.7
Aumento depositos y exigibilidades		5.816.154	9.689.6
(Disminución) Aumento Fondos Interbancarios comprador ordinarios		(172.112)	17.0
Aumento (Disminución) cuentas por pagar		291.308	(58.1
Aumento (Disminución) derivados pasivos		115.653	(124.0
(Disminución) Aumento obligaciones laborales		(1.606)	47.3
Aumento (Disminución) reservas técnicas de seguros		10.989	(1.4
Impuesto a la riqueza		(21.841)	(54.7)
Impuesto a las ganancias pagado		(517.397)	(476.7
Aumento pasivos estimados y provisiones		30.025	2.6
(Disminución) Aumento otros pasivos		(37.794)	41.0
Intereses Recibidos		8.476.205	7.610.7
Intereses Pagados		(2.767.556)	(2.555.0
Pago de cesantías		(45.860)	4.14
ectivo neto (usado en) provisto por actividades de operación		(1.666.283)	345.65



Banco Davivienda S. A. y sus Subsidiarias Estados Consolidados de Flujos de Efectivo

Por el año terminado el 31 de diciembre de 2017 con cifras correspondientes por el año terminado al 31 de diciembre de 2016 (Millones de pesos colombianos (COP))

	Nota	2017	2016
Elvies de efectivo de les estividades de lavoration			
Flujos de efectivo de las actividades de inversión:			00.047
Efectivo producto integración Leasing Bolívar Dividendos recibidos		13.299	62.817 18.658
(Aumento) Disminución en inversiones medidas a costo amortizad	lo.		37.307
(Aumento) de inversiones en asociadas y otras compañías	10	(39.976) (32.647)	
(Disminución) Recompra de acciones participación no controlante		(6.835)	(133.899) (4.325)
Disminución de propiedades y equipos		23.625	412.942
Producto de la venta de propiedades y equipo	12.10	31.212	120.188
Disminución de propiedades de inversión	12,10	19.453	11.067
Producto de la venta de propiedades de inversión	12,11	6.425	5.436
Efectivo neto provisto por actividades de inversión		14.556	530.191
Flujos de efectivo de las actividades de financiación:			
(Disminución) en obligaciones financieras		(31.339)	(257.723)
Nuevos préstamos de obligaciones financieras	12,19	6.663.315	5.533.676
Pagos obligaciones financieras	12,19	(6.019.469)	(5.411.659)
(Disminución) en instrumentos de deuda		(11.305)	(100.977)
Emisiones en instrumentos de deuda	12.2	3.402.854	1.114.250
Redenciones en instrumentos de deuda emitidos	12.2	(954.734)	(637,796)
Pago de dividendos en efectivo		(428.951)	(390.243)
Efectivo neto provisto por (usado en) actividades de financiación		2.620.371	(150.472)
Aumento neto en efectivo y equivalente de efectivo		968.644	725.370
Efecto por diferencia en cambio sobre el efectivo y equivalentes de efectivo		52.758	(119.552)
Efectivo y equivalentes de efectivo al comienzo del periodo (*)		8.293.498	7.687.680
Efectivo y equivalentes de efectivo al final del periodo (**)		9.314.900	8.293.498

(*) Incluye equivalentes de efectivo menores a 90 días en operaciones activas del mercado monetario y relacionados por \$ 187.252 para diciembre 31 de 2016 y \$ 255.118 para diciembre 31 de 2015.

(**) Incluye equivalentes de efectivo menores a 90 días en operaciones activas del mercado monetario y relacionados por 1.425.519 para diciembre 31 de 2017 y \$187.252 para diciembre 31 de 2016.

Véanse las notas que acompañan a los estados financieros consolidados.

JUAN CARLOS HERNANDEZ NÚÑEZ Representante Legal CARMEN ANILSA CIPUENTES BARRERA Contador TP. No. 35089-T

Revisor Fiscal de Banco Davivienda S.A. TP. No. 214605-T Miembro de KPMG S.A.S. (Véase mi informe del 13 de febrero de 2018)

RAFAEL RODRÍGUEZ MARTÍN



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We promote the construction of the heritage of Colombian families through the financing of housing construction projects and other buildings. The following are some of the projects built during the year 2017:

- Bogota
- Soacha
- Mosquera
- Madrid
- Cajica
- Gachancipa
- Ricaurte
- Medellin
- Itagui
- La Estrella
- Bello
- Santa Marta
- Barranquilla
- Valledupar
- Floridablanca
- Cúcuta
- Manizales
- Armenia
- Pereira
- Pasto
- Neiva
- Jamundi
- Restrepo





SEGAL
Constructor:
CUSEZAR S.A.
Bogota



ALEJANDRÍA CORINTO

Constructor: **AMARILO S.A.** Bogota





CASTILLA LA NUEVA

Constructor: MENDEBAL S.A. CONINSA RAMÓN H. S.A. Bogota

CENTRAL PARK

Constructor:

ARQUITECTURA Y CONCRETO S.A.S. Bogota







MUSEO PARQUE CENTRAL

Constructor: **CUSEZAR S.A.**Bogota



Constructor:

QBO CONSTRUCTORES

Bogota

CITY U







STUDENT LIVING CALLE 18

Constructor: ICI INVERSIONES
y CONSTRUCCIONES
INDUSTRIALIZADAS S.A.S.
Bogota



Constructor: NEOS GROUP S.A. Bogota

NEOS 123 (Offices)







ABIZANDA

Constructor: **APIROS S.A.S.** Bogota

VENTURA TERREROS COMMERCIAL CENTER

(Different from housing)

Constructor: **OSPINAS Y CÍA. S.A. and CONSTRUCTORA COLPATRIA S.A.** Soacha, Cundinamarca







ESTANCIA 4 (Social housing)

Constructor: **CONSTRUCTORA BOLÍVAR S.A.** Mosquera, Cundinamarca

RESERVA DE MADRID - PIAMONTE (Social housing)

Constructor: PRODESA S.A.S.

Madrid, Cundinamarca







GRAN HORIZONTE - KERANTA (Social housing)

Constructor:

AKILA S.A.S.

Gachancipa, Cundinamarca

SAN ROQUE

(Different from housing)

Constructor:

MÚLTIPLO GESTIÓN DE PROYECTOS S.A.S.

Cajica, Cundinamarca









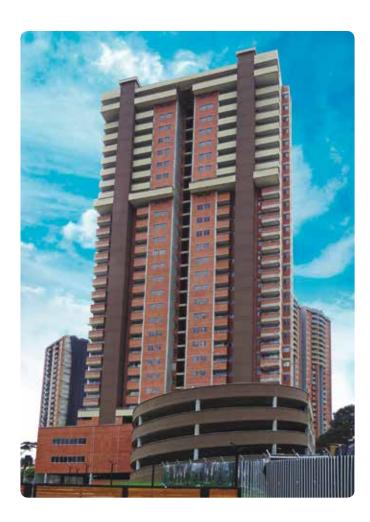
HACIENDA PEÑALISA - BALSO

Constructor:
CONSTRUCTORA BOLÍVAR S.A.
Ricaurte, Cundinamarca

MIRADOR DE ARBOLEDA

Constructor: CENTRO SUR S.A. Medellin, Antioquia





BAHÍA GRANDE

Constructor:

BIENES Y BIENES CONSTRUCTORES S.A.

Itagui, Antioquia

PITRIZA

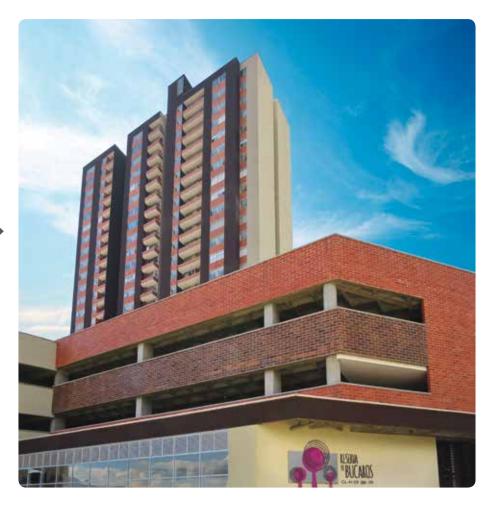
CONSTRUCTORA
CAPITAL MEDELLIN S.A.S.
La Estrella, Antioquia





RESERVA DE BÚCAROS

Constructor: CONINSA RAMÓN H. S.A. Bello, Antioquia



TWO TOWERS

Constructor: CONSTRUCTORA JIMÉNEZ S.A. Santa Marta



BORA APARTAMENTOS

Constructor: AMARILO S.A.S. Barranquilla



CARIBE VERDE

(Priority interest housing for savers)

Constructor:

INVERSIONES JACUR & CÍA. LTDA.

Barranquilla





PALMETTO CONDOMINIO CLUB

Constructor: INVERSIONES INMOBILIARIAS MIRAVALLE S.A.S. Valledupar





LOS CAÑAGUATES

Constructor:
CONSTRUCTORA
CARVAJAL Y SOTO S.A.
Valledupar





BRIZZA

Constructor:

AVENIDA CAPITAL DE COLOMBIA S.A.S., VERTIKAL S.A.S., MÉNSULA S.A.

Floridablanca, Santander



COLINA RUITOQUE

Constructor: **PROURBE S.A.** Floridablanca, Santander





SAN REMO

Constructor:
PROYECTAR URBANO LTDA.
Cucuta

PUERTO MADERO PLATINO

Constructor: INVERSIONES
PUERTO MADERO PLATINUM S.A.S.
Cucuta







CAPITALIA (Offices)

Constructor:

CONSTRUCCIONES CFC & ASOCIADOS S.A.

Manizales

PASEO DEL BOSQUE

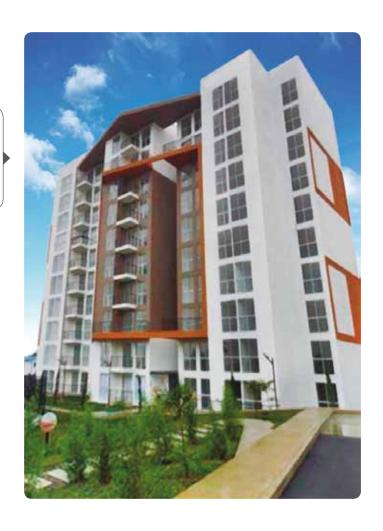
Constructor: CONSTRUCTORA J&P S.A.S. Manizales





CONJUNTO RESIDENCIAL ALTOS DE LOS OCOBOS

Constructor: CONSTRUCTORA Y COMERCIALIZADORA CAMU S.A.S. Armenia





CONJUNTO RESIDENCIAL BRISAS DEL BOSQUE

(Social housing)

Constructor:

CONSTRUCTORA BOLÍVAR CALI S.A.

Armenia





TORRE NÚCLEO

(Different from housing)

Constructor: **NÚCLEO CONSTRUCTORA S.A.S.** Pereira

CONDOMINIO BALCONES DE LA CAROLINA

(Priority interest housing And social housing)

Constructor:

DOYCA CONSTRUCCIONES S.A.S. Pasto



/ MANAGEMENT REPORT 2017





EDIFICIO TORRE 8 34

(Housing and commerce)

Constructor:

DISARCO S.A.

Neiva

RESERVA DE CAÑA BRAVA

(Housing and commerce)

Constructor:

CONSTRUCTORA RODRÍGUEZ BRÍÑEZ S.A.S.

Neiva







AZOR

Constructor: JARAMILLO MORA S.A. Jamundi, Valle

BALCONES DEL SOL

(Social housing)

Constructor:

CONSTRUCTORA LA RAMADA S.A.S.

Restrepo, Meta



BANCO DAVIVIENDA S.A.

This report was made available to the Shareholders in the General Secretariat of Banco Davivienda, within the terms set by law.

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