



KPMG Ltda.
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AUDFINBOG-IES2015-14780

**FREE ENGLISH LANGUAGE TRANSLATION
STATUTORY AUDITOR'S REPORT**

To the Shareholders
Banco Davivienda S.A.:

I have audited the consolidated financial statements of Banco Davivienda S.A. and its subsidiaries indicated in Note 1 of the consolidated financial statements, which comprise the consolidated balances sheet at December 31, 2014 and the consolidated statements of earnings, changes in stockholders equity and cash flows for the year ended on that date and their related notes, which include a summary of significant accounting policies and other explanatory information. The consolidated financial statements as for 2013 were audited for another public accountant, member of KPMG Ltda., whom in his inform of February 12th of 2014, expressed an unqualified opinion about them.

The administration is responsible for the preparation and fair presentation for these consolidated financial statements according to the generally accepted accounting principles in Colombia and instructions from the Financial Superintendence of Colombia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation, fair presentation and disclosure of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selected procedures depend on the statutory auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements. In this risk assessment, the auditor considers the internal control relevant for the preparation and fair presentation of the consolidated financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes the assessing of appropriated accounting policies used, the reasonableness amount and estimates made by the bank management, as well as evaluating the overall consolidated financial statements presentation. I consider that the evidence that I obtained, provided me with a reasonable basis for the opinion which I express below.



In my opinion, the above mentioned consolidated financial statements, attached to this report, represent fairly, in all significant matters, the consolidated financial position of Banco Davivienda S.A. at December 31, 2014; the consolidated results of its operations and its cash flows for the year ended on that date, according to generally accepted accounting principles in Colombia, and instructions by the Financial Superintendence of Colombia, applied on a consistent basis.

Original signed by
María Ligia Cifuentes Zapata
Statutory Auditor of Banco Davivienda S.A.
Registration No. 30070 - T
Member of KPMG Ltda.

February 13, 2015

BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2014 and December 31, 2013

(Thousands of U.S. dollars)

		2014	2013
ASSETS			
Cash and due from banks (note 3)	USD	2.198.095,3	2.361.653,3
Interbank and overnight funds (note 4)		212.679,7	231.635,0
Investment securities, net (note 5)		3.393.640,0	4.088.297,4
Trading debt securities		1.090.526,7	1.362.841,2
Trading equity securities		24.697,1	27.469,5
Held to maturity securities		783.010,2	1.056.444,2
Available for sale debt securities		897.158,3	863.035,6
Available for sale equity securities		66.562,7	73.431,0
Trading debt securities		217.706,1	278.828,6
Transfer rights, available for sale in debt securities		69.600,3	155.785,2
Debt securities delivered in guaranty		249.658,3	279.882,3
Allowance for impairment		(5.279,7)	(9.420,2)
Loans and financial leases, net (note 6)		20.457.290,6	20.462.298,9
Mortgage loans		2.725.599,6	2.849.494,1
Consumer loans		5.696.997,2	5.828.851,8
Microcredit loans		37.880,6	38.832,8
Commercial loans		12.748.453,2	12.556.877,2
Financial Leases		74.386,4	72.930,3
Allowance for loans and financial lease losses		(826.026,4)	(884.687,5)
Bankers' acceptances and derivatives (note 7)		179.138,9	40.559,8
Accrued interest receivable on loans and financial leases, net (note 8)		274.711,8	249.839,7
Accrued interest receivable on loans and financial leases		153.374,7	154.855,3
Commissions and fees		5.676,5	10.537,2
Canons of goods given on leasing		0,0	0,0
Payment on behalf of clients		20.918,4	28.985,8
Other receivables		123.858,8	90.783,8
Allowance		(29.116,7)	(35.322,4)
Foreclosed assets, net (note 9)		31.772,7	47.107,7
Premises and equipment under operating leases, net		0,0	1,6
Premises and equipment, net (note 10)		216.332,5	257.387,7
Others Assets, net (note 11)		884.619,4	1.131.546,7
Prepaid expenses and deferred charges and goodwill		519.130,0	685.381,4
Excess on cost of investment on book value		216.757,2	281.964,9
Employee loan portfolio		91.916,8	92.450,9
Others		60.152,5	76.930,0
Allowance		(3.337,1)	(5.180,6)
Reappraisal of assets		353.075,1	387.301,3
Investments (note 5.10)		18.302,4	24.613,9
Reappraisal of property, plant and equipment (note 10)		333.263,5	360.811,9
Other assets		1.509,2	1.875,5
TOTAL ASSETS	USD	28.201.355,6	29.257.629,1
Creditor Contingent Accounts (nota 23)		19.941.034,9	18.204.392,4
Debtor Contingent Accounts (nota 23)		1.168.195,5	1.838.005,1
Debtor Memorandum Accounts (nota 24)		34.697.896,3	36.496.832,5
Creditor Memorandum Accounts (nota 24)		60.698.052,3	64.655.440,0
Total Contingent and Memorandum Accounts	USD	116.505.179,1	121.194.670,1
Memorandum accounts (nota 25)			
Assets	USD	16.451.298,2	14.613.130,6
Market Representative Exchange rate (in colombian pesos)		\$2.392,46	\$1.926,83

BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)
December 31, 2014 and December 31, 2013
(Thousands of U.S. dollars)

		2014	2013
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits (note 12)	USD	18.217.644,7	18.832.029,8
Checking accounts		2.945.686,1	3.077.396,6
Time deposits		6.811.365,6	6.780.041,7
Savings deposits		8.257.855,7	8.755.920,9
Savings Certificates real value		0,0	0,0
Other Deposits		202.737,3	218.670,7
Interbank and overnight borrowing (note 13)		486.816,2	641.076,9
Bankers' acceptances and derivatives instruments (note 14)		130.117,1	32.471,6
Borrowings from financial institutions (note 15)		2.279.513,7	2.125.274,8
Others entities in the country		781.118,0	1.073.232,8
Foreign Banks		1.498.395,7	1.052.042,0
Accounts Payable (note 16)		515.372,5	567.555,8
Accrued interest payable		124.608,1	130.293,5
Commissions and fees		2.203,5	3.036,4
Collection Performed		30.032,7	40.406,7
Suppliers		119.543,4	111.764,6
Others		238.984,8	282.054,5
Long-term debt (note 17)		3.212.250,8	3.451.965,9
Others liabilities (note 18)		341.813,4	341.244,2
Accrued benefit obligation to employees		29.684,0	30.091,7
Unearned income		13.566,1	12.844,4
Others		298.563,2	298.308,2
Accrued expenses (note 19)		74.953,2	90.219,6
Labor liabilities		8.716,2	7.031,1
Tax		16.460,8	13.794,6
Others		49.776,2	69.393,9
Non-controlling interest (note 20)		26.702,9	31.336,0
TOTAL LIABILITIES	USD	25.285.184,5	26.113.174,6
Market Representative Exchange rate (in colombian pesos)		\$2.392,46	\$1.926,83

BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and December 31, 2013

(Thousands of U.S. dollars)

		2014	2013
SHAREHOLDERS' EQUITY			
Capital stock (note 21)	USD	25.994,1	32.275,8
Appropriated retained earnings (note 22)		2.102.391,0	2.294.334,8
Legal Reserve		1.738.350,4	2.041.143,0
Statutory and voluntary reserves		364.040,6	253.191,8
Equity Surplus		344.540,5	376.130,6
Unrealized net gains on investments available for sale		6.242,9	4.059,8
Reappraisal of assets		338.297,6	372.070,8
Income (loss) previous years		0,0	0,0
Net income		443.245,5	441.713,2
TOTAL SHAREHOLDERS' EQUITY		2.916.171,2	3.144.454,4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	USD	28.201.355,6	29.257.629,1
Creditor Contingent Accounts (note 23)		19.941.034,9	18.204.392,4
Debtor Contingent Accounts (note 23)		1.168.195,5	1.838.005,1
Debtor Memorandum Accounts (note 24)		34.697.896,3	36.496.832,5
Creditor Memorandum Accounts (note 24)		60.698.052,3	64.655.440,0
Total Contingent and Memorandum Accounts	USD	116.505.179,1	121.194.670,1
Memorandum accounts (note 25)			
Liabilities	USD	16.451.298,2	14.613.130,6
Market Representative Exchange rate (in colombian pesos)		\$2.392,46	\$1.926,83

OLGA LUCÍA RODRÍGUEZ SALAZAR
Legal Representative

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

BANCO DAVIVIENDA S.A. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the period ended December 31, 2014 and December 31, 2013
(Thousands of U.S. dollars)

	2014	2013
Interest income	USD 2,159,231.3	2,338,512.1
Interest on loans	1,834,312.5	1,993,468.4
Interest on investment portfolio	147,979.2	181,094.2
Interbank and overnight funds	6,081.1	8,277.5
Financial leases	170,858.6	155,672.0
Interest expense	691,040.6	741,618.2
Checking accounts	12,352.8	11,690.4
Time deposits	271,372.2	281,531.0
Saving deposits	158,645.4	165,222.6
Borrowings from financial institutions	73,631.3	88,856.0
Interbank and overnight funds	3,573.4	1,744.6
Repo transaction	9,669.2	7,449.7
Long - term debt	161,796.4	185,123.9
Net interest income	1,468,190.7	1,596,893.9
Allowances	338,156.7	409,982.5
Allowance for loans and other receivables	(690,733.7)	(864,597.3)
Recovery of allowances on loans and lease operations		
accounts receivable and other assets	363,013.2	466,382.4
Allowance against investments and assets received in payment, marketable assets and restored assets	(23,224.4)	(20,763.7)
Recovery of allowance foreclosed assets and investment	12,788.2	8,996.1
Net financial margin	1,130,034.0	1,186,911.4
Operating income	520,524.5	582,416.8
Commission and fees	363,875.9	413,042.4
Services	145,651.3	157,359.0
Dividends income (Note 5)	10,997.3	12,015.3
Operating expenses	1,126,325.3	1,270,576.9
Payroll	400,008.4	449,058.6
Administrative and operating expenses (Note 26)	726,316.9	821,518.4
Other operating income and expenses net (Note 27)	77,640.7	43,431.7
Operating income	601,873.8	542,182.9
Allowance against other assets	6,808.2	12,013.1
Non-operating income and expenses, nets (Note 28)	7,187.5	35,438.3
Income before tax and non- controlling interest	602,253.1	565,608.1
Income tax expense (Note 29)	(156,213.9)	(120,962.4)
Non- controlling interest	(2,793.7)	(2,932.5)
Profit for the period	USD 443,245.5	441,713.2

See the notes accompanying the financial statements

OLGA LUCÍA RODRÍGUEZ SALAZAR
Representante Legal

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

BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Consolidated Statement of Changes in Stockholders' Equity
Year ended on December 31, 2014 with comparative figures for the year ended on December 31, 2013
(Thousands of U.S. dollars) except per-share information)

	USD	Capital	Legal reserve	Statutory and voluntary reserves	Unrealized gains (losses) on investments available for sale	Surplus/Deficit		Profit for the period	Total stockholders' equity
		Subscribed and paid capital				Gains	Losses		
Balance at December 31, 2012		23.209,1	995.281,6	827.800,2	19.454,2	228.332,9	(392,7)	134.524,4	2.228.209,7
Donations				(2.969,5)					(2.969,5)
Distribution of net profit:									
Legal reserve			69.345,2					(69.345,2)	
Voluntary reserve for investment valuations at market prices. Decree 2336/1995				9.073,7				(9.073,7)	
Voluntary reserve at the disposal of the stockholders for future profit distribution.				12.887,2				(12.887,2)	
Cash dividend declared of \$280 pesos per share on 414.214.234 subscribed and paid shares . March 20, 2013								(51.988,3)	(51.988,3)
Transfer of taxed reserves to reserves at the disposal of stockholders			70.688,1	(70.688,1)					
Dividend declared of \$2.582 pesos per share increasing the par value of the share by \$15 and the difference of \$2.567 pesos corresponds to share placement premium		2.785,0	476.621,6	(479.406,6)					
Cash dividend declared of \$280 pesos per share on 444.214.234 subscribed and paid shares . September 30, 2013				(51.988,3)					(51.988,3)
Asset valuation gains						71.660,6	56,1		71.716,7
Unrealized gains (losses) in investments available for sale					(16.184,5)				(16.184,5)
Movement in the year		0,0	31.951,2	(40.793,9)				8.770,1	(72,7)
Profit for the period			0,0					355.745,3	355.745,3
Balance at December 31, 2013		25.994,1	1.643.887,7	203.914,6	3.269,6	299.993,5	(336,6)	355.745,3	2.532.468,3
Donations				(405,4)					(405,4)
Distribution of net profit for 2013:									
Legal reserve			32.103,6					(32.103,6)	-
Transfer to untaxed voluntary reserve				75.199,2				(75.199,2)	-
Voluntary reserve at the disposal of the stockholders for future profit distribution.				197.688,8				(197.688,8)	-
Cash dividend declared of \$630 pesos per share on 444.214.234 subscribed and paid shares . March 26, 2014				(116.973,7)					(116.973,7)
Transfer of taxed reserves to reserves at the disposal of stockholders			15.098,4	(15.098,4)					-
Asset valuation gains						38.520,1	120,6		38.640,6
Unrealized gains (losses) in investments available for sale					2.973,3				2.973,3
Movement in the year		(0,0)	47.260,6	19.715,6				(50.753,8)	16.222,5
Profit for the period								443.245,5	443.245,5
Balance at December 31, 2014		25.994,1	1.738.350,4	364.040,6	6.242,9	338.513,5	(216,0)	443.245,5	2.916.171,2

See the notes accompanying the consolidated financial statements.

OLGA LUCIA RODRIGUEZ SALAZAR
Legal Representative

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

BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Consolidated statements of cash flow
Years ended on 31 December 2014 and 2013
(Thousands of U.S. dollars)

		2014	2013
Cash flows from operating activities			
Profit for the period	USD	443.245,5	441.713,2
Reconciliation between profit for the period and net cash provided (used in)			
Operating activities			
Allowance for investments		4.049,3	1.236,7
Allowance for loans and financial leases		666.727,8	834.168,5
Allowance for accounts receivable		31.359,4	40.209,6
Provision for foreclosed assets		19.175,2	19.527,0
Allowance for premises and equipment		522,1	1.476,8
Allowance for other assets		201,1	1.671,0
Provision for severance accrual		12.474,9	15.874,7
Other provisions		4,1	14,8
Depreciation		25.536,4	29.692,4
Depreciation and amortization of goods given on lease		76,3	244,6
Amortization		50.111,1	55.156,1
Re-expression adjustment		(17.809,4)	(3.439,7)
Gain on sale of loans and lease assets		(3.446,2)	(7.938,2)
Valuation of investments, net		(147.979,2)	(181.094,2)
Valuation of derivatives and cash operations, net		(50.968,5)	14.336,9
Profit on sale of investments, net		(11.974,0)	(19.675,5)
Profit on sale of marketable assets, asset received in payment and restored assets		(2.472,7)	(2.724,6)
Profit on sale of property and equipment, net		(2.004,0)	(1.292,9)
Recovery of allowance for investments		(4.258,9)	(250,4)
Recovery of allowance for loans and leases operations		(278.826,7)	(365.145,4)
Recovery of allowance of accounts receivable		(16.562,6)	(20.599,4)
Recovery of Allowance against realizable Assets, assets Received in Payment and Assets Restored		(8.529,3)	(8.745,7)
Recovery of Allowance against Property, Equipment and Goods Give		(1.437,5)	(984,5)
Recovery of allowance against other assets		(327,0)	(404,9)
Reexpression of property, plant and equipment		(125,8)	(44,0)
Other Recoveries of Estimated Liabilities		(1.696,7)	(4.212,4)
Increase deferred income tax , net		48.134,7	56.584,8
Payment of wealth tax		19.116,2	23.735,7
Payment of severance accrual		(5.796,7)	(6.890,9)
Changes in operating assets and liabilities:			
Decrease (increase) in unrealized gain on investments		2.973,3	(20.095,6)
Increase in loans and financial leases Operations		(4.638.481,3)	(4.083.394,8)
Increase in accounts receivable		(88.293,7)	(12.719,7)
Additions to Assets Received in Payment		(20.557,3)	(19.286,0)
Proceeds from the sale of foreclosed assets, foreclosed assets and		18.242,1	10.017,8
Increase in other assets		(25.795,2)	(71.884,2)
Increase in deposits and demand accounts		3.050.778,8	3.241.605,1
Increase (Decrease) in accounts payable		39.160,5	(45.153,0)
Increase in other liabilities		12.170,6	7.502,1
Increase in accruals and provisions		3.985,1	360,5
Increase (decrease) in non-controlling interest		1.465,7	(18.894,9)
Net cash used in operating activities	USD	(877.832,6)	(99.742,4)

BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Consolidated statements of cash flow
Years ended on 31 December 2014 and 2013
(Thousands of U.S. dollars)

	2014	2013
Cash flows from investment activities		
Decrease (increase) in interbank and overnight asset positions	5.288,7	(6.557,7)
Decrease (increase) in investments	59.139,7	(704.768,2)
(Increase) decrease in acceptances, cash and derivatives operations	(95.504,5)	10.837,9
Additions to premises and equipment	(35.463,9)	(29.101,8)
Proceeds of sale of property and equipment	4.180,9	3.403,0
Net cash used in investment activities	\$ (62.359,0)	(726.186,7)
Cash flows from, financing activities		
Proceeds of sale of loans	276.581,5	188.741,5
(Decrease) increase in interbank and overnight borrowing liability positions	(29.491,7)	614.571,4
Increase (decrease) in derivatives	103.965,2	(69.943,7)
Increase (decrease) in borrowings from financial institutions	567.868,3	(57.374,5)
Increase in long-term debt	432.120,1	666.367,0
Donations	(405,4)	(3.687,1)
Cash dividends paid	(116.973,7)	(129.138,5)
Increase (decrease) in reserves	34.018,7	(73,2)
Net cash provided by financing activities	1.267.682,9	1.209.462,8
Increase in cash and cash equivalents, net	327.491,3	383.533,7
Cash and cash equivalents at the beginning of period	2.082.773,6	2.202.554,6
Cash and cash equivalents at the end of period	USD 2.410.265,0	2.586.088,3

OLGA LUCÍA RODRÍGUEZ SALAZAR
Legal Representative

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



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

1. Reporting Entity

Banco Davivienda S.A. ("the Bank", "the Parent") is a private company incorporated by Public Deed 3892 of October 16, 1972 at Notary 14, Bogota; its registered offices are in Bogota. Financial Superintendency ("the Superintendency", "SFC") Resolution 562 of June 10, 1997 granted its operating licence. The Bank's statutes were established by Public Deed 5145 of October 2003 and expire on October 17, 2053, but the Bank may be dissolved or extended prior to that term. The Bank is part of the *Sociedades Bolívar* Group and its business is to engage in all operations and contracts legally permitted to commercial banks, subject to the requirements and limitations of Colombian Law.

The most important changes to articles have been:

- Superintendency Resolution 562 of June 10, 1997 approved the transformation from a Savings and Loan Corporation to a Commercial Bank.
- Public Deed. 4541 of August 28, 2000, Notary 18 Bogotá, formalized Davivienda's acquisition of 100% of Delta Bolívar S.A. shares. As a consequence, Delta Bolívar S.A. was dissolved (but not liquidated) and the company and its equity were absorbed by the Bank on September 1, 2000; with this Delta Bolívar S.A. was extinguished as a legal entity.
- Public Deed No. 2369 of April 27, 2006, Notary 1 Bogotá Circle, formalized the Bank's absorption by merger of Bansuperior S.A. Consequently, Bansuperior S.A. was dissolved (but not liquidated). The company and its equity were absorbed by the Bank on May 2, 2006, and Bansuperior S.A. was extinguished as a legal entity.
- Public Deed No. 7019 of August 29, 2007, Notary 71, Bogotá, entered at the Bogotá Chamber of Commerce on September 3, 2007 formalized the Bank's takeover through merger of Granbanco S.A. Granbanco S.A. was therefore dissolved (but not liquidated). The company and its equity were absorbed by the Bank on September 1, 2007, and Granbanco S.A. was extinguished as a legal entity.
- Public Deed No. 3202 of April 30, 2010 Notary 71, Bogota, entered at the Chamber of Commerce on May 4, 2010 formalized the Bank's the of the par value of its share from US\$418 to US\$52,2. The authorized capital remained unchanged 480,000,000 shares.
- Public Deed 9557 of July 31, 2012, Notary 29 Bogota, formalized the absorption by a merger of Confinanciera S.A., as a result of which Confinanciera dissolved without liquidating and the business and its equity were absorbed by Banco Davivienda S.S. on August 1, 2012; and Confinanciera disappeared as a corporate person.
- Public Deed 7356 of June 21, 2013, Notary 29 Bogotá, entered at the Chamber of Commerce on June 26, 2013 increasing authorized capital from US\$25,079 to US\$30,429 and the par value of the share from US\$52 (dollars) to US\$59 (dollars) each for a total of US\$520,000,000. An Extraordinary General Meeting of June 19, 2013 approved changes to Article 53 of the Bank's statutes to close the books at 2013 each year with an inventory of assets and the production of accounts.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

At December 31, 2014, the Bank and its subsidiaries operated with 16,469 employees in 739 offices and 21 branches and agencies in Colombia and 1 branch abroad, in Miami.

	<u>No. of employees</u>	<u>No. of offices</u>
<u>Banco Davivienda</u>	<u>11.783</u>	<u>583</u>
<u>Banco Davivienda Miami</u>	<u>43</u>	<u>1</u>
<u>Subsidiaries in Colombia</u>		
Fiduciaria Davivienda S.A.	214	0
Corredores Asociados S.A.	299	0
Davivalores S.A.	<u>53</u>	<u>0</u>
	<u>566</u>	<u>0</u>
<u>Subsidiaries outside Colombia</u>		
Costa Rica-Grupo del Istmo S.A.	879	28
El Salvador-Inversiones Financiera Davivienda S.A.	1773	57
Banco Davivienda Honduras S.A.	1137	62
Seguros Bolívar Honduras	163	3
Banco Davivienda Panamá	<u>125</u>	<u>5</u>
	<u>4.077</u>	<u>155</u>
	<u>16.469</u>	<u>739</u>

The Bank owns 94.7% of the shares of Fiduciaria Davivienda S.A., 79% of shares of the stockbroker Comisionista de Bolsa Davivalores SA, 94.9% of Corredores Asociados, 100% of Banco Davivienda Panamá S.A. and 100% of Grupo del Istmo (Costa Rica) S.A. and 96.1% of Inversiones Financiers Davivienda El Salvador S.A., 94.2% of Banco Davivienda Honduras S.A. and 88.6% of Seguros Bolivar (Honduras) S.,A. (See details in Note 6.9).

The Bank's consolidated financial statements attached combine the assets, liabilities and results of offices. The consolidated financial statements are prepared separately.

The consolidated financial statements of Banco Davivienda S.A. at December 31, 2014 include the following subsidiaries:

National Affiliates

Fiduciaria Davivienda S.A.

This private company was incorporated in Bogota on December 14, 1992 (Deed 7940 Notary 18), and received a Superintendency operating licence in Resolution 5413 OF December 30, 1992, valid until December 14, 2043. Its registered offices are in Bogotá.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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On December 13, 2012 Fiduciaria Davivienda S A merged with Fiduciaria Cafetera S.A., both being affiliates of the Bank. The Fiduciaria thus became a sector leader with a wide-ranging portfolio of investment funds and structured trusts, backed by the knowledge and experience of its officers.

Corredores Asociados S.A. Comisionista de Bolsa

This is a private company incorporated on December 5, 1980 (Deed 6710, Notary 1, and Bogotá). Its registered offices are in Bogota and it obtained Superintendency authorization in Resolution n061 of March 9, 1981, a licence which was to expire on December 31 2030.

On February 24, 2011 an affiliate, Corredores Asociados Panamá S.A. was incorporated as a Panamanian corporation, Reg. No. 719028 Doc. 1880528 of the Business Register and Securities Commission Licence 235-11 of July 5, 2011.

On February 28, 2013 the Bank formally purchased 100% of the shares of the Colombian company for US\$50,1 The Superintendency authorized the purchase on May 16, 2013 and the operation was formalized on September 25, 2013.

On December 19, 2014, Superintendency Resolution 2247 declared No Objection to the merger of the two brokerage firms, Corredores Asociados and Davivalores.

Davivalores S.A. Comisionista de Bolsa

This company was incorporated in Bogotá on September 19, 1974 (Deed 5397, Notary 2). Its Superintendency Operating Licence is valid until April 2, 2021. Its registered offices are in Bogotá. Its business is to act as broker in securities trading and provide advisory services in matters related to the capital market.

As of 1994, the Superintendency authorized DAVIVALORES to manage securities for its customers and to collect principal amounts and reinvested yields under instruction.

This company ceases to exist independently on January 2, 2015: it will be merged with Corredorfe Asociados to form Corredores Davivienda S.A.

AFFILIATES OUTSIDE COLOMBIA

Inversiones Financiera Davivienda S.A. - El Salvador

On June 25, 2003, the Superintendency authorized Inversiones Financieras Bancosal, S.A. to become the holding and controlling company for the financial conglomerate Banco Davivienda Salvadoreño, formed by Inversiones Financieras Davivienda, S.A., (holding company) Banco Davivienda Salvadoreño, S.A. and subsidiaries: Almacenadora Davivienda El Salvador, S.A., Valores Davivienda El Salvador, S.A. de C.V.; and Seguros Comerciales Bolívar, S.A., Seguros de Personas Bolívar, S.A. and Factoraje Davivienda El Salvador, S.A. de C.V.

Inversiones Financieras Davivienda S.A. has the sole business so holding shares in Salvadorian or foreign companies in the financial sector or allied banking and financial businesses as permitted by Salvadorian law. And subject to the Financial System Superintendency.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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Banco Davivienda Salvadoreño S.A. was incorporated on January 5, 1885 and Seguros de Personas Bolívar el Salvador, S.A. on March 6, 1957.

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

Banco Davivienda Honduras S.A.

Incorporated in Tegucigalpa by Deed 12 of January 31, 1948, as Banco la Capitalizadora Hondureña S.A.

During 2004, this Bank became a subsidiary of Primer Banco del Istmo, S.A. (BANISTMO), a Panamanian financial business, and in June 2006, the Board of BANISTMO decided to sign a sale agreement with HSBC Asia Holdings, selling 99.98% of the Parent company shares.

An Extraordinary General Meeting of February 27, 2007 approved the change of name from Banco Grupo el Ahorro Hondureño S.A. to Banco HSBC Honduras, S.A. formalized in Deed 265 of May 9, 2007, which became effective July 23, 2007.

On December 7, 2012 el Banco Davivienda Colombia acquired Banco HSBC Honduras S.A., in Deed 198, with a change of name to what is now "Banco DAVIVIENDA Honduras S.A., Reg. No. 63.147, Entry 16.077 in the national business register.

Grupo del Istmo Costa Rica S.A.

Grupo del Istmo is a holding company, incorporated as a Costa Rican stock corporation, with registered offices in San José

At December 31, 2014, Grupo del Istmo (Costa Rica), S.A. held 99.92% of Corporación Davivienda (Costa Rica), S.A. formerly Corporación HSBC (Costa Rica), S.A. licensed by the national financial sector regulator (CONASSIF), since April 15, 1999, (Art. 23 Minute 86-993.

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

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

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

Seguros Bolívar Honduras S.A.

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

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

In February 2007 there was approval for a change of name from "Seguros El Ahorro Hondureño S.A." to "Seguros HSBC Honduras S.A.", (Seguros HSBC, S.A) and a capital increase of 3,468,000 shares.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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The main business is the insurance of damage to the property of the controlling company and personal risks including personal accident.

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

Banco Davivienda Panamá

Incorporated in Panama on January 15, 1976, it received a General Licence from the local authorities, to operate as a bank locally and elsewhere.

Banking in Panama is regulated and supervised by the Superintendency following Legislative Decree 9 of February 26, 1998 (and as since amended). Its registered offices are in Panama City.

On September 1, 2007 Banco Davivienda Colombia acquired 100% of the affiliate Bancafé Panamá.

Superintendency Resolution SBP67 of June 29, 2011 authorized the transfer and consolidation of activities conducted under the General Licence. On November 19, 2012 Bancafé Panamá changed its name and logo to Banco Davivienda Panamá.

Banco Davivienda Panamá adopted IFRS standards and presented its first opening comparative statement in December 2014.

The following are the assets, liabilities, equity and profits of the Parent and consolidated companies, without the effects of establishing equivalences, eliminations or homogenization with Colombian practices.

	<u>2014</u>			
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Profit/(Loss)</u>
Banco Davivienda S.A. (Parent)	22.835.606	19.935.335	2.900.271	418.461
Grupo del Istmo Costa Rica S.A. (*)	1.767.729	1.582.297	185.432	17.148
Inversiones Financiera Davivienda S.A. (*)	2.125.959	1.846.812	279.147	25.280
Banco Davivienda Honduras S.A	971.322	867.704	103.618	7.557
Seguros Bolívar Honduras S.A.	73.797	44.048	29.749	4.285
Banco Davivienda Panama	1.276.547	1.134.863	141.684	13.107
Corredores Asociados Colombia S.A. (*)	52.362	33.031	19.331	324
Fiduciaria Davivienda S.A.	61.381	6.848	54.533	9.758
Davivalores S.A.	<u>8.067</u>	<u>329</u>	<u>7.738</u>	<u>544,21</u>
	<u>29.172.769</u>	<u>25.451.266</u>	<u>3.721.503</u>	<u>496.464</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

	<u>2013</u>			
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Ptofit /(Loss)</u>
Banco Davivienda S.A. (Parent)	24.344.049	21.231.567	3.112.482	378.695
Grupo del Istmo Costa Rica S.A. (*)	1.482.141	1.299.030	183.111	12.876
Inversiones Financiera Davivienda S.A. (*)	2.061.100	1.774.812	286.289	27.195
Banco Davivienda Honduras S.A	913.486	812.979	100.507	4.922
Seguros Bolívar Honduras S.A.	82.148	46.799	35.350	3.720
Banco Davivienda Panama	1.193.485	1.072.153	121.332	15.211
Corredores Asociados Colombia S.A. (*)	86.147	62.592	23.555	183
Fiduciaria Davivienda S.A.	71.922	7.708	64.215	10.951
Davivalores S.A.	<u>9.719</u>	<u>575</u>	<u>9.144</u>	<u>756</u>
	<u>30.244.197</u>	<u>26.308.215</u>	<u>3.935.983</u>	<u>454.508</u>

(*) Sub-consolidated

2. Summary of Principal Accounting Policies

2.1 Basic Accounting Policy

The Accounting policies and the preparation of the Bank's financial statements and those of the subsidiaries in Colombia follow accounting practices generally accepted in Colombia and the instructions by the Superintendency.

The accounts of subsidiaries outside Colombia were homogenized to follow accounting practices generally accepted in Colombia and Superintendency instructions

The consolidated financial statements of Banco Davivienda S.A., as required by the Commercial Code, include the financial statements of Colombian subsidiaries supervised by the Superintendency, and the subsidiaries abroad in which there is a direct or indirect holding of 50% or more. The income, expenses, assets, liabilities and equity of the subsidiaries are included in the consolidated accounts after elimination of intercompany accounts and transactions

The Superintendency's special accounting rules are in some cases not the same as accounting standards generally accepted in Colombia, as described below:

Property and Equipment

The generally-accepted accounting standards require that at the close the net value of any property, plant and equipment with an adjusted cost of more than 20 monthly minimum salaries (approximately US\$6,000) must be adjusted to net market value or present value, recording the valuation gains and losses as appropriate. The special rules do not set such conditions for this type of asset.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Additional Capital - Share Premium

The special rules require the share premium to be recorded as part of the Legal (Mandatory) Reserve. The generally-accepted accounting rules place this item separately in the equity section.

Financial statements

Decree 2649/1993 (the generally accepted rules) makes the statement of changes in the financial position part of the basic financial statements. The Superintendency does not require it.

2.2 Accounting periods

The Bank and subsidiaries close their books once a year, in December.

Superintendency instructions require the accounts to be consolidated whenever the Parent closes its books.

2.3 Monetary Unit

The monetary unit used by Banco Davivienda S.A. is the Colombian peso.

2.4 Statement of cash and cash equivalent flows

The statement of flows reported is prepared using the indirect method. Money-market asset operations under 90 days are considered to be cash equivalents for this purpose.

2.5 Money-market and overnight asset and liability positions

Includes all operations of interbank funds, repos, simultaneous operations and temporary transfers of securities.

Interbank Funds

These are operations agreed to a period not longer than 30 days. They include overnight operations with banks abroad.

Interest income from the operation is recorded in the earnings statement.

Repo Operations

Asset Position: These are securities purchased in exchange for cash (at a discount or otherwise), assuming a commitment to retransfer ownership to the counterpart at a given date.

Liability Position: This is a sale of securities in exchange for cash, assuming a commitment to repurchase securities of the same type and characteristics from the counterpart on the same day or at a later date But not more than 1 year ahead) at a predetermined price or amount.

The initial amount will be calculated at a discount to the market price of the securities involved. It may be agreed that in the course of the operation the securities originally delivered can be substituted by others, and restrictions may be agreed on the mobility of securities involved.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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Simultaneous Operations

Asset Position: Securities are acquired at market price in exchange for cash and a commitment to retransfer ownership of securities of the same type and characteristics to the counterpart on the same day or at a later date (but not more than 1 year ahead) at a predetermined price in securities of the same kind and characteristics.

Liability Position: The ownership of securities is transferred in exchange for cash and a commitment to repurchase securities of the same type and characteristics from the counterparty on the same day or at a later date (but not more than 1 years ahead), at a predetermined price or amount.

The initial amount may not be calculated with a discount on the market price for the securities; it may not be agreed the securities originally delivered may be substituted by others in the course of the operation, and no restrictions may be placed on the mobility of the securities.

Accounting and valuation of repos and simultaneous operations

The seller, originator or the recipient, as applicable, reclassifies the balance sheet values for a repo, simultaneously operation or temporary transfer of securities; and in addition, records them in Memorandum Accounts in order to confirm delivery.

The purchaser, recipient or originator, as the case may be, must record the receipt of the securities in Memorandum Accounts.

All participants in repo or simultaneous operations and temporary transfers of securities must register the cash from these operations within their respective balances sheets as an obligation or a right, depending on the position involved.

When the purchaser, originator or recipient is in a short position, a financial obligation must be recorded in the balance sheet in favour of the initial disposer, originator or recipient at a fair price of exchange for the securities involved.

Yields on repos or simultaneous operations will accrue exponentially for the parties during the term of the operation, and will be income or expense for each of them, as appropriate.

2.6 Investments

This account records investments purchased to maintain secondary liquidity reserve, to acquire direct or indirect control of any financial sector or service company, to, meet legal or regulatory provisions or simply in order to eliminate or reduce the market risk to which assets, liabilities or other balance sheet items are exposed.

The valuation of investments is basically intended to calculate, record and disclose the fair market price at which a security may be traded on a given date, given its particular characteristics and prevailing market conditions,

Up to March 3, 2013 the valuation of investments was effected on the basis of information from Infovalmer, a system that reports rates or prices for the valuation of BVC-registered portfolios

As of March 4, 2013, with the introduction of Chapter XVI of Title I of the Financial Superintendency (SFC) Legal Circular in relation to the suppliers of prices and valuation of investments, the Bank was required to contract on official price supplier to value each market segment for a minimum period of one year. The supplier is required to supply information for the valuation of investments in that segment (prices, rates, curves, margins, etc.) observing parameters set in Chapter I of SFC Accounting and Financial Circular. The Bank contracted PIP Colombia to



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

value all its balance sheet investments. PIP provides more price curves for the range of investments held and matches the way the Bank does business.

Investments are classified, evaluated and recorded using Superintendency instructions. A summary of these instructions is as follows:

Clasificación	Term	Characteristics	Valuation	Recording
Trading	Short term	Any type of security acquired to make profits from short term price fluctuations.	<p>Uses prices of the price supplier Infovalmer, the official supplier per Chapter XVI Title I of SFC Legal Circular</p> <p>On days when no price for the security can be found or estimated, the valuation is made exponentially based on the internal rate of return. The fair market value or price is calculated as the NPV of future capital yield flows.</p> <p>For securities dealt abroad where the official price supplier for the segment has no method to value the investments, the alternative used is the dirty bid price published by a supplier platform at 4 p.m. Colombian time</p> <p>Valuations are made daily.</p>	<p>The difference between previous book and current market value is charged or credited to the value of the investment with a credit or charge to earnings. Changes are recorded daily.</p> <p>The procedure is followed daily.</p> <p>Investments are valued at market from the day of acquisition. The books therefore record changes between market value and acquisition cost as of the date of purchase.</p>
Held to maturity	Until maturity	<p>Any type of security that the Bank seriously, wishes to hold to maturity or redemption and has the legal, contractual and financial capacity to do so.</p> <p>The securities may not be the object of liquidity operations, repos or simultaneous operations, or temporary transfers, mandatory investments or obligations underwritten in the primary market and the counterpart is Banco de la República, the national Treasury</p>	<p>Exponentially based on the IRR calculated at the time of purchase.</p> <p>Valuations are made daily</p>	<p>Present value is calculated as an increase to the value of the investment and the difference with the previous value is recording in the earnings statement.</p> <p>This procedure is followed daily.</p>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Clasificación	Term	Characteristics	Valuation	Recording
		<p>or Superintendency – supervised institutions</p> <p>Likewise, they may be delivered in guarantee at a Counterpart Risk Clearing House to support completion of operations accepted by it for clearing and settlement</p>		
Debt securities available for sale	Six months (as of the effective date of Superintendency Circular 035 of December 2 2012 changed by the instructions of Circular 033 of November 22, 2013 in relation to the transaction regime for investments classified as available for sale).	<p>Any kind of security that the Bank has the intention and legal, financial, operational and contractual capacity to hold these investments for a year from being classified in this category</p> <p>After 6 months, can be reclassified into trading or held to maturity. If not reclassified on that date, it is held as available for sale</p> <p>Investments classified in this category may be used as a guarantee in a central risk clearing house to back compliance with settlement obligations.</p> <p>Investments classed as available for sale may be delivered in guarantee to a central counterpart clearing house to support performance of operations accepted by the clearing house for clearing and settlement.</p> <p>These investments may also be used in liquidity operations, including repos, simultaneous operations or temporary transfers of securities.</p>	<p>Using prices set by the official price supplier Infovalmer under Chapter XIV Title I of SFC Legal Circular.</p> <p>For securities dealt abroad where the official price supplier for the segment has no method to value the investments, the alternative used is the dirty bid price published by a supplier platform at 4 p.m. Colombian time</p> <p>On days when a fair price cannot be found or estimated, these securities are valued exponentially based on their IRR. The fair market value or price is calculated as the NPV of future capital yield flows.</p> <p>Valuations are made daily</p>	<p>Changes to the value of low/minimum turnover or unquoted securities are recorded as follows::</p> <p>The difference between present value on valuation date and the existing book value is recorded as an increase to the value of the investment, which is credited to earnings.</p> <p>The difference between market value and present value is recorded as an unrealized accumulated gain or loss in the equity section.</p> <p>This procedure is followed daily</p>
Equity investments available for sale	None	<p>Investments made by the Bank as a co-owner of the issuer</p> <p>Low/minimum turnover or unquoted, held by the Bank as parent or controlling interest form part of this group.</p>	<p>These securities are valued depending on whether or not they are quoted on an exchange.</p> <p>Securities on the National Securities and issuers register RNVE</p>	<p>Low/minimum turnover or unquoted</p> <p>- The difference between market or investment value and book value is recorded as follows:</p> <p>If the new market value is higher, the difference is used to reduce any allowance or downward adjustment made until it is exhausted, and any excess is then</p>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Clasificación	Term	Characteristics	Valuation	Recording
			<p>RNVE and exchange-listed securities are valued at the price published by agents authorized by the Superintendency and selected by the bank.</p> <p>Unit funds are valued per unit calculated by the management company on the day before valuation date, even if BVC-listed. Unit funds whose prices are marked on the secondary market and securities representing exchange fund units are excepted from this, and are valued at the price supplied by the official price supplier</p> <p>Equity investments quoted only on foreign exchanges</p> <p>Priced by SFC-authorized price suppliers.</p> <p>If no price is available, the exchange closing price on valuation date is used, or if none, the most recent closing price in the last five days or failing that a simple average of closing prices reported in the last 30 days.</p> <ul style="list-style-type: none"> Unlisted equities <p>Valued at the price-supplier's price.</p> <p>If the price supplier has no method to determine a price, the Bank may increase or reduce acquisition cost by the percentage share corresponding to the investor in subsequent equity variations of the issuer.</p>	<p>recorded as a revaluation surplus</p> <p>If the new market value is lower, any surplus is reduced until exhausted, and any excess is a downward adjustment.</p> <p>-If dividends or profits are distributed in kind, including those corresponding to the capitalization of the equity revaluation account, are recorded as income for the portion recorded as a revaluation surplus, charged to the investment and the surplus is reversed.</p> <p>If dividends or profits are distributed in cash, the amount recorded as valuation surplus is treated as income, reducing the surplus, and the amount of dividends that exceeds this is recorded as a reduction in the value of the investment.</p> <p>High-medium turnover</p> <p>Market values for high/medium turnover securities and securities quoted on internationally recognized exchanges abroad are updated with unrealized gains or losses accumulated in the equity section of the accounts, being credited or charged to the investment.</p> <p>The procedure is followed daily.</p>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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Reclassification of Investments

An investment may be reclassified at any time with appropriate Superintendency authorization as required by Chapter I Section 4 of the Circular;

Superintendency Circular 033/2013 amends Section 4.2 of Chapter I of the Basic Circular to reclassify trading investments available for sale or held to maturity after six months' classification as the former.

If the reclassification implies a gain, the gain may only be distributed with SFC prior approval.

Investment transfer rights

This account records debt or capital investments which the disposer, originator or recipient – as the case may be – has delivered in a repo, simultaneous operation or temporary securities transfer.

It refers investments in restricted securities or debt or capital investments arising from the transfer of ownership against a cash payment or receipt of securities in support of a transfer operation (TTV) (one security for another), thereby assuming the commitment to repurchase from the counterpart or acquire securities of the same kind and characteristics on the same day or at a later date at a predetermined price.

Credit Risk Allowances or Losses

The prices of debt securities and the securities and that of low/minimum turnover or unquoted capital investments are adjusted at each valuation date based on credit risk classification as follows:

- Securities that have one or more ratings from external rating agencies recognized by the Superintendency, and securities of rated issuers, may not be recorded for more than the percentage of their face value net of repayments made to the valuation date.

Long Term Rating	Short Term Rating	Maximum %
BB+, BB, BB-	3	90%
B+, B, B-	4	70%
CCC	5 and 6	50%
DD, EE	5 and 6	0%

For securities not externally rated, debt securities with unrated issuers and capital investments, the amount of allowances are based on an internally-developed method, which must be approved in advance by the Superintendency.

Section 8.2 of Chapter I of Circular 100/1995 requires Banks that have no internal method approved to calculate allowance to use the following criteria



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Category	Item	%
A	Normal risk	0
B	Acceptable risk (higher than normal)	80
C	Appreciable risk	60
D	Significant risk	40
E	Unrecoverable	100

Sovereign issues or guarantees, Banco de la Republica issues and FOGAFIN issues and guarantees are not rated for credit risk (See Superintendency Circular 100/1995 Chap I.

Affiliates outside Colombia

Allowances for investments in foreign affiliates take account of the long-term debt rating of the country of the issuer, the local rating assigned to the issuer – i.e., the rating of the issuer where it operates – using the following table.

If the issuer is rated locally as investment grade and the final risk is a country below investment grade, the Country Risk percentage allowances are used.

If the issuer is locally rated below investment grade, the Issuer Risk allowance is made:

CATEGORIES	Country long-term external rating	Local issuer long-term external rating	Local issuer short-term rating
	%	%	%
BBB, BB+, BBB-	0%	0%	
BB, BB+, BB-	0%	10%	
B+	0.50%	30%	
B	1.0%	30%	10%
B-	3%	30%	
CCC	10%	50%	
CC	30%	50%	
C	50%	50%	50%
D	100%	100%	
1,2,3			0%

For transnational/multinational issuers, the rating for the country where most of revenues are earned is taken, provided that this represents a material concentration; otherwise, the country of domicile registered by the issuer is used.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

2.7 Loans and Financial Leasing Operations

This account records loans and financial leasing operations in all permitted modes. Loans are funded from own resources, public deposits and other sources of external and internal financing

Loans are recorded for the value disbursed, excluding portfolio purchases which are recorded at cost. The interest rate does not affect the value for which loans are recorded.

2.7.1 Modes of loan

The structure of the loan portfolio includes the following types of loans:

Commercial

Commercial loans are defined as those made to individuals or companies for organized economic activities, other than those made as microloans.

Residential property leasing.

The Superintendency has ruled that Residential Leasing operations are to be classified as commercial loans.

Property involved in this type of operation is owned by the Bank, and is insured for fire and earthquake.

The account records the financed value of residential property leased against payment of regular installments over an agreed period. After that expires, the property is returned to the owner or transferred to the lessee if he exercises the purchase option and pays it.

Financial leasing

Financial leasing operations are recorded for the amount to be financed for each asset in a contract that is delivered for the user to use and enjoy.

The amount to be financed in these operations is amortized upon payment of the regular payments, for the capital amount included in each payment.

For leasing operations, payments are credited first to the longest-outstanding overdue item. Arrears start to be counted from the moment that such payments fall due.

Contracts agreed with regular payments in excess of the number of months required to suspend accruals may only accrue amounts for that number of months. The amounts remain current until the moment at which it becomes payable on demand

Consumer Loans

Consumer loans, regardless of amount, are made to individuals to finance the purchase of consumer goods or services for non-commercial or non-business purchases, other than those made as microcredit.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

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Home mortgage loans

This account records loans, regardless of amount, made to individuals for the purchase of new or used property, or the building of individual housing units. Terms must be expressed in constant-value units (UVR), or local currency, and collateralized with a first mortgage on the property financed. Repayment is over 5-30 years.

All or part of one of these loans may be prepaid at any time without penalty. If there is a partial prepayment, the debtor is free to choose whether the amount paid decreases the amount of the installments or the term of the debt. These loans attract interest on the UVR or peso balance of the debt.

Interest should be charged in arrears and may not be capitalized. A loan may be made for up to 70% of the property's value. This value will be the purchase price or professional valuation made within six months prior to the granting of the loan. Loans made to finance low-cost housing may be for up to 80% of the property's value.

Properties financed must be insured against fire and earthquake.

Micro-credit

A micro-business is defined as a unit of economic exploitation of an individual or corporate entity engaged in urban or rural business, agriculture, industry, commerce or services, with a payroll of less than 10 and assets of less than 500 minimum monthly salaries (approximately US\$160,000, as defined in Law 590/2000.).

The balance of indebtedness of the debtor may not be more than 120 minimum legal monthly salaries (approximately US\$35,000), at the time of approval of the loan operation. "Balance of indebtedness" means that the amount of current debt for account of the micro-enterprise as registered with credit database sources consulted, excluding home mortgage loans but including the new loan applied for.

2.7.2 Restructured Loans

A "restructured loan" is one for which a legal agreement exists with the intention or effect to modify the terms of the credit, to enable the debtor to pay. Before restructuring is approved it must be established that there is a reasonable probability of recovery under the new conditions.

Restructurings do not include statutory credit relief such as that of Law 546/1999 for home mortgage loans.

Rules for recording restructured loans.

In cases where the result of restructuring agreements or any other mode of agreement provides for the capitalization of interest recorded in Memorandum Accounts or loan balances written off, including capital, interest and other items, they will be recorded as deferred credits, and amortization to capital will be made in proportion to amounts effectively collected.

Rules for reclassification of restructured loans.

Where a commercial or home mortgage loan is restructured, the classification held at the time of restructuring is retained, and after three normal payments, it will be considered to be current, and improves its classification to "A". If it again falls into arrears for more than 30 days, it will go back to its initial classification and remain there until up-to-date again, and may return to classification "A". If, after two years a restructured loan is up to date, it is transferred to A- Normal:



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The following methodology applies to consumer loans, using SRARC classifications prior to the process of alignment in the Consumer Reference Model (MRCO) as follows:

Classifications
AA
A
BB
B
C
D
E

The following criteria are applied to each client's payment vectors

- The initial classification is kept for the first two months

As of the third month, the following criteria are applied:

- Two months payment on time improves the classification
- One month prompt and one in arrears keeps the classification of the preceding month
- Two months in arrears lowers the classification

The classification resulting from this methodology is compared with the MRCO score for each period.

If the MRCO score produces a higher risk than that obtained by the method explained above, the high risk will apply and as of that period only the MRCO result will be applied. This ensures that that result of the classification never produces a lower risk than MRCO.

If 13 months elapse from the moment of restructuring and the above method has not converged with MRCO, the above method will be dropped and only MRCO will be calculated.

Insolvency regime-Law 1116/2006

The insolvency regime is intended to protect credit and recovery and preservation of the a business as an unit of economic exploitation and a source of employment, through processes of reorganization and judicial liquidation, always following criteria of added value.

Restructurings-Law 550

Law 550/1999 and Law 1116/2006 restructurings promote and facilitate business revival and the restructuring of regional agencies. When the negotiations for restructuring begin, interest accruals on outstanding loans are suspended, and the classification which they had at the beginning of the negotiations is maintained.

Flood disasters.

The Bank has restructured loans affected by the flood disasters, in the terms of Circular 051/2010, in which supervised entities are instructed on the situation of national disaster and economic, social and ecological emergency, as a result of a grave public calamity, declared by Decrees 4579/2010 and 4580/2010, respectively.



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Suspension of interest accruals

Interest accruals will not be charged interest accruals, monetary correction, exchange adjustment, lease payments and income from other items will not be accrued to not be charged to earnings when the loan is in arrears for the following ageing periods:

Mode	Arrears exceed	
	Banco Davivienda	Affiliates abroad
Commercial	3 months	3 months
Consumer	2 months	3 months
Home mortgage	2 months	3 months
Micro	1 month	None

Accruals are recorded in Contingent Accounts, and do not affect earnings until collection is effectively made.

For cases in which as a result of restructuring agreements or any other mode of agreement, it is agreed that interest recorded in memorandum accounts or the balances of loans written off, including capital, interest and other items will be capitalized, this income is recorded as a deferred credit, and is carried to earnings as and when effective collection is made.

Loans which are in arrears and which on a previous occasion have ceased to accrue interest, monetary correction, exchange adjustment, leasepayments and income from other items will cease to accrue income from the first day of arrears. Accruals may resume when the loan is up to date again. Until connection is effective, this will be recorded in memorandum accounts.

Where the accrual of yields, monetary correction, exchange adjustment, leasepayments and other items of income is suspended, an allowance must be made against all accruals not collected and corresponding to these items.

2.7.3 Rules for writing off

The writing-off of loans, accrued interest receivable on loans and financial leases and other assets is approved by the Board, taking account of SFC Circular 100/1995. Supervised institutions are required to report they write-offs they have made, with their Board's approval.

Following internal policies for writing off loans, this action is taken when loans in the different modes reached the following levels of arrears, and 100% allowances have been made against capital, interest and other items.



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Banco Davivienda			International affiliates
Portfolio	Product	Days arrears	Individual evaluation Consumer at 180 days, except Panamá, which is individual evaluation
Commercial	Vehicles	Over 360 days	
	Other	Over 570 days	
	Loans over 500 M	As evaluated	
Home mortgage and Residential Leasing	Home mortgage, residential property leasing	Over 540 days	
Consumer	Vehicles	Over 360 days	
	Other	Over 180 days	
	Private brand cards	Over 120 days	
Micro	Micro	Over 180 days	

Specific write-offs may be made on shorter parameters with Board authorization.

Residential leasing operations are not the object of write-offs because the properties already belong to the Bank.

A write-off does not relieve the Bank's management from continuing to attempt collection as appropriate.

2.7.4 Rules for collateral

Collateral is an instrument which reduces the expected loss given default. Collateral represents a right of the Bank if the debtor defaults on payment of his obligations.

Loan approvals must include the collateral under which the operation is authorized, and the collateral must be formalized prior to disbursement.

The analysis of collateral includes the following characteristics:

Suitability: As defined by the law.

Legality: Documents are duly formalized, offering legal support, which will make it possible to arrange for collection of loans granted.

Value: Established that on the basis of technical objective criteria.

Possibility of realization: A reasonably appropriate possibility that the collateral can be realized.

For consumer and commercial loans the valuation process is completed but has no effect on allowances because the Bank treats these loans as having a LGD on an unsecured basis, except for commercial leasing operations and consumer payroll-installment and vehicle loans.

In the case of mortgage loans, there must be a first mortgage, and for an indeterminate amount in favour of the Bank, in respect of the property offered in support. Mortgages must be formalized by public deed before a Notary and registered in the Public Records Office.

The updating of the realization value of loan collateral where the collateral is a mortgage, is effected by taking the initial recorded value of the collateral, adjusted by the annual changes to the house price indicators IVIUR and IVP, as the case may be



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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December 31, 2014 and 2013

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2.7.5. Criteria for evaluation the classification of credit risk

The Bank adopted a credit risk management system (SARC), which brings together policies, processes, models and mechanisms to allow credit risk to be identified, measured and appropriately mitigated. This is so, not only from the point of view of coverage through a system of allowances, but also through management of the loan approvals process, and permanent follow-up.

The Bank evaluates and classifies customer loans regardless of the type of credit. There is a monthly update of loan performance, with regard to repayments, cancellations, write-offs and an ageing of accounts in arrears.

There are methods and analytical techniques available to measure the credit risk inherent in a loan operation and potential future changes in conditions of debt servicing for it. These methods and techniques are based on information related to the historical portfolios and loans. It also considers the particular characteristics of debtors and the loans, and guarantees given in support. The credit record of the debtor with other institutions and financial information about the debtor or alternative information which gives adequate knowledge of his financial situation are also examined; along with sector and macroeconomic variables that might affect the normal development of the loan.

In the evaluation of capacity to pay for regional government agencies, the Bank verifies compliance with the indicators of Law 617-Operating Expenses, Law 358-Solvency and Sustainability,-and Law 819, Primary Surplus.

The Bank makes its evaluations and reclassifies loans at least every May and November, and records changes by the end of the next month.

Affiliates in Colombia evaluate their receivables in the same way as their commercial loans in terms of ageing, as required by Chapter II of Superintendency Circular 100/1995.

Rules of alignment

A monthly process of internal alignment is applied to each debtor, in which all operations under the same customer name are carried to the category of highest risk, unless there is good reason for a lower risk classification, as permitted by regulations.

For customers of Bank and its consolidating Subsidiaries, the same classification is given to loans of same mode to the same debtor, except where it can be shown that there is good reason to classify one or more in a lower risk category.

Classification of credit risk for reports.

For establishing equivalent risk classifications for the purpose of reports to the risk bureaus, indebtedness reports and recording the financial statements uses the following table:



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Consolidated Balance Sheet (cont.)

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Commercial loans

Risk Type	Report Category	Group Category	Ageing (days)
Normal	AA	A	0-29
Acceptable	A	B	30-59
Acceptable	BB	B	60-89
Appreciable	B	C	90-119
Appreciable	CC	C	120-149
Default	D	D	150- 569
Unrecoverable	E	E	More than 569

A commercial loan is considered to be in default when it is more than 150 days or more in arrears, along with treasury loans in arrears.

Consumer loans

In order to determine classification of consumer loans, depending on segment, the reference model makes calculations on a points system, which is the product of particular characteristics of each debtor as laid down in Schedule 5, Chapter 2, Superintendency Circular 100/1995:

Risk Type	Reporting Category	Group category	Vehicles Score	Others Score	Credit Card Score
Normal	AA	A	0.2484	0.3767	0.3735
Normal	A *	A	0.6842	0.8205	0.6703
Acceptable	A	B	0.6842	0.8205	0.6703
Acceptable	BB	B	0.81507	0.89	0.9382
Appreciable	B	C	0.94941	0.9971	0.9902
Appreciable	CC	C	1	1	1
Unpaid	D	D	1	1	1
Unrecoverable	E	E	1	1	1

A consumer loan is considered to be in default when it is in arrears 90 days or more.

*In order not to affect the indicators, the Superintendency defined an additional classification, in addition to the characteristics of the consumer reference model, for a range of arrears between 0 and 30 days, to be recorded in the books as Category A.

Home mortgage and micro credit

The Bank analyzes mortgage loans and micro-credit, and classifies them into one of the following credit categories.

Category	Risk	Home mortgage	Micro-credit
		Months in arrears	
A	Normal	0 - 2	0 to 1
B	Acceptable	2 - 5	More than 1 and up to 2
C	Appreciable	5 -12	More than 2 and up to 3
D	Significant	12 - 18	More than 3 and up to 4
E	Unrecoverable	Over 18	Over 4

Subsidiaries outside Colombia

Equivalences are established for loan classifications, comparing local regulations with applicable Colombian rules, and producing a classification acceptable in Colombian terms.



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Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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2.7.6. Rules on loan allowances

Allowances are charged to earnings as follows:

General allowance.

At December 31, 2014 and December 31, 2013, there was a general allowance for microcredit and home mortgage loans equivalent to 1% of total gross loans.

Individual allowances using reference models

According to Superintendency instructions, the Commercial and Consumer Reference Models require individual allowances as the sum of two individual components: one is procyclical and the other counter cyclical.

The individual procyclical component reflects the credit risk of each debtor today.

The individual countercyclical component reflects possible changes credit risk of a debtor over a time in which the deterioration of those assets increases. This portion is set aside in order to reduce the impact on earnings if the situation should arise.

The two components are calculated separately for capital and accounts receivable, for loans and leasing operations.

There is a monthly evaluation of the following indicators, made to determine the method of calculation to use as of the following month for individual allowances:

Indicators	Activation Threshold
1. Increase of allowance in risk category B,C,D,E	$\geq 9\%$
2. Net allowance expensed as % of portfolio revenue	$\geq 17\%$
3. Net allowance expensed as % of Adjusted Gross Financial Margin	$\leq 0\%$ ó $\geq 42\%$
4. Real annual growth of Gross Loans	$< 23\%$

If for three consecutive months the conditions of these indicators are all met together, the method for calculation to be applied during the following six months will be that for the de-accumulative phase.

Method of calculation for the accumulative phase

Individual procyclical component. For Commercial and Consumer loans, this is the expected loss is calculated with Matrix A, that is, the results obtained by multiplying the value of debtor exposure, the probability of default (PI) of matrix A, and the loss given default (LGD).

Individual counter cyclical component. This is the maximum value between the individual countercyclical component for the preceding period affected by exposure, and the difference between the expected loss calculated with Matrix B, and the expected loss calculated with Matrix A at the time of calculating the allowance.

The individual counter cyclical component may in no event be less than zero, and may not exceed the value of the expected loss calculated with Matrix B, and the sum of these two components may not exceed the value of exposure.



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Consolidated Balance Sheet (cont.)

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Every year, the Superintendency publishes the migration matrices to reply to the quantification of expected loss.

The countercyclical component will enable lenders to have a reserve (an individual countercyclical allowance), which they will use in times of deterioration in loan quality, in order to face the need for increased allowances, but without the need for a significant impact on profits generated in an unfavourable environment.

At December 31, 2014 and December 31, 2013, the Bank applied the method of the accumulative phase.

Individual allowances

In addition to the general allowance, individual allowances are calculated to protect loans classified in all risk categories, using the following parameters at December 31, 2014 and 2013:

Commercial loans

The Bank adopted the Superintendency's Commercial Reference Model for making the allowances produced by its application.

The minimum monthly salary for the preceding year is used to estimate asset levels.

The estimate of expected losses involves differentiated segments, by level of debtor assets, as follows:

<u>Company size</u>	<u>Asset level</u>
Large	Over 15.000 SMMLV (Approx US\$5.2MM)
Medium	5.000 - 15.000 SMMLV (Approx US\$1.4-5.2 MM)
Small	Under 5.000 SMMLV (Approx US\$1.4MM)

The model also has a category "individuals", which brings together all personal debts and loans.

Allowances for residential property leasing operations follow the policies for commercial loans to an "individual in business".

The estimated expected loss (allowances) is the result of the following formula:

$$\text{Expected Loss} = [\text{Probability of default}] \times [\text{Asset exposure at the time of default}] \times [\text{Loss given default}]$$



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December 31, 2014 and 2013

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Probability of default (PI)

This is the probability that in a period of twelve months, the debtor of a certain commercial loan portfolio will go into default.

Individual allowances are calculated using the percentages given in this matrix:

Category	Large companies		Medium companies		Small companies		Individuals	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	1.53%	2.19%	1.51%	4.19%	4.18%	7.52%	5.27%	8.22%
A	2.24%	3.54%	2.40%	6.32%	5.30%	8.64%	6.39%	9.41%
BB	9.55%	14.13%	11.65%	18.49%	18.56%	20.26%	18.72%	22.36%
B	12.24%	15.22%	14.64%	21.45%	22.73%	24.15%	22.00%	25.81%
CC	19.77%	23.35%	23.09%	26.70%	32.50%	33.57%	32.21%	37.01%
Default	100%	100%	100%	100%	100%	100%	100%	100%

Loss given default (LGD)

This is defined as the economic deterioration incurred is default should occur. LGD for borrowers in default will rise with the passage of time in default. The Bank applies two ranges, for "Unsecured" y "Property leasing assets", as follows:

Guarantee type	LGD	Days arrears	LGD	Days arrears	New LGD
Unsecured	55%	210	60%	420	100%
Residential property leasing	35%	540	70%	1,080	100%

Property leasing and residential leasing are included in "Property Leasing".

Further, loans classified as D and E are subject to 100% allowance when past-due for more than 360 days (residential property leasing is excluded from this calculation).

Past-due loans are evaluated monthly applying the MTC reference model, quality of security held, percentage cover of the debt and any other criteria required to make individual allowances.

Exposed asset value

This is understood to be the exposed value of the asset on the balance sheet for capital, interest receivable and other items in the commercial loan portfolio.

Allowances for moratorium processes

Loans for account of borrowers in a moratorium process are immediately classified "E"; allowances are made, accruals are suspended for yields and other items.

If the recovery plan is agreed within one year following admission into moratorium proceedings, the loans may be reclassified to "D".



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Consolidated Balance Sheet (cont.)

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Consumer loans

The Bank adopted the Superintendency Reference Model for Consumer loans (MRCO), which is used to make allowances.

It is based on differentiated segments, depending on product: Automobile-general, Other - General, and Credit Cards, in order to preserve the particular features of market niches and products.

Expected losses are calculated, and allowances are made in accordance with the following formula:

$$\text{Expected Loss} = [\text{Probability of default}] \times [\text{Asset exposure at the time of default}] \times [\text{Loss given default}]$$

Where

Probability of default (PD)

Corresponds to the probability that within 12 months debtors in a given segment and loan classification will go into default.

The probability of default is defined by the following matrix.

Category	General Automobiles		General Other		Credit Card	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	0.97%	2.75%	2.10%	3.88%	1.58%	3.36%
A	3.12%	4.91%	3.88%	5.67%	5.35%	7.13%
BB	7.48%	16.53%	12.68%	21.72%	9.53%	18.57%
B	15.76%	24.80%	14.16%	23.20%	14.17%	23.21%
CC	31.01%	44.84%	22.57%	36.40%	17.06%	30.89%
Default	100%	100%	100%	100%	100%	100%

Loss given default (LGD)

This is defined as the economic deterioration suffered if a default situation arises. The LGD for debtors will increase with the passage of time in default. The LGD applied by the Bank falls into two ranges of guaranties "unsecured", and "non-admissible collateral", as described below:

Collateral Type	LGD	Days arrears	New LGD	Days arrears	New LGD	Days arrears	New LGD
Non-admissible	60%	210	70%	420	100%		
Other – vehicles	50%	90	70%	150	85%	270	100%
Unsecured	75%>	30	85%	90	100%		



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The descriptor "non-admissible collateral" applies as of May 2012, for consumer loans granted with the non-admissible "payroll installment deduction" collateral.

"Other" collateral applies to the vehicle portfolio.

Additional individual allowance

An additional individual allowance is maintained at 0.5% in the procyclical component when the " α " rolling parameter is greater than 0 ($\alpha > 0$). " α " is the 6-month rolling average six-month variation in the real annual growth of past-due consumer accounts.

Exposed asset value.

In the MRCO the exposed asset value is the outstanding capital balance, with interest, accrued interest receivable on loans and financial leases for interest and other items, in the consumer loan operations.

Home Mortgage loans

Individual allowances for the protection of loans are made in all risk categories for at least the following percentages at December 31, 2014 and 2013.

The percentage of allowances maintained for mortgage loans classified A or B is higher than that required by regulations. For the unsecured portion, i.e. the difference between the unpaid balance and 100% of the value of the collateral, the allowance must be 100% after classification as B (acceptable):

Category	Regulatory minimum %		% Bank's minimum	
	Covered	Not covered	Covered	Not covered
A	1.00%	1.00%	1.00%	3.00%
B	3.20%	100.00%	4.00%	100.00%
C	10.00%	100.00%	10.00%	100.00%
D	20.00%	100.00%	30.00%	100.00%
E	30.00%	100.00%	100.00%	100.00%

(*) The minimum regulatory percentage is applied to subsidiaries outside Colombia

An allowance must be kept over the secured portion of mortgage loans, as a percentage which corresponds to each Category. The allowance for the unsecured portion will be 100% as of the time of classification as "B"-acceptable.

If for two consecutive years Aug remains in category "E", the percentage allowance of secured portion will rise to 60%. After another year in this same condition, the allowance on the secured portion will be 100%.

Micro loans

Individual allowances for the protection of loans classified in all risk categories must match the following at least the following percentages at December 31, 2013 and 2012.



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The percentage of allowance maintained against micro loans is high than that required by regulations

Category	Regulatory minimum%		Bank's minimum%	
	Capital balance	Not covered	Capital balance	Not covered
A	1.00%	0.00%	4.10%	4.10%
B	2.20%	1.00%	7.90%	100.0%
C	0.00%	20.00%	30.00%	100.00%
D	0.00%	50.00%	100.00%	100.00%
E	0.00%	100.00%	100.00%	100.00%

Effect of admissible collateral on individual allowances

For estimates of individual loan allowances, collateral is taken to cover only the principal amount. Therefore, balances pending amortization of collateralized loans are subject to an allowance for the percentage corresponding to their classification, applied to the difference between the unpaid balance and the value of the collateral

For home mortgage loans this applies to the difference between the unpaid balance and 100% of the value of the collateral 100%; for the secured portion, to 100% of the balance of the debt guaranteed

Subsidiaries abroad

Criteria for the evaluation and reclassification of credit risk

Corporate Banking

Classification follows the Superintendency's commercial model (MRC) based on days in arrears at the close. The classification then determines the risk category:

SARC Classification	Days' arrears
AA	0-29
A	30-69
BB	60-89
B	90-119
CC	120-149
INC=D	150-569
INC=E	>=570



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Personal Banking

The Personal Banking model provides 8 different client risk categories. The UR (Regional Unit) classification takes account of the ageing of arrears by loan, considering restructurings, aligning the client into the highest risk category. This will determine the allowances to be charged to provide cover of credit exposure.

RANGE OF ARREARS	DAYS IN ARREARS	GENERAL ALLOWANCE			INDIVIDUAL ALLOWANCE	
		CLASSIFICATION	CLASSIFICATION	EQUIVALENT CLASSIFICATION	Classification DCF	EQUIVALENT CLASSIFICATION
0	0	AA	AA	A		A
1	1-30	AA	AA	A		A
2	31-60	B	B	B		B
3	61-90	C	C	C		B
4	91-120	D1		D	D1	B
5	121-150	D2		D	D2	B
6	151-180	D3		D	D3	C
7	>= 181	E		E	E	C
7+	181-360	E		E	E	C
7+	361-540	E		E	E	D
7+	>= 541	E		E	E	E

Allowances- Corporate Banking

The Expected Loss is that due to the effect of deterioration in the debtor's capacity to pay and the quality of collateral initially offered.

Probability of default

The method of calculation of Probability of Default used by Banco Davivienda S.A provides robust results and appropriate classification of clients in risk categories and accurate forecasting of their future performance for purposes of following up expected losses and the Bank's allowance for them..

The calculation of Probability of Default is based on the construction of 12-month performance tables to follow up client compliance. Clients assessed as having a low internal risk rating, it is expected that collection will be successful; clients in higher risk categories, however, can be expected not to pay promptly.

Therefore, the probability of default is the probability that within 12 months the debtors with a certain classification will be in default.

For loans in Panama, given that the bulk of commercial loans there is in the lower risk categories (AA, A and BB) the level of allowances was calculated using the probability of default in Matrix B for Major Companies as appears in Annex 1 of the Commercial Reference Model, because a large part of the Panamanian portfolio consists of debtors domiciled in Colombia and this justified the use of the Colombian regulatory probability matrix.



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PI – Internal Performance Tables				
CLASSIFICATION	CR	HN	SV	PA*
AA	0,00%	0,00%	0,00%	2,19%
A	3,44%	0,43%	0,43%	3,54%
BB	6,15%	5,70%	5,70%	14,13%
B	65,93%	52,90%	52,90%	15,22%
CC	73,55%	78,98%	78,98%	23,35%
D	100,00%	100,00%	100,00%	100,00%
E	100,00%	100,00%	100,00%	100,00%

Loss Given Default

In order to calculate the size of the loss given default, a calculation is made on the basis of the historical record of recoveries of each affiliate. For the purposes of this model, LGD is the inverse of the recovery rate by type of collateral, including also an analysis of the record of administrative costs and the time taken in court proceedings associated with recoveries of collateral and the implications of local regulations

Type	CR	HN	SV	PA
vESSEL	50%	92%	50%	50%
House	30%	39%	40%	30%
Building	40%	36%	12%	30%
Machinery	9%	61%	10%	50%
Industrial plant	22%	55%	40%	30%
Land	40%	55%	40%	30%
Vehicle	25%	16%	25%	50%
Apartment	40%	40%	10%	30%
Warehouse	40%	40%	8%	30%
Equipment	50%	50%	10%	50%
Parking area	40%	40%	10%	30%
Inventories	50%	50%	40%	50%
Residential development	40%	40%	8%	30%
House and garden	40%	40%	10%	30%
Securities	40%	40%	0%	0%
Trust agreements	0%	0%	0%	0%
Letters of credit	0%	0%	0%	0%
Other collateral	55%	55%	55%	55%
SNB	55%	55%	55%	55%
Back to Back	0%	0%	0%	0%
Unsecured	55%	55%	55%	45%
Leasing	35%	35%	35%	35%

Allowances: Personal Banking

This model uses two methodologies: bucket allowances and individual allowances adjusted by an economic factor that includes the effects of macroeconomic variables on loan performance in the country concerned..

For Panamá, the classification and calculation of allowances in Personal Banking is the locally-applied one:. Clients from Central America with loans in Panamá are affected by the related economic factor in order to make



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an additional Country Risk allowance. For El Salvador, if the amount of the allowance is lower than that required by local regulations, local regulations are followed. No recoveries of allowances will therefore be made.

Bucket allowances

The calculation of bucket allowances applies to mass portfolios (restructured and otherwise¹) subject to a similar risk profile derived from homogeneous performance and not considered to be individually significant².

According to the type of collateral, this methodology is divided into; Flow rate for unsecured operations (Consumer, payroll installment loans/OID³, Credit cards, BB Mass) defined as the ratio between the loan portfolio in a given month and a defined level of last-due accounts (days in arrears, the "arrears bucket") (and historical loss ratios for secured loans (Home mortgages, vehicle, consumer-mortgage, BB Mass) in arrears for less than 90 days.

Historical Loss Rate

This method defines an historical percentage of write-offs of losses caused by processes of foreclosure or court award. The products evaluated by this method are secured loans more than 90 days past-due.

The Historical Loss Rate is defined as the rolling 5-year averages on balances of write-offs less recoveries as a percentage of loans of the same product.

Individual allowances (DCF)

The calculation of individual allowances applies to all secured loans (Home mortgage, vehicle, consumer-mortgage and BB Mass) over 60 days past due, whether in enforcement proceedings or not, restructured and un-restructured portfolios considered individually significant and subject to an exercise of individual evaluation of collateral in order to define the need for an individual allowance for the difference between the present value of contractual payments (principal balance plus interest) and the present value of expected flows from the liquidation of collateral.

General Allowance for Non-Staff Housing Loans

A General Allowance is made of 1% of Non-Staff home mortgage loans if the loan is subject to the Historical Loss Rate or Individual Allowance methods.

2.8 Spot and derivative operations

2.8.1. Spot operations

Financial assets acquired through spot operations are recorded in the balance sheet on the settlement date and not the dealing date, unless the two coincide, as follows:

The seller records financial asset in his balance sheet until delivery affected, and meanwhile records the right to receive cash from the transaction as an asset, and the obligation to deliver the asset sold.

The buyer of the asset does not record the financial asset in his balance sheet and it is delivered, but records the right to receive the asset amount in his assets, with the obligation to deliver the cash agreed for the operation.

Changes in market value of instruments sold must be shown in the earnings statement as of the date of the trade, as appropriate.

¹ Restructurings include regularizations (changes of conditions of contract of several loans into a single new loan and refinancing (changes of conditions for a single loan)

² Individually significant; secured loans past due more than 90 days, whether or not involved in enforcement proceedings

³ Order for Immediate Discount



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If the operation is effectively completed, the buyer and seller of the asset will reverse the right and the obligation recorded at the time the trade took place.

2.8.2. Derivatives

Derivatives are recorded in the balance sheet, from the date of the trade, for a fair market price.

If the initial contract has a value of zero, that is, if no payment or physical delivery is made by the parties, the earnings statement is not affected.

In subsequent valuations, price the variations in the price must be recorded in the earnings statement or in equity accounts, depending on the classification of the derivative.

If the fair price of exchange is positive, i.e. favorable to the Bank, it is recorded as an asset, separating the value of the right from the value of the obligation. If the price is negative, i.e. adverse to the bank, it should be recorded as a liability, with the same separation.

If the fair price of exchange is zero either initially or on some subsequent date, it should be booked as an asset if it is a speculative financial derivative., However, if it is a hedging asset it should be book on whichever side of the balance sheet is appropriate – on the basis that it should be recorded on the other side to that of the primary position hedged.

Positive and negative balances in the balance sheet are not netted out where the derivatives are different financial instruments – or even if they are the same – and each must be in its asset or liability account.

Variations in the fair price if exchange of speculative financial derivatives should be recorded in the earnings statement, using the following rules.

Regardless of the accumulated variation in the price of a derivative for speculative purposes is positive (profit) or negative (loss), the portion of the variation recorded daily in the earnings statement should be booked to the appropriate income or expense account in which the derivative should be recorded, depending on whether it is an accumulated profit or an accumulated loss, depending on related accounting instructions.

The same procedure should be used for derivatives negotiated by the supervised institution.

For the recording of hedging financial assets, regardless of whether the accumulated variation in the price of a derivative for speculative purposes is positive (profit) or negative (loss), the valuation must be disclosed daily in the earnings statement in the relevant subaccount for revenues or expenses where the derivative is to be recorded, depending on whether there is an accumulated profit or an accumulated loss, following the relevant accounting instructions.

The portion of the accumulated price variation must be recorded daily in the equity account opened for this item, with a positive or negative sign, as appropriate.

2.8.3. Forwards

Speculative forwards will be booked in the balance sheet from the date of the trade, for the fair price of exchange.

Where the initial value of the contract is zero on that date, that is, there has been no payment or physical delivery of between the parties, the earnings statement is not affected.



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In subsequent valuations, the variations in the prices must be recorded in the earnings statement, following the rules given below.

Forwards that have a positive fair price (i.e. favourable to the Bank) are recorded as assets, separating the right and the obligation. If the fair price is negative (i.e. unfavourable to the bank) the operation is recorded as a liability, with the same separation.

Where the price of the derivative is zero, either on the initial date or on some subsequent date, the books must show the asset entry if the derivative is for speculative purposes. But if it is a financial derivative for hedging purposes, the books in this case will show an asset or a liability, as appropriate on the opposite side to that of the primary position hedged.

The balance sheet accounts do not net out favourable and unfavourable balances of derivatives, even if they are of the same type, but it must be recorded as an asset or a liability, as appropriate.

2.8.4 Futures

Given that futures operations are settled daily, the fair price derivative is zero, and for this reason, it's the recorded in the accounts as an asset, since they are the derivative for speculative purposes.

2.8.5 Options

When the Bank buys call or put options -the premium paid and the variations in day to day valuation to the fair price must be made in the sub accounts for options, on the asset side.

When the Bank sells a call or put option, the premium received and day to day variations in the fair price are recorded in the subaccount for the appropriate option on the liability side (accounts on the cards are recorded in a single account).

Supervised institutions must report the face value agreed, multiplied by the fair price of exchange or the rate agreed by the parties in the Contingent or Memorandum Accounts opened for that purpose.

2.9 Swaps

2.9.1 Hedging swaps.

These are traded operations which are designed to reduce or remove a specific risk which may have an impact on earnings as a consequence in variations in the fair price or on cash flow, or on the exchange rate of one or more items in the "primary positions".

In compliance with current regulations, these derivatives traded for hedging purposes must be clearly identified. From the moment that the deal is struck, and authorized by the Superintendency.

The accounting of the derivatives for hedging purposes depends on specific type of hedging involved, in our case; the hedging operations correspond to the fair market price.

The hedging of the flows of the fair price must be accounted as follows:

a) Derivatives for hedging purposes: all gains or losses which arise from a valuation of derivatives taken for hedging purposes must be immediately recorded in the earnings statement, using the standard PUC accounts for hedging instruments.



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b) Primary positions. All profits or losses attributable to hedging must be recognized for their book value in the primary position, such that that value reflects the fair price of exchange. The matching entries for variations are recorded in the relevant sub account in earnings, including operations in which there is a primary position covered, valued at cost.

If a firm commitment is made to acquire an asset or take up a liability which is in a primary position, within hedging of a fair price, the initial book value of the asset or liability which arises from the commitment must be adjusted to include accumulated variations in the fair price of a commitment which is attributable to the risk hedged and shown in the balance sheet.

Derivatives which show a positive fair price (i.e. favourable to the Bank) must record this in the assets, separating the value of the right and the value of the obligation. If the fair price is negative (i.e. unfavourable to the Bank), it must be recorded as a liability, with the same separation. This accounting treatment must be applied both to speculative and to hedging derivatives.

2.9.2 Speculative swaps

These operations aim to obtain profits from some future market movement.

The book entry will isolate the effect of the valuation model used. Therefore, at the end of the day the swap (Day 0). The supervised institution, on the one hand, should not affect the earnings statement, and on the other, the resulting profit or loss due to the valuation of the right and the obligation, is recorded in a deferred account.

Between the day following the day the swap is made and the due date, the supervised institution will take account of the daily value corresponding to linear amortization of the deferred item, increasing or reducing the result of the daily valuation, as appropriate.

2.10. Accounts receivable.

This account records amounts pending collection, such as yields derived from financial intermediation, service commissions, payments for account of customers, and sums produced by the sale of goods and services, rent, sale commitments, dividends and other capital yields, advances for contractors and suppliers, fees, and staff loans.

Allowances are made to protect accounts receivable with a negative classification, and are charged to earnings, where it is established that there are contingencies of probable and reasonably quantified contingencies of loss, or where the arrears are at more than 180 days.

2.11 Marketable assets, foreclosed assets, restored assets and assets not used in the business

Marketable assets and foreclosed assets.

This item includes the value of assets received in lieu of payment of unpaid loans due to the Bank.

Foreclosed assets represented in real property are received on the basis of a professional commercial valuation, and movable assets, vehicles, shares and other interests, on the basis of a reasonable market value.

Assets are recorded taking account of the following conditions:

- The initial amount is that of the court award or as agreed with the debtor, recorded in a public deed and legalized in the Public Records Office.



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- If the value for which the asset is received is lower than the balance sheet value, the difference is immediately charged to earnings, as an allowance.
- If the value for which the asset is received is in excess of the value of the loan repayable (i.e. in favour of the debtor) the difference is recorded as an account payable.
- These assets are received on a temporary basis, and must be sold within two years following receipt, unless the Bank's Board has ordered an extension of the term for sale, which may not be for longer than two years.
- Valuations used are not more than three years old at the closing date on which they apply. The result of the valuation is recognized as a valuation gain for foreclosed properties and recorded in Memorandum Accounts, or conversely, a valuation costs appear as an allowance charged to earnings.
- Profits generated as a consequence of the disposal of these assets through loan or term sale operations are deferred over the term agreed for the operation; amortization is charged to earnings, as and when collection is actually made.
- Where the sale is a spot sale, the profit on the operation is recorded as revenue in the earnings statement.

Restored Assets

This account records the value of assets restored to the bank from financial leasing operations, due to default against leasing agreements by the lessee, or the lessee's failure to exercise the purchase option. These assets are not subject to depreciation.

For restored assets, the two-year rule for sales applies, except where the Bank's Board has ordered an extension of the time to make the sale, which may not be for more than a further two years.

Assets not used in the business

This item records of assets which the Bank has ceased to use for its business.

The assets are depreciated until sold, and are recorded as part of fixed assets for the purposes of limits established in Section 1.2, Chapter VII, Title I of the Superintendency's Basic Legal Circular.

2.12. Allowance against marketable assets and foreclosed assets

Allowances against foreclosed assets are recorded as required by Chapter II of Superintendency Circular 034/2003 as follows:

Period	Real property	Movable
Year 1	30%	35%
Year 2	30%	35%
Total	60%	70%
2 years or more	40%	30%
Bank policy 2 years or more)	100%	100%

*The Bank makes an allowance for 100% of the shortfall in the valuation



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For subsidiaries outside Colombia in Salvador, Costa Rica and Honduras, allowances against foreclosed assets were homogenized passing from 1/48, 1/24 and 24 months respectively, with a recovery or write-back in the two countries when compared to the requirements of Colombian regulations

2.13. Property and equipment

This account records tangible assets purchased, constructed or in the process of importation, construction or assembly, for permanent use in the normal course of business, with a useful life of more than one year. This includes direct and indirect costs and expenses up to the moment in which the asset becomes fit for use.

With the exception established by Article 6 of Decree 3019, fixed assets, whose acquisition cost is 50 UVT (approx. US\$700 equivalent) or less may be depreciated within the same year.

Additions, improvements and special repairs that significantly increase the useful life of assets are recorded as an increased value of the asset, and disbursements for maintenance and repairs made to conserve these assets are charged to expenses as and when they accrue.

Real property valuations are updated regularly, and professional specialist valuers are used to establish valuation gains or losses, as appropriate.

Real property in Central America is recorded at acquisition cost; and differences between book values and independent valuations, in some cases authorized by the regulator, are recorded as a charge or credit to the fixed asset surplus account in the equity section.

For assets acquired up to December 31, 2006, and for office equipment, furniture and fittings and computer equipment, the Bank calculates depreciation on a declining balance basis. Purchases made as of January 1, 2007 re

depreciated on his straight-line basis, and their useful lives and annual depreciation rates are:

	<u>Useful life</u>	<u>Annual rate</u>	
Buildings	20 years	5%	
Office equipment, furniture and fittings	10 years	10%	
Computer equipment and vehicles	4/5 years	20%	

Subsidiaries outside Colombia in Costa Rica, Honduras and Panama calculate the useful life of real property as 50 to 40 years – compared to 20 years in Colombia – and homogenization adjustments are therefore required.

Straight-line method

This consists in dividing an asset's value into its useful life. The result of annual depreciation is distributed into monthly installments. The procedure is repeated in each accounting period until the asset is fully depreciated.

Declining balance method

This method allows accelerated depreciation of the asset. The same total time of depreciation is used, but there is a higher monthly expense in the early years. There must be a salvage value

Assets in operational leasing

Assets in operational leasing (vehicles) are recorded at acquisition cost. Depreciation is charged over 60 months and is calculated on a straight line basis; an allowance of 1% of the asset is made net of respective depreciation and amortization.



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2.14 Branches and agencies

This account records the movement of operations between the Head Office, Branches and Agencies.

Balances are reconciled monthly, and pending items are regularized in not more than 30 days.

Net balances are reclassified at each close, reflecting subaccounts branches and agencies, and are assigned to the asset or liability accounts, or credited or charged to earnings.

2.15 Prepaid expenses, deferred charges and intangible assets

Prepaid expenses correspond to amounts incurred by the Bank in the course of its activities, for which the benefit is received over several periods, but may be recovered, and supposes successive execution of services to be received.

Deferred charges correspond to goods and services received by the Bank, from which it is expected to receive a future economic benefit, and whose amount and nature allow it to be considered amortizable over a defined period of time.

Expenses whose amount is equal to 210 UVT (approx. US\$3000) are not treated as deferred charges.

Amortization is recognized as of the date on which they contribute to the generation of income, on the following basis:

Prepaid expenses

- Interest, during the period prepaid.
- Insurance, over the life of the policy
- Other items, over 12 months

Deferred charges

- Remodelling on own property is amortized over not more than two years, and for leased premises, over the shorter of the life of the contract and probable useful life.
- Deferred income tax generated due to timing differences will be amortized over periods in which the timing differences which gave rise to them are reverted.
- The wealth tax created by Law 1370 of December 2009, accrued on the basis of net assets at January 1, 2011, is amortized over 48 months as of that month.
- Discount on bond placements, over 5 years
- Professional services and consultancies, over up to 60 months
- Rent, up to ten years or over the period contracted.
- Software, up to three years
- Commissions and advisory services, over 60 months, where they correspond to major projects whose expectation of recovery is a long-term matter.



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- Other items are amortized over the estimated recovery period of the expense, or the obtaining of expected benefits.

Intangibles

The determination of the value of goodwill acquired is made at the time the Bank effectively acquires control over the business acquired and/or control over the assets and liabilities involved in the operation. This value is then distributed across lines of business which must be fully identified, and included in the books.

Annually the Bank evaluates business lines, using reputable technical methods and a reputable independent valuer approved by the Superintendency.

Goodwill is amortized monthly on a straight-line basis for Cconfinanciera S.A.; exponentially over 20 years for Granbanco S.A., Grupo del Istmo – Costa Rica S.A., Inversiones Financieras Davivienda S.A., Banco Davivienda Honduras S.A., and Seguros Bolívar Honduras S.A., and over 5 years for Corredores Asociados.

2.16. Valuations - gains and losses

Assets which are the object of reappraisals:

- Investments available for sale and capital investments

Valuation gains and losses on capital investments available for sale are recorded on the basis of variations in the equity of the issue.

- Real property

Valuation gains on real property correspond to the excess of the market valuation established by reputable professional independent valuers, over net book cost. The matching entry is a credit to the equity surplus account.

If there is a loss on valuation, for each individual property, an allowance is charged to earnings

- Foreclosed assets

Valuation gains on foreclosed assets are recorded in Memorandum Accounts.

2.17 Deferred tax

The Bank and subsidiaries recognize the effect of tax timing differences generated between the valuation and market price and the straight-line calculation of the investment portfolio in derivatives, and in IFC bonds. Likewise, it recognizes the deferred tax on the turnover tax allowance and the higher value charged as tax allowable in goodwill. Deferred income tax generated by the effect of timing differences will be amortized over the period in which the timing differences which originated them revert.

2.18 Income received in advance and deferred liabilities

In accordance with the regulations, the profit on sale of foreclosed assets sold at term is amortized in proportion to the amounts collected for capital; the purpose of this is to regularize income.

UVR adjustment

Law 546/1999, Article 3, created the UVR, as a unit of account, which reflects the purchasing power of the currency, based exclusively on the variation in the Colombian CPI, published by the statistical bureau DANE, whose value is



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calculated in accordance with methods adopted by the Government.

In order to eliminate the distortion generated by seasonal variations in inflation in on operations agreed in UVR, the income from these items is standardized to a one-year period.

2.19. Estimates liabilities and provisions

The Bank records provisions to cover accruals related to fines, litigation, sanctions and claims which may exist and which meet the following conditions.

- a. There is a right acquired and in consequence, an obligation contracted.
- b. The payment is probable, or the amount is payable on demand.
- c. The provision is justifiable, quantifiable and verifiable.

Also, the account records estimated values for taxes, contributions and affiliations.

Following principles and standards generally accepted in Colombia, the classification of the possible results of litigation against the Bank, for purposes of provisions, is effected appropriately to a contingency account which is catalogued as probable, eventual or remote, and, depending on that classification, the percentages of provision have been defined as follows:

Probable contingency	100%.
Eventual contingency,	50%.
Remote contingency	0%.

For the subsidiaries outside Colombia, classifications are “probable”, “possible” and “remote” and allowances are made in accordance with the attorney responsible for the case.

Estimated employment liabilities are recorded on the basis of allowances of law and collective agreements in force, estimated on the basis of calculations of amounts to be paid to employees.

This account also presents the financial expense derived from client strategies such as for example, rate subsidies, credit card “points” and housing loans.

Insurance Company technical reserves

The following technical reserves are made for Seguros Comerciales Bolivar S.A. El Salvador and Seguros Bolivar S.A. Seguro de Personas El Salvador:

Current risk

Current risk reserves are calculated on premiums accrued net of returns, cancellations and ceded reinsurance or re-underwriting of damage insurance, declining debt balances, personal in accident, health and hospitalization, short-term life assurance, scaled-premium life assurance, additional benefits on life assurance, extra premiums, mortality deductions in flexible plans and sureties.

Policies for one or more years use the system of twenty-fourths. Policies for shorter terms are prorated policy by policy; and for bordereau-based marine policies a 50% reserve is made on the basis of premiums current at the time of calculation.



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Income reserve

The company increases this reserve by classes by 3% of retained premiums on damage insurance and 1% ON LIFE PREMIUM, S., The reserve accumulates and may only be drawn upon when the retained loss in one or more branches exceeds 70%. The "retained loss#" is understood to be the ratio between net cost of losses in excess of net earned retained premiums, Accumulation may cease when its balance reaches 0.5 times the company's current risk reserve.

Mathematical reserves

The mathematical reserves on long-term life policies are based on a mortality table, technical interest and actuarial formulas for each class of insurance. The median reserve and deferred premiums are deducted for the purposes of calculation of this reserve, which is then certified by an actuary and the General Manager of the Company.

The following technical reserves are made in Seguros Bolivar Honduras S.A.

Unearned premiums

The Company defers 80% of net retained unearned premiums of current policies, except marine for which it defers 50% and individual life, at the date of calculation. Unearned premium is calculated using the proportional method, distributing the premium uniformly over the cover period. The calculation is made in accordance with the method known as the semi-monthly 0 of the 24th for annual insurances.

Claims advised (estimated losses)

The Company records an expense on claims advised with a related reserve for losses pending settlement
The Company records income for losses recovered in ceded reinsurance at the time of recording the expense for claims received.

Unclaimed losses (occurred and not reported)

The Company makes a reserve for losses which have occurred but not been reported, expresses as a percentage of total retained losses over the year. The percentage is the average of losses occurred but not reported for the last three years in relation to net retained losses for each of those years. The reserve is not cumulative.

Reinsurance (ceded).

Premiums for ceded reinsurance treaties are treated as an expense when the insurance policies are invoice.
The conditions of reinsurance treaties do not rerelease the Company from its primary obligation to the insured.

Catastrophic loss reserve.

These reserves are recorded for catastrophic events, applying 5% of net reinsurance premiums for fire and related classes and others for up to an amount equivalent to the priority agreed in treaties plus the uncovered liability for account of the ceding company less the solvency margin established for the catastrophic risk

Reserves and obligation in relation to losses

The loss reserve is recorded when the obligation for the estimated amount of the loss is known, for up to the maximum insured. Payment is nonetheless made only when the evidence required to show that the insured is entitled to indemnity has been provided.



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Insurance companies make estimates for a reserve for unreported losses at the close of each period, based on average unreported losses in the three [preceding years]

2.20. Conversion of foreign currency transactions

Operations and balances in foreign currency are converted to Colombian pesos at the market reference rate (TRM) at the relevant dates, as published by the Superintendency. At December 31, 2014 and 2013 the rates were US\$2,392.46 and US\$1,926.83 (pesos) per US\$1, respectively.

2.21. Contingent accounts

These accounts record operations in which the Bank acquires a right or assumes an obligation whose fulfillment is conditioned on the occurrence (or failure to occur) of some future event depending on future, eventual or remote factors. Among the debtor contingencies, financial yields are recorded from the moment in which accruals cease to be made to accounts receivable.

Contingencies for fines and sanctions are analyzed by the Legal Department and their outside counsel. Estimates of the contingency for losses necessarily involve the exercise of judgment. There is an evaluation, amongst other things, of the merits of the claim, the jurisprudence of the courts on the point, and the current status of the case.

Judicial contingency by definition is a condition, situation or set of circumstances which exist and which imply doubts with regard to a possible gain or loss by the Bank in a court case, or in actions pursued against it, which generate a contingent liability. The doubt is finally resolved when one or more of the future events occurs or fails to occur.

2.22. Memorandum Accounts

These accounts record the operations undertaken with third parties, whose nature does not affect the financial situation of the Bank. There are also fiscal memorandum accounts, which record figures for the preparation of tax filings, or the control of mandatory investments, internal control or management information, and loans by ageing of arrears.

2.23. Trust memorandum accounts

This account records the trust accounts for operations in "universalities", that is, collective loan portfolios.

Following Superintendency Circular 047 of September, 2008, as of January 1, 2009, the Bank updated and established equivalents in the instructions regarding the determination and accounting of the process of securitization.

Since the Superintendency has not enabled the related accounts, the balance sheet transmitted to it differs from the official books of account of the Bank with respect to the bookkeeping of these accounts.

Fiduciaria Davivienda uses these accounts to record balances of cash or assets in trust, kept separately from their own assets and forming independent bodies of assets, as required by the Colombian Commercial Code and Superintendency instructions.

Trust assets are not part of the general guarantee of the trust-company's creditors, and guarantee only obligations related to the purpose of the trust agreement.

Following Superintendency Resolution 497/2003 as amended by Resolution 02374/2006, Davivalores S.A., and Corredores Asociados S.A. use these accounts to record assets, liabilities and equity and other operations of other entities which by law or contract are under the temporary or permanent management of the supervised institution.



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2.24 Excess of cost over book value

This is determined by comparing the cost of the investment with the proportional equity value calculated for each acquisition made by the Parent and Subsidiaries. Terms of amortization for Grupo Istmo Costa Rica S.A., Inversiones Financieras Davivienda S.A., Banco Davivienda Honduras S.A., Seguros Bolivar Honduras S.A. is 20 years; and for Corredores Asociados, 5 years.

2.25 Principal estimates in the balance sheet - Use of Estimates in the preparation of the financial statements

In the preparation of the financial statements, management normally makes estimates and assumptions which affect the amounts reported for assets and liabilities, and for income and expenses. Superintendency regulations state that in the case of items for investments, loans and foreclosed assets, estimates of allowances may be made on the basis of the financial statements of customers up to 12 months old, and on the basis of valuations of guarantees and foreclosed assets made by independent valuers, but not more than three years old.

2.26 Substantial variations in uniformity

The consolidation followed local legal requirements and equivalences were established as appropriate to make accounting practices uniform as generally-accepted in Colombia.

The financial statements of subsidiaries outside Colombia are expressed in their local currency:

Country	Currency
Costa Rica	Colones
El Salvador	Dollars
Honduras	Lempiras
Panamá	Dollars

Under Circular 100 Chapter X, the financial statements are re-expressed as follows Balance Sheet, at the closing rate; earnings, at the average rate and equity at the historic rate. The following rates or factors were used at December 31, 2014:

Conversion of financial statements of subsidiaries outside Colombia				
	Costa Rica*	El Salvador	Honduras*	Panamá
Balance sheet	4.49	2.392,46	111,23	2.392,46
Earnings statement	3.76	2.000,32	95,26	2.000,32
Equity	3.76	1.880,39	92,04	2.012,92

(*) Conversion factor from local currency to Colombian pesos

The Bank defined equivalences in Plans of Accounts and homogenized the rules generally accepted for the subsidiaries outside Colombia with Colombian rules following SFC guidelines, principally for items that might affect



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the structure of the consolidated financial statements such as investments, loan allowances, depreciation of property and equipment, allowances against foreclosed assets, insurance commissions and technical reserves,

The effect on results at December 31, 2013 and 2012, is the following

	<u>2014</u>			<u>2013</u>		
Profits of subsidiaries outside Colombia		<u>129.737</u>			<u>123.604</u>	
EFFECTS DE HOMOGENIZATION	Expenses	Recoveries	Net	Expenses	Recoveries	Net
Allowance against investments	2.053	0	(2.053)	554	0	(554,4)
Allowance against loans	8.479	4887	(3.592)	9.159	13372	4.213,9
Adjustment for valuation of derivatives	-	1843	1.843	0	0	0
Foreclosed assets	4.366	1309	(3.057)	1.418	2605	1.187,8
Depreciation of real property	1.209	557	(652)	1.154	525	(629,0)
Allowance against trusts	391	0	(391)	209	0	(209,2)
Transfer of equity participation method to non-Group	393	0	(393)	407	0	(407,0)
Transfer of investments available for sale to trading	84	0	(84)	749	0	(749,4)
Equity valuation adjustment price	716	0	(716)	0	792	792,4
Insurance commissions	416	0	(416)	0	756	755,9
Allowance against insurance receivables	142	52	(90)	668	806	137,8
Other	<u>902</u>	<u>1.214</u>	<u>312</u>	<u>65</u>	<u>401</u>	<u>648,2</u>
Total homogenization policy differences	<u>19.151,7</u>	<u>9.862,4</u>	<u>(9.289,3)</u>	<u>14.382,6</u>	<u>19.257,9</u>	<u>5.187,1</u>
Transfer of equity participation method to reappraisals	61.913	0	(61.913,3)	56.939	0	(56.939)
Dividends received from Costa Rica and Salvador	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4.081</u>	4.081
Total homogenizations	<u>81.065</u>	<u>9.862</u>	<u>(71.203)</u>	<u>71.322</u>	<u>19.258</u>	<u>(51.752)</u>
Homogenized profits, subsidiaries outside Colombis		<u>US</u>	<u>58.534,8</u>			<u>75.621,4</u>

Loan allowances

Segmentation was effected applying the model of losses incurred to Personal Banking, based on international standards and affected by an economic factor that included country risk; and for Business Banking, the model used was that of expected loss and probability of default and internal LGD for each country.

An allowance was made for USD8.479 and recoveries for USD4.887 with a net effect of USD3.592 after applying the terms of Note 2.7 Loans and Financial Leasing Operations – Rules on loan allowances for subsidiaries outside Colombia.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Costa Rica made a higher allowance of US\$6.395 due to the increased balance of the portfolio; the most significant element was commercial loans, followed by consumer loans which impaired further than the other portfolios over the year and led to the higher level of allowances..

Panamá made a higher provision of US\$2.083 due mainly to the overall increase in the portfolio balances, maintaining stable coverage in allowances; there was also an increase from homogenization due to local changes and current regulations in Panama.

El Salvador generated a recovery of US\$2.542 mainly due to higher quality in business lending, for two main reasons: a) the impairment position improved and b) the process of award and sale of assets was made more efficient and past-due loans were therefore paid off faster.

Honduras generated a recovery of US\$2.344 due to better ratings of its commercial portfolio.

Transfer of equity participation method to reappraisals

In El Salvador and Costa Rica valuation gains in equity investments available for sale (permanent investments) are calculated by the equity participation method and recorded as profits in the earnings statement; and in homogenization these differences were transferred to reappraisal gains in the assets and the surplus accounts to December 2014 of US\$61.913 in El Salvador for US\$27.631 and Costa Rica for US\$34.281, for December 2013 the total effect was of US\$56.939, in El Salvador US\$28.992 and Costa Rica for US\$ 27.946.

Depreciation of Real Property

Given that the "useful life" of real property in each other country is different from that of Colombia, as disclosed in Note 2.13 Property and Equipment, individual calculations were made for each asset in order to make a related homogenization adjustment. This produced a net effect between expenses and recoveries of US\$652,34 with a higher expense principally in El Salvador and a recovery in Costa Rica due to changes in the useful life of security and telephony equipment.

Foreclosed assets

Costa Rica made an allowance of 1/24 monthly for two years, generating a recovery of US\$1.402, requiring an adjustment of USD2,099 in expenses for 2014, given that a recovery of US\$3.718 had been recorded in the previous period.

El Salvador made an allowance of 1/48 monthly for 4 years, which generated an expense in this period of USD2.267.

Honduras makes an allowance of 1/36 monthly against foreclosed assets as of two years after receiving an asset. In the homogenization process this generated an expense of USD4.704 with an effect of USD 1.309 on results for the year, as an increase in the recovery of the previous period

Investment portfolio

Panama records investments that could be traded as investments available for sale and Colombian regulations restrict trading until 6 months after classification in this category. The effect of this was to generate a downward adjustment in income of US\$84, equivalent to the valuation gain recorded in the equity of that subsidiary. Further,



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

the implementation of the valuation of the portfolio using PIP prices generating an expense of USD715 with a net homogenization effect of US\$799,93.

The allowance of USD2.053 corresponds to 3%US\$ of the Honduras investment portfolio, because the country risk is "B"

Adjustment to valuation of derivatives

The valuation of swaps is adjusted in El Salvador due to reversion of local accounting entries that show a net receivable for this type of operation, while Colombian rules require the face values of the securities to be recorded

together with the effect of valuation in the assets or in the liabilities depending on the result of establishing the fair Price of Exchange in the earnings statement.

Insurance commissions

A homogenization expense was charged for commissions in Honduras and El Salvador for USD51 and USD363 respectively, because in each of those countries commissions paid to brokers are expensed when in Colombia there would be a deferred charge, amortized over the life of the policy. In 2013, premiums were higher than in 2014 and therefore local commissions were higher, with a higher expense and an adjustment to unearned balances.

Insurance accounts receivable

For homogenization, there is a provision due to the fact that Colombian rules required a more acid position in which the allowance covers 100% of earned premiums plus issue expenses outstanding more than 75 days from the starting date for policy validity. Further, income is generated for reinsurer balances receivable more than 180 days due for an amount pending payment.

Other

Includes the homogenization of items that generate minor adjustments such as allowances against cash, insurance reserves etc.

Other homogenizations

Valuations of real property

The updating of valuations made during the first half of 2013 produced adjustments at December 31, 2014 of US\$74.464, in El Salvador for US\$43.951 and Honduras for US\$28.658. There is no effect on earnings.

3 Cash and due from banks

The detail of cash and due from Banks in local currency and foreign currency expressed in local currency, is the following:

**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Available

		<u>2014</u>	<u>2013</u>
Local currency:			
Cash	US\$	449.271,0	471.737,1
Banco de la República and Central Banks		514.765,5	788.261,1
Banks and other financial institutions		14.568,7	25.430,5
Clearing		9.096,4	13.800,1
Remittances in transit		82,7	16,1
Allowance		<u>(65,0)</u>	<u>(189,0)</u>
		<u>987.719,4</u>	<u>1.299.056,0</u>
Foreign currency expressed in local currency:			
Cash		103.056,3	113.307,2
Banco de la República		32,1	32,1
Banks and other financial institutions		1.078.031,4	921.700,8
Clearing		27.146,2	27.221,0
Remittances in transit		2.194,3	668,9
Allowance		<u>(84,5)</u>	<u>(332,6)</u>
		<u>1.210.375,8</u>	<u>1.062.597,4</u>
	US\$	<u>2.198.095,3</u>	<u>2.361.653,3</u>

Local currency cash and balances at Banco de la República and other Central Banks are counted as part of the mandatory cash reserve to be held against customer deposits, as required in each country. These deposits are not remunerated.

3.1.Reconciliation items in local currency

The following is the detail of reconciliation items at December 31, 2014:

<u>Pending over 30 days</u>	<u>No.</u>	<u>Amount</u>
Statement Debit Notes not in books	28	(36,0)
Statement credit notes not in books	121	64,3
Book debit notes not in statement	136	134,0
Book credit notes not in statement	<u>132</u>	<u>35,5</u>
	<u>417</u>	<u>197,9</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

At December 31, 2014 reconciliations of local bank accounts contained 3,109 minor items under 30 days for a total of (US\$84,9), reconciliation items over 30 days has no significant impact ND there are allowances of US\$98,1 to cover them

The following is the detail of reconciliation items at December 31, 2013:

<u>Pending over 30 days</u>	<u>No.</u>	<u>Amount</u>
Statement Debit Notes not in books	83	51,33
Statement credit notes not in books	422	(596,2)
	<u>505</u>	<u>(544,8)</u>

At December 31, 2013, local bank reconciliations contained 86 items pending less than 30 days for a net amount of US\$286,3; items pending for more than 30 days have no significant impact, and an allowance of US\$51,2 has been made against them.

3.2 Reconciliation items in foreign currency

The following is the detail of reconciliation items at December 31, 2014:

<u>Pending over 30 days</u>	<u>No.</u>	<u>Amount</u>
Statement Debit Notes not in books	61	13,7
Statement credit notes not in books	77	(288,2)
Book debit notes not in statement	11	22,0
Book credit notes not in statement	<u>85</u>	<u>(377,6)</u>
	<u>234</u>	<u>(630,2)</u>

The following is the detail of reconciliation items at December 31, 2013

<u>Pending over 30 days</u>	<u>No.</u>	<u>Amount</u>
Statement Debit Notes not in books	99	152,43
Statement credit notes not in books	40	54,44
Book debit notes not in statement	30	16,40
Book credit notes not in statement	<u>95</u>	<u>439,22</u>
	<u>264</u>	<u>324,83</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

3.3 Allowance against cash and due from banks

The movement of the allowance against cash is as follows:

		<u>2014</u>	<u>2013</u>
Opening balance	US\$	420,0	265,15
Plus:			
Allowance expensed		491,3	459,1
Less:			
Allowance recovered		<u>761,8</u>	<u>202,8</u>
Closing balance	US\$	<u>149,5</u>	<u>521,5</u>

3.4 Cash reserve

At December 31, 2014 and 2013 Banco Davivienda held regulatory cash reserves as follows:

		<u>2014</u>	<u>2013</u>
Average reserve required	US\$	1.088.330,63	1.147.142,72
Average reserve held	US\$	1.093.925,79	1.153.831,94

4. Interbank and overnight funds

The following is the detail of money market and overnight asset positions:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Item 2014		US\$	Max-Min rate	Closed	Date Due	US\$ Amount	x-rate (Pesos)
<u>Foreign currency</u>							
Overnight – Banks outside Colombia	USD	5.000.000,0	0,05%	Aug.14.2014	Jan-07.2015	5.000,0	2.392,46
		5.000.000,0	0,80%	Dec.10.2014	Mar.10.2015	5.000,0	2.392,46
		1.800.000,0	0,50%	Dec.22.2014	Jan-21.2015	1.800,0	2.392,46
		4.200.000,0	0,50%	Jun.27.2012	Jan-16.2015	4.200,0	2.392,46
		3.000.000,0	0,10%	Jun.25.2013	Jan-20.2015	3.000,0	2.392,46
		19.688.361,4	5,17%	Dec.30.2014	Jan-02.2015	19.705,7	2.392,46
		3.508.206,3	6,88%	Dec.29.2014	Jan-02.2015	3.508,2	2.392,46
		600.193,3	5,88%	Dec.29.2014	Jan-02.2015	600,2	2.392,46
		215.015,1	1,08%	Dec.30.2013	Jan-02.2015	230,10	2.392,46
Tripartite repos		41.207.102,4	7,03%	Nov.25.2014	Mar.06.2015	41.206,4	2.392,46
		781.254,4	4,89%	Dec.23.2014	Jan-09.2015	782,4	2.392,46
Overnight Banks outside Colombia >90 days		510.035,0	1,00%	Dec.01.2014	Nov.30.2015	510	2.392,46
						<u>85.543,0</u>	
<u>Local currency</u>							
Simultaneous							
Banco República			4.5%-4.55%	Dec.16.2014	Jan-14.2015	81.132,2	
Investment banks			4.6%	Dec.29.2014	Jan-05.2015	12.469,4	
Insurance companies			4.85%	Dec.30.2014	Jan-06.2015	7.528,4	
Banks			4,10%	Dec.30.2014	Jan-05.2015	5.680,1	
Securities brokers			4,00%	Dec.30.2014	Jan-05.2015	5.180,6	
Investment Banks			4,25%	Dec.29.2014	Jan-05.2015	516,8	
Investment Banks			4.40%-4.45%	Dec.23.2014	Jan-05.2015	14.629,3	
						<u>127.136,7</u>	
Total money market and overnight asset positions						<u>212.679,7</u>	



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

2013

		<u>US\$</u>	<u>Rate</u>	<u>Date</u>		<u>US\$</u>	<u>X-rate</u>
				<u>Closed</u>	<u>Due</u>	<u>Amount</u>	<u>(Pesos)</u>
			<u>Mín - Max</u>				
<u>Foreign currency</u>							
Overnight Banks outside Colombia	USD	699.402,7	21%	Jul.31.2013	Jan.27.2014	699,4	1,926.83
		504.985,1	1000%	Feb.12.2013	Jan.12.2014	505,0	1,926.83
		1.500.000,0	12%	Sep.12.2013	Jan.09.2014	1.500,0	1,926.83
		5.000.000,0	0%	Sep.12.2013	Jan.09.2014	5.000,0	1,926.83
		5.000.000,0	27%	Sep.12.2013	Jan.09.2014	5.000,0	1,926.83
		10.000.000,0	35%	Dec.27.2013	Jan.03.2014	10.000,0	1,926.83
Tripartite repos		22.724.738,4	6%	Dec. 05.2013	Jan.23.2014	22.418,2	1,926.83
Exchange brokers		215.015,1	1080%	Dec.30.2013	Jan.02.14	215,0	1,926.83
		1.100.077,1	1280%	Dec.30.2013	Jan.02.14	<u>1.100,1</u>	1,926.83
<u>Local currency</u>							
		4.200.000,00	0.3%	Jun.27.2012	<u>Apr.17.2014</u>	<u>4.200,0</u>	<u>1,926.83</u>
		3.000.000,00	0.3%	Jun.25.2013	<u>Apr.21.2014</u>	3.000,0	1,926.83
						<u>53.637,7</u>	
Simultaneous							
Exchange brokers			3.50% -4.50%	Dec.26.13	Jan.02.14	5.295,2	
Banco de la República			3.25% - 3.35%	Dec.11.13	Jan.14.14	157.623,9	
Pension funds			3351%	Dec.27.13	Jan.02.14	13.018,5	
Other			6%	Oct.18.13	Jan.10.14	243,3	
Interbank funds							
Investment banks			3.25% -3.25%	Dec.26.13	Jan.02.14	1.816,5	
						<u>177.997,3</u>	
Total money market asset positions						<u>231.635,0</u>	



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

At December 31, 2014 and 2013, the average monthly balance and yield of asset positions in local and foreign currency was US\$212.679,7 and US\$896,7 and US\$186.553,3 and US\$13.536,0 respectively.

There is a restriction on foreign currency interbank funds at December 31, 2014 and 2013 of \$14,000,000.0 equivalent to \$33,494.4 and \$8,700,000.0, equivalent to \$16,763.4, to satisfy regulatory liquidity requirements in the US branch.

5. Investments

The following is the detail of portfolio investments at December 31, 2014 and December 31, 2013

2014

		<u>Cost</u>	<u>Allowance</u>
Trading, debt securities	US\$	1.090.526,7	791,8
Trading equity securities		24.697,1	0,0
Held to maturity securities		783.010,2	4.018,5
Available for sale debt securities		897.158,3	350,6
Available for sale equity securities		66.562,7	118,8
Transfer rights, trading investments in equities		217.706,1	0,0
Transfer rights, available for sale in debt securities		69.600,3	0,0
Debt securities delivered in guaranty		<u>249.658,3</u>	<u>0,0</u>
	US\$	<u>3.398.919,7</u>	<u>5.279,7</u>

2013

		<u>Cost</u>	<u>Allowance</u>
Trading, debt securities	US\$	1.362.841,2	0,0
Trading equity securities		27.469,5	0,0
Held to maturity securities		1.056.444,2	2.324,3
Available for sale debt securities		863.035,5	0,0
Available for sale equity securities		73.431,0	7.096,0
Transfer rights, trading investments in equities		278.828,6	0,0
Transfer rights, available for sale in debt securities		155.785,2	0,0
Debt securities delivered in guaranty		<u>279.882,3</u>	<u>0,0</u>
	US\$	<u>4.097.717,4</u>	<u>9.420,2</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

5.1 Portfolio by classification, type and credit rating

<u>Available for sale, debt securities</u>		<u>2014</u>	<u>2013</u>
TES	US\$	657.379,7	863.669,8
TRD		425,5	0,0
TIDIS		529,7	0,0
Bonds		57.899,9	119.226,4
TDA Finagro (1)		0,0	5.116,9
CDT's		193.348,0	94.388,7
TIPS		90.024,8	177.902,8
Debt securities		2.207,7	5.489,6
Foreign sovereign debt		67.686,3	57.359,3
Multilateral issues		11.955,4	12.618,9
Other investments: Bonds US, TDPIT*		<u>9.069,6</u>	<u>27.068,9</u>
	US\$	<u>1.090.526,7</u>	<u>1.362.841,2</u>
<u>Equity investments</u>			
		<u>2014</u>	<u>2013</u>
Unit funds		1.033,2	1.154,9
Pension and severance funds		23.247,4	25.942,3
Shares		<u>416,4</u>	<u>372,2</u>
	US\$	<u>24.697,1</u>	<u>27.469,5</u>
<u>Held to maturity</u>		<u>2014</u>	<u>2013</u>
TRD		45.368,0	96.636,6
TDA Finagro (1)		251.136,7	297.349,8
CDT		44.276,2	49.495,0
TIPS		134.398,0	176.084,8
TIPS		63.059,8	73.233,9
Foreign issues		26.340,4	189.013,7
Foreign sovereign debt		92.601,7	74.222,6
Bonds		64.852,8	44.681,5
Government bonds		37.733,7	40.874,8
Foreign sovereign bonds		7.288,6	289,7
Other		<u>15.954,3</u>	<u>14.561,8</u>
	US\$	<u>783.010,2</u>	<u>1.056.444,2</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

<u>Available for sale, debt securities</u>		<u>2014</u>	<u>2013</u>
Tes B	US\$	680.341,3	569.540,6
Foreign issues		149.176,0	210.378,5
TIPS		<u>67.641,0</u>	<u>83.116,4</u>
	US\$	<u>897.158,3</u>	<u>863.035,6</u>
<u>Available for sale equity securities</u>		<u>2014</u>	<u>2013</u>
Low/minimum turnover shares (note 5.10 g)		65.741,4	73.188,6
Other securities		<u>821,2</u>	<u>242,4</u>
		<u>66.562,7</u>	<u>73.431,0</u>
<u>Transfer rights, trading investments in debt securities</u>		<u>2014</u>	<u>2013</u>
TES		212.272,8	271.256,4
CDT's		1.187,6	5.772,0
BONDS		<u>4.245,7</u>	<u>1.800,2</u>
		<u>217.706,1</u>	<u>278.828,6</u>
<u>Transfer rights, investments available for sale in debt securities</u>		<u>2014</u>	<u>2013</u>
TES		<u>69.600,3</u>	<u>155.785,2</u>
<u>Available for sale, delivered in guarantee</u>		<u>2014</u>	<u>2013</u>
TES		<u>249.658,3</u>	<u>279.882,3</u>
<u>Allowances</u>		<u>(5.279,7)</u>	<u>(9.420,2)</u>
Total net investments	US\$	<u>3.393.640,0</u>	<u>4.088.297,4</u>

(1) Mandatory investments under Res 14/2008.

(2) Residual rights derived from securitizations following Chapter XV of the Credit Manual on Securitizations in the Accounting and Finance Circular, Section 2.4.2 on valuations and accounting treatment of residual rights derived from securitization in the name of holders (beneficiaries), this is recorded in the Fixed Yield portfolio as an Investment Held to Maturity to match the nature of the investment



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

The method of valuation used by the Bank specified the calculation of present value and the classification procedure and allowance for credit risk against residual rights. Based on the projection of Titularizadora Colombiana for different scenarios of arrears and levels of prepayment with a detailed analysis of the comportment of the portfolio supporting each issue and the projection of flows, updates are made monthly.

There are no other restrictions within the conditions of the securities delivered in guarantee for liability repos, simultaneous operations or futures.

There is a restriction on the Miami branch investment portfolio at December 31, 2014 and 2013 for US\$34,519,704.62 and US\$26,293,010.8, equivalent to US\$82,587.01 y US\$50,662.2, respectively in favor of OFR (Florida Office of Financial Regulation); in relation to regulatory liquidity limits.

The effect of implementing Price supplier INFOVALMER S.A, in February 2013 for the Bank's portfolio meant a reduction in market value of US\$6,462,4, as follows: trading investments US\$(7,008,4), available for sale US\$496,1 and held to maturity, US\$49,8.

As of March 2014 the Bank changed its Price supplier to PIP Colombia, with no significant effect on the Bank's financial statements.

5.2 Reclassification of Investments

Superintendency Circular 033 of November 22, 2013 states that six months after investments have been classed as "available for sale", they may be reclassified to either of the other two categories in Section 3, provided that they meet the requirements of that category selected..

During 2014 trading investments available for sale (TES) worth UDUS\$325.730 were reclassified, with a net effect on earnings of US\$2,060,6.

The following reclassifications were effected in 2013:

On November 19, 2013, applying Section 4.2(a) of Chapter I of the Superintendency Accounting Circular then in force in relation to reclassifications from investments available for sale to investments held to maturity after one year, TIPs worth US\$12,532,7 were so reclassified with an effect on earnings of US\$1,593,7.

On December 5, 2013, applying Circular 35/2013, some TES were reclassified from "available for sale" to "trading" for a market value of US\$104,046 with an effect on earnings of (US\$1,010,2). Further TIPs were reclassified from "available for sale" to "held to maturity" for US\$107,116, with an effect on earnings of US\$12,019,1.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Investment portfolio ratings

<u>Long-term rating</u>		<u>2014</u>	<u>% Share</u>	<u>Allowance</u>	<u>2013</u>	<u>% Share</u>	<u>Allowance</u>
AAA	US\$	314.932,4	11%	45,2	391.303,8	11%	0,0
AA+		135.711,9	5%	12,5	90.551,4	3%	0,0
AA		66.691,6	2%	15,2	109.849,2	3%	0,0
AA-		14.711,5	1%	6,9	28.146,8	1%	1,6
A+		29.298,6	1%	0,0	38.627,8	1%	0,0
A-		19.288,2	1%	0,0	23.725,0	1%	30,0
A		51.664,8	2%	5,0	91.402,2	3%	59,9
BBB+		37.473,6	1%	0,0	42.771,6	1%	0,0
BBB		50.250,1	2%	0,0	77.122,7	2%	0,0
BBB-		30.492,3	1%	580,6	91.291,8	3%	0,0
BB+		286.744,1	10%	668,0	14.927,5	0%	1.153,0
BB-		26.961,8	1%	233,4	32.412,1	1%	0,0
BB		0,0	0%	0,0	58.007,9	2%	0,0
B+		485,0	0%	140,3	0,0	0%	0,0
B		53.262,2	2%	1.597,9	388.268,2	11%	675,6
CCC		557,7	0%	280,2	0,0	0%	0,0
Sovereign		529,9	0%	0,0	655,4	0%	0,0
Nation		1.724.249,4	60%	0,0	2.109.793,2	58%	0,0
Fogafin		20.113,5	1%	0,0	0,0	0%	0,0
Reserva Fonpet Bolsa de Valores y Camara		<u>24.697,1</u>	<u>1%</u>	<u>0,0</u>	<u>27.435,3</u>	<u>1%</u>	<u>0,0</u>
	US\$	<u>2.888.115,6</u>	<u>100%</u>	<u>3.585,2</u>	<u>3.616.291,9</u>	<u>100%</u>	<u>1.920,1</u>
Short-term classification							
1		1.697,7	0,0	0,0	29.384,6	0,0	149,7
1+		382.019,2	0,1	0,0	360.087,0	0,1	234,9
2		7.999,5	0,0	0,0	11.892,7	0,0	19,6
F1+		0,0	0,0	0,0	6.630,4	0,0	0,0
B3		52.525,0	0,0	1.575,8	0,0	0,0	0,0
	US\$	<u>444.241,5</u>	<u>13,3%</u>	<u>1.575,8</u>	<u>407.994,7</u>	<u>10,1%</u>	<u>404,2</u>
		<u>3.332.357,1</u>	<u>100,0%</u>	<u>5.160,9</u>	<u>4.024.286,6</u>	<u>100,0%</u>	<u>2.324,3</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Capital investments

A	59.585,6	90%	0,0	43.660,3	59%	6.975,6
AA+	0,0	0,0	0,0	22.393,5	30%	0,0
B+	0,0	0,0	0,8	0,0	0,0	0,0
B+	4,1	0,0	0,0	0,0	0,0	0,0
C	0,0	0,0	0,0	5,1	0,0	2,0
Fonpet y Bolsa de valores	6.973,0	10%	118,0	7.372,1	10%	118,3
	<u>66.562,6</u>	<u>100,0%</u>	<u>118,8</u>	<u>73.431,0</u>	<u>100,0%</u>	<u>7.095,9</u>
US\$	<u>3.398.919,7</u>		<u>5.279,7</u>	<u>4.097.717,6</u>		<u>9.420,2</u>

Allowances against unrated investments are made on the basis of an internal classification, following Chapter I of Superintendency Circular 100/1995.

5.4 Investment portfolio by issuer

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Allowance</u>	<u>Cost</u>	<u>Allowance</u>
<u>Foreign currency</u>				
Sovereign Colombian	22.090,4	100,8	19.528,1	0,0
Regional and local government	2.342,1	11,7	3.482,1	0,0
Financial institutions	226.108,5	250,3	72.841,0	174,3
Banks outside Colombia	419.322,4	1.045,6	150.708,1	337,4
Foreign sovereign	390.790,6	2.495,9	530.540,5	741,2
Multilaterals	5.218,2	0,0	10.379,4	0,0
Corporate	124.154,2	93,2	158.266,0	36,7
<u>Local currency</u>				
Sovereign Colombian	1.735.697,0	0,0	2.075.899,3	0,0
Regional and local government	93,2	0,0	347,4	1.153,0
Financial institutions	135.587,7	0,0	486.022,8	6.977,6
Corporate	38.563,3	0,8	62.870,0	0,0
Multilaterals	6.996,3	0,0	8.937,0	0,0
Securitizations	<u>291.956,0</u>	<u>1.281,4</u>	<u>517.895,9</u>	<u>0,0</u>
	<u>3.398.919,7</u>	<u>5.279,7</u>	<u>4.097.717,6</u>	<u>9.420,2</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

5.5 Portfolio by currency

	<u>2014</u>	<u>2013</u>
Pesos	1.466.767,9	2.383.881,2
Dollars	1.096.557,0	1.269.114,1
UVR	656.820,3	197.862,7
Lempiras	58.292,5	66.730,6
Colons	<u>120.482,0</u>	<u>180.129,0</u>
	<u>3.398.919,7</u>	<u>4.097.717,6</u>

5.6 Portfolio by maturity periods

<u>2014</u>	<u>0-1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
Trading	327.566,6	716.761,7	235.272,3	53.329,3	1.332.929,9
Available for sale, debt securities	234.066,1	800.950,3	146.281,9	35.118,6	1.216.416,9
Held to maturity	<u>306.865,5</u>	<u>229.381,6</u>	<u>88.464,9</u>	<u>158.298,2</u>	<u>783.010,2</u>
	<u>868.498,3</u>	<u>1.747.093,7</u>	<u>470.019,0</u>	<u>246.746,1</u>	<u>3.332.357,0</u>

<u>2013</u>	<u>0-1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
Trading investments	305.907,1	858.453,2	209.890,8	294.888,3	1.669.139,3
Available for sale, debt securities	418.109,6	648.845,2	184.022,1	47.726,0	1.298.703,0
Held to maturity	<u>548.231,3</u>	<u>206.716,3</u>	<u>121.165,7</u>	<u>180.330,9</u>	<u>1.056.444,2</u>
	<u>1.272.248,0</u>	<u>1.714.014,8</u>	<u>515.078,5</u>	<u>522.945,2</u>	<u>4.024.286,6</u>

Equity investments available for sale not included



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

5.7 Maximum, minimum and average values

The maximum, minimum and average balances of the Fixed-Yield Portfolio at December 31, 2014 and 2013 were:

<u>Investments</u>	<u>2014</u>		
	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
Trading, debt securities	51,1	1.235.317,2	62.830,0
Trading, equity securities	0,7	23.734,4	1.346,7
Held to maturity	0,1	566.411,0	40.079,7
Available for sale, debt securities	0,6	759.731,6	49.353,0
Available for sale, equity investments	0,1	661.606,0	44.581,1
Transfer rights, trading investments in debt securities	18,2	5.277,8	63,6
Available for sale, delivered in guarantee	20,5	296.620,4	9.408,7
Trading, delivered in guarantee	0,0	202.765,1	4.210,6

	<u>2013</u>		
	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
Trading, debt securities	96,4	2.488.310,0	113.671,5
Trading, equity investments	0,9	26.490,2	1.547,4
Held to maturity	0,1	637.626,7	29.290,0
Available for sale, debt securities	0,7	1.130.789,7	52.316,4
Available for sale, equity investments	0,6	705.262,2	50.416,5
Transfer rights, trading investments in debt securities	0,0	11.067,8	107,2
Available for sale, delivered in guarantee	0,0	394.698,2	556,0
Trading, delivered in guarantee	0,1	267.810,4	6.242,0

5.8 Proportional equity value

This is the result of multiplying the equity of subsidiaries held by the investor at investment date by the percentage held on that date in order to determine the excess or shortfall in relation to investment cost in terms of investor book value and so, to establish the amounts to be eliminated from each of the equity accounts of the subsidiary against the acquisition cost recorded by the investor..

The result of the calculation of equity value at the date of acquisition of affiliates in 2013 was as follows:

Affiliate			Accumulated shares	Historic cost	Equity at time of acquisition	V P P
Acquisition date		Share				
Colombia	Corredores Asociados 25-Sep-13	94.90%	118,692,170	22,393.5	23,595.5	22,392.1
Total				22,393.5	23,595.5	22,392.1

**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

5.9 Allowance against investments

The movement of the allowance is as follows:

	<u>2014</u>	<u>2013</u>
Opening balance	7.586,8	8.527,3
Plus:		
Adjustment for re-expression	90,0	7,7
Allowance expensed	4.049,3	1.236,7
Less:		
Written off	2.249,9	0,0
Allowances recovered	4.258,9	250,4
Adjustment to allowance	(9,5)	100,2
Reclassification	<u>(52,9)</u>	<u>0,8</u>
Closing balance	<u>5.279,7</u>	<u>9.420,2</u>

5.10 Equity investments available for sale

Equity and debt investments were evaluated at December 31, 2014 and 2013 applying Superintendency Circular 100/1995.

The following is the detail of equity investments available for sale and their ratings at December 31, 2014 and 2013.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

2014

<u>Name</u>	<u>Capital</u>	<u>% held</u>	<u>Acquisition Cost</u>	<u>Adjusted cost</u>	<u>Valuation gains/losses</u>	<u>Allowance</u>	<u>Dividends</u>
<u>International investments:</u>							
Interbolsa sociedad administradora de fondos de inversión S.A. F.S.A.	3.373,9	1,07%	400,5	400,5	-12,1	-73,9	4,3
Sersaprosa S.A.	4.560,0	25,00%	1.199,7	1.199,7	1.913,6	0,0	0,0
Serfinsa S.A.	2.227,5	41,03%	764,8	764,8	256,1	0,0	0,0
ACH de El Salvador S.A	800,0	33,33%	200,0	200,0	-11,2	0,0	0,0
Sociedad de Garantía Reciproca	3.701,3	3,08%	114,3	114,3	0,0	0,0	0,0
Interbolsa sociedad administradora de fondos de inversión S.A. F.S.A.	3.373,9	0,03%	73,2	73,2	-5,6	-9,0	7,6
Stewart Title Costa Rica	31,7	30,63%	75,9	75,9	-75,9	0,0	0,0
Bolsa de Valores de El Salvador, S.A. de C.V.	914,9	0,95%	4,2	4,2	0,0	0,0	4,0
Industria Cementera Hondureña S.A. INCEHSA	8.049,1	0,02%	0,1	0,1	0,0	0,0	0,0
Tabacalera Hondureña S.A.	0,4	0,02%	0,5	0,5	0,0	0,0	0,0
Zip Amateca	3.649,7	37,85%	1.619,1	1.619,1	0,0	-32,4	0,0
Bancajero BANET	1.133,0	34,81%	462,2	462,2	0,0	0,0	0,0
La Constancia S.A.	5.157,2	0,05%	2,8	2,8	0,0	-2,8	0,0
Ceproban	1.190,1	5,00%	42,3	42,3	0,0	0,0	0,0
Compañía Azucarera Choluteca S.A. de C.V.	8.086,6	0,02%	5,8	5,8	0,0	0,0	0,0
Confianza	4,2	0,02%	93,0	93,0	0,0	0,0	0,0
Lotificadora la Meseta	697,4	0,89%	6,2	6,2	0,0	0,0	9,4
Industria Cementera Hondureña S.A. INCEHSA	10.693,1	0,00%	0,4	0,4	0,0	0,0	0,8
Tabacalera Hondureña S.A.	418,4	0,20%	0,8	0,8	0,0	0,0	4,4
Compañía Azucarera de Honduras S.A.	20.921,4	0,89%	185,8	185,8	0,0	0,0	35,8
Compañía Azucarera Choluteca S.A. de C.V.	13.947,6	0,04%	6,1	6,1	0,0	0,0	67,9
Cental de Deposito de Valores, S.A. de C.V.	1.771,9	1,30%	23,0	23,0	0,0	0,0	1,1
			<u>5.280,7</u>	<u>5.280,7</u>	<u>2.064,8</u>	<u>-118,0</u>	<u>135,3</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

<u>Name</u>	<u>Capital</u>	<u>% held</u>	<u>Acquisition Cost</u>	<u>Adjusted cost</u>	<u>Valuation gains/losses</u>	<u>Allowance</u>	<u>Dividends</u>
<u>Investments in Colombia:</u>							
Corporación Andina de Fomento	1.456,3	0,00%	137,4	258,9	51,5	0,0	0,0
Finagro	65.458,4	12,67%	21.797,5	40.032,8	2.068,0	0,0	6.529,3
Compañía de Inv. del Café S.A. *	0,0	0,00%	0,0	0,0	0,0	0,0	0,0
Cámara de Riesgo Central de Contraparte	16.719,2	4,68%	653,6	782,6	-147,3	0,0	0,0
Almacafé	6.049,2	0,01%	4,1	4,1	0,0	-0,8	0,0
Titularizadora Colombiana S.A.	25.018,3	26,85%	7.314,6	11.061,9	3.845,2	0,0	1.968,9
Redeban Multicolor S.A.	4.230,0	26,04%	3.439,9	3.439,9	6.321,6	0,0	0,0
A.C.H. Colombia S.A.	2.756,6	18,42%	772,6	772,6	1.136,9	0,0	192,5
Deceval S.A.	5.037,1	11,85%	1.876,3	2.060,7	1.241,1	0,0	1205,0
Cámara de Compensación Divisas de Colombia S.A.	1.044,9	6,82%	66,6	75,9	60,0	0,0	19,9
Tecnibanca S.A.	6.859,0	0,94%	35,8	195,3	75,6	0,0	59,2
Cifin	3.458,0	9,17%	230,0	642,8	702,5	0,0	688,2
Multiactivos	5.045,0	21,12%	1.065,4	1227,4	583,3	0,0	0,0
Cámara de Riesgo Central de Contraparte de Colombia S.A	16.872,5	1,84%	341,7	341,7	-89,5	0,0	74,1
Cámara de Compensación Divisas de Colombia S.A.	1.044,9	1,27%	13,2	13,2	12,1	0,0	3,7
Bolsa de Valores de Colombia (BVC)	53.253,8	0,57%	77,0	77,0	366,0	0,0	108,0
Fondo de Reposición Fogacol	145,6	0,05%	291,2	291,2	0,0	0,0	7,9
Deceval S.A. (Fiduciaria Davivienda)	3,8	0,05%	3,8	3,8	10,4	0,0	5,2
			<u>38.120,7</u>	<u>61.281,9</u>	<u>16.237,5</u>	<u>-0,8</u>	<u>10.862,0</u>
			<u>43.401,4</u>	<u>66.562,7</u>	<u>18.302,4</u>	<u>-118,8</u>	<u>10.997,3</u>

Compañía Promotora de inversiones del Café S.A. was liquidated in December 2014.

In November 2014 the Stockholders' Meetings of Davivalores and Corredores Asociados authorized a merger in which the latter absorbed the former.

All investments are rated "A" except Almacafé, which is rated "C"



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

2013

<u>Name</u>		<u>Capital</u>	<u>% held</u>	<u>Acquisition cost</u>	<u>Adjusted cost</u>	<u>Reappraisals</u>	<u>Allowances</u>	<u>Dividends</u>
<u>International investments:</u>								
Corporación Andina de Fomento	USD	2.010,1	0,0040%	170,6	259,0	44,8	0,00	0,00
Lotificadora La Meseta		7.784,8	0,8800%	6,5	6,5	0,0	0,0	0,00
Industria Cementera Hondureña S.A. INCEHSA		9.829,2	0,0014%	0,5	0,6	0,0	0,0	4,5
Tabacalera Hondureña S.A.		0,5	0,0200%	1,4	1,4	0,0	0,0	7,2
Compañía Azucarera de Honduras S.A.		9.372,2	0,0300%	200,1	200,1	0,0	0,0	0,8
Compañía Azucarera Choluteca S.A. de C.V.		207,6	0,0300%	6,3	6,3	0,0	0,0	0,00
Interbolsa sociedad administradora de fondos de inversión S.A.								
F.S.A.		15.565,2	1,0700%	446,6	446,6	(55,9)	(81,7)	7,6
Bladex		442.774,4	2,0124%	0,00	0,00	0,00	0,00	0,00
Stewart Title Costa Rica		622,2	30,6250%	80,7	80,7	(80,7)	0,00	0,00
Bolsa Nacional de Valores Costa Rica		5.241,8	4,8510%	21,7	21,7	0,00	0,00	0,00
Sersaprosa S.A.		4.336,0	25,0000%	1.199,7	1.199,7	1.555,9	0,00	0,00
Serfina S.A.		2.118,1	41,0300%	764,8	764,8	256,2	0,00	0,00
ACH de El Salvador S.A.		760,7	33,3300%	200,0	200,0	(46,7)	0,00	0,00
Sociedad de garantía recíproca		2.427,1	3,0800%	114,3	114,3	0,00	0,00	0,00
Bolsa de Valores de El Salvador, S.A. de C.V.		1.660,8	0,9500%	3,6	4,2	0,00	0,00	1,5
Cental de Depósito de Valores, S.A. de C.V.		1.038,0	1,3200%	23,0	23,0	0,00	0,00	1,7
Zip Amaratoca		4.436,1	37,8543%	1.690,7	1.690,7	0,00	(33,8)	0,00
Bancarejo BANET		1.377,2	34,8110%	482,7	482,7	0,00	0,00	0,00
La Constancia S.A.		6.268,5	0,0454%	2,9	2,9	0,00	(2,9)	0,00
Ceproban		1.446,6	5,0000%	<u>44,2</u>	<u>44,2</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>
				<u>5.460,3</u>	<u>5.549,3</u>	<u>1.673,7</u>	<u>(118,4)</u>	<u>23,3</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Investments in Colombia:

Fondo para el Financiamiento del Sector Agropecuario - FINAGRO	USD	94.347,3	12,67%	27.065,0	41.600,0	5.491,5	0,00	3.423,7
Compañía Promotora de Inversiones del Café S.A.*		4.164,4	29,54%	6.975,6	6.975,6	0,00	(6.975,6)	0,00
Cámara de Riesgo Central de Contraparte de Colombia S.A		36.505,3	6,48%	1.235,8	1.396,0	(375,7)	0,00	0,00
Almacenes GJan.ales de Depósito de Café - Almacafé S.A.		7.511,0	0,01%	5,1	5,1	0,00	(2,0)	0,00
Titularizadora Colombiana S.A.		31.064,0	21,12%	9.082,2	7.558,1	7.358,3	0,00	2.823,7
Redeban Multicolor S.A.		5.252,1	26,04%	4.271,2	4.271,2	5.494,2	0,00	3.870,8
A.C.H. Colombia S.A.		3.422,7	18,42%	959,3	959,3	1.276,8	0,00	105,1
Deceval S.A.		6.254,3	11,897%	2.334,5	2.563,4	1.385,7	0,00	1.620,3
Cámara de Compensación Divisas de Colombia S.A.		3.513,6	7,642%	99,1	99,1	70,2	0,00	29,8
Tecnibanca S.A.		14.619,2	0,941%	44,4	206,5	98,5	0,00	37,3
Central de Información Financiera Cifin		3.113,9	9,17%	285,5	285,5	960,6	0,00	0,00
Multiactivos		6.264,2	21,120%	1.322,8	1.524,0	717,4	0,00	0,00
Bolsa de Valores de Colombia (BVC)		57.276,1	0,57%	95,5	95,5	462,7	0,00	67,1
Fondo de Reposición Fogacol	COP	169,4	3,016%	342,3	342,3	0,00	0,00	5,0
				<u>54.118,4</u>	<u>67.881,7</u>	<u>22.940,2</u>	<u>(6.977,6)</u>	<u>11.982,7</u>
				<u>59.578,7</u>	<u>73.431,0</u>	<u>24.613,9</u>	<u>(7.096,0)</u>	<u>12.006,0</u>

(*) Compañía de inversiones del Café S.A. was liquidated on december 2014

In November 2014 the Stockholders' Meetings of Davivalores and Corredores Asociados authorized a merger in which the latter absorbed the former.

All investments are classed A except, Almacafé which is classed "C".

Eliminations

The following are reciprocal investment operations at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Equity investments available for sale	<u>1,016.180,4</u>	<u>1,058,524.4</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

6 Loans and financial leasing operations

6.1 Loans and financial leasing operations by mode

		<u>2014</u>	<u>2013</u>
<u>Commercial</u>			
Corporate and construction	US\$	7.488.715,8	7.347.096,2
Other commercial lines		2.995.056,2	2.913.979,9
Credit card		129.724,7	179.407,9
Vehicles		192.584,4	162.645,3
Overdrafts		<u>83.414,5</u>	<u>107.782,2</u>
		<u>10.889.495,5</u>	<u>10.710.911,5</u>
Residential property leasing		1.858.957,6	1.845.965,8
		<u>12.748.453,2</u>	<u>12.556.877,2</u>
<u>Mortgage loans</u>		<u>2.725.599,6</u>	<u>2.849.494,1</u>
<u>Consumer:</u>			
Credit cards		1.271.232,4	1.511.932,9
Other consumer lines		3.826.547,8	3.650.164,4
Vehicles		581.682,7	645.016,5
Overdrafts		<u>17.534,4</u>	<u>21.738,0</u>
		<u>5.696.997,2</u>	<u>5.828.851,8</u>
<u>Microcredit</u>		<u>37.880,6</u>	<u>38.832,8</u>
<u>Financial Leasing Operations</u>		<u>74.386,4</u>	<u>72.930,3</u>
Total Gross Loans	US\$	<u>21.283.317,0</u>	<u>21.346.986,32</u>
Less: Individual allowance		(798.387,9)	(855.798,7)
Sub-total	US\$	<u>20.484.929,2</u>	<u>20.491.187,6</u>
Less: General allowance		(27.638,6)	(28.888,7)
Total net loans	US\$	<u>20.457.290,6</u>	<u>20.462.298,9</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

6.2 Low-cost housing

The Bank placed US\$ 757.892,09, comprising individual loans of US\$ 360.517,46 and construction loans of US\$397.374,63 at December 31, 2014, and US\$ 661.202,70, comprised of individual loans of US\$328.421,58 and construction loans of US\$332.362,92 at December 31, 2013

Balances and numbers of loans for low-cost housing are as follows:

		<u>2014</u>		<u>2013</u>	
		No. Loans	Amount	No. Loans	Amount
Individuals	US\$	122,788	1.329.678,4	108,66	1.363.747,4
Construction		<u>200</u>	<u>288.119,3</u>	<u>178</u>	<u>285.099,8</u>
	<u>US\$</u>	<u>122,988</u>	<u>1.617.797,7</u>	<u>108,838</u>	<u>1.648.847,2</u>

6.3 Subsidized rate loans

In compliance with Government Decree 1143/2009, which created "Conditional Cover", the Bank implemented procedures to apply this mechanism for disbursements of home mortgage loans and residential leasing operations for the acquisition of new housing.

The cover benefit ends if:

- The loan or leasing contract is prepaid
- The debtor is in arrears more than 3 consecutive months
- The debtor requests it
- The loan is subrogated
- The leasing contract is assigned or
- Term is accelerated.

As of July 3, 2012 Decree 1190/2012 came into effect, offering new interest rate cover for debtors of new home mortgage loans and residential leasing operations for amounts not exceeding 135 SMMLV (approx US\$40,000) in order to facilitate the financing of new low-cost urban housing.

Decree 1644/2014 sets disbursement dates for the next phase of cover for low-cost urban housing interest rates

The benefit provides for cover during the first 7 years after disbursement of the loan or initiation of the residential leasing operation, reducing interest rates

Cover provided by the Bank

The Bank offered customers an additional stimulus as of installment 85 and for the next 8 years: the Bank will take up the amount formerly paid by the Government and on the same conditions. At December 31, 2014 and 2013 an estimated provision was made for US\$ 6.939,68 and US\$6.828,78, based on a model that takes account of the real performance of the loans.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Decree 0701/2013.

The Government, following its countercyclical policy to facilitate the purchase of new housing by improving debtors' financial capacity and stimulating the construction sector, injected new resources into FRECH on March 19, 2013 to be used in cover under this Decree, focused on new housing loans and residential property leasing given by credit establishments for the first 7 years and disbursement of the loan or the effective date of the residential leasing agreement.

The Bank has so far disbursed the following amounts with rate cover under each of the Decrees:

Decrece	Value of property in SMMLV	Rate cover %	Amount disbursed	Capital balance
1143/2009	VIS Up to 135	5%	US\$471,345.7	US\$379,617.0
	>135 up to 235	4%	164,933.5	123,792.1
	>235 up to 335	3%	<u>164,998.7</u>	<u>118,751.0</u>
	Total		US\$801,277.9	US\$622,160.2
1190/2012	VIS up to 70	5%	US\$106,334.6	US\$101,964.6
	>70 up to 135	4%	<u>534,142.7</u>	<u>513,829.8</u>
	Total		US\$640,477.3	US\$615,794.4
0701/2013	>135 SMMLV up to 235 SMMLV	2.5%	US\$452,035.8	US\$452,940.2
	>235 SMMLV up to 235 SMMLV			
	Total		US\$1,893,448.5	US\$1,663,894.8



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

6.4. Loans and financial leasing operations by risk category and guarantee

At December 31, 2014 and 2013, the Bank classified all loans and financial leasing operations, interest and other items in the terms of Superintendency Circular 100/1995. The result of the classification was:

							ALLOWANCES		
2014		CAPITAL	INTEREST	OTHERS	TOTAL	SECURED	CAPITAL	INTERESTS	OTHERS
COMMERCIAL SECURED									
A – Normal	US\$	5.330.852,8	34.309,7	2.267,6	5.367.430,1	13.440.509,7	108.780,9	720,0	114,0
B – Acceptable		169.706,7	2.852,5	266,2	172.825,4	405.794,3	21.053,9	283,4	94,3
C - Deficient		35.447,8	902,2	176,9	36.526,9	108.884,9	6.886,3	727,0	152,4
D – Doubtful		52.318,1	1.630,3	422,8	54.371,2	179.274,3	40.974,9	1.610,0	420,1
E - Unrecoverable		<u>36.723,3</u>	<u>363,8</u>	<u>164,6</u>	<u>37.251,7</u>	<u>78.051,2</u>	<u>25.671,8</u>	<u>363,2</u>	<u>164,6</u>
	US\$	<u>5.625.048,7</u>	<u>40.058,6</u>	<u>3.298,1</u>	<u>5.668.405,3</u>	<u>14.212.514,3</u>	<u>203.367,8</u>	<u>3.703,7</u>	<u>945,4</u>
COMMERCIAL UNSECURED									
A – Normal	US\$	6.939.386,3	44.029,4	2.878,5	6.986.294,0	71.704,3	115.622,3	932,5	144,7
B - Acceptable		145.495,0	2.415,2	233,1	148.143,3	0,0	18.030,1	245,0	82,6
C - Deficient		15.468,2	392,8	77,8	15.938,8	0,0	3.072,1	320,2	67,0
D – Doubtful		70.463,2	2.230,8	560,8	73.254,8	0,0	56.718,8	2.213,8	560,8
E - Unrecoverable		<u>21.538,1</u>	<u>410,4</u>	<u>186,5</u>	<u>22.135,1</u>	<u>0,0</u>	<u>20.379,5</u>	<u>410,5</u>	<u>186,5</u>
		<u>7.192.350,9</u>	<u>49.478,7</u>	<u>3.936,7</u>	<u>7.245.766,1</u>	<u>71.704,3</u>	<u>213.822,8</u>	<u>4.122,0</u>	<u>1.041,6</u>
	US\$	<u>12.817.399,6</u>	<u>89.537,2</u>	<u>7.234,8</u>	<u>12.914.171,4</u>	<u>14.284.218,7</u>	<u>417.190,6</u>	<u>7.825,7</u>	<u>1.987,0</u>
CONSUMER SECURED									
A – Normal	US\$	762.638,7	6.041,2	1.061,2	769.741,0	1.480.579,1	18.963,3	196,9	49,4
B - Acceptable		21.242,5	387,7	56,5	21.686,8	45.658,2	2.313,0	65,6	19,3
C - Deficient		16.042,6	249,8	51,9	16.344,3	34.802,8	3.013,7	210,5	45,8
D – Doubtful		9.646,4	189,8	48,6	9.884,8	18.066,2	7.333,2	185,5	42,6
E - Unrecoverable		<u>15.299,3</u>	<u>239,3</u>	<u>94,4</u>	<u>15.633,0</u>	<u>25.622,7</u>	<u>13.390,6</u>	<u>238,1</u>	<u>92,9</u>
	US\$	<u>824.869,5</u>	<u>7.107,9</u>	<u>1.312,7</u>	<u>833.290,0</u>	<u>1.604.729,1</u>	<u>45.013,8</u>	<u>896,6</u>	<u>250,0</u>
CONSUMER UNSECURED									
A – Normal	US\$	4.471.787,7	35.422,1	6.421,8	4.513.631,6	7.134,5	122.387,2	1.255,0	314,9
B - Acceptable		146.601,6	2.747,0	395,7	149.744,3	17,3	19.780,2	532,5	148,0
C - Deficient		98.046,9	1.721,6	274,4	100.042,9	1,2	19.488,8	1.331,5	259,6
D – Doubtful		104.091,8	2.437,6	403,1	106.932,5	0,0	83.558,1	2.377,8	403,0
E - Unrecoverable		<u>56.661,1</u>	<u>1.107,5</u>	<u>319,6</u>	<u>58.088,3</u>	<u>0,0</u>	<u>53.336,0</u>	<u>1.090,4</u>	<u>319,3</u>
		<u>4.877.189,2</u>	<u>43.435,8</u>	<u>7.814,6</u>	<u>4.928.439,6</u>	<u>7.153,0</u>	<u>298.550,2</u>	<u>6.587,2</u>	<u>1.444,8</u>
Generic Allowance									
	US\$	<u>5.702.058,6</u>	<u>50.543,7</u>	<u>9.127,3</u>	<u>5.761.729,6</u>	<u>1.611.882,1</u>	<u>343.564,0</u>	<u>7.483,8</u>	<u>1.694,9</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

							<u>ALLOWANCES</u>		
2014		<u>CAPITAL</u>	<u>INTEREST</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>SECURED</u>	<u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>
MICROCREDIT SECURED									
A – Normal	US\$	31.615,3	363,1	145,0	32.123,4	54.142,1	1.295,9	14,9	5,9
B – Acceptable		802,0	7,9	7,1	817,0	1.447,2	63,4	7,9	7,1
C – Deficient		470,4	4,5	8,0	483,0	840,2	141,2	4,5	8,0
D – Doubtful		186,2	1,8	3,5	191,5	357,7	186,2	1,8	3,5
E - Unrecoverable		<u>619,6</u>	<u>7,0</u>	<u>27,7</u>	<u>654,2</u>	<u>956,1</u>	<u>619,6</u>	<u>7,0</u>	<u>27,7</u>
	US\$	<u>33.693,5</u>	<u>384,2</u>	<u>191,4</u>	<u>34.269,1</u>	<u>57.743,3</u>	<u>2.306,1</u>	<u>36,0</u>	<u>52,3</u>
MICROCREDIT UNSECURED									
A – Normal	US\$	4.338,3	2,7	0,0	4.341,0	0,0	178,3	0,1	0,0
B – Acceptable		73,9	0,0	0,0	73,9	0,0	73,9	0,0	0,0
C – Deficient		48,7	0,1	0,0	48,8	0,0	48,7	0,1	0,0
D – Doubtful		19,6	0,2	0,0	19,8	0,0	19,6	0,2	0,0
E - Unrecoverable		<u>85,4</u>	<u>0,4</u>	<u>0,0</u>	<u>85,8</u>	<u>0,0</u>	<u>85,4</u>	<u>0,4</u>	<u>0,0</u>
	US\$	<u>4.565,9</u>	<u>3,4</u>	<u>0,0</u>	<u>4.569,3</u>	<u>0,0</u>	<u>405,8</u>	<u>0,8</u>	<u>0,0</u>
Generic Allowance							382,5		
	US\$	<u>38.259,4</u>	<u>387,6</u>	<u>191,4</u>	<u>38.838,4</u>	<u>57.743,3</u>	<u>3.094,5</u>	<u>36,9</u>	<u>52,3</u>
HOME MORTGAGE									
A – Normal	US\$	2.590.199,2	11.498,0	3.378,0	2.605.075,1	5.709.316,8	23.064,7	630,3	587,7
B – Acceptable		77.654,2	591,4	448,2	78.693,9	184.817,9	2.634,8	189,5	434,9
C – Deficient		28.825,7	197,9	344,0	29.367,7	67.913,5	2.336,5	72,0	335,8
D – Doubtful		15.410,4	149,4	179,4	15.739,2	28.550,9	2.479,0	38,7	174,4
E - Unrecoverable		<u>13.510,1</u>	<u>108,4</u>	<u>15,3</u>	<u>13.633,8</u>	<u>19.826,2</u>	<u>4.406,1</u>	<u>35,5</u>	<u>11,9</u>
	US\$	<u>2.725.599,6</u>	<u>12.545,0</u>	<u>4.365,0</u>	<u>2.742.509,7</u>	<u>6.010.425,3</u>	<u>34.921,1</u>	<u>966,1</u>	<u>1.544,6</u>
General Allowance							27.256,2		
	US\$	<u>2.725.599,6</u>	<u>12.545,0</u>	<u>4.365,0</u>	<u>2.742.509,7</u>	<u>6.010.425,3</u>	<u>62.177,3</u>	<u>966,1</u>	<u>1.544,6</u>
	US\$	<u>21.283.317,1</u>	<u>153.013,6</u>	<u>20.918,4</u>	<u>21.457.249,0</u>	<u>21.964.269,4</u>	<u>826.026,5</u>	<u>16.312,4</u>	<u>5.278,8</u>

*Includes balances of capital, interest and other items in financial leasing operations.
Commercial loans include residential leasing operations with admissible collateral



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

								ALLOWANCES	
2013		CAPITAL	INTEREST	OTHERS	TOTAL	SECURED	CAPITAL	INTERESTS	OTHERS
COMMERCIAL SECURED									
A - Normal	US\$	4.442.115,7	27.522,6	2.239,8	4.471.878,1	14.837.165,9	101.175,9	658,4	114,3
B – Acceptable		151.248,9	2.712,5	279,9	154.241,3	377.336,7	21.745,0	240,5	88,0
C - Deficient		28.061,1	582,9	116,0	28.760,1	83.439,1	8.333,3	463,9	97,7
D - Doubtful		49.273,8	1.523,8	373,3	51.170,9	166.517,6	34.723,4	1.521,8	372,2
E – Unrecoverable		<u>32.330,8</u>	<u>297,2</u>	<u>53,8</u>	<u>32.681,7</u>	<u>90.700,9</u>	<u>24.082,8</u>	<u>296,0</u>	<u>53,8</u>
	US\$	<u>4.703.030,2</u>	<u>32.639,1</u>	<u>3.062,8</u>	<u>4.738.732,2</u>	<u>15.555.160,0</u>	<u>190.060,4</u>	<u>3.180,6</u>	<u>726,0</u>
COMMERCIAL UNSECURED									
A - Normal	US\$	7.646.857,6	46.594,4	3.855,9	7.697.308,0	147.069,2	131.125,4	1.122,7	197,0
B – Acceptable		149.280,0	2.689,2	288,9	152.258,2	0,0	19.146,5	238,2	90,8
C - Deficient		29.620,5	630,8	126,3	30.377,6	53,4	8.465,7	514,2	107,5
D - Doubtful		70.262,2	2.557,9	624,9	73.445,0	0,0	51.188,4	2.555,2	624,9
E – Unrecoverable		<u>24.613,8</u>	<u>505,8</u>	<u>92,1</u>	<u>25.211,7</u>	<u>0,0</u>	<u>22.173,7</u>	<u>505,8</u>	<u>92,1</u>
	US\$	<u>7.920.634,1</u>	<u>52.978,1</u>	<u>4.988,0</u>	<u>7.978.600,4</u>	<u>147.122,6</u>	<u>232.099,8</u>	<u>4.936,1</u>	<u>1.112,2</u>
		<u>12.623.664,4</u>	<u>85.617,2</u>	<u>8.050,9</u>	<u>12.717.332,6</u>	<u>15.702.282,6</u>	<u>422.160,2</u>	<u>8.116,7</u>	<u>1.838,2</u>
CONSUMER SECURED									
A - Normal	US\$	686.100,7	5.729,0	1.676,0	693.505,8	1.534.986,4	18.080,1	201,0	72,2
B – Acceptable		21.106,4	391,1	80,2	21.577,7	47.295,5	2.229,6	89,5	24,8
C - Deficient		15.702,8	242,0	64,8	16.009,6	35.224,1	2.757,4	200,4	53,7
D - Doubtful		9.696,3	201,3	50,9	9.948,5	18.459,8	7.130,8	195,7	43,5
E – Unrecoverable		<u>22.363,5</u>	<u>359,4</u>	<u>144,6</u>	<u>22.867,6</u>	<u>37.415,7</u>	<u>19.386,6</u>	<u>355,7</u>	<u>142,2</u>
	US\$	<u>754.969,6</u>	<u>6.922,9</u>	<u>2.016,6</u>	<u>763.909,3</u>	<u>1.673.381,5</u>	<u>49.584,4</u>	<u>1.042,3</u>	<u>336,3</u>
CONSUMER UNSECURED									
A - Normal	US\$	4.599.787,3	39.238,2	11.061,7	4.650.087,1	25.633,5	124.091,3	1.392,5	497,8
B – Acceptable		168.173,8	3.113,9	554,7	171.842,3	333,2	21.756,9	817,4	215,7
C - Deficient		108.776,7	1.821,6	373,2	110.971,5	18,4	21.593,8	1.475,4	357,5
D - Doubtful		123.644,6	3.006,0	523,4	127.174,1	16,2	100.384,6	2.934,2	523,3
E – Unrecoverable		<u>79.094,6</u>	<u>1.392,2</u>	<u>478,9</u>	<u>80.965,7</u>	<u>24,3</u>	<u>75.533,9</u>	<u>1.392,2</u>	<u>478,9</u>
	US\$	<u>5.079.477,0</u>	<u>48.571,9</u>	<u>12.991,9</u>	<u>5.141.040,7</u>	<u>26.025,6</u>	<u>343.360,5</u>	<u>8.011,7</u>	<u>2.073,1</u>
	US\$	<u>5.834.446,6</u>	<u>55.494,8</u>	<u>15.008,5</u>	<u>5.904.950,0</u>	<u>1.699.407,2</u>	<u>392.944,9</u>	<u>9.054,0</u>	<u>2.409,5</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

2013

MICROCREDIT SECURED

A - Normal	US\$	37.359,3	390,2	153,2	37.902,6	57.286,7	1.531,7	16,0	6,3
B - Acceptable		607,1	5,2	6,0	618,3	1.112,7	73,3	5,2	6,0
C - Deficient		172,9	1,3	2,9	177,1	165,5	74,4	1,3	2,9
D - Doubtful		213,6	1,2	6,5	221,3	449,7	213,6	1,2	6,5
E - Unrecoverable		<u>455,0</u>	<u>4,8</u>	<u>22,4</u>	<u>482,3</u>	<u>592,3</u>	<u>454,9</u>	<u>4,8</u>	<u>22,4</u>
	US\$	<u>38.807,9</u>	<u>402,7</u>	<u>191,1</u>	<u>39.401,7</u>	<u>59.606,7</u>	<u>2.347,9</u>	<u>28,5</u>	<u>44,2</u>

MICROCREDIT UNSECURED

A - Normal	US\$	517,2	4,7	0,0	521,8	0,0	21,2	0,2	0,0
B - Acceptable		23,4	0,4	0,0	23,7	0,0	23,4	0,4	0,0
C - Deficient		10,9	0,1	0,0	11,0	0,0	10,9	0,1	0,0
D - Doubtful		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
E - Unrecoverable		<u>21,7</u>	<u>0,2</u>	<u>0,0</u>	<u>21,8</u>	<u>0,0</u>	<u>21,7</u>	<u>0,1</u>	<u>0,0</u>
	US\$	<u>573,1</u>	<u>5,3</u>	<u>0,0</u>	<u>578,4</u>	<u>0,0</u>	<u>77,2</u>	<u>0,8</u>	<u>0,0</u>

Generic Allowance

						393,8			
		<u>39.381,1</u>	<u>408,0</u>	<u>191,1</u>	<u>39.980,1</u>	<u>59.606,7</u>	<u>2.818,9</u>	<u>29,3</u>	<u>44,2</u>

HOME MORTGAGE

A - Normal	US\$	2.709.452,2	12.150,4	4.575,9	2.726.178,5	6.548.044,3	23.885,2	673,0	899,4
B - Acceptable		78.927,9	550,8	562,6	80.041,4	191.818,9	2.463,8	140,2	555,8
C - Deficient		26.960,6	197,1	349,0	27.506,7	66.230,3	2.086,6	69,7	345,5
D - Doubtful		17.114,7	164,7	223,4	17.502,7	34.542,8	3.445,2	75,5	219,3
E - Unrecoverable		<u>17.038,6</u>	<u>86,9</u>	<u>24,5</u>	<u>17.150,1</u>	<u>23.788,7</u>	<u>6.387,5</u>	<u>33,3</u>	<u>11,5</u>
	US\$	<u>2.849.494,1</u>	<u>13.149,9</u>	<u>5.735,4</u>	<u>2.868.379,3</u>	<u>6.864.425,0</u>	<u>38.268,2</u>	<u>991,7</u>	<u>2.031,5</u>
General Allowance						28.494,9			
	US\$	<u>2.849.494,1</u>	<u>13.149,9</u>	<u>5.735,4</u>	<u>2.868.379,3</u>	<u>6.864.425,0</u>	<u>66.763,2</u>	<u>991,7</u>	<u>2.031,5</u>
	US\$	<u>21.346.986,2</u>	<u>154.670,0</u>	<u>28.985,9</u>	<u>21.530.641,9</u>	<u>24.325.721,5</u>	<u>884.687,2</u>	<u>18.191,7</u>	<u>6.323,3</u>

*Includes balances of capital, interest and other items in financial leasing operations.

Commercial loans with admissible collateral includes residential leasing operations



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

6.5 Loans and financial leasing operations by economic sector

		<u>2014</u>		<u>2013</u>	
		<u>Balance</u>	<u>% Share</u>	<u>Balance</u>	<u>% Share</u>
Family, for acquisition of goods and services	US\$	5.300.384,9	24,9%	5.544.383,7	26,0%
Family, for housing		4.320.564,7	20,3%	4.469.116,0	20,9%
Business services		1.491.624,7	7,0%	1.282.183,2	6,0%
Construction		1.848.603,7	8,7%	1.950.795,4	9,1%
Wholesale and retail trade		1.487.400,4	7,0%	1.377.388,3	6,5%
Transport and communications		1.350.420,8	6,3%	1.288.854,1	6,0%
Agriculture, forestry, fishing and hunting		645.477,3	3,0%	658.317,2	3,1%
Food production		486.639,2	2,3%	547.936,6	2,6%
Health, education, leisure and culture		401.653,5	1,9%	369.468,0	1,7%
Vehicles		313.245,3	1,5%	244.923,5	1,2%
Public administration and defence		172.382,6	0,8%	238.498,7	1,1%
Mfr of textiles, clothing leather and leathergoods		1.047.830,9	4,9%	924.799,1	4,3%
Electricity, gas and water supplies		577.331,6	2,7%	559.928,0	2,6%
Mfr of based metal and prepared products		178.237,8	0,8%	174.042,3	0,8%
Mfr of non-metal minerals		119.527,7	0,6%	162.456,8	0,8%
Mfr of chemicals, chemicals products and rubber		438.850,6	2,1%	375.815,7	1,8%
Mfr of paper, paper products, printing and publishing		117.233,1	0,6%	197.470,6	0,9%
Mfr of other manufactured products, including wood		53.866,5	0,3%	22.600,7	0,1%
Coal mining, extraction of crude oil and natural gas		241.912,0	1,1%	245.103,2	1,2%
Mfr of transport materials		29.254,2	0,1%	29.322,3	0,1%
Mfr of machinery and equipment		61.997,9	0,3%	54.232,0	0,3%
Hotels and restaurants		60.514,2	0,3%	106.189,3	0,5%
Metal and non-metal minerals extraction		8.077,8	0,0%	7.627,0	0,0%
Mfr of oil and coal by-products		11.811,3	0,1%	27.372,3	0,1%
Beverages and tobacco		19.267,4	0,1%	22.004,6	0,1%
Other		<u>499.207,0</u>	<u>2,4%</u>	<u>466.157,4</u>	<u>2,2%</u>
	US\$	<u>21.283.317,1</u>	<u>100%</u>	<u>21.346.986,2</u>	<u>100%</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

6.6 Loans and financial leasing operations by geographical zone

2014

COMMERCIAL LOANS

							ALLOWANCE		
							CAPITAL	INTERESTS	OTHERS
Bogotá	US\$	5.315.696,8	41.097,9	3.056,1	5.359.850,7	6.388.083,8	178.862,7	3.247,8	872,2
Antioquia		1.770.047,7	14.105,6	1.881,7	1.786.035,0	2.393.710,3	64.572,1	1.704,8	456,5
Nororiental		1.697.581,6	14.385,9	1.472,8	1.713.440,3	2.195.126,6	78.809,5	1.977,4	412,7
Suroccidental		1.207.358,6	8.648,9	811,6	1.216.819,2	1.597.940,1	35.127,1	782,8	236,8
Panama		816.116,7	3.444,9	0,0	819.561,6	169.390,5	10.874,7	48,5	0,0
Costa Rica		623.293,0	2.320,7	12,6	625.626,3	350.813,1	14.468,1	4,9	8,8
Salvador		711.666,0	2.030,9	0,0	713.696,9	643.188,1	25.047,9	17,5	0,0
Honduras		343.661,8	1.916,6	0,0	345.578,4	538.414,9	4.984,5	19,9	0,0
Miami		<u>331.977,2</u>	<u>1.585,8</u>	<u>0,0</u>	<u>333.563,0</u>	<u>7.551,3</u>	<u>4.444,0</u>	<u>22,0</u>	<u>0,0</u>
US\$		<u>12.817.399,6</u>	<u>89.537,3</u>	<u>7.234,9</u>	<u>12.914.171,4</u>	<u>14.284.218,8</u>	<u>417.190,7</u>	<u>7.825,8</u>	<u>1.987,1</u>

CONSUMER LOANS

Bogotá	US\$	2.281.149,3	21.383,4	4.542,1	2.307.074,9	634.862,7	151.472,2	3.315,5	842,0
Antioquia		857.954,6	7.123,2	1.347,2	866.425,0	263.840,4	47.352,7	934,8	218,6
Nororiental		1.012.791,7	10.073,3	1.995,4	1.024.860,4	252.936,1	69.496,5	1.585,5	411,5
Suroccidental		638.560,1	5.524,3	1.144,5	645.228,8	160.845,6	36.776,8	768,5	207,6
Panama		36.745,8	471,5	0,0	37.217,4	28.579,6	683,2	0,0	0,0
Costa Rica		156.045,2	1.974,3	98,1	158.117,5	24.803,7	12.808,2	730,7	15,1
Salvador		552.095,6	2.604,1	0,0	554.699,7	109.721,7	17.493,9	107,5	0,0
Honduras		166.321,6	1.385,2	0,0	167.706,8	136.292,4	7.469,1	41,1	0,0
Miami		<u>394,8</u>	<u>4,3</u>	<u>0,0</u>	<u>399,1</u>	<u>0,0</u>	<u>11,5</u>	<u>0,0</u>	<u>0,0</u>
US\$		<u>5.702.058,6</u>	<u>50.543,7</u>	<u>9.127,3</u>	<u>5.761.729,6</u>	<u>1.611.882,1</u>	<u>343.564,0</u>	<u>7.483,8</u>	<u>1.694,9</u>

MICROCREDIT

Bogotá	US\$	38.259,3	387,6	191,4	38.838,4	57.743,3	3.094,5	36,9	52,3
	US\$	<u>38.259,3</u>	<u>387,6</u>	<u>191,4</u>	<u>38.838,4</u>	<u>57.743,3</u>	<u>3.094,5</u>	<u>36,9</u>	<u>52,3</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

HOME MORTGAGE LOANS

Bogotá	US\$	1.346.312,6	5.734,9	2.954,7	1.355.002,1	3.365.016,2	17.651,5	589,2	1.118,5
Antioquia		197.769,4	861,3	395,3	199.026,0	536.363,9	2.272,4	62,1	84,6
Nororiental		223.254,2	1.011,6	585,8	224.851,6	560.316,2	3.059,1	130,0	219,7
Suroccidental		190.919,5	866,5	365,9	192.151,9	460.329,8	2.403,3	83,2	117,8
Panama		16.328,3	60,6	0,0	16.388,9	15.913,4	56,2	0,0	0,0
Costa Rica		293.093,4	1.697,1	63,3	294.853,8	349.686,4	2.360,5	76,4	4,0
El Salvador		266.113,3	720,7	0,0	266.834,0	367.511,4	4.048,6	10,2	0,0
Hoduras		<u>191.809,0</u>	<u>1.592,4</u>	<u>0,0</u>	<u>193.401,3</u>	<u>355.288,0</u>	<u>3.069,9</u>	<u>15,0</u>	<u>0,0</u>
General allowance							<u>27.256,0</u>		
US\$		<u>2.725.599,6</u>	<u>12.545,0</u>	<u>4.365,0</u>	<u>2.742.509,7</u>	<u>6.010.425,3</u>	<u>62.177,3</u>	<u>966,1</u>	<u>1.544,6</u>
US\$		<u>21.283.317,1</u>	<u>153.013,7</u>	<u>20.918,5</u>	<u>21.457.249,1</u>	<u>21.964.269,5</u>	<u>826.026,6</u>	<u>16.312,5</u>	<u>5.278,9</u>

2013

COMMERCIAL LOANS

							<u>ALLOWANCE</u>		
		<u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>GUARANTIES</u>	<u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>
Bogotá	US\$	5.073.679,0	35.686,1	3.180,7	5.112.545,8	7.300.005,4	173.904,0	3.123,4	764,9
Antioquia		2.025.521,8	16.798,7	2.170,6	2.044.491,1	2.662.670,3	67.671,4	1.820,9	420,5
Nororiental		1.804.825,9	16.208,9	1.784,1	1.822.818,9	2.618.583,5	82.549,3	2.253,8	438,5
Suroccidental		1.310.824,3	9.107,3	910,8	1.320.842,4	1.421.447,6	34.181,5	835,9	213,5
Panama		658.807,2	2.095,7	0,0	660.902,9	118.241,3	7.425,0	12,1	0,0
Costa Rica		463.075,4	1.326,7	4,7	464.406,9	296.750,4	13.466,2	6,2	0,8
El Salvador		721.725,9	1.746,9	0,0	723.472,9	662.704,8	31.414,1	28,3	0,0
Honduras		318.850,2	1.690,9	0,0	320.541,1	621.411,6	8.407,4	23,7	0,0
Miami		<u>246.354,6</u>	<u>955,9</u>	<u>0,0</u>	<u>247.310,5</u>	<u>467,7</u>	<u>3.141,2</u>	<u>12,5</u>	<u>0,0</u>
	US\$	<u>12.623.664,4</u>	<u>85.617,2</u>	<u>8.050,9</u>	<u>12.717.332,5</u>	<u>15.702.282,6</u>	<u>422.160,2</u>	<u>8.116,6</u>	<u>1.838,2</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

CONSUMER LOANS

Bogotá	US\$	2.439.644,7	24.443,6	7.602,3	2.471.690,6	733.428,3	182.000,1	4.294,0	1.252,4
Antioquia		885.816,6	7.979,3	2.252,6	896.048,4	271.378,4	52.830,2	1.144,4	308,6
Nororiental		1.054.223,7	11.122,1	3.104,3	1.068.450,0	274.907,8	81.255,5	1.907,6	551,1
Suroccidental		666.234,1	6.505,4	1.886,9	674.626,4	155.869,7	45.513,7	1.047,8	276,9
Panama		28.183,8	371,9	0,0	28.555,6	21.168,5	293,6	6,2	0,0
Costa Rica		134.539,5	1.724,1	162,4	136.426,1	16.199,3	9.089,1	528,2	20,4
Salvador		472.300,8	1.975,9	0,0	474.276,8	98.921,7	14.969,0	85,3	0,0
Honduras		153.492,5	1.372,5	0,0	154.865,0	127.533,6	6.993,5	40,4	0,0
Miami		<u>11,1</u>	<u>0,0</u>	<u>0,0</u>	<u>11,1</u>	<u>0,0</u>	<u>0,3</u>	<u>0,0</u>	<u>0,0</u>
General allowance									
	US\$	<u>5.834.446,8</u>	<u>55.494,8</u>	<u>15.008,5</u>	<u>5.904.950,0</u>	<u>1.699.407,2</u>	<u>392.945,0</u>	<u>9.054,0</u>	<u>2.409,5</u>

MICROCREDIT

Bogotá	US\$	39.381,0	408,0	191,1	39.980,1	59.606,7	2.818,9	29,4	44,2
	US\$	<u>39.381,0</u>	<u>408,0</u>	<u>191,1</u>	<u>39.980,1</u>	<u>59.606,7</u>	<u>2.818,9</u>	<u>29,4</u>	<u>44,2</u>

HOME MORTGAGE LOANS

Bogotá	US\$	1.496.502,4	6.431,9	3.924,2	1.506.858,5	3.805.032,9	19.413,6	614,4	1.426,4
Antioquia		198.860,6	883,7	533,1	200.277,3	566.936,1	2.436,4	75,3	148,9
Nororiental		247.955,0	1.129,0	790,7	249.874,6	634.986,1	3.158,5	110,1	295,7
Suroccidental		207.194,4	928,1	445,5	208.568,0	497.744,7	2.579,0	73,1	150,7
Panama		5.320,8	13,7	0,0	5.334,5	5.623,1	112,3	0,0	0,0
Costa Rica		268.004,7	1.593,7	42,0	269.640,3	665.148,0	2.402,1	93,0	9,8
Salvador		239.664,5	639,6	0,0	240.304,1	339.323,4	5.137,9	10,0	0,0
Honduras		<u>185.991,7</u>	<u>1.530,3</u>	<u>0,0</u>	<u>187.522,0</u>	<u>349.630,7</u>	<u>3.028,6</u>	<u>15,9</u>	<u>0,0</u>
General allowance							<u>28.494,9</u>		
	US\$	<u>2.849.494,1</u>	<u>13.149,9</u>	<u>5.735,4</u>	<u>2.868.379,3</u>	<u>6.864.425,0</u>	<u>66.763,2</u>	<u>991,7</u>	<u>2.031,5</u>
	US\$	<u>21.346.986,3</u>	<u>154.669,9</u>	<u>28.985,9</u>	<u>21.530.630,8</u>	<u>24.325.721,4</u>	<u>884.687,0</u>	<u>18.191,7</u>	<u>6.323,3</u>

* Includes capital, interest and other items of financial leasing operations. Residential leasing operations are included in collateralized commercial loans



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

6.7 Loans and financial leasing operations by currency unit

2014

ITEM		Local <u>currency</u>	Foreign <u>currency</u>	<u>UVR</u>	<u>Total</u>
Commercial	US\$	7.890.980,5	4.088.145,3	838.273,7	12.817.399,6
Consumer		4.759.034,5	943.024,0	0,0	5.702.058,5
Microcredit		38.259,3	0,0	0,0	38.259,3
Home mortgage		<u>1.441.892,1</u>	<u>767.344,0</u>	<u>516.363,6</u>	<u>2.725.599,6</u>
	US\$	<u>14.130.166,4</u>	<u>5.798.513,3</u>	<u>1.354.637,3</u>	<u>21.283.317,1</u>

2013

ITEM		Local <u>currency</u>	Foreign <u>currency</u>	<u>UVR</u>	<u>Total</u>
Commercial	US\$	8.225.755,1	3.575.399,9	822.509,5	12.623.664,5
Consumer		39.381,0	0,0	0,0	39.381,0
Microcredit		5.022.430,5	812.016,2	0,0	5.834.446,8
Home mortgage		<u>1.604.272,5</u>	<u>698.981,7</u>	<u>546.240,0</u>	<u>2.849.494,2</u>
	US\$	<u>14.891.839,0</u>	<u>5.086.397,8</u>	<u>1.368.749,5</u>	<u>21.346.986,2</u>

* Monetary Unit: US\$

6.8 Loans and financial leasing operations by maturities

<u>2014</u>		<u>0-1 years</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
Commercial	US\$	3.284.543,2	4.563.866,0	2.783.775,5	2.185.214,9	12.817.399,6
Consumer		840.854,6	3.337.849,6	1.430.150,3	93.204,1	5.702.058,5
Microcredit		2.158,0	34.945,3	1.156,0	0,0	38.259,4
Mortgage		<u>18.551,2</u>	<u>97.150,6</u>	<u>363.403,7</u>	<u>2.246.494,1</u>	<u>2.725.599,6</u>
	US\$	<u>4.146.107,0</u>	<u>8.033.811,5</u>	<u>4.578.485,6</u>	<u>4.524.913,1</u>	<u>21.283.317,1</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

<u>2013</u>		<u>0-1 years</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
Commercial	US\$	3.357.639,3	4.118.504,4	3.062.370,3	2.085.150,5	12.623.664,5
Consumer		994.681,7	3.455.826,7	1.152.563,2	231.375,2	5.834.446,8
Microcredit		2.735,1	35.014,3	1.631,7	0,0	39.381,0
Mortgage		<u>20.529,0</u>	<u>100.448,1</u>	<u>386.365,4</u>	<u>2.342.151,8</u>	<u>2.849.494,2</u>
	US\$	<u>4.375.585,0</u>	<u>7.709.793,5</u>	<u>4.602.930,5</u>	<u>4.658.677,4</u>	<u>21.346.986,2</u>

6.9 Details of restructured loans

<u>2014</u>		<u>Ordinary Restructurings</u>	<u>Allowance</u>	<u>Secured</u>
Commercial	US\$	252.694,1	85.143,5	444.704,9
Consumer		366.321,0	86.123,5	40.685,9
Microcredit		190,5	109,4	297,0
Mortgage		<u>60.598,3</u>	<u>3.562,9</u>	<u>168.885,3</u>
	US\$	<u>679.803,9</u>	<u>174.939,3</u>	<u>654.573,1</u>

<u>2013</u>		<u>Ordinary Restructurings</u>	<u>Allowance</u>	<u>Secured</u>
Commercial	US\$	197.956,2	62.210,8	359.940,1
Consumer		450.153,2	108.678,2	56.941,2
Microcredit		403,6	1.055,6	18.723,9
Mortgage		<u>71.936,4</u>	<u>4.381,0</u>	<u>202.943,9</u>
	US\$	<u>720.449,3</u>	<u>176.325,6</u>	<u>638.549,1</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

6.10 Restructured Loans by qualification

2014	<u>Commercial</u>		<u>Consumer</u>		<u>Microcredit</u>		<u>Mortgage</u>	
	No. Of		No. Of		No. Of		No. Of	
	<u>Loans</u>	<u>Value</u>	<u>Loans</u>	<u>Value</u>	<u>Loans</u>	<u>Value</u>	<u>Loans</u>	<u>Value</u>
A – Normal	1.401	112.067,1	31.528	218.647,3	11	55,1	2.986	34.370,1
B - Acceptable	577	53.597,6	6.198	41.976,8	3	26,8	899	10.405,2
C – Deficient	436	21.300,4	5.694	43.221,1	1	5,3	785	8.311,4
D – Doubtful	1.031	38.425,2	5.217	37.198,8	2	23,0	285	5.221,7
E - Unrecoverable	<u>146</u>	<u>27.303,8</u>	<u>3.338</u>	<u>25.277,2</u>	<u>6</u>	<u>80,4</u>	<u>56</u>	<u>2.289,9</u>
	<u>3.591</u>	<u>252.694,1</u>	<u>51.975</u>	<u>366.321,0</u>	<u>23</u>	<u>190,5</u>	<u>5.011</u>	<u>60.598,3</u>

2013	<u>Commercial</u>		<u>Consumer</u>		<u>Microcredit</u>		<u>Home mortgage</u>	
	No. Of		No. Of		No. Of		No. Of	
	<u>Loans</u>	<u>Value</u>	<u>Loans</u>	<u>Value</u>	<u>Loans</u>	<u>Value</u>	<u>Loans</u>	<u>Value</u>
A – Normal	1.592	79.620,6	31.382	257.260,6	18	206,0	3.108	41.728,0
B - Acceptable	525	55.994,3	5.256	49.141,1	10	86,0	886	10.760,8
C – Deficient	372	19.144,8	5.760	54.730,5	1	18,1	800	10.390,7
D – Doubtful	811	29.019,6	5.600	50.697,7	2	28,6	334	6.321,5
E - Unrecoverable	<u>133</u>	<u>14.176,9</u>	<u>4.597</u>	<u>38.323,3</u>	<u>3</u>	<u>64,9</u>	<u>78</u>	<u>2.735,3</u>
	<u>3.433</u>	<u>197.956,2</u>	<u>52.595</u>	<u>450.153,2</u>	<u>34</u>	<u>403,6</u>	<u>5.206</u>	<u>71.936,4</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

6.11 Restructured loans by geographical area

2014

		<u>Commercial</u>	<u>Consumer</u>	<u>Microcredit</u>	<u>Mortgage</u>
Bogotá	US\$	66.979,0	165.415,2	190,5	27.392,4
Antioquia		31.419,2	52.429,2	0,0	2.722,7
Nororiental		76.175,4	66.395,3	0,0	4.043,6
Suroccidental		14.675,5	42.099,8	0,0	3.235,7
Panama		0,0	61,5	0,0	0,0
Costa Rica		9.534,3	1.007,3	0,0	6.568,9
Salvador		39.664,4	30.122,7	0,0	10.982,9
Honduras		<u>14.246,3</u>	<u>8.790,0</u>	<u>0,0</u>	<u>5.652,0</u>
	US\$	<u>252.694,1</u>	<u>366.321,0</u>	<u>190,5</u>	<u>60.598,3</u>

2013

		<u>Commercial</u>	<u>Consumer</u>	<u>Microcredit</u>	<u>Mortgage</u>
Bogotá	US\$	43.951,7	211.831,8	403,6	36.328,6
Antioquia		28.344,2	61.856,1	0,0	2.708,3
Nororiental		58.709,4	86.707,0	0,0	4.106,9
Suroccidental		11.052,9	57.113,3	0,0	3.883,3
Costa Rica		16.241,7	1.355,3	0,0	7.669,7
Salvador		37.173,0	22.865,9	0,0	10.757,1
Panama		<u>2.483,2</u>	<u>8.423,7</u>	<u>0,0</u>	<u>6.482,4</u>
	US\$	<u>197.956,2</u>	<u>450.153,2</u>	<u>403,6</u>	<u>71.936,4</u>

6.12 Loans to shareholders and staff

The portfolio contains the following loans:

		<u>2014</u>	<u>2013</u>
Shareholders	US\$	767,4	104.652,5
Staff, consumer and commercial		<u>143.858,7</u>	<u>152.487,4</u>
	US\$	<u>144.626,1</u>	<u>257.133,9</u>

*With holdings over 5%

Staff loans are placed on market for, consumer and commercial loans conditions

Loan rates are between 9.51% and 29,69%, with terms between 1 and 15 years.-



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

6.13 Loan securitization

The securitization process for housing loans fall under the rules of Law 546/1999 and Decree 1719/2001. All underlying assets in the securitization were separated and isolated in terms of equity to form a collective assets ("universality") to operate as a source of payment of the securities.

The mortgage paper issued by Titularizadora Colombiana are of several types: TIPS A, awarded in auction, and TIPS B, C and Mz, which are a safety net for the privileged TIPS to which the originators of the securitized loans subscribed and which are valued as required by the Superintendency's Basic Accounting and Financial Circular, Chapter I.

The following is the detail of terms of sale of securitized loans in 2014 and 2013

2014

<u>Issue</u>	<u>Date</u>	<u>No.</u>	<u>Rate</u>	<u>Capital</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>	<u>Profit</u>	<u>Proceeds of sale</u>	<u>Recovery of allowances</u>
TIPS Pesos N-9	Sept-16-2014	2717	10.7%	US\$110.997,6	471,8	117,6	111.586,9	1.231,5	113.224,5	2.233,9
TIPS Pesos N-10	Dec-10-2014	<u>3638</u>	11%	<u>147.652,2</u>	<u>625,3</u>	<u>155,7</u>	<u>148.433,2</u>	<u>2.214,8</u>	<u>151.035,3</u>	<u>3.001,9</u>
		<u>6.355</u>		<u>US\$258.649,8</u>	<u>1.097,0</u>	<u>273,4</u>	<u>260.020,2</u>	<u>3.446,2</u>	<u>264.259,8</u>	<u>5.235,8</u>

2013

<u>Issue</u>	<u>Date</u>	<u>No.</u>	<u>Rate</u>	<u>Capital</u>	<u>Interest</u>	<u>Other *</u>	<u>Total</u>	<u>Profit</u>	<u>Proceeds of sale</u>	<u>Recovery of allowances</u>
Pesos N-7	May-17-2013	3,4	12.96%	US\$157.567,1	911,4	139	158.617,50	7.938,20	167.166,10	3.215,10

* "other" subtracts deferred balances of loans belonging to the sale (prepayments).

6.14 Sale of written- off loans

The following is the detail of sales of Consumer loans written off at December 31, 2014 and 2013:

2014

<u>Sales</u>		<u>Number of Credits</u>	<u>Capital</u>	<u>Interests</u>	<u>Others Concepts</u>	<u>Total</u>	<u>Sale price</u>
25-04-2014	US\$	42.266	100.287,3	5.419,3	1.414,5	107.121,1	7.397,2
22-10-2014		29.522	74.444,4	3.698,4	123,6	78.266,3	4.924,4
14-09-2014		578	472,3	0,0	0,0	472,3	82,0
14-11-2014		91	108,6	0,0	0,0	108,6	18,8
14-12-2014		<u>97</u>	<u>169,2</u>	<u>0,0</u>	<u>0,0</u>	<u>169,2</u>	<u>37,0</u>
Total	US\$	<u>72.554</u>	<u>175.481,8</u>	<u>9.117,7</u>	<u>1.538,0</u>	<u>186.137,5</u>	<u>12.459,4</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

2013

<u>Sales</u>	<u>Number of Credits</u>	<u>Capital</u>	<u>Interests</u>	<u>Others Concepts</u>	<u>Total</u>	<u>Sale price</u>
20/03/2013	51,086	131.594,59	5.063,81	11.176,70	147.835,10	8.589,03
27/09/2013	<u>40.429</u>	97.706,86	3.980,94	1.124,85	102.812,65	5.885,11
	<u>91,515</u>	<u>229.301,4</u>	<u>9.044,8</u>	<u>12.301,6</u>	<u>250.647,7</u>	<u>14.474,2</u>

Sales at auction: ijn El Salvador loan sales include capital only.

6.15 Loans written off

The following is the detail of loans written off

		<u>2014</u>			
		<u>Capital</u>	<u>Interest</u>	<u>Other items</u>	<u>Total</u>
Commercial	US\$	35.732,1	1.620,2	641,3	37.993,6
Consumer		259.582,8	8.221,3	1.859,5	269.663,6
Mortgage		6.937,9	39,6	286,2	7.263,8
Microcredit		287,8	3,9	20,9	312,6
Other receivables		<u>0.0</u>	<u>0.0</u>	<u>381,8</u>	<u>381,8</u>
	US\$	<u>302.540,7</u>	<u>9.884,9</u>	<u>3.189,9</u>	<u>315.615,5</u>

		<u>2013</u>			
		<u>Capital</u>	<u>Interest</u>	<u>Other items</u>	<u>Total</u>
Commercial	US\$	43.040,4	1.666,2	1.373,0	46.079,6
Consumer		381.634,6	12.345,7	2.911,0	396.891,3
Mortgage		9.186,0	44,4	672,7	9.903,1
Microcredit		513,0	6,0	36,0	555,0
Other receivables		<u>0.0</u>	<u>0.0</u>	<u>3.698,6</u>	<u>3.698,6</u>
	US\$	<u>434.374,0</u>	<u>14.062,3</u>	<u>8.691,2</u>	<u>457.127,5</u>

The Bank and subsidiaries did not engage in collector operations



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

6.16 Loan purchases

The following is the detail of loan purchases of collateralized vehicle loans made in March, April, May, June and July 2014:

<u>Compra</u>	<u>Número de créditos</u>	<u>Capital</u>	<u>Intereses</u>	<u>Total</u>	<u>Prima</u>
PLANAUTOS	934	6.636,7	32,4	6.669,1	350,4

* Balance of reversion of a write-off made in December 2011

At December 31, 2014 the balance of loans participated with loan portfolios with Miami wasr US\$155.476,8; These operations correspond to loan operations in which Miami Branch took part in the funding structure and which were recorded in proportion to the transaction undertaken and do not affect the earnings statement.

Miami shared loans with Panamá for US\$45.000, an increase over the year of US\$33.999.

6.16 Allowances against loans and financial leasing operations

The movement of the allowance for loans is as follows:

		<u>2014</u>				
		<u>Commercial</u>	<u>Consumer</u>	<u>Microcredit</u>	<u>Home mortgage</u>	<u>Total</u>
Opening balance	US\$	339.997,7	316.468,4	2.270,3	53.769,5	712.505,9
Plus:						
Allowance expensed		238.977,4	405.657,4	2.087,4	20.005,3	666.727,5
Reexpression allowance foreign branch		2.454,8	366,7	0,0	0,0	2.821,5
Reclassifications		941,1	3.846,9	0,0	(3,6)	4.784,4
Conversion adjustment		8.006,4	8.931,4	0,0	2.204,6	19.142,5
Less:						
Loans written off		35.732,1	259.582,8	287,8	6.937,9	302.540,7
Foreclosed amount not recovered		0,0	0,0	0,0	184,7	184,7
Reclassified		(616,5)	(1.172,0)	0,0	125,8	(1.663,1)
Reexpression, allowance foreign branch		0,0	0,0	0,0	66,2	66,2
Written back to income		<u>138.071,2</u>	<u>133.296,0</u>	<u>975,5</u>	<u>6.484,1</u>	<u>278.826,7</u>
Closing balance	US\$	<u>417.190,6</u>	<u>343.563,9</u>	<u>3.094,5</u>	<u>62.177,2</u>	<u>826.026,4</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

		<u>2013</u>				
		<u>Commercial</u>	<u>Consumer</u>	<u>Microcredit</u>	<u>Home mortgage</u>	<u>Total</u>
Opening balance	US\$	363.618,2	417.376,4	3.366,3	60.932,8	845.293,8
Plus:						
Allowance charged to operating expenses		276.250,0	523.467,8	1.306,6	33.144,1	834.168,5
Reclassifications		111,3	0,0	0,0	0,0	111,3
Conversion adjustment		6.409,6	296,3	0,0	0,2	6.706,1
Less:						
Loans written off		43.040,4	381.634,6	513,0	9.186,0	434.374,0
Amount of foreclosure not recovered		0,0	0,0	0,0	85,6	85,6
Reclassifications		(9.822,4)	(6.176,4)	0,0	17.986,2	1.987,4
Written back to income		<u>191.010,8</u>	<u>172.737,6</u>	<u>1.340,9</u>	<u>56,1</u>	<u>365.145,4</u>
Closing balance	US\$	<u>422.160,2</u>	<u>392.944,8</u>	<u>2.819,0</u>	<u>66.763,0</u>	<u>884.687,5</u>

Includes a countercyclical allowance at December 31, 2014 and 2013 of US\$ 51.630,08 and US\$ 128.017,19 respectively

At December 31, 2014 and 2013, the amounts unrecovered from foreclosures were US\$184,66 and US\$ 68,92, respectively. This represents the difference between the lower of cost of the asset and the balance of the debt in the balance sheet charged to loan allowances in the earnings statement.

It is Bank policy to make allowances in addition to those required by the Superintendence for loans at December 31, 2014 and 2013 of US\$ 16.419,9 and US\$ 15.608,62 0.respectively.

Consumer loan allowances

Allowances are made against vehicle loans applying nthe criteria for LGD on "other colateral" operations; and loans with admissible collateral for payroll installment loans applies LGD for "Non-admissible collateral".

A method is also applied to classify restructured or regularized consumer loans min orfder to avoid volatility in classification.

Superintendency Circular 026 of June 22, 2012

Following the requirements of the Circular, the additional allowance of 0.05% against consumer loans in 2014 and 2013 was US\$ 15.710,7 and US\$32,183.0 respectively, an increase of US\$ 2.258,9.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

7 Bankers' acceptances, and derivatives

The Bank had no bank acceptances outstanding at December 31, 2014 and 2013.

The following is the detail of spot operations and derivatives by type of operation:

<u>Product</u>		<u>2014</u>	<u>2013</u>
Debtors for acceptances	US\$	4.408,4	877,1
Spot operations		(2,3)	1,6
Forwards		157.445,8	27.465,3
Swaps		5.329,5	3.365,3
Options		11.921,5	6.833,6
Hedging swaps		0,0	2.017,0
Hedging forwards		<u>36,0</u>	<u>0,0</u>
	US\$	<u>179.138,9</u>	<u>40.559,8</u>

:

At December 31, 2014 and December 31, 2013, the yield on spot operations was (US\$1.803,9) and US\$218,9 respectively

The recording of derivative rights and obligations takes account of the result of a valuation at fair prices of exchange



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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Speculative derivatives

		<u>Forward</u>	<u>Futures</u>	<u>Swaps</u>	<u>Total</u>	<u>Options</u>
<u>2014</u>						
<u>Currency purchases</u>	Right	1.373.366,2	200.705,4	0,0	1.574.071,6	0,0
	Obligation	(1.235.411,6)	(200.705,4)	0,0	(1.436.117,0)	0,0
<u>Currency sales</u>	Right	864.755,3	547.570,4	0,0	1.412.325,7	0,0
	Obligation	(847.708,4)	(547.570,4)	0,0	(1.395.278,8)	0,0
<u>Securities purchases</u>	Right	0,0	36.072,4	0,0	36.072,4	0,0
	Obligation	0,0	(36.072,4)	0,0	(36.072,4)	0,0
<u>Securities sales</u>	Right	364.118,5	28.916,5	0,0	393.035,0	0,0
	Obligation	(361.674,1)	(28.916,5)	0,0	(390.590,7)	0,0
<u>Interest rates</u>	Right	0,0	0,0	185.060,9	185.060,9	0,0
	Obligation	0,0	0,0	(179.731,4)	(179.731,4)	0,0
Options - call	Purchase	0,0	0,0	0,0	0,0	11.831,4
Options – put	Purchase	0,0	0,0	0,0	0,0	90,1
Total Rights		2.602.240,0	813.264,7	185.060,9	3.600.565,6	11.921,4
Total obligations		(2.444.794,2)	(813.264,7)	(179.731,4)	(3.437.790,3)	0,0
Total – net	US\$	<u>157.445,8</u>	<u>0,0</u>	<u>5.329,5</u>	<u>162.775,3</u>	<u>11.921,4</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

		<u>Speculative derivatives</u>				
		<u>Forward</u>	<u>Futures</u>	<u>Swaps</u>	<u>Total</u>	<u>Options</u>
<u>2013</u>						
<u>Currency purchases</u>	Right	831.382,7	119.932,4	0,0	951.315,1	0,0
	Obligation	(833.541,7)	(119.932,4)	0,0	(953.474,1)	0,0
<u>Currency sales</u>	Right	2.004.383,3	467.286,2	0,0	2.471.669,5	0,0
	Obligation	(1.974.910,6)	(467.286,2)	0,0	(2.442.196,8)	0,0
<u>Securities purchases</u>	Right	0,0	15.566,9	0,0	15.566,9	0,0
	Obligation	0,0	(15.566,9)	0,0	(15.566,9)	0,0
<u>Securities sales</u>	Right	119.317,5	0,0	0,0	157.167,7	0,0
	Obligation	(119.165,9)	(0,0)	0,0	(157.167,7)	0,0
<u>Interest rates</u>	Right	0,0	0,0	37.190,8	37.190,8	0,0
	Obligation	0,0	0,0	(33.825,5)	(33.825,5)	0,0
Options - call	Purchase	0,0	0,0	0,0	0,0	5.307,4
Options - put	Purchase	0,0	0,0	0,0	0,0	1.526,2
Total Rights		2.955.083,5	640.635,7	37.190,8	3.632.910,0	6.833,6
Total obligations		(2.927.618,3)	(640.635,7)	(33.825,5)	(3.602.079,4)	0,0
Total – net	US\$	<u>27.465,3</u>	<u>0,0</u>	<u>3.365,3</u>	<u>30.830,6</u>	<u>6.833,6</u>

The following is the detail of maturity periods of derivatives



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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		<u>2014</u>				
		<u>0 - 3 months</u>	<u>3 - 6 months</u>	<u>6 - 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Debtors for Bank						
Acceptances	US\$	4.408,4	0,0	0,0	0,0	4.408,4
Spot operations		(2,4)	0,0	0,0	0,0	(2,4)
Forwards		129.855,7	10.121,0	17.219,8	249,5	157.445,8
Speculative swaps		495,2	344,0	400,3	4.090,1	5.329,5
Hedging swaps		0,0	0,0	0,0	0,0	0,0
Options		9.057,5	1.444,4	1.419,6	0,0	11.921,5
Contratos Forwad de Cobertura		<u>36,0</u>	<u>0,0</u>	<u>0,0</u>	<u>0,0</u>	<u>36,0</u>
	US\$	<u>143.850,4</u>	<u>11.909,3</u>	<u>19.039,6</u>	<u>4.339,5</u>	<u>179.138,9</u>

		<u>2013</u>				
		<u>0 - 3 months</u>	<u>3 - 6 months</u>	<u>6 - 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Debtors for Bank						
Acceptances	US\$	0,0	0,0	877,1	0,0	877,1
Spot operations		1,6	0,0	0,0	0,0	1,6
Forwards		14.031,3	11.656,5	1.755,2	22,2	27.465,3
Swaps de Especulación		347,8	373,7	1.331,4	1.312,5	3.365,3
Swaps		2.017,0	0,0	0,0	0,0	2.017,0
Options		<u>550,6</u>	<u>3.269,0</u>	<u>3.013,9</u>	<u>0,0</u>	<u>6.833,6</u>
	US\$	<u>16.948,3</u>	<u>15.299,2</u>	<u>6.977,6</u>	<u>1.334,7</u>	<u>40.559,8</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

8 Accounts receivable

The following is the detail of interest and other accounts receivable:

	<u>2014</u>	<u>2013</u>
Interest:		
Interbank funds	9,4	0,8
Others	351,7	184,6
Loan interest (Note 6.4)		
Interest:	144.115,2	145.730,9
Financial component of leasing operations	8.898,5	8.939,0
	<u>153.013,6</u>	<u>154.669,9</u>
	<u>153.374,7</u>	<u>154.855,3</u>
Commissions and fees (1)	5.676,5	10.537,2
Payments for client account:		
Home mortgages	4.365,0	5.735,4
Consumer	9.127,2	15.008,5
Microcredit	US\$ 191,4	191,0
Commercial	<u>7.234,8</u>	<u>8.051,0</u>
	<u>20.918,4</u>	<u>28.985,9</u>
Other:		
Interest accruals on TES-B and TIPS MZ	2.698,3	2.480,8
Payments on behalf of clients – remittances abroad	9.312,4	4.984,0
Advances for local purchases	5.157,2	6.528,5
Advances on contracts and to suppliers (2)	32.210,6	10.114,8
Cash and clearing shortages	829,1	386,6
Insurance claims	41,7	2.219,2
Colombian Treasury	6.394,1	11.083,6
Forwards	0,0	98,3
Operations in Treasury, payments office, general business	3.483,5	5.487,5
Receivables, consumer loans written off (Note 6)	618,0	1.813,8
Banco de la Republica –rate hedging	4.056,4	4.309,0
Loans under management	205,5	3.515,6
Loan processes pending application (3)	4.273,3	3.816,3
Credit card payments pending application	747,8	1.180,0
Tax claims	0,6	1.050,2
Advances to leasing suppliers	34.322,4	0,0
Direct business	12.625,6	12.299,0
Currency portfolio	1.838,7	2.151,4
Checking account – foreign reinsurers Cuenta Corriente	3.666,1	4.875,4
Sundry (Less than 5%)	<u>1.377,8</u>	<u>12.389,9</u>
	<u>123.858,8</u>	<u>90.783,8</u>
Total accounts receivable	US\$ <u>303.828,5</u>	<u>285.162,1</u>
Allowance	(29.116,7)	(35.322,4)
Total accounts receivable - net	US\$ <u>274.711,8</u>	<u>249.839,7</u>

(1) Includes commissions of Daviplata and managed portfolios.

(2) Advances to contractors and financial leasing invoices

(3) Loan processes such as commercial loans pending application



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

8.1 Allowance against receivables

The detail of the allowance against receivables is as follows:

		<u>2014</u>	<u>2013</u>
Loan interest	US\$	16.312,4	18.191,7
Payment for account of clients		5.278,7	6.323,3
Treasury debtors		2.294,2	2.270,5
Claims for losses		0,0	1.541,5
Other accounts receivable		1.290,0	973,3
Loan accounts receivable		3.142,5	1.113,4
Card debtors		0,0	824,3
Universality receivables		0,0	2.103,8
Sundry		<u>798,8</u>	<u>1.980,6</u>
	US\$	<u>29.116,7</u>	<u>35.322,4</u>

The movement of the allowance account is as follows

<u>2014</u>		<u>Commercial</u>	<u>Consumer</u>	<u>Microcredit</u>	<u>Mortgage</u>	<u>Others</u>	<u>Total</u>
Opening balance	US\$	9.173,6	8.870,3	59,1	2.354,7	7.990,1	28.447,8
Plus:							
Allowance charged to operating expenses		7.626,4	12.978,6	90,2	2.005,0	8.659,3	31.359,4
Reclassification		(21,6)	(229,3)	0,0	(0,2)	(1.076,3)	(1.327,3)
Less:							
Loans written off		2.261,5	8.279,1	24,8	325,9	2.183,5	13.074,8
Reclassification		(279,3)	(203,4)	0,0	(84,0)	292,5	(274,2)
Recoveries		<u>3.565,4</u>	<u>4.358,9</u>	<u>35,4</u>	<u>1.607,0</u>	<u>6.996,0</u>	<u>16.562,7</u>
Closing balance	US\$	<u>11.230,8</u>	<u>9.185,1</u>	<u>89,0</u>	<u>2.510,7</u>	<u>6.101,1</u>	<u>29.116,7</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

<u>2013</u>		<u>Commercial</u>	<u>Consumer</u>	<u>Microcredit</u>	<u>Mortgage</u>	<u>Others</u>	<u>Total</u>
Opening balance	US\$	9.871,6	12.964,5	100,4	3.086,2	15.233,1	41.255,7
Plus:							
Allowance charged to operating expenses		8.039,1	18.844,0	68,8	2.511,8	10.746,0	40.209,6
Reclassification		26,78	284,72	0,0	0,21	-1336,39	-1648,10
Less:							
Loans written off		3.039,1	15.251,0	41,9	717,0	3.704,5	22.753,5
Reclassification		0,0	0,0	0,0	0,0	2.546,2	2.546,2
Recoverie		<u>3.481,2</u>	<u>5.543,6</u>	<u>53,8</u>	<u>1.957,7</u>	<u>9.563,0</u>	<u>20.599,4</u>
Closing balance	US\$	<u>11.390,4</u>	<u>11.013,9</u>	<u>73,4</u>	<u>2.923,7</u>	<u>9.920,9</u>	<u>35.322,4</u>

9 Foreclosed assets and restored assets

The detail of foreclosed assets and restored assets is as follows:

		<u>2014</u>		<u>2013</u>	
		<u>Balance</u>	<u>Allowance</u>	<u>Balance</u>	<u>Allowance</u>
<u>Foreclosed assets:</u>					
For residential use					
Real property	US\$	29.690,5	(20.261,6)	35.335,6	(36.910,9)
Assets received in auction		<u>6.932,3</u>	<u>(2.873,2)</u>	<u>7.524,2</u>	<u>(3.809,5)</u>
Total for residential use		<u>36.622,7</u>	<u>(23.134,7)</u>	<u>42.859,9</u>	<u>(40.720,4)</u>
<u>Other than residential use</u>					
Real property		41.320,2	(37.410,6)	51.163,7	(19.730,4)
Assets received in auction		3.985,6	(540,8)	1.566,2	(198,8)
Adjusted cost		<u>45.305,8</u>	<u>(37.951,4)</u>	<u>52.729,9</u>	<u>(19.929,2)</u>
Movable assets (1)					
Rights and securities		576,7	(576,7)	716,0	(710,1)
Movable assets		<u>3.071,8</u>	<u>(1.722,0)</u>	<u>3.660,5</u>	<u>(346,0)</u>
		<u>3.648,5</u>	<u>(2.298,7)</u>	<u>4.376,5</u>	<u>(1.056,1)</u>
Total other than residential use		<u>48.954,3</u>	<u>(40.250,1)</u>	<u>57.106,4</u>	<u>(20.985,2)</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

	<u>Balance</u>	<u>Allowance</u>	<u>Balance</u>	<u>Allowance</u>
Residential	5.191,2	(1.374,4)	4.790,1	(1.158,8)
Total restored	<u>5.191,2</u>	<u>(1.374,4)</u>	<u>4.790,1</u>	<u>(1.158,8)</u>
<u>Assets not used in the business</u>				
Land	1.977,5	(235,7)	1.858,6	(469,6)
Buidlings	6.808,6	0,0	7.420,3	0,0
Vehicles	68,0	0,0	533,2	0,0
Depreciation	(3.191,0)	0,0	(4.126,8)	0,0
Others	<u>336,3</u>	<u>0,0</u>	<u>(4.126,8)</u>	<u>0,0</u>
Total assets not used in the business	<u>5.999,3</u>	<u>(235,7)</u>	<u>5.685,4</u>	<u>(469,6)</u>

9.1 Allowance against foreclosed assets and restored assets

The movement of the allowance against foreclosed and restored assets is as follows:

		<u>2014</u>	<u>2013</u>
Opening balance	US\$	51.007,7	50.008,0
Plus:			
Opening balance Centroamerica		19.175,1	19.527,0
Reclassifications		181,8	(22,0)
Allowance charged to operating expenses		1.397,8	0,0
Less:			
Written off		210,8	706,4
Conversion adjustment		(1.972,7)	(3.273,1)
Recoveries credited to earnings		<u>8.529,4</u>	<u>8.745,7</u>
Closing balance	US\$	<u>64.994,9</u>	<u>63.334,1</u>

At December 31, 2014 and 2013, the Bank and subsidiaries had 129n and 128 foreclosed assets with 100% allowances charged, totaling US\$6.643,0 and US\$4.148,0 respectively.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

The Bank did not acquire properties of the securitizations of loans written off (CCVI, CCVII, CCVIII), in this period.

At December 31, 2014 and 2013, there is insurance cover for theft, fire, earthquake, civil disturbance, riot, explosion, volcanic eruption, power failure and loss or damage to property, offices and vehicles.

At December 31, 2014 and 2013 buildings not used in the business were valued at US\$79.542 and US\$67.690,2 respectively.

The details of foreclosed assets, assets not used in the business and assets restored from leasing agreements by length of time held are as follows.

	<u>Up to 1 year</u>	<u>1 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>	<u>Total</u>	<u>Allowance</u>
<u>2014</u>						
Residential	<u>11.621,6</u>	22.110,3	2.368,3	522,5	36.622,7	23.134,7
Other than residential	6.831,5	32.080,8	3.427,0	2.966,5	45.305,8	37.951,4
Movable assets	1.519,3	1.119,8	573,8	435,6	3.648,5	2.298,7
Assets restored	3.592,2	1.598,9	0,0	0,0	5.191,2	1.374,4
Not used in the business, net	2,5	2.049,0	3.535,7	412,1	5.999,3	235,7
US\$	<u>23.567,2</u>	<u>58.958,8</u>	<u>9.904,9</u>	<u>4.336,7</u>	<u>96.767,6</u>	<u>64.994,9</u>
	<u>Up to 1 year</u>	<u>1 - 5 years</u>	<u>5 - 10 years</u>	<u>Over 10 years</u>	<u>Total</u>	<u>Allowance</u>
<u>2013</u>						
	11.132,0	28.792,5	2.429,5	505,9	42.859,9	40.720,5
Residential	14.086,4	31.178,7	6.164,8	1.300,0	52.729,9	18.765,5
Other than residential	1.509,5	1.153,7	1.168,1	545,2	4.376,5	2.219,7
Movable assets	3.580,4	1.209,7	0,0	0,0	4.790,1	1.158,8
Assets restored	<u>49,4</u>	<u>3,0</u>	<u>4.756,7</u>	<u>876,2</u>	<u>5.685,3</u>	<u>469,6</u>
US\$	<u>30.357,7</u>	<u>62.337,6</u>	<u>14.519,1</u>	<u>3.227,4</u>	<u>110.441,8</u>	<u>63.334,1</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

At December 31, 2014 and 2013, there are valuations of foreclosed assets for residential used generating a valuation gain of US\$5.729,5 and US\$7.289,5, respectively recorded in Memorandum Accounts. (Note 24)

At December 31, 2014 and 2013, the Bank employed a range of strategies to sell foreclosed assets, with the following results:

	<u>2014</u>		<u>2013</u>	
	<u>Amount</u>	<u>Value</u>	<u>Amount</u>	<u>Value</u>
Foreclosed assets	107,00	US\$ 10.216,6	133,38	7.790,5
Assets not used	<u>6,27</u>	1.189,9	<u>3,11</u>	1.027,5
Total Sales	<u>113,27</u>	11.406,5	<u>136,49</u>	<u>8.818,1</u>
Total profit on sales		US\$ 3.152,9		3.603,3
Total loss on sale		<u>680,2</u>		<u>878,8</u>
Net effect on results		US\$ <u>2.472,7</u>		<u>2.724,6</u>

10 Property and equipment

A detail of property and equipment is the following:

		<u>2014</u>			<u>2013</u>		
		<u>Cost</u>	<u>Inflation adjustment</u>	<u>Adjusted Cost</u>	<u>Cost</u>	<u>Inflation adjustment</u>	<u>Adjusted Cost</u>
Land, buildings, construction in progress	US\$	246.939,4	13.899,4	260.838,8	289.430,6	17.108,2	306.538,8
Equipment, vehicles, office furniture and fittings		76.313,3	1.918,0	78.231,3	78.896,3	4.398,9	83.295,2
Computer equipment		<u>118.214,9</u>	<u>2.052,2</u>	<u>120.267,0</u>	<u>129.485,9</u>	<u>6.016,4</u>	<u>135.502,3</u>
		<u>441.467,6</u>	<u>17.869,6</u>	<u>459.337,2</u>	<u>497.812,8</u>	<u>27.523,5</u>	<u>525.336,3</u>
Less: Accumulated depreciation		(235.636,9)	(4.690,6)	(240.327,5)	(254.623,1)	(8.861,6)	(263.484,7)
Less: Allowance		<u>(2.677,2)</u>	<u>0,0</u>	<u>(2.677,2)</u>	<u>(4.464,0)</u>	<u>0,0</u>	<u>(4.464,0)</u>
	US\$	<u>203.153,5</u>	<u>13.178,9</u>	<u>216.332,5</u>	<u>238.725,8</u>	<u>18.661,9</u>	<u>257.387,7</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Depreciation expensed at December 31, 2014 and 2013, was US\$25.536, 4 and US\$29.692.4, respectively.

At December 31, 2014 and December 31, 2013, , there is insurance cover for theft, fire, earthquake, civil disturbance, riot, explosion, volcanic eruption, power failure and loss or damage to property, offices and vehicles.

At December 31, 2014 and 2013, the valuation gains on buildings used in the business was fue US\$247.991,9 and US\$320.699, 5, respectively.

10.1 Allowance against property, equipment

The movement of the allowance against property and equipment for the periods ended on December 31, 2014 and 2013 is as follows:

		<u>2014</u>	<u>2013</u>
Opening balance	US\$	3.595,2	4168,6
Plus:			
Allowance charged to operating expenses		522,1	1476,7
Reclassifications		(30,0)	194,6
Less:			
Reclassifications		(27,3)	0,00
Recoveries- previous years		1.437,5	984,5
Written back to recoveries		<u>0,0</u>	<u>391,5</u>
Closing balance	US\$	<u>2.677,2</u>	<u>4.464,02</u>

There are no mortgages or other restrictions of ownership on these assets, and they have not been pledged.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

11 Other assets

11.1 Prepaid expenses, deferred charges and intangibles

The detail of prepaid expenses, deferred charges and intangibles at December 31, 2014 and 2013 is the following:

	<u>2014</u>	<u>2013</u>
<u>Prepaid expenses:</u>		
Insurance	9.357,4	14.481,2
Equipment maintenance	418,5	0,0
Other	3.804,3	4.641,7
Rent	<u>54,6</u>	<u>0,0</u>
US\$	<u>13.634,7</u>	<u>19.123,0</u>
<u>Deferred charges:</u>		
Organization and preoperating	1.739,9	3.705,9
Discount on bond placements	2.968,6	3.461,1
Remodeling	14.440,4	15.055,5
Software, licences, Oracle support	31.477,8	21.073,4
Deferred tax (debit) due to timing differences	10.378,4	18.615,1
Uniforms	0,0	32,8
IWealth Tax and surcharge	49,3	24.664,7
Contributions and affiliations	0,0	12,4
Professional services and consultancy	2.130,8	3.950,8
Commissions	224,1	0,0
Commercial strategy, pre-purchase of tickets	2.708,8	0,0
Advertising	41,8	0,0
Stationery	635,6	445,4
Studies and projects	1.213,6	0,0
Rent	686,7	638,1
Other (under 5%)	<u>5.870,6</u>	<u>11.736,5</u>
	<u>74.566,4</u>	<u>103.391,7</u>
<u>Intangibles</u>		
Goodwill	US\$ <u>430.928,9</u>	<u>562.866,9</u>
Excess of cost over book value of investments	<u>216.757,2</u>	<u>281.964,9</u>
Prepaid expenses, deferred charges and intangibles	US\$ <u>735.887,2</u>	<u>967.346,3</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

The movement of prepaid expenses and deferred charges at December 31, 2014 and 2013 is the following:

		Balance at <u>2013</u>	<u>Charges</u>	<u>Amortizations</u>	Balance at <u>2014</u>
Prepaid expenses	US\$	19.122,9	37.532,9	39.299,3	13.634,7
Deferred charges		103.391,6	92.921,4	101.624,2	74.566,4
Intangibles		<u>562.866,9</u>	<u>113.709,9</u>	<u>136.100,5</u>	<u>430.928,9</u>
	US\$	<u>685.381,4</u>	<u>244.164,2</u>	<u>277.024,0</u>	<u>519.130,0</u>
Exceso de costo de inversión en Libros		<u>281.964,9</u>			<u>216.757,2</u>

The following prepaid expenses and deferred charges and intangibles were pending amortization over time at December 31, 2014 and 2013:

<u>2014</u>		<u>Under 1 year</u>	<u>1 - 5 years</u>	<u>Over 5 years</u>	<u>Over 10 years</u>	<u>Total</u>
<u>Prepaid expenses:</u>						
Interest	US\$	0,5	0,0	0,0	0,0	0,5
Insurances		8.824,6	532,8	0,0	0,0	9.357,4
Equipment maintenance		278,9	125,5	0,0	0,0	404,4
Other		2.461,7	1.356,2	0,0	0,0	3.817,8
Rent		<u>0,0</u>	<u>54,6</u>	<u>0,0</u>	<u>0,0</u>	<u>54,6</u>
		<u>11.565,6</u>	<u>2.069,1</u>	<u>0,0</u>	<u>0,0</u>	<u>13.634,7</u>
<u>Deferred charges:</u>						
Organization and preoperating		1.739,9	0,0	0,0	0,0	1.739,9
Remodeling	US\$	4.195,6	10.244,7	0,0	0,0	14.440,4
Software, licences and support		4.677,0	25.058,9	235,3	1.506,7	31.477,9
Discount on bond placements		572,8	1.508,6	887,2	0,0	2.968,6
Deferred income tax (debit) due to timing differences		431,9	9.946,4	0,0	0,0	10.378,4
Wealth tax and surcharge		49,3	0,0	0,0	0,0	49,3
Professional services and consultancy		710,3	1.420,5	0,0	0,0	2.130,8
Commissions		224,1	0,0	0,0	0,0	224,1
Commercial strategy – pre-purchase of tickets		0,0	2.708,8	0,0	0,0	2.708,8
Advertising		41,8	0,0	0,0	0,0	41,8
Stationery		635,6	0,0	0,0	0,0	635,6
Studies and projects		0,0	1.213,6	0,0	0,0	1.213,6
Rent		70,4	352,1	264,1	0,0	686,7
Otherunder 5%)		<u>959,2</u>	<u>4.912,3</u>	<u>2,9</u>	<u>0,0</u>	<u>5.874,4</u>
		<u>14.307,9</u>	<u>57.366,1</u>	<u>1.389,5</u>	<u>1.506,7</u>	<u>74.570,1</u>
Intangible Assets						
Goodwill	US\$	<u>36.548,0</u>	<u>158.588,7</u>	<u>21.669,2</u>	<u>214.123,1</u>	<u>430.928,9</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

2013

		<u>Less than</u> <u>1 year</u>	<u>Between 1</u> <u>& 5 years</u>	<u>Between 5</u> <u>& 10 years</u>	<u>More than</u> <u>10 years</u>	<u>Total</u>
<u>Prepaid expenses:</u>						
Interest	US\$	0,5	0,0	0,0	0,0	0,5
Seguros		14.050,2	431,0	0,0	0,0	14.481,2
Equipment maintenance		338,6	113,0	0,0	0,0	451,6
Other		3.014,0	1.627,7	0,0	0,0	4.641,7
Rent		0,0	0,0	0,0	0,0	0,0
	US\$	<u>17.064,1</u>	<u>2.058,8</u>	<u>0,0</u>	<u>0,0</u>	<u>19.122,9</u>
<u>Deferred charges:</u>						
Organization and preoperating	US\$	3.705,9	0,0	0,0	0,0	3.705,9
Remodeling		5.293,9	9.382,4	379,2	0,0	15.055,5
Software, licences and support		7.199,2	13.874,2	0,0	0,0	21.073,4
Discount on bond placements		941,0	2.520,1	0,0	0,0	3.461,1
Deferred income tax debit due to timing differences		112,5	18.502,6	0,0	0,0	18.615,1
Wealth tax and surcharge		24.630,0	34,7	0,0	0,0	24.664,7
Professional and advisory services		987,7	2.963,1	0,0	0,0	3.950,8
Commissions		233,3	0,0	0,0	0,0	233,3
Insurance programs		7.359,7	0,0	0,0	0,0	7.359,7
Stationery		436,0	9,4	0,0	0,0	445,4
Rent		66,6	332,9	238,6	0,0	638,1
Other (under 5%)	US\$	<u>96,9</u>	<u>4.091,8</u>	<u>0,0</u>	<u>0,0</u>	<u>4.188,7</u>
		<u>46.854,2</u>	<u>51.369,0</u>	<u>379,2</u>	<u>0,0</u>	<u>103.391,6</u>
<u>Intangible Assets</u>						
Goodwill		<u>40.986,7</u>	<u>196.027,1</u>	<u>332.444,6</u>	<u>(6.591,6)</u>	<u>562.866,9</u>

Intangibles

The goodwill corresponds to credit establishments purchased. At December 31, 2014 and 2013, totalling US\$430.928.9 and US\$562.866,9 respectively.

Goodwill Granbanco S.A. - Bancafé

Goodwill on the purchase of Granbanco arose on February 16, 2007 for a total of US\$573.659,75.

Goodwill will be written down exponentially over 20 years, as follows:



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<u>Year</u>	<u>% amortiz.</u>	<u>Consumer</u>	<u>Commercial</u>	<u>SME</u>	<u>Credit card</u>	<u>H Mortgage</u>	<u>Subsids</u>	<u>Annual amortization</u>
1	2.47	3.015,68	6.203,45	982,80	2.296,00	1.581,13	90,28	14.169,35
2	5.10	3.212,97	6.609,26	1.047,08	2.446,23	1.684,58	96,18	15.096,30
3	7.92	3.438,47	7.073,10	1.120,56	2.617,89	1.802,79	102,91	16.155,71
4	10.94	3.692,10	7.594,86	1.203,24	2.811,00	1.935,79	110,51	17.347,50
5	14.17	3.945,77	8.116,67	1.285,91	3.004,15	2.068,75	118,12	18.539,37
6	17.61	4.199,40	8.638,43	1.368,55	3.197,25	2.201,75	125,69	19.731,07
7	21.28	4.481,25	9.218,21	1.460,42	3.411,84	2.349,55	134,13	21.055,40
8	25.21	4.791,26	9.855,92	1.561,45	3.647,88	2.512,06	143,41	22.511,98
9	29.41	5.129,49	10.551,65	1.671,67	3.905,39	2.689,41	153,52	24.101,13
10	33.91	5.495,89	11.305,35	1.791,09	4.184,35	2.881,51	164,52	25.822,71
11	38.71	5.862,29	12.059,01	1.910,50	4.463,27	3.073,61	175,47	27.544,16
12	43.86	6.285,04	12.928,66	2.048,27	4.785,16	3.295,27	188,13	29.530,53
13	49.35	6.707,78	13.798,31	2.186,03	5.107,04	3.516,92	200,76	31.516,85
14	55.22	7.158,74	14.725,93	2.333,00	5.450,37	3.753,33	214,26	33.635,63
15	61.50	7.666,04	15.769,50	2.498,35	5.836,63	4.019,34	229,47	36.019,33
16	68.21	8.201,56	16.871,04	2.672,86	6.244,33	4.300,09	245,48	38.535,36
17	75.39	8.765,25	18.030,56	2.856,56	6.673,47	4.595,60	262,37	41.183,80
18	83.06	9.357,11	19.248,05	3.049,41	7.124,09	4.905,95	280,09	43.964,71
19	91.25	<u>10.005,31</u>	<u>20.581,49</u>	<u>3.260,70</u>	<u>7.617,64</u>	<u>5.245,81</u>	<u>299,48</u>	<u>47.010,44</u>
20	100.00	<u>10.681,77</u>	<u>21.972,91</u>	<u>3.481,14</u>	<u>8.132,63</u>	<u>5.600,34</u>	<u>319,63</u>	<u>50.188,43</u>
		<u>122.093,16</u>	<u>251.152,37</u>	<u>39.789,59</u>	<u>92.956,62</u>	<u>64.013,61</u>	<u>3.654,40</u>	<u>573.659,75</u>

The following are the principal considerations in the evaluation of goodwill:

- The definition and determination of business lines takes account of synergies arising; goodwill was divided into six business lines with valuations at market prices based on the figures as of the close of 2013, 2006 for Davivienda and January 31, 2007 for Granbanco: consumer, commercial, SME, credit card, home mortgage and subsidiaries (Panamá, Miami and Fiducaf ).
- The general criteria to define the business lines were: characteristics of the lines (average placement rates, average balance by customer/product, client profile, growth of portfolio and allocation of expenses); feasibility of independent valuation and international accounting rules.

With the definition of the business lines and their related assets, based on the global balance sheet and earnings statement, and the different information systems of each of the entities, ten-year projections of the earnings statements and balance sheets were determined for each line of business.

The valuation of the business lines was made using the dividend flows method, discounted at shareholder's cost, which according to experts is the most appropriate way to value financial institutions and is widely used by first-class



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banks. The method consists of a forecast of the flow of dividends during 10 years plus a final value, all discounted at an appropriate rate.

A summary of goodwill by business line and the balance at December 31, 2014, is the following:

<u>Business line</u>	<u>Share</u>	<u>Goodwill recorded</u>	<u>Accumulated amortization</u>	<u>Balance 2014</u>
Consumer	21.3%	122.093,2	30.377,7	91.715,5
Commercial	43.8%	251.152,4	62.488,6	188.663,8
SME	6.9%	39.789,6	9.899,9	29.889,7
Credit card	16.2%	92.956,6	23.128,3	69.828,3
Home mortgage	11.2%	64.013,6	15.927,1	48.086,5
Affiliates	<u>0.6%</u>	<u>3.654,4</u>	<u>909,2</u>	<u>2.745,2</u>
Total	<u>100.0%</u>	<u>573659,7</u>	<u>142730,9</u>	<u>430.928,9</u>

The result of the valuation update by Deloitte Asesores y Consultores Ltda made at February 12, 2015, on the audited financial statements of the Bank at December 31, 2013 shows that the business lines did not generate any loss due to deterioration.

Excess cost of investment over book value

Goodwill –Central America Operation

The Bank's purchase of HSBC in Central America between November 23 and December 7, 2012 generated goodwill totaling US\$223.044.1.

	Purchase USD	Investment	Goodwill
Bancos	320,6	383.101,9	216.949,9
Insurance	<u>14,2</u>	<u>21.982,0</u>	<u>6094,1</u>
Total	<u>334,8</u>	<u>405.083,9</u>	<u>223.044,1</u>

After the study and adjustment of prices of Goodwill, a reduction of US\$20.181,7 was made in October 2013, leaving a balance of US\$203.269,7.

This goodwill will be amortized over 20 years exponentially, using the following table:



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Consolidated Balance Sheet (cont.)

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Year	Y	Y%	% accumulated amortization	Amount to be amortized in the year	Month
1	1.07	2.47	2.47	5.020,73	1,001.0
2	1.14	2.63	5.10	5.349,22	1,066.5
3	1.22	2.82	7.92	5.724,57	1,141.3
4	1.31	3.02	10.94	6.146,89	1,225.5
5	1.40	3.23	14.17	6.569,18	1,309.7
6	1.49	3.44	17.61	6.991,51	1,393.9
7	1.59	3.67	21.28	7.460,73	1,487.5
8	1.70	3.92	25.21	7.976,89	1,590.4
9	1.82	4.20	29.41	8.539,95	1,702.6
10	1.95	4.50	33.91	9.149,95	1,824.2
11	2.08	4.80	38.71	9.759,95	1,945.9
12	2.23	5.15	43.86	10.463,79	2,086.2
13	2.38	5.49	49.35	11.167,63	2,226.5
14	2.54	5.86	55.22	11.918,40	2,376.2
15	2.72	6.28	61.50	12.763,01	2,544.6
16	2.91	6.72	68.21	13.654,52	2,722.3
17	3.11	7.18	75.39	14.593,01	2,909.4
18	3.32	7.66	83.06	15.578,36	3,105.9
19	3.55	8.19	91.25	16.657,62	3,321.1
20	3.79	8.75	100.00	17.783,75	3,545.6
	<u>43.32</u>	<u>100.00</u>		<u>203.269,69</u>	

A summary of the allocations of goodwill by business line, accumulated amortization and balances at December 31, 2014 is as follows

<u>Business line</u>	<u>Share</u>	<u>Goodwill recorded</u>	<u>Accumulated amortization</u>	<u>Balance</u>
Banks	94.57%	197.171,57	10.466,97	186.704,61
Insurance	<u>5.43%</u>	<u>6.098,12</u>	<u>323,68</u>	<u>5.774,35</u>
Total	<u>100.00%</u>	<u>203.269,69</u>	<u>10.794,83</u>	<u>192.479,00</u>



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Consolidated Balance Sheet (cont.)

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The result of the update of the valuation at November 2014, effected by outside advisers and in relation to the audited financial statements at December 31, 2013, indicates that the business lines did not generate any loss due to deterioration.

Goodwill – Corredores Asociados

Goodwill was generated from the purchase made on September 25, 2013 for US\$ 36.708,8, to be amortized exponentially over 5 years as follows:

In December 2013 the purchase price was adjusted by US\$ 732,1, to US\$ 35.976,7

Year	Y	Y%	% Accumulated amortization	To be amortized in the year	Month
1	1.07	17.43	17.43	5.049,36	1,006.7
2	1.14	18.57	35.99	5.379,69	1,072.6
3	1.22	19.87	55.86	5.757,21	1,147.8
4	1.31	21.34	77.20	6.181,88	1,232.5
5	<u>1.40</u>	<u>22.80</u>	100.0	6.606,63	1,317.1
	<u>6.14</u>	<u>100.00</u>		<u>28.974,78</u>	

Corredores Asociados

Original value September 2013	US\$	36,708.8
Amortization to December 2013		<u>(2,299.5)</u>
Amortization at December 2014		<u>(4,672.4)</u>
		<u>23,040.0</u>

For tax purposes the Bank applies Art. 143 of the Tax Code, to the effect that investments may be amortized over not less than 5 years. Amortization is over 7 years for Granbanco and 5 years for Corredores Asociados, using a straight-line calculation, dividing the total by the number of months proposed

The difference between book and fiscal amortization is recorded in deferred tax payable.



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Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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11.2 Staff Loans

The Bank evaluated all staff loans, and the result of the classification at December 31, 2014 and 2013, is the following:

<u>2014</u>	<u>Home mortgage</u>	<u>Admissible collateral</u>	<u>Allowance</u>
A -Normal	91.492,4	177.857,5	493,5
B -Acceptable	117,0	112,9	0
C -Deficient	267,3	0	0
D -Difficult recovery	<u>40,2</u>	<u>0</u>	<u>0</u>
	<u>91.916,8</u>	<u>177.970,46</u>	<u>493,55</u>

<u>2013</u>	<u>Home Mortgage</u>	<u>Collateral</u>	<u>Allowance</u>
A -Normal	92.350,3	220.837,9	628,9
B -Acceptable	26,8	140,2	0,4
C -Deficient	65,2	0.0	0.0
D -Difficult recovery	<u>8,6</u>	<u>0.0</u>	<u>0.0</u>
	<u>92.450,9</u>	<u>220.978,08</u>	<u>629,27</u>

Staff home-purchase loans are secured by admissible guarantees.

11.3 Other assets - others

The detail of Other Assets is as follows:

		<u>2014</u>	<u>2013</u>
Deferred payment letters of credit	US\$	10.260,7	13.513,5
Sureties and guaranty deposits		8.490,0	3.411,7
Works of art and culture		1.381,6	1.591,1
Trust rights (1)		4.656,0	3.937,9
Advance income tax paid		5.809,5	7.273,0
Surplus income tax		25.512,1	44.004,3
Consortia and temporary uniions		1.451,7	1.951,0
Other (under 5%)		<u>2.590,9</u>	<u>1.247,4</u>
	US\$	<u>60.152,5</u>	<u>76.930,0</u>



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Consolidated Balance Sheet (cont.)

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(1) Trust rights.

At December 31, 2014 y 2013, the following trust rights were recorded:

	<u>2014</u>		<u>2013</u>	
	<u>Balance</u>	<u>Allowance</u>	<u>Balance</u>	<u>Allowance</u>
Agropecuaria Molina Vivas	15,5	15,5	19,2	19,2
Textiles Omnes S.A.	0,0	0,0	241,6	241,6
Fiduciaria Superior (*)	432,4	0,0	528,1	0,0
H&L Barú	2.541,2	2.046,6	2.541,2	2.541,2
Interfashion	56,7	0,0	516,3	0,0
Otros	<u>1.610,2</u>	<u>0,0</u>	<u>91,5</u>	<u>0,0</u>
	<u>4.656,0</u>	<u>2.062,1</u>	<u>3.937,9</u>	<u>2.802,0</u>

* Corresponds to the remnants of the liquidation of Fiduciaria Superior S.A., from September 2009

11.4 Allowance against other assets

The movement of the allowance against other assets is as follows:

	<u>2014</u>	<u>2013</u>
Opening balance	US\$ 4.172,3	3.682,4
Plus:		
Allowance charged to operating expenses	201,2	1.671,0
Reclassifications	495,9	232,1
Less:		
Reclassifications	1.267,9	0,0
Recoveries	(62,6)	0,0
Income written back -. recoveries	<u>327,0</u>	<u>404,9</u>
Closing balance	US\$ <u>(3.337,1)</u>	<u>(5.180,6)</u>



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Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

12 Deposits and Demand Accounts

The following is the detail of Deposits and Demand Accounts:

	Maximum anual rate		<u>2014</u>	<u>2013</u>
Checking accounts	0.0% - 1.70%	US\$	2.945.686,1	3.077.396,6
Peso TDs				
Under 6 months	4.35%-5.75%		1.905.748,8	2.068.561,9
6-12 months	4.60%-5.95%		1.304.032,8	1.445.205,9
12-18 months	4.80%-6.25%		1.038.432,0	1.303.037,6
18 months and over	4.90%-7.10%		<u>2.563.152,1</u>	<u>1.963.236,3</u>
			<u>6.811.365,6</u>	<u>6.780.041,7</u>
Savings				
Ordinary savings	0.00% - 4.60%		8.257.855,7	8.755.920,8
			<u>8.257.855,7</u>	<u>8.755.920,9</u>
Electronic cash deposits			<u>14.568,7</u>	<u>39.282,3</u>
Other Deposits and Demand Accounts				
Banks and correspondents			661,9	752,0
Special deposits (*)			789,9	1.519,6
Demand accounts for banking services			182.609,3	171.983,2
Card affiliate establishments			2.798,5	3.351,5
Bank collector services			1.308,9	1.782,1
			<u>202.737,3</u>	<u>218.670,7</u>
		US\$	<u>18.217.644,7</u>	<u>18.832.029,8</u>



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Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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The following is the detail of interest expense at December 31, 2014 and 2013:

<u>Mode</u>		<u>2014</u>	<u>2013</u>
Interest on Deposits and Demand Accounts:			
Ordinary deposits	US\$	158.636,2	165.196,6
Term savings certificates		9,2	26,0
Peso TDs		271.372,2	281.531,0
Checking accounts		<u>12.352,8</u>	<u>11.690,4</u>
		<u>442.370,4</u>	<u>458.444,0</u>
Other Interest:			
Bank borrowings and other financial obligations		73.631,3	88.856,0
Money market and overnight liability positions		3.573,4	1.744,6
Bonds		161.796,4	185.123,9
Yields on transfer commitments in repos and simultaneous operation		<u>9.669,2</u>	<u>7.449,7</u>
	US\$	<u>248.670,2</u>	<u>283.174,2</u>
		<u>691.040,6</u>	<u>741.618,2</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

13 Interbank and overnight liability positions

The following is the detail

2014

	<u>Rate</u>		<u>Date</u>	<u>Market</u>	<u>x-rate</u>
	<u>Min - Max</u>	<u>IClosed</u>	<u>Due</u>	<u>Value</u>	<u>(Pesos)</u>
<u>Foreign currency</u>					
Overnight Banks abroad: USD 800.000	1,33%	Dec.30.2014	Jan-02.2015	800,0	2.392,46
Interbank liabilities: 30.349.989	0.13% - 0.34%	Nov.28.2014	Jan-24.2015	31.764,4	2.392,46
	<u>Tasa</u>		<u>Fecha de</u>	<u>Valor</u>	
	<u>Minima - Máxima</u>	<u>Iniciación</u>	<u>Vencimiento</u>	<u>Mercado</u>	
<u>Local currency</u>					
Interbank funds -:					
Banks	4.3% -4.4%	Dec.26.2014	Jan-13.2015	108.674,4	
Simultaneous operations					
Banco de la República	3.0%-4.5%	Dec.29.2014	Jan-06.15	307.761,3	
Securities brokers	3% - 5.20%	Dec.26.2014	Jan-06.2015	4.182,8	
Banks	3% - 5%	Dec.29.2014	Jan-06.2015	19.374,3	
Investment banks	3,00%	Dec.29.2014	Jan-02.2015	443,7	
Real sector	4.8% - 5%	Dec.15.2014	Jan-30.2015	2.413,8	
Short positions, simultaneous operations					
Investment banks	4,25%	Dec.29.2014	Jan-05.2015	517,0	
Securities brokers	4,00%	Dec.30.2014	Jan-05.2015	5.174,3	
Simultaneous on simultaneous					
Banks	4,00%	Dec.30.2014	Jan-05.2015	5.680,1	
Tota money market and overnight liability positions				<u>486.816,2</u>	



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Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

2013

	<u>Rate</u>		<u>Date</u>	<u>Market</u>	<u>X-RATE</u>
	<u>Min – Max</u>	<u>Opened</u>	<u>Matured</u>	<u>value</u>	<u>(Pesos)</u>
<u>Foreign currency</u>					
Overnight Banks outside Colombia	1.85%	Dec.30.13	Jan.02.14	4.871,0	1926.83
Interbank liabilities:	4.28%	Dec.30.13	Jan.02.14	66.164,6	1926.83
Banks					
Repo liabilities					
Real sector	0.12%	Dec.24.13	Jan.02.14	3.985,6	1926.83
<u>Local currency</u>					
Interbank:					
Other financial institutions	3.22% -3.24%	Dec.27.13	Jan.08.14	130.784,8	
Simultaneous					
Exchange brokers	1,7 %- 3.60%	Dec.26.13	Jan.03.14	15.990,5	
Investment banks					
Banks	3,35% - 3.40%	Dec.26.13	Jan.07.14	22.589,8	
Banco de la Republica	2.75% -3.25%	Dec.27.13	Jan.03.14	388.882,1	
Other	4.05% - 4,20%	Nov.13.13	Jan.05.14	7.565,6	
Simultaneous on simultaneous					
Other	5.00%	Oct.18.13	Jan.10.14	<u>242,8</u>	
Total money market liability positions				<u>641.076,9</u>	

At December 31, 2014 and 2013, the balance and average monthly yield of these local and foreign currency positions were US\$425,067.1 and US\$ 519,666,9; and US\$ 864,9 and US\$ 7,233.6 respectively.

14 Derivatives

The following is the detail of this account:

<u>GProduct</u>		<u>2014</u>	<u>2013</u>
Acceptances outstanding	US\$	4.408,4	877,1
Forwards		113.026,7	22.562,0
Speculative swaps		3.759,6	3.037,3
Speculative options		8.918,2	5.252,2
Hedging swaps		0,0	743,0
Hedging forwards		<u>4,3</u>	<u>0,0</u>
	US\$	<u>130.117,1</u>	<u>32.471,6</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

<u>2014</u>			<u>Speculation Derivatives</u>				<u>Hedging derivatives</u>
			<u>Forward</u>	<u>Swaps</u>	<u>Options</u>	<u>Total</u>	<u>Forward</u>
<u>Currency purchases</u>	Right	US\$	(894.917,2)	0,0	0,0	(894.917,2)	0,0
	Obligation		912.237,0	0,0	0,0	912.237,0	0,0
<u>Currency sales</u>	Right		(1.015.507,8)	0,0	0,0	(1.015.507,8)	4.851,3
	Obligation		1.111.170,2	0,0	0,0	1.111.170,2	(4.855,6)
<u>Securitiws purchase</u>	Derecho		(32.355,3)	0,0	0,0	(32.355,3)	0,0
	Obligación		32.379,9	0,0	0,0	32.379,9	0,0
<u>Securities sales</u>	Right		(11.363,5)	0,0	0,0	(11.363,5)	0,0
	Obligation		11.383,4	0,0	0,0	11.383,4	0,0
<u>Interest rate swap CCS</u>	Right		0,0	(105.422,4)	0,0	(105.422,4)	0,0
	Obligation		0,0	109.182,0	0,0	109.182,0	0,0
Call Options	Sale		0,0	0,0	8.768,3	8.768,3	0,0
Put Options	Sale		0,0	0,0	149,9	149,9	0,0
Total Rights			(1.954.143,7)	(105.422,4)	8.918,2	(2.050.648,0)	4.851,3
Total Obligations			<u>2.067.170,4</u>	<u>109.182,0</u>	<u>0,0</u>	<u>2.176.352,4</u>	<u>(4.855,6)</u>
Total – net		US\$	<u>113.026,7</u>	<u>3.759,6</u>	<u>8.918,2</u>	<u>125.704,5</u>	<u>(4,3)</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

			<u>Speculation</u> <u>Derivatives</u>				<u>Hedging</u> <u>derivatives</u>
			<u>Forward</u>	<u>Swaps</u>	<u>Options</u>	<u>Total</u>	Swaps
<u>2013</u>							
<u>Currency purchases</u>	Right	US\$	(1.879.005,8)	0,0	0,0	(1.879.005,8)	0,0
	Obligation		1.894.502,3	0,0	0,0	1.894.502,3	0,0
<u>Currency sales</u>	Right		(529.441,4)	0,0	0,0	(529.441,4)	0,0
	Obligation		536.346,1	0,0	0,0	536.346,1	0,0
<u>Currency sales</u>	Right		(90.577,5)	0,0	0,0	(90.577,5)	0,0
	Obligation		90.187,6	0,0	0,0	90.187,6	0,0
<u>Securities sales</u>	Right		(158.706,8)	0,0	0,0	(158.706,8)	0,0
	Obligation		159.257,5	0,0	0,0	159.257,5	0,0
<u>Interest rate CCS</u>	Right		0,0	(33.684,5)	0,0	(33.684,5)	0,0
	Obligation		0,0	36.721,8	0,0	36.721,8	0,0
<u>Currency (*)</u>	Right		0,0	0,0	0,0	0,0	(85.173,5)
	Obligation		0,0	0,0	0,0	0,0	85.916,5
Call options	Sale		0,0	0,0	1.822,2	1.822,2	0,0
Put options	Sale		0,0	0,0	3.430,1	3.430,1	0,0
Total Rights		US\$	<u>(2.657.731,5)</u>	<u>(33.684,5)</u>	<u>5.252,2</u>	<u>(2.686.163,8)</u>	<u>(85.173,5)</u>
Total obligations		US\$	<u>2.680.293,5</u>	<u>36.721,8</u>	<u>0,0</u>	<u>2.717.015,3</u>	<u>85.916,5</u>
Total – net		US\$	<u>22.562,0</u>	<u>3.037,3</u>	<u>5.252,2</u>	<u>30.851,5</u>	<u>743,0</u>

The following is the detail of maturity periods of derivatives at December 31, 2014 and 2013:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

	<u>2014</u>				
	<u>0-3 months</u>	<u>3-6 months</u>	<u>6-12 months</u>	<u>Over 12months</u>	<u>Total</u>
Forwards	93.258,3	12.733,5	6.470,5	564,4	113.026,7
Speculative swaps	520,4	267,9	297,9	2.673,3	3.759,6
Speculative options	6.779,4	339,1	1.799,7	0,0	8.918,2
Hedging forwards	<u>0,0</u>	<u>0,0</u>	<u>4,3</u>	<u>0,0</u>	<u>4,3</u>
US\$	<u>100.558,1</u>	<u>13.340,5</u>	<u>8.572,4</u>	<u>3.237,7</u>	<u>125.708,7</u>
	<u>2013</u>				
	<u>0-3 months</u>	<u>3-6 months</u>	<u>6-12 months</u>	<u>Over 12months</u>	<u>Total</u>
Forward	12.475,0	9.148,4	907,3	31,2	22.562,0
Speculative Swaps	355,7	585,1	838,7	1.257,7	3.037,2
Hedging Swaps	743,0	0,0	0,0	0,0	743,0
Options	<u>1.310,7</u>	<u>3.130,0</u>	<u>811,6</u>	<u>0,0</u>	<u>5.252,3</u>
US\$	<u>14.884,4</u>	<u>12.863,5</u>	<u>2.557,7</u>	<u>1.288,9</u>	<u>31.594,5</u>

On February 5, 2014 the hedging swap for the purchase of Gran Banco fell due and was settled for US\$165.000.000, with a profit of US\$1.861,3

At December 31, 2013 there was a right for US\$133.158,3 and an obligation for US\$132.132,3, giving a net value of US\$ 1.026,0.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

15 Bank borrowings

The following is the detail in local currency and foreign currency expressed in local currency:

		2014					
Entity		Interest payable	Under 1 year	1.-5 years	5-10 years	Over 10 years	Total Capital
Other institutions in Colombia:							
Local currency							
Bancoldex	US\$	209,6	4.417,8	45.409,8	14.744,2	0,0	64.571,8
Finagro		726,1	1.789,9	39.641,9	24.235,2	2.954,6	68.621,6
Findeter		3.292,0	2.262,1	139.374,0	190.036,6	223.672,4	555.345,0
Overdrafts		0,0	3,5	0,0	0,0	0,0	3,5
		<u>4.227,6</u>	<u>8.473,3</u>	<u>224.425,6</u>	<u>229.016,1</u>	<u>226.626,9</u>	<u>688.541,9</u>
Foreign currency							
Bancoldex		343,1	500,0	15.128,6	32.895,3	8.150,0	56.674,0
Findeter		232,0	0,0	0,0	15.780,0	19.800,0	35.580,0
Other Banks and financial instituions in Colombia		<u>0,0</u>	<u>0,0</u>	<u>322,2</u>	<u>0,0</u>	<u>0,0</u>	<u>322,2</u>
		<u>575,0</u>	<u>500,0</u>	<u>15.450,8</u>	<u>48.675,3</u>	<u>27.950,0</u>	<u>92.576,1</u>
		<u>4.802,6</u>	<u>8.973,3</u>	<u>239.876,4</u>	<u>277.691,4</u>	<u>254.577,0</u>	<u>781.118,0</u>
Institutions abroad:		<u>4.785,5</u>	<u>972.724,0</u>	<u>183.469,8</u>	<u>295.454,0</u>	<u>46.747,8</u>	<u>1.498.395,7</u>
	US\$	<u>9.588,1</u>	<u>981.697,3</u>	<u>423.346,2</u>	<u>573.145,4</u>	<u>301.324,8</u>	<u>2.279.513,7</u>
		2013					
Entity		Interest payable	Under 1 year	1.-5 years	5-10 years	Over 10 years	Total Capital
Other institutions in Colombia:							
Local currency							
Bancoldex	US\$	106,2	3.105,6	29.776,9	7.757,0	0,0	40.639,5
Finagro		1.092,9	5.076,2	64.438,3	22.330,9	16.542,6	108.387,8
Findeter		3.360,3	2.254,8	173.327,4	269.575,1	260.070,7	705.228,0
Overdrafts		<u>0,0</u>	<u>4,5</u>	<u>0,0</u>	<u>0,0</u>	<u>0,0</u>	<u>4,5</u>
Other Banks and financial instituions in Colombia		<u>0,0</u>	<u>5,5</u>	<u>129,1</u>	<u>0,0</u>	<u>0,0</u>	<u>134,6</u>
		<u>4.559,4</u>	<u>10.446,6</u>	<u>267.671,7</u>	<u>299.663,0</u>	<u>276.613,2</u>	<u>854.394,4</u>
Foreign currency							
Bancoldex		290,2	2.149,9	21.962,1	40.273,1	0,0	64.385,1
Findeter		347,8	0,0	0,0	53.780,0	0,0	53.780,0
Banco Gubernamentales Honduras		0,0	0,0	42.217,6	55.340,7	0,0	97.558,3
Overdrafts		<u>0,0</u>	<u>3.115,0</u>	<u>0,0</u>	<u>0,0</u>	<u>0,0</u>	<u>3.115,0</u>
		<u>638,0</u>	<u>5.264,9</u>	<u>64.179,8</u>	<u>149.393,8</u>	<u>0,0</u>	<u>218.838,4</u>
		<u>5.197,4</u>	<u>15.711,5</u>	<u>331.851,5</u>	<u>449.056,8</u>	<u>276.613,2</u>	<u>1.073.232,8</u>
Institutions abroad:		<u>2.219,3</u>	<u>825.445,1</u>	<u>143.573,3</u>	<u>71.854,4</u>	<u>11.169,2</u>	<u>1.052.042,0</u>
	US\$	<u>7.416,8</u>	<u>841.156,5</u>	<u>475.424,8</u>	<u>520.911,2</u>	<u>287.782,5</u>	<u>2.125.274,8</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

16 Accounts payable

The following is the detail of accounts payable:

		<u>2014</u>	<u>2013</u>
Interest:			
Deposits and demand accounts	US\$	75.679,0	82.473,7
Money market and related operations		492,1	597,4
Bank loans and other financial obligations		9.588,1	7.416,8
Investment securities outstanding		<u>38.848,9</u>	<u>39.805,8</u>
	US\$	<u>124.608,1</u>	<u>130.293,5</u>
Commissions and fees	US\$	<u>2.203,5</u>	<u>3.036,4</u>
Collections effected:		<u>30.032,7</u>	<u>40.406,7</u>
Suppliers:			
Clearing, ACH network		52.595,1	54.123,1
Cleaing, Visa, MasterCard networks		12.399,1	18.157,0
Accounts payablefor services rendered		24.367,7	23.403,7
Other		<u>30.181,4</u>	<u>16.080,9</u>
	US\$	<u>119.543,4</u>	<u>111.764,6</u>
Others:			
Taxes payable (1)		15.964,8	47.332,3
Dividends and other surpluses		1.508,6	1.912,0
Bank transaction tax		4.141,6	12.998,4
Purchase commitments		1.805,1	7.854,2
Payroll withholdings and contributions		36.945,7	53.010,8
Remittances payable		41.257,5	23.110,8
Checks drawn and not presented		7.455,4	7.676,1
Accounts payable to the State Law 546/1999		13.163,1	15.717,6
Loan overages		4.536,4	4.371,8
Balances and Commissions in favor		4.178,8	4.535,5
Deposit insurance		18.679,6	10.980,2
Payable for purchases of Corredores Asociados		19.360,4	26.113,1
Bonos de Paz Solidaridad		8.303,4	10.507,7
Available balances, VISA prepayments		5.965,0	7.083,3
Liabilities related to credit card operation		4.454,7	5.439,8
Liabilities related to loan operations		1.489,0	721,9
Recoveries payable to social security, Costa Rica		1.429,1	2.027,0
Loan insurance from returns, Honduras		489,3	541,0
Payable to reinsurer Seguros Honduras		1.211,3	982,8
Unearned insurance commissions Seguros Honduras		1.053,2	655,0
Sundry (uner 5%)		<u>45.592,8</u>	<u>38.483,3</u>
		<u>238.984,8</u>	<u>282.054,5</u>
	US\$	<u>515.372,5</u>	<u>567.555,8</u>

(1) Wealth Tax at December 31, 2014 was fully paid.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

17 Long-term debt

A December 31, 2014 and 2013, the Bank had bonds outstanding for US\$3.212.250,8 and US\$3.451.965,9 respectively for issues of ordinary, mortgage and subordinated bonds.

The following is a detail of the bonds in each issue, as at December 31, 2014 and 2013:

	<u>Date</u>	<u>Amount offered</u>	Term (months)	<u>Yield</u>	<u>Maturity</u>	<u>Book value</u>	
						<u>2014</u>	<u>2013</u>
<u>Subordinated collateralized</u>							
First issue IFC – US\$ (1)							
Collateral: "A" class mortgage loans, issuer option for prepayment every three months - Series G	07-Feb-07	\$368,641.1	84	Libor6 + 2.75	07-Feb-14	Usd 0.0	165.336,8
<u>Subordinated, not collateralized</u>							
<u>IPC</u>							
First issue - Series C	19-Feb-08	147,777.0	84	IPC + 6.65	19-Feb-15	61.767,8	76.694,4
Second issue - Series C7	24-Feb-10	138,497.2	84	IPC + 5.25	24-Feb-17	57.889,0	71.878,3
Second issue First tranche - Series C	25-Apr-12	181,400.0	120	IPC + 4.37	25-Apr-22	75.821,5	94.144,3
Second issue First tranche - Series C	25-Apr-12	218,600.0	180	IPC + 4.56	25-Apr-27	<u>91.370,4</u>	<u>113.450,6</u>
						<u>286.848,8</u>	<u>356.167,5</u>
<u>U.V.R.</u>							
First issue - Series D	19-Feb-08	\$151,577.5	84	UVR + 6.65	19-Feb-15	Usd80.159,9	usd 96.200,6
Second issue - Series U10	24-Feb-10	111,503.0	120	UVR + 5.50	24-Feb-20	<u>53.658,1</u>	<u>64.395,6</u>
						133.818	160.596,2
<u>US\$</u>							
International bonds	09-Jul-12	\$ 895,370.0	120	TF 5.875%	09-Jul-22	Usd500.000,0	usd500.000,0
Debt bonds	29-Jan-13	\$ 889,920.0	60	TF 2.95%	29-Jan18	<u>500.000,0</u>	<u>500.000,0</u>
						<u>usd1000.000,0</u>	<u>Usd1.000.000,0</u>
					Total Subordinated Bonds	<u>usd1.420.666,8</u>	<u>usd1.682.100,5</u>
<u>Ordinary, not collateralized</u>							
<u>CPI</u>							
First issue - Series G	05-Feb-09	123,433.0	84	CPI + 5.50	05-Feb-16	51.592,5	64.060,1
First issue, Tranche 2 - Series G5	16-Jul-09	215,000.0	60	CPI + 4.79	16-Jul-14	0.0	111.582,2
Second issue, Tranche 1 - Series C5	12-Dec-10	215,062.0	60	CPI + 3.98	12-Feb-15	89.891,6	111.614,4
Third issue, Tranche 2 - Series C5	07-Oct-10	120,150.0	60	CPI + 3.14	07-Oct-15	50.220,3	62.356,3
Ordinar CPI-linked	09-Oct-14	109,350.0	60	CPI + 3.25%	09-Oct-19	45.706,1	0.0
Ordinary CPI-linked	09-Oct-14	<u>127,725.0</u>	120	CPI + 3.96%	09-Oct-24	<u>53.386,5</u>	<u>0.0</u>
						<u>290.796,9</u>	<u>349.613,1</u>
Carried forward						<u>1.711.463,7</u>	<u>2.031.713,6</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

<u>Issue type</u>	<u>Date</u>	<u>Amount offered</u>	<u>Term (months)</u>	<u>Yield</u>	<u>Maturity</u>	<u>Book value 2014</u>	<u>2013</u>
Brought forward						<u>1.711.463,7</u>	<u>2.031.713,6</u>
<u>CPI</u>							
Third issue Tranche 2 - Series C7	07-Oct-10	196,050.0	84	CPI + 3.63	07-Oct-17	81.944,9	101.747,4
Fourth issue - Series C39	10-mar-11	86,482.0	39	CPI + 2.80	10-jun-14	0.0	44.883,0
Fourth issue - Series C84	10-mar-11	76,055.0	84	CPI + 3.88	10-mar-18	31.789,5	39.471,6
Fourth issue - Series C120	10-mar-11	193,252.0	120	CPI + 4.19	10-mar-21	80.775,4	100.295,3
First issue - Segundo Tranche - Series C120	10-mar-11	90,000.0	48	CPI + 3.60	10-mar-15	37.618,2	46.708,8
First issue - Segundo Tranche - Series C120	10-mar-11	159,230.0	90	CPI + 3.99	10-sep-18	66.554,9	82.638,3
First issue - Segundo Tranche - Series C120	10-mar-11	160,770.0	126	CPI + 4.23	10-sep-21	67.198,6	83.437,6
Third issue - First Tranche Series C	15-Aug-12	230,050.0	180	CPI +4.23%	15-Aug-27	96.156,3	119.393,0
Third issue - First Tranche Series C	15-Aug-12	174,147.0	120	CPI +4.07%	15-Aug-22	72.789,9	90.380,1
Fourth ordinary CPI - First Tranche Series C	13-Feb-13	214,500.0	120	CPI +3.23%	13-Feb-23	89.656,7	717,4
Fourth ordinary CPI - First Tranche Series C	13-Feb-13	184,521.0	180	CPI +3.47%	13-Feb-28	77.126,1	95.764,0
Fifth issue - First Tranche - Series C	10-Dec-13	83,935.0	84	CPI+4.29%	10-Dec-20	35.083,1	43.561,2
Sixth issue -First Tranche Series C	15-May-14	183,359.0	60	CPI + 3.39%	15-May-19	76.640,4	0.0
Sixth issue -First Tranche Series C	15-May-14	<u>160,955.0</u>	120	CPI + 3.89%	15-May-24	<u>67.275,9</u>	<u>0.0</u>
						<u>1.171.406,8</u>	<u>1.198.610,8</u>
<u>IBR</u>							
Fifth issue - First Tranche - Series B	10-Dec-13	315,815.0	24	IBR+2.0%	10-Dec-15	132.004,3	163.903,9
Sixth issue -First Tranche Series B	15-May-14	255,686.0	36	IBR + 1.29%	15-May-17	106.871,6	0.0
Ordinary IBR	09-Oct-14	255,686.0	36	IBR + 1.25%	09-Oct-17	<u>37.716,4</u>	<u>0.0</u>
						<u>276.592,3</u>	<u>163.903,9</u>
<u>Fixed rate</u>							
Second issue Tranche 1 - Series F5	05-Feb-09	121,800.0	60	TF 10.40%	05-Feb-14	0.0	63.212,6
Second issue Tranche 2 - Series E3	15-Aug-12	95,803.0	36	TF % 6.5%	15-Aug-15	40.043,7	49.720,5
Fourth Ordinary fixed rate - First Tranche Series F	13-Feb-13	100,979.0	36	TF % 5.14%	16-Feb-13	42.207,2	52.406,8
Ordinary bonds	09-Oct-14	272,690.0	24	TF 5.89%	09-Oct-16	<u>113.978,9</u>	<u>0.0</u>
						<u>196.229,8</u>	<u>165.340,0</u>
					Total Ordinary bonds	<u>1.644.229,0</u>	<u>1.527.854,7</u>
					Subtotal Bonds Outstanding	<u>3.064.895,7</u>	<u>3.209.955,2</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Affiliates' issues

General guarantee under 18 months Costa Rica	10.024,9	9.884,5
Other, 18 months or more –Salvador	136.220,0	120.869,0
Mortgage certificates Honduras	<u>1.110,2</u>	<u>1.170,9</u>
Total Bonds Outstanding	<u>3.212.250,8</u>	<u>3.451.965,9</u>

<u>Bonds by monetary unit</u>	<u>2014</u>	<u>2013</u>
Local currency	\$ 1.931.077,3	2.494.627,5
Foreign currency	1.000.000,0	796.742,2
UVR	<u>133.818,0</u>	<u>160.596,2</u>
	\$ <u>3.064.895,7</u>	<u>3.451.965,9</u>

<u>Bonds by maturity ranges</u>	<u>2014</u>	<u>2013</u>
Under 1 year	\$ 491.705,8	966.958,7
1-5 yearss	1.360.246,5	2.318.499,5
5-10 years	1.095.645,9	166.507,8
Over 10 years	<u>264.652,7</u>	<u>0,0</u>
	\$ <u>3.212.250,8</u>	<u>3.451.965,9</u>

18 Other Liabilities

Other liabilities are:

	<u>2014</u>	<u>2013</u>
Long-term employment liabilities	US\$ 29.684,0	30.091,7
Income received in advance	13.566,1	12.844,4
Other	<u>298.563,2</u>	<u>298.308,2</u>
	US\$ <u>341.813,4</u>	<u>341.244,2</u>

The following is the detail of other liabilities:

18.1 Long-term benefits due to employees

The detail of these employment liabilities is as follows:



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		<u>2014</u>	<u>2013</u>
Accrual	US\$	9.737,0	9.750,7
Interest on severance provision		808,4	858,3
Holidays		9.948,1	10.847,4
Other employment benefits		<u>9.190,5</u>	<u>8.635,3</u>
	US\$	<u>29.684,0</u>	<u>30.091,7</u>

The Bank applies the employment regime of Law 50/1990.

The Bank has no pension liabilities, except Banco Davivienda Salvadoreña S.A.

18.2 Income received in advance

The movement of income received in advance at December 31, 2014 and December 31, 2013, is as follows:

	Balance at			Balance at
	<u>2013</u>	<u>Credits</u>	<u>Charges</u>	<u>2014</u>
Interests	218,6	21.721,7	19.529,7	2.368,0
Rent	39,5	14,5	0,0	46,3
Credit/debit card management fee	33,8	3.705,4	3.712,7	19,9
Commissions	12.365,2	33.202,9	32.324,3	10.837,3
Commissions received on derivatives	0,0	40,2	0,0	40,2
Other	<u>187,2</u>	<u>1.990,9</u>	<u>1.887,3</u>	<u>254,4</u>
	US\$	<u>12.844,4</u>	<u>60.675,6</u>	<u>57.454,0</u>
				<u>13.566,1</u>

18.3 Other

The movement of other liabilities - other at December 31, 2014 and 2013, is as follows:



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		Balance at			Balance at
		<u>2013</u>	<u>Credits</u>	<u>Charges</u>	<u>2014</u>
Deferred credits (1)	US\$	21.203,8	78.078,8	76.071,7	19.084,2
Deferred payment letters of credit		13.529,8	35.080,5	35.712,0	10.265,0
Deferred income tax		167.396,8	51.709,4	8.188,6	178.338,2
Credits pending application		22.457,4	16.471.549,9	16.463.617,7	26.018,6
Clearing overages		35,6	244.572,2	244.548,7	52,1
Cash overages		4.233,0	338,2	415,8	3.331,5
Cancelled accounts		17.476,4	18.373,2	21.542,0	10.906,2
Losses advised reserve		1.338,7	2.148,4	1.845,1	1.381,4
Losses not advised reserve		363,1	216,5	76,2	432,8
Loss deviation reserve		294,5	262,8	108,0	392,0
Current risks		6.843,5	2.664,5	1.241,9	6.934,3
Individual life mathematical reserve		2.889,0	7.625,9	1.438,4	8.514,2
Other		<u>40.246,4</u>	<u>1.142.286,8</u>	<u>1.141.787,6</u>	<u>32.912,7</u>
	US\$	<u>298.308,2</u>	<u>18.054.907,2</u>	<u>17.996.594,0</u>	<u>298.563,2</u>

- (1) Corresponds mainly to a deferred item pending amortization of interest arising from restructuring processes, with balances at December 31, 2014 and 2013 of US\$12.895,4 and US\$ 14.426,4 respectively.

The terms of amortization are:

		<u>2014</u>	<u>2013</u>
0-1 years	US\$	1.592,1	3.019,7
1-5 years		1.709,4	1.600,0
5 - 10 years		1.785,1	1.314,6
Over 10 years		<u>13.997,7</u>	<u>15.269,5</u>
	US\$	<u>19.084,2</u>	<u>21.203,8</u>



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19 Estimated liabilities and provisions

The following is the detail of estimated liabilities and provisions:

	<u>2014</u>	<u>2013</u>
Employment liabilities	<u>8.716,2</u>	<u>7.031,1</u>
Taxes:		
Income tax 2012	16.274,5	13.610,5
Turnover tax	0,5	2,8
Other	186,3	184,0
	<u>16.460,8</u>	<u>13.794,6</u>
Other:		
Provision for rate hedging	8.097,5	6.829,6
Fines, litigation, indemnities and claims	13.501,8	29.234,2
Redemption of debit/credit card points	4.916,7	6.908,2
Reserves for cleanup of Ficafe	7.687,8	11.237,3
Projects under execution	1.480,9	2.609,3
Loyalty programme points	1.965,6	1.884,8
Other provisions (under 5%)	12.126,6	10.690,5
	<u>49.776,2</u>	<u>69.393,9</u>
	<u>74.953,2</u>	<u>90.219,6</u>

Fines, penalties and litigation

The cases that have generated contingent liabilities for the Bank are detailed as follows:

a. **Cases for account of Fogafin**

These are cases against Granbanco S.A. Fiduciaria Cafetera S.A, Bancafe Panamá S.A. (now Davivienda Panamá) and Bancafé International Corporation (now Davivienda International,) existing before January 31, 2007 and others served after February 16, 2007 and up to February 16, 2010, still in process and expressly guaranteed by Fogafin.

Civil, administrative and special cases covered by the Fogafin contract are the object of a 15% provision, given that the contingency, according to Fogafin's calculations only for ordinary and special cases. For employment cases the contingency is 10%.



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b. Litigation against the Bank

These are other cases, which generate a contingency for the Bank

The following is a summary of cases pending December 31. 2014 and, 2013:

2014

Type of case	No. of cases	Provision	Amount of claims
Litigation covered by the FOGAFIN Contract	109	5.444,69	16.394,97
Bank:			
Fines, penalties and other- administrative authorities	10	1.249,26	1.092,93
Labour claims	48	1.727,89	3.584,09
Civil cases	<u>762</u>	<u>4.979,39</u>	<u>102.071,51</u>
	929	13.501,17	123.143,50

2013

Type of process	No of cases	Provision	Amount of claims
Cases covered by the Fogafin contract	160	5.556,12	21.788,43
Bank:			
Fines, penalties and other- administrative authorities	23	1.586,60	1.593,76
Labour claims	<u>54</u>	<u>1.659,72</u>	<u>2.994,66</u>
Enforcement	<u>63</u>	<u>10.862,87</u>	<u>468,02</u>
Civil cases	1,105	9.568,83	54.535,69
	<u>1,405</u>	<u>29.234,18</u>	<u>81.380,04</u>



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Processes initiated by the Bank may be:

Criminal

Only if criminal proceedings implicate the Bank as a third party with civil liability. At December 31, 2014 and 2013 there was one such case, the amount involved is less than US\$29,3.

Civil, special, administrative and labor cases

This type of case generates a contingency for the Bank, regardless of the process that causes it. In general terms, because of its eventual contractual or general civil liability and equally penalties or due to sanctions imposed by the authorities. Each of these cases is classified and provisions are made as necessary.

The following are the court cases that may generate the most important economic impact on the Bank:

a. Tax cases

Wealth Tax 2007

The tax authority DIAN made a proportional rebate to the Bank in 2008 for US\$1,874.6 of the wealth tax that the Bank had paid for 2007.

The argument for the rebated was the merger of GRANCBACO S.A. BANCAFE and the Bank was therefore entitled to tax stability.

DIAN attacked its own resolutions in which it ordered the rebate. There was no sanction attached, but penalty interest had to be paid if the case was unfavourable to the Bank. This led to two suits, one for each resolution that had granted the rebate. The two claims were accumulated in on 5 May 2011.

Then, DIAN pleaded the nullity of all the resolutions returning US\$1,874.5 to Davivienda and in a judgment of the first instance the Administrative Disputes Court of Cundinamarca on January 19, 2012 denied the nullity and ordered the return to DIAN of what had been rebated, plus interest. With this unfavourable result, the Bank appealed and is now before the Council of State for decision in the second instance.

In the opinion of the tax adviser, the contingency is probable and therefore the decision was taken to apply for the special payment conditions of Law 1607/2012, paying the tax plus 20% of the related interest. On August 16, 2013 the Bank paid US\$2,678.9 including the 20% interest of US\$804.4.

While the case continues to go through the courts, this benefit is subject to the prompt payment of all national taxes, otherwise the benefit and the payment of the lower amount paid will be automatically lost.

b. Bank transaction tax, 2005

In 2007 DIAN issued an assessment on January 19, 2007 for 25 weeks filed in 2005, proposing to change the tax payable.



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There is a contingency of US\$5,004.5, of which US\$990.2 is the extra tax claimed, US\$1,583.7 is the penalty and US\$2,430.6 is interest.

The Council of State made a final and unfavourable ruling for weeks 3, 4 and 9 on January 13, 2012, causing a payment of US\$169.4 to be made.

In February 2009, the review assessments for weeks 32, 33, 46, 49 of 2005 were challenged, and on February 9, 2011 the Cundinamarca Administrative Disputes Tribunal annulled part of the acts challenged, confirmed the higher level of tax assessed and annulled the sanction, on the grounds that it was a matter of a difference of interpretation. The matter passed to the Council of State for appeal.

In January 2009, the review assessments for weeks 37-42, 2005 were challenged and the Cundinamarca Administrative Disputes Tribunal found against the Bank in May, 2010. The Bank appealed to the Council of State

Finally, in September 2010 an objection was lodged to the assessments for weeks 43, 44, 45, 47, 50, 51 and 52, 2005. On August 19, 2011 the Cundinamarca Administrative Tribunal issued an order upholding the decision of the first instance and denying objections.

The decision of the second instance is now awaited from the Council of State. The Bank's counsel was of the opinion, supported by jurisprudence, that there was a strong possibility that the case would go against the Bank and conciliation was agreed on fines and interest under Law 1607 of December 26, 2012, paying the tax in full.

In a decision 19075 of November 6, 2013 the Council of State accepted the conciliation agreement between the bank and DIAN for US\$353.3 in relation to weeks 32, 33, 46 and 49 of 2005.

On November 20, 2013 the Council of State approved the conciliation between the Bank and DIAN for weeks 37-21 of 2005 for US\$837.6 in decision 18386.

The case for weeks 43, 44, 45, 47, 48, 50, 51 and 52 was also conciliated for US\$1,941.6, approved by the Council of State in Decision 19077, of June 10, 2014.

For weeks 31, 34, 35 and 36/2005, on which an unfavourable decision (18592) had been issued on November 1, 2012, ratified in 20123, the Bank pleaded for special conditions of payment under Law 1607/2012: US\$323.5 was paid with a contingent saving of US\$581.4 of a total of US\$904.9.

Without prejudice to the special conditions of payment and approval of the conciliation agreements by the Council of State, these benefits are subject to prompt payment of tax obligations for the next 2 years, on pain of automatic cancellation under Law 1607/2013.

Turnover Tax

In Medellín, the Departmental Treasury has questioned the tax base used for turnover tax filings, because they did not include income from monetary correction on Loans formerly held by the Savings & Loan banks.

This has led to 14 suits, against which the Bank has argued nullity and restoration of rights in the Administrative Disputes courts. The Bank argues that it is not mandatory to include that income because the rule applies only to the Savings & Loan companies under Article 42 of Order 57/2003 in Medellín, and not to banks.

The outcome of the 14 cases is the following:

- a) Six were decided in the Bank's favor, for US\$106.3.



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- b) One was decided partly in the Bank's favour with a lower amount of extra tax and a smaller fine for inaccurate filing. The partial Nullity of the Assessment led to an order to pay US\$0.9 of tax and the fine for inaccuracy.
- c) One case ended through abandonment, for US\$2.2.
- d) Three cases were decided against the Bank, for US\$12.9.
- 1. In the other three cases, all await decisions on appeal. One is before the Council of State, another before the Cundinamarca Administrative Tribunal and the third before the Antioquia Appeal Courts for a total contingency of US\$104.4.

c. Contract with FOGAFIN for contingent liabilities

When Granbanco S.A. was privatized, a contingent liability contract was signed with FOGAFIN on December 12, 2006, to take effect on February 16, 2007.

Under the FOGAFIN contract the Bank has a guarantee covering certain contingencies in cases specified in the contract. Cover is 85% - an exceptionally 90% - for the employment and pension liabilities of Banco Cafetero S.A. in liquidation.

The contract sets up a contingency account to contain provisions made by Granbanco S.A. Bancafé and its affiliates at January 31, 2007, totaling US\$8,805.6. Any order or item guaranteed by FOGAFIN is deducted from this contingency, up to that limit. If the limit is exhausted, FOGAFIN is bound to reimburse any net loss to the Bank, in the terms of the contract. The existence of this provision account for the amounts recorded at that time means that any subsequent loss in cases before the courts and covered by the guarantee, will not affect the Bank's earnings.

At December 31 2014 2013, there are 107 and 160 cases covered by FOGAFIN with provisions of US\$4.466.5 and US\$4.474.8 against claims of US\$16.395.0 and US\$17.547.9, respectively.

As a result has recorded its contingent liabilities taking account of the FOGAFIN contract.

The contracts causing the greatest contingencies are:

Income tax – Bancafé - 2003:

The Bank filed its tax return on April 12, 2004 claiming a credit balance of US\$2,927.9. The tax authority DIAN rebated this amount. Subsequently, the Bank corrected the income statement which increased the credit balance to US\$4,201.2, claiming the rebate for the difference, i.e. US\$1,273.3.

DIAN considered that this was out of order and assessed a higher liability, of US\$ 1,103.0. It also imposed a fine for "falsification", of 160% of that amount, that is, US\$1,764.7, giving a total of US\$2,867.7.

Thus, the balance claimed by the Bank for US\$4,201.2 was reduced to US\$1,333.5 after subtracting the higher liability and the fine.

In a decision 17180 of March 12, 2012 the Council of State confirmed the decision of April 2, 2008 of the Cundinamarca Administrative Tribunal, leaving the DIAN assessment in firm. The Bank in reply claimed denial of fundamental rights and on June 20, 2013 the Council of State confirmed the decision, finding for DIAN.



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The appeal against the lower court (Section 4, Administrative Tribunal of Cundinamarca) confirmed DIAN's decision to deny the rebate for 2003 income tax for US\$1,273.3 and the Council of State found against the Bank in decision 18849 of June 29, 2012.

Since DIAN had initially rebated US\$2,927.9 to the Bank, and which according to them, the credit balance was US\$1,333.6 after applying the higher tax and the fine, DIAN claimed the return of US\$1,594.3 plus interest.

The contingency for the rebate out of order is US\$7,364, this being the disputed amount US\$1,594.3 plus interest of US\$3,846.4, increased by 50%.- The contingency is covered as to 85% by the FOGAFIBN contract, and the remainder would be for the Bank's account, i.e. a provision of US\$1,033.6 is required.

As part of the 2003 tax case, and in relation to the fine for out-of-order rebate, an action was started for nullity and restoration of law. In April 2012 the Cundinamarca Administrative Tribunal found against the Bank and on June 20, 2012 an appeal was entered against the lower court's decision. It now awaits the Council of State's decision.

Since the Bank has satisfied the requirements for conciliation, i.e. the Council of State has not found against the Bank in the case for the out-of-order rebate, the Bank requested conciliation of the interest and the fines based on Law 1607/2012 paying 100% of the sum rebated US\$1,594.3.

The Conciliation Committee considered that the action was out of order in a decision of September 25, 2013, as reflected in Minute 243, served on the Bank on September 30, 2013.

Therefore, in October 2013 the Bank requested revocation of the minute regarding conciliation of September 25, 2013, requesting the Committee to reconsider and in subsidiary, if denied that the Bank be permitted to apply the special condition of payment under Art. 149 of Law 1607 of December 2012 and pay 20% of interest and fines.

On December 9, 2013, this petition was denied in Decision 010665, and the decision was taken to file suit against the DIAN orders denying conciliation. The matter has been awaiting decision since August 15, 2014.

As a subsequent event, on January 15, 2015 we have become aware that Council of State decision 2500002337000201400340 denied the injunction sought by the Bank to suspend proceedings against the Out-of-order Rebate Resolution until the claims of nullity and restoration of the law have been decided against the acts denying conciliation in order to avoid a pre-judicial situation.

Income Tax 2003: Banco Davivienda S.A.

On January 14, 2009 DIAN issued an indictment 312382009000002 against the Bank for out-of-order rebate claims under Article 670 of the Tax Code.

On May 25, 2010 DIAN issued Resolution 90000012 with a fine for out-of-order rebates or offsets with 50% penalty interest, an amount included in the initial mutual Agreement made with DIAN (see Minute 000035 of June 25, 2007, signed by the Special Conciliation and Termination by Mutual Consent Committee).

The Bank sued for nullity and restoration of the law as plaintiff, requesting nullity of Resolution 9000012, denied in the first instance by the Cundinamarca Administrative Tribunal. In a final decision 19683 of December 9, 2014, the Council of State decided to revoke the decision of the first instance and declare that Resolution 9000012 was null, stating that Davivienda should not pay anything as a fine for out-of-order rebates or offsets for the 2003 income tax filing.



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d. Major-impact contingent liabilities

Cases related to banking operations

1. The Bank was sued by Guillermo Alfonso Trujillo basing his claim in that Granbanco had, without consulting him, anticipated a disbursement of a Finagro-approved loan in his name for US\$159.7, and applied it improperly to settle other loans in his name. He argues that this act of the Bank caused him damages he rates at US\$1,671.9. The case is now before the Supreme Court, for cassation against the appeal decision in the Bank's favour. The contingency is considered to be remote.
2. Before Civil Court 2, Barranquilla, Mr. Yuri Lora Escorcia initiated ordinary proceedings by which he seeks compensation for the alleged damages caused by improperly opening a current account at the Bank, based on which a check was drawn which could not be collected by the plaintiff and which ultimately caused him disciplinary and criminal problems. The case is currently in cassation, contesting the appeal decision in the Bank's favour. The contingency of US\$1, 4629.0 is considered remote.
3. The customs agency Intergel S.A. S.I.A sued the Bank, DIAN and the Prosecution Service for civil liability in the Nariño Administrative Courts, claiming reparation for damages suffered from allegedly not being able to conduct its business. The argument was that Banco Cafetero had irregularly reported payment of taxes by the Company which subsequently caused penal and administrative problems. Their appeal against the rejection of the claim is currently in progress. The amount in question, some US\$2,089, is considered a remote contingency.
4. In a group action Mr. Pedro Antonio Chaustre and Mrs. Claudia Patricia Vasquez sued the Bank and Promociones y Cobranzas Beta S.A. on the grounds that Davivienda charges its Diners card user's preliminary recovery costs in an abusive and inconsiderate manner. The process is passing through Civil Court 30, Bogota, and the collection of evidence has begun. The amount was not defined in the claims. The risk is considered remote given that the contracts for opening credit states that collection costs are for account of the debtor. Further, an out-of-court recovery was made with respect to the people now forming the plaintiff group, for being in arrears.

2. Cases concerning the former UPAC system

1. Alberto Botero-Castro brought a class action against the Bank on the grounds that it had over-invoiced the State for Law 548/1999 relief for home mortgage UPAC loan debtors at 2013, 1999 and claiming that the difference should be returned to the treasury. The case is in the evidence-gathering stage. Although the claim does not mention any exact amount, estimates suggest that it would be a large one, in excess of US\$2,089.9. The contingency is classed as remote since there is no evidence of the alleged irregularities and inconsistencies that the Bank might have incurred in this process.
2. Mercedes López Rodríguez brought a class action alleging that the Bank and other financial institutions had not returned TES, in cases where under Law 546/1999, there was no reason to charge for them, or they should have reverted. The case is before Civil Court 4 Bogota pending decision on a request for revocation entered by the Bank against the order to admit the case. The contingency is classed as remote and at this point in the proceedings it is not possible to estimate the amount of the claims, the plaintiff estimates it to be in excess of US\$418.0.
3. Asociación Comité Nacional de Usuarios UPAC– UVR, a non-profit organization, joined in a class action with others against the Bank, claiming irregular re-liquidation of relief for mortgage debtors under Law 546 /1999. They also demanded the reimbursement to the Colombian Treasury of the TES which were the proceeds of the irregular liquidation and of the Bank's refusal to revert relied when by law it should have done so.



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The case is before the Cundinamarca Administrative Tribunal pending a decision on the request for revocation entered by the Bank against the order admitting the case. The claims mention no amount, and the case is classed as remote.

- 4 Class action brought by Mr. Alvaro Romero-Bocarejo and other Concasa debtors, in which the plaintiffs claim that Corporación de Ahorro y Home Mortgage Concasa, of which the Bank is the successor, improperly charged interest on housing loans. Currently an appeal is in progress against the advance judgment admitting the Bank's exception of time-bar forfeiture. The plaintiffs are 142 individuals and there are no clear elements to establish the amount of the claims, and no allowance has been made, since the contingency is rated as remote, given that the Bank complied with the parameters of Law 546 and Constitutional Court orders for the recalculation of UPAC loans.
- 5 In Civil Court 7, Bogotá, Aida Acero and others have brought a class action for excessive interest charged in the UPAC system for home mortgage loans, based on which they argue that they were charged something they did not owe. The Bank awaits the Court's decision on the preliminary objections it proposed. At present there is no objective evidence to enable the claim to be quantified and the members of the group. The contingency is classed as remote.
- 6 Ms Clara Cecilia Murcia and others entered a class action in Administrative Court 5, Bogotá against the courts that did not comply with the allowances of Law 546 on the termination of the mortgage enforcement cases. The application requests that all courts in Colombia be ordered to terminate these cases. The Bank is implicated as a third party for having filed enforcement claims at the time. The case is pending a summons to a conciliation hearing. The contingency has been classed as remote.
- 7 Mr. Fredy Alarcón and others sued in a class action claiming for compensation for alleged overcharging of the holders of UPAC-indexed mortgage loans. The case is before Civil Circuit Court 31, Bogotá which refused to admit it as a result of a request for revocation against admission, and is pending resolution of the letter of remedy provided by the plaintiff. The contingency is described as remote and the amount of the claims cannot at present be established.
- 8 In Civil Court 5 Henderson Sepúlveda and another in a class action have sued for excessive interest charges on credit card operations. The case is in the evidence-gathering stage and there are no valid criteria to calculate the amount of the claims. Classed as remote.

Cases linked to charges for financial services.

1. Mr. Oscar Zambrano-Parada and others sued before Civil Court 31, Bogotá seeking recognition of damages for allegedly unlawful charges of commissions for bank and financial services. The Bank contested the claims in time and the case is now in the evidence collection stage. There are no objective parameters to calculate the amount of the claims, and therefore no allowance has been made for the contingency until some possible risk can be identified the course of the proceedings. The contingency was treated as remote.
2. Mrs. Rosemary Roa-Sarmiento brought a class action before Civil Court 20, Bogotá, for allegedly unlawful charges for financial services provided by the Bank. The data currently available have not made it possible to determine an amount for the claims. Evidence ordered by the Court are being produced at this time. In similar cases against other Banks, the courts have rejected suits for lack of legal support. This contingency has therefore been treated as remote. There is a similar class action brought by José Guillermo T Roa in Civil Court 5, Bogotá Circuit currently also in the evidence-gathering stage, and the considerations of this case also apply to it.



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Court actions derived from home mortgage loans where there has been structural deterioration.

- 1 Through an action for Direct Reparation, Martha Esperanza Suarez and others sued the Bank and others, who claimed that declaring that Davivienda and other defendants should pay compensation in damages allegedly incurred by the plaintiffs during the construction of urbanization "Parques del Sol II in Soacha", where the faults in the land made the houses uninhabitable. The process is currently in progress at Administrative Tribunal 38, Bogotá pending a decision on the Bank's challenge against admission. The amount of the claim is estimated in US\$2,173.5 plus any interest; the contingency is rated as remote.
- 2 In Administrative Court 14, Barranquilla a class action was filed by Silvana Heredia and others, seeking to relocate persons who acquired low-cost housing in an area of the city, which have experienced foundation problems, in other homes of similar conditions which have had problems with their foundations. The matter ended with an appeal decision favourable to the Bank
- 3 Ms. Ana Rocio Murcia-Gómez and others sued the Bank and others, for geological faults in the lands on which the houses of the "Parques Del Sol" Condominium, Soacha were built. The case is before Administrative Court 29, Bogota, in the evidence-gathering stage. The Bank is implicated because it made mortgage loans on these properties. The amount involved cannot be determined. The contingency is classed as remote.
- 4 Ms. Adriana Rocio Mantilla and others entered a class action in Administrative Court 2, Cúcuta against the Bank, claiming compensation for injuries suffered from the faults found in the residential properties located in the Vista Hermosa development. Pending a decision in the first instance. The amount of the claim cannot be determined. The case has been classified as a remote contingency.

Other cases

1. Grupo Empresarial Los Andes S.A. sued the Bank for damages caused by the claims for recovery of ownership that Luis Hernando Murcia-Castro made against Los Andes with regard to part of property (Ref. No. 206-33327) that Davivienda sold to CISA and CISA then sold to the Group. The case is before the Civil Court 2, Pitalito, in the process of collection of evidence ordered by the court. The claims are estimated at US\$3,761.8. The contingency is rated as remote
2. Mr. Cornelio Villada- Rubio and others entered a class action before the Administrative Court 7, Ibagué, for payment of compensation for damages arising from a report to credit bureaus, without their permission, or for remaining reported for a term longer than the legally permitted. The court found in the Bank's favour. The claims are for an indeterminate amount.

Fiduciaria Davivienda S.A.

Fiduciaria Cafetera S.A., now Fidudavivienda S.A. company has been sued on several occasions and at December 31, 2012 most of them arise because the Company is a member of the Fidufosyga Consortium (9.86% interest) and/or Fisalud (17% interest). There are some 160 of these cases, which can be classified as follows: (i) 110 for direct reparation; (ii) 2 actions for contractual liability; (iii) 2 actions for nullity and restoration of law; (iv) four class actions; (v) 26 enforcement actions, (vi) 11 labour cases and 5 for fiscal responsibility.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

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Among them, and in line with the interest in Fidufosyga and Fisalud, there are 12 suits for more than US\$418 million. 93% of the claims are classed as remote contingencies, because the Consortium only manages Solidarity and Guarantee Funds for account of the Ministry of Social protection. However, Fidufosyga 2005 has decided to make a provision depending on the claims, that is, in cases where the EPS request recognition and payment, the provision has been 2%; where there are claims for interest due to alleged delays in payment of claims or collections, the provision is 50% of the value of the claims.

At this close there are 10 cases decided favourably in the first instance, 9 for Fidufosyga and 1 for Fisalud, denying the claims. But 8 await decisions on appeal, while 2 are in firm.

The following are the most important cases because of their amount, and counsel have classes them as probable contingencies.

1. Administrative Tribunal of Cundinamarca Section 3 – 2007-0065

Type: Direct Reparation

Plaintiff: Salud Total S:A EPS, Subsidized Regime Manager

Defendants: The Nation – Ministry of Social Protection and Consorcio Fidufosyga 2005, whose members are Fiducolombia, Fiduprevisora, Fiduagraria, Fidubogotá, Fiducaf  (9.86%), Fidupopular, Fiducoldex and Fiduoccidente.

Value of claims: US\$886.1 plus ordinary interest, material damages and costs-

If it loses, Fiducaf  would be liable for approx 9.86%of US\$86.9.

Status. On July 23, 2008 the first instance decision was unfavourable. The case is now before the Council of State for consultation since November 13, 2008.

Amount provided: US\$0. If the case is lost, Fosyga and not its Members will pay

2. Direct Reparation Sanitas EPS SA No. 2009-268

Type: Direct Reparation

Plaintiff: EPS Sanitas S.A.

Defendants: The Nation – Ministry of Social Protection and Consorcio Fidufosyga 2005, whose members are Fiducolombia, Fiduprevisora, Fiduagraria, Fidubogotá, Fiducaf  (9.86%), Fidupopular, Fiducoldex and Fiduoccidente.

Value of claims: Defendants to be declared liable for damages for late payment of billings and hence overdue interest for US\$1,276.1

If it loses, Fiducaf  would be liable for 9.86%of US\$125,852,741.9

Status. On December 6, 2010 the claims were contested. The case is in the evidence-gathering stage.

Amount provided Consorcio Fosyga 2005 has made provision for 50% of the amounts claimed,



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Consolidated Balance Sheet (cont.)

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3. Direct Reparation Sanitas EPS SA No. 2009-119

Type: Direct Reparation

Plaintiff: EPS Sanitas S.A.

Defendants: The Nation – Ministry of Social Protection and Consorcio Fidufosyga 2005, whose members are Fiducolombia, Fiduprevisora, Fiduagraria, Fidubogotá, Fiducaf  (9.86%), Fidupopular, Fiducoldex and Fiduoccidente.

Value of claims: Defendants to be declared liable for damages for late payment of billings and hence overdue interest of US\$526.7

If it loses, Fiducaf  would be liable for 9.86% of approximately US\$51,842,761.3

Status. On December 6, 2010 the claims were contested. Fiducoldex and Chartis Seguros de Colombia were involved under an impleader. Impleader contested on 19.01.2012. Plaintiff replied to referral of Chartis Seguros exceptions. On 31.05.2012 the file went up for judgment..

Amount provided: Consorcio Fosyga 2005 has made provision for 50% of the amounts claimed,

4. Direct Reparation Sanitas EPS SA No. 2009-1007

Type: Direct Reparation

Plaintiff: EPS Sanitas S.A.

Defendants: The Nation – Ministry of Social Protection and Consorcio Fidufosyga 2005, whose members are Fiducolombia, Fiduprevisora, Fiduagraria, Fidubogotá, Fiducaf  (9.86%), Fidupopular, Fiducoldex and Fiduoccidente.

Value of claims: Defendants to be declared liable for damages for late payment of billings approved by the Technical and Scientific Committee and decisions for protection of fundamental rights for US\$494.5

If it loses, Fiducaf  would be liable for 9.86% of US\$48,734,169.4

Status. In the evidence-gathering stage.

Amount provided: Consorcio Fosyga 2005 has made provision for 50% of the amounts claimed,

Davivienda Panamá S.A.

An analysis of cases involving the subsidiary Davivienda Panamá S.A., does not suggest that any of them is likely to cause a significant loss.

Cases involving subsidiaries in Central America

With the recent negotiations between the Bank and HSBC Holdings plc, for the acquisition of HSBC Costa Rica" Grupo del Istmo (Costa Rica) S.A., "HSBC El Salvador" Inversiones Financieras HSBC, S.A., "HSBC Honduras" Banco HSBC Honduras, S.A y Seguros HSBC Honduras, Sociedad An nima, and Honduras Seguros Hold.co, purchases made between November 23 and December 7, 2012, entities which as of January 2013 form part DAVIVIENDA, this report needs to include case which might represent a contingency for the Bank, by country and type, as follows:



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Consolidated Balance Sheet (cont.)

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Honduras:

Type of case: damages

Plaintiff: Green Development Corporation S.A. (GDC)

Defendants: Banco HSBC honduras s.a. and Banco Lafise, s. A.

Amount claimed: US\$159,835'

Current status: Unfavourable decision in the first instance and on appeal against Banco Davivienda Honduras and another local bank. On August 4, 2014 each bank applied for cassation before the Supreme Court, and awaits notice of admission, the Bank's counsel believes that there are vices in the decision which would lead to a declaration of nullity. If the final decision is against the banks, Davivienda considers that the guarantees held would be sufficient to avoid any serious impact.

El Salvador:

1. Type of case: Civil claim for damages.

Plaintiff: soc. Ing. José Antonio Salaverria y co.

Defendant Banco HSBC salvadoreño, s.a.

Amount claimed: US\$22,727.7'

Current status: (Ref 36-sm-09 Commercial Court 1. On 4/9/2014 the Bank was served notice of the claims, and the request to open the evidence-gathering stage; it was decided that when there was a court order recording the decision of 26/8/2013 the Bank would proceed as required by law-. The notice was served on 4/9/2014. The Bank's request for reconsideration was rejected in relation to the alleged lack of proportionality because the Bank was in business and the agreement between the parties was of a commercial nature; and the plaintiff's request for an injunction to place a charge on several Bank properties was also rejected.

Amount of provision: none, Classified remote

Aside from these cases and based on the probability assessed, the subsidiaries reported the following cases at December 31, 2014:

Honduras:

1. Type of case: Civil court. La Ceiba for nullity and indemnity for damages due to the award of a property to the Bank in an auction process.
Plaintiff; Gaylor Wilfredo Quiñonez-Zelaya
Defendant: Banco HSBC – now Banco Davivienda
Claim: US\$278.8'
Current status: First instance. Nullity decided, Incidents pending decision
Provision: None required. (Fees provided in account 2081030013). Classified remote.
2. Civil Court of Francisco Morazan Case 0801-2014-001445 OPOO claims for damages for not returning movable assets after lifting embargo in an enforcement case of the Bank.
The court named the Olanchito Branch Manager as depositary.
Plaintiff: Guillermo Enrique Castillo and Sgagrario Melendez
Defendant: Banco Davivienda..
Claim: US\$4,737.4'
Current status: First instance, preliminary hearing, Rescheduled for January 15, 2015. Ramón Montoya summoned. Classified as remote
Provision: No risk at present: the Bank contested the claim on time and in due form and was admitted. We await the preliminary hearing.



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Consolidated Balance Sheet (cont.)

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El Salvador:

Type of case: Commercial

Plaintiff: Fonavipo

Defendants: sociedad internacional de seguros, s.a. now HSBC seguros, s.a.

Amount claimed: US\$709.7'

Current status: Awaiting extension of embargo.

Amount of provision : At October 31, 2012 Aseguradora made a provision of US\$160.922, taken as the amount "Not recovered from reinsurers" based on the estimated uncollectable amount which would affect the operating results of the company.

Type of case: Administrative Dispute

Plaintiff: Inversiones Financieras Davivienda S.A-

Defendant: Mayor of San Salvador

Claim: US\$819.2'

Current status: Evidence-gathering. The administrative dispute alleges violation of procedures in a municipal tax assessment, violation of the principle of legality and retroactivity of an administrative act, which vitiates the legality of the administrative acts challenged.

Provision: 100% of the amount claimed-

Type of case: Administrative Dispute

Plaintiff: Inversiones Financieras Davivienda S.A.

Defendant: Mayor of San Salvador

Claim: US\$103.7'

Current status: Evidence-gathering; challenge of the final decision of the Financial Manager and Municipal Council of San Salvador for the retroactive treatment the tax department gave to the procedure altering the economic activity coding to collect extra tax for 2008-2010, for which taxes had already been paid.

Provision: 100% of the claim

Costa Rica:

Type of case: Tax.

Plaintiff: Major Taxpayers Office of the tax authority.

Defendant: Banco HSBC Costa Rica now Banco Davivienda.

Amount claimed: US\$15,383,3'

Current status: A definition is being made of income tax for 1999-2005 pursued by the Major Taxpayers Office.

Ref: 2752000016534 with Conciliation Act No 545200056571 the Bank was informed of the assessment. The Bank proposed nullity and revocation on 12/11/07.

Amount of provision : US\$6,599,9'. Classed as probable

Type of case: Special tax

Plaintiff: Banco HSBC Costa Rica S.A. now Banco Davivienda

Defendant; the State

Claim: US\$246,2

Current status: Special Tax Court, due to difference in income in the periods 98-99. At the time of writing,, there is a partially unfavorable decision.

Provision; US\$24.7. Classed as probable.



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Consolidated Balance Sheet (cont.)

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Type of case: Tax

Plaintiff Banco HSBC (Costa Rica) S.A. now Banco Davivienda.

Defendant: The State

Claim: US\$338.6'

Current status: The Bank sued the State for nullity of a tax assessment for 1999-2005. At the preliminary hearing the court accepts evidence and witnesses. The parties were summoned to an oral trial in April 2015.

Provision: US\$0 of the claim,; Classed as possible

Cases representing contingent assets, the Bank being the plaintiff

There are a number of cases in which the Bank is plaintiff to defend its rights. The following are the most important of them

A. Tax cases

1. It was understood that for purposes of the merger of Granbanco S.A. and Banco Davivienda S.A., the latter becomes the holder of the Tax Stability Agreement, and on June 10, 2008 the Bank sought rebates of US\$5,473.4 US\$ and US\$4,066.1 payment of Wealth Tax not due and Bank Transaction Tax (GMF) not due paid in 2007.

The Bank received the DIAN decisions to rebate US\$1,874.6 of wealth tax on July 23, 2008 and on December 18, 2008 DIAN Resolution No. 6081795 decided that a GMF rebate of US\$110.2 should be made.

Regarding the application for refund of wealth Tax, the Bank filed an appeal for reconsideration on June 16, 2009 and DIAN Resolutions 1007 and 1008, confirmed the assessment, denying the refund in the amount of US\$3,598.8, and thus exhausted ordinary process. The Bank proceeded to present the claims:

- Action for nullity and restoration of law (2009-210) to annul Resolutions 608-0887/2008 and 001007/ 2009 (reconsideration) in which DIAN denied the rebate US\$1,799.4 from US\$2,736.5 paid on account of the first installment of the Wealth Tax for 2007. The suit was filed before the Administrative Tribunal of Cundinamarca in October 2009. Due process was followed and in September 2010, the Tribunal delivered a judgment unfavorable to the Bank. Since February 23, 2012 the Bank has been awaiting the Council of State's final decision against the original lower court's finding.
- Action for nullity and restoration of law (2009-210) to annul Resolutions 608-0888/2008 and 001007/2009 (reconsideration). DIAN denied the rebate of US\$1,799.4 from US\$2,736.5 paid on account of the second installment of the Wealth Tax for 2007. The suit was filed with the Administrative Tribunal of Cundinamarca in October 2009 and due process had been followed in September 2010, the Court handed down a judgment against the Bank. There is currently an appeal in progress before the Council of State.

B. Other cases

Compañía Suramericana de Seguros was sued under insurance policy No.1999040002 (Fidelity), implemented in a contract between Banco Cafetero S.A. and Compañía Agrícola de Seguros, incident which caused a loss for Granbanco S.A. Bancafé valued at US\$2,311.8 plus interest. While awaiting an appeal decision, the Bank came to a settlement agreement with the insurance company for the latter to pay US\$2,565.6 and close the case.



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Consolidated Balance Sheet (cont.)

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C .Tax cases

Income Tax 2004

In December 2007 DIAN issued an assessment to additional tax, with a fine for inexactitude of 160% for a total of US\$28,332.8 in relation to the 2004 tax return. Then in February 2008 the Bank requested reconsideration but in December 2008 DIAN denied the request and confirmed the assessment.

In March 2009 the Bank sued for nullity and restoration of the law before the Administrative Tribunal of Cundinamarca, but the Tribunal denied its claims. On appeal, the Council of State found against the Bank. As a result, the Bank paid but filed for protection of fundamental rights due to disregard of due process and gaps in the evidence during the proceedings. This action was dismissed and the original decision confirmed.

In Decision T-059 of February 3, 2014 the Constitutional Court confirmed the Decision of July 11, 2013 of Section I, Administrative Disputes Bench of the Council of State which in turn confirmed the decision of April 24, 2p013 Section V of that Court, finding against the Bank and thus finally settling the case.

20. Minority interest

Minority interest is the portion of equity and the earnings of subsidiaries whose ownership lies outside the consolidated Group.

The following is the detail of minority interest at December 31, 2014 and 2013:

<u>2014</u>		<u>Equity</u>	<u>% minority</u> <u>interest</u>	<u>Minority</u> <u>interest</u>
	US\$			
Inversiones Financieras Davivienda S.A.		279.147,3	3.88%	10.825,3
Banco Davivienda Honduras S.A.		103.617,9	3.19%	3.305,4
Banco Davivienda Salvadoreño S.A.		285.286,9	1.76%	5.019,1
Seguros Bolívar Honduras S.A.		29.748,8	9.95%	2.960,9
Fiduciaria Davivienda S.A.		54.532,8	5.30%	2.889,6
Davivalores S.A.		7.738,1	21.00%	1.625,0
Corporación Davivienda S.A.	US\$	185.465,0	0.04%	<u>77,5</u>
				<u>26.702,9</u>



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<u>2013</u>		<u>% Minority</u>	<u>Minority</u>
	<u>Equity</u>	<u>Interest</u>	<u>interest</u>
	US\$		
Inversiones Financieras Davivienda S.A.	286.210,9	3.88%	11.099,3
Banco Davivienda Honduras S.A.	100.506,5	5.78%	5.813,2
Banco Davivienda Salvadoreño S.A.	290.897,7	1.76%	5.117,9
Seguros Bolívar Honduras S.A.	35.349,5	11.04%	3.902,6
Fiduciaria Davivienda S.A.	64.214,6	5.30%	3.402,6
Davivalores S.A.	9.144,0	21.00%	1.920,3
Corporación Davivienda S.A.	183.053,5	0.04%	79,2
Banco Davivienda Panamá S.A.	US\$ 121.332,0	0.0007%	<u>0,8</u>
			<u>31.336,0</u>

21. Capital

At December 31, 2013 the authorized capital of the Bank was represented by 520,000,000 shares of par value US\$58.5 each,

At an Extraordinary General Meeting on June 19, 2013 the Bank's Articles were amended to increase authorized capital to US\$30,428.9 and change the par value of the share from US\$52.2 to US\$58.5 (dollars) represented in 520 million ordinary and preference shares.

Authorized, subscribed and paid capital is represented by the following shares

	<u>2014</u>	<u>2013</u>
Ordinary shares paid	143.650.020,9	178.363.908,1
Preference shares paid	<u>42.022.564,6</u>	<u>52.177.568,9</u>
Shares outstanding	<u>185.672.585,5</u>	<u>230.541.476,9</u>
Weighted average of subscribed shares	185.672.585,5	230.541.476,9
Intrinsic value of reappraisals (in pesos)	6.529,0	7.006,7
Net profit per share (in pesos)	US\$ <u>942,0</u>	<u>800,6</u>

Capital generated by the equity surplus up to January 31, 2006 was US\$105,408.3.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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Shares are nominative and may be (a) ordinary, (b) privileged or (c) with non-voting preferential dividend. The preference shares may not represent over 50% of subscribed capital.

Preference shares have the right to receive a minimum preferential dividend of 0.5% every six months, on the subscription price of the first issue in the program, that is, US\$33.7, which will be paid preferentially over and above the ordinary shares. The minimum preference dividend may not be accumulated.

If distributed profits are sufficient to pay holders of ordinary and preference shares a dividend higher than the preference minimum, profits will be distributed pro-rata between the ordinary and preference shares.

Dividend payments

The Ordinary General Meeting of March 12, 2014 authorized payment of cash dividends at US\$263.3 (dollars) per share

22. Reserves

The detail of reserves is as follows:

		<u>2014</u>	<u>2013</u>
<u>Legal (mandatory) reserve:</u>			
Appropriation of profits	<u>US\$</u>	323.483,3	284.364,8
Ordinary share placement Premium		944.798,5	1.173.114,7
Preference share placement Premium		<u>470.068,6</u>	<u>583.663,5</u>
		<u>1.738.350,4</u>	<u>2.041.143,0</u>
<u>Statutory and voluntary reserves</u>			
Loan protection		7.716,66	0
Charities and donations, at Board discretion		0	3.099,6
Other		343.609,3	221.200,6
Tax regulations		<u>12.714,7</u>	<u>28.891,8</u>
		<u>364.040,6</u>	<u>253.191,8</u>
	<u>US\$</u>	<u>2.102.391,0</u>	<u>2.294.334,8</u>

The Ordinary General Meeting on March 12, 2014 approved:

- ✓ Distribution of 2013 profits to increase the Legal Reserve US\$32.103.6 and untaxed voluntary reserves US\$ 75,199.2.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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- ✓ Release of untaxed reserves from previous periods by US\$116,973.7 to pay cash dividends on March 26 at US\$263.3, (dollars) per share.
- ✓ Release of reserves for donations for US\$2.090.9 for reserves untaxed if capitalized, and make a donation expense of US\$4.179.8 in 2014.
- ✓ Release of tax regulation reserves to place US\$12.602.1 at the disposal of the Meeting for profits not taxed if capitalized
- ✓ Release of reserves at the disposal of the Meeting for US\$15.098.4 to increase Legal Reserve not taxed if capitalized over 2 years.
- ✓ Release of reserves not taxed if capitalized for US\$197.688.8 for future capitalization, with an irrevocable commitment to capitalize voluntary reserves or increase the Legal Reserve for five years with 2013 net profits, approved by the Superintendency on April 7, 2014.

23. Contingent Accounts

The following is a detail of contingent accounts:

		<u>2014</u>	<u>2013</u>
<u>Creditor:</u>			
Securities received under repos and similar	US\$	106.862,5	176.257,6
Bank guarantees		1.178.020,0	1.392.406,5
Letters of credit		318.201,5	270.622,7
Loans approved and not disbursed		3.291.049,6	3.496.893,2
Credit cards opened		5.008.018,7	5.058.212,0
Repo and similar obligations		194.996,3	260.644,2
Litigation (note 21)		124.224,7	97.834,0
Total sums insured		9.719.661,6	7.279.784,8
Ohert (less than 5%)		<u>0,0</u>	<u>171.737,4</u>
	US\$	<u>19.941.034,9</u>	<u>18.204.392,4</u>
<u>Debtor:</u>			
Securities delivered under repos and similar operations		337.869,3	434.613,9
Loan interest		58.803,5	56.900,9
Option rights		184.095,9	442.318,9
Lease canons receivable		82.506,1	89.216,0
Litigation		6.242,9	5.405,2
Securities		488.519,0	789.262,5
Other debtor contingencies (under 5%)		<u>10.158,8</u>	<u>20.287,8</u>
	US\$	<u>1.168.195,5</u>	<u>1.838.005,1</u>



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Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

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24 Memorandum Accounts

A detail of Memorandum Accounts is as follows:

	<u>2014</u>	<u>2013</u>
<u>Debtors:</u>		
Securities delivered in custody	US\$ 3.180.511,5	3.088.656,0
Securities delivered in guaranty	1.998.825,3	2.111.085,7
Reappraisals of assets received in payment – real property	5.729,5	9.051,1
Reappraisals of assets received in payment – movable assets	2.708,0	3.362,4
Remittances and other outward collections	5.554,4	5.092,6
Assets written off	1.524.999,3	1.607.884,3
Asset inflation adjustment	24.449,9	30.358,4
Distribution of subscribed and paid capital	25.994,1	32.275,8
Loans to shareholders, related parties	21.443,4	18.673,9
Loans to parents, affiliates and subsidiaries	0,0	103.797,4
New agricultural loans	527.642,9	558.344,9
Property and equipment fully depreciated	112.505,5	73.169,7
Fiscal value of non-monetary assets	18.963.311,0	19.932.337,0
Trading debt investments	1.026.416,2	1.248.591,8
Held to maturity investments	430.874,8	572.235,8
Available for sale debt Investments	759.731,6	664.736,1
Reciprocal asset operations with parents and subsidiaries	887.378,8	901.539,4
Reciprocal operations affecting parent costs and expenses	16.818,6	22.069,6
Capital, interest and insurance, securitization operations	729.127,7	803.546,4
Assets, expenses and contingencies on universalities	4.541,2	12.119,5
Interest, UVR and guarantys written off	483.311,9	573.284,7
Special litigation	31.614,9	35.036,2
Linear accruals on syndicated litigation and bonds	113,1	2.036,7
Indirect depositors DCV	830.689,5	1.076.564,2
Value allocated to trust assets	100.302,5	9.667,2
Capitalization of equity surplus	1.791,0	2.223,8
Assets managed: unit funds and APTS	959.532,4	979.314,2
Other debtors (under 5%)	<u>2.041.977,2</u>	<u>2.019.777,6</u>
	US\$ <u>34.697.896,3</u>	<u>36.496.832,5</u>



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<u>Creditor:</u>		<u>2014</u>	<u>2013</u>
Assets and securities received in custody	US\$	213.179,7	311.427,6
Assets and securities received in guaranty		21.920.472,5	24.152.573,2
Assets and securities received as other credit support		1.609.045,0	1.332.123,0
Equity inflation adjustment		112.869,3	140.144,9
Capitalization of equity reappraisal		112.869,3	140.144,9
Yield on fixed-yield trading investments		118.932,0	94.485,4
Fiscal value of equity		2.047.077,9	2.409.324,7
Capital, interest and other ítems, commercial loans		1.951.494,3	1.937.572,4
Capital, interest and other ítems, secured comercial loans		1.777.297,9	1.578.568,9
Capital, interest and other ítems, unsecured commercial loans		9.191.377,6	9.207.718,7
Capital, interest and other ítems, consumer loans		739.842,2	760.924,5
Capital, interest and other, unsecured consumer loans		5.016.274,7	5.138.053,3
Capital, interest and other ítems, microcredit		38.389,0	39.350,9
Capital, interest and other ítems, mortgage loans		2.746.253,5	2.872.573,2
Capital,, unsecured housing loans		595,8	297,6
Capital, leasing contracts, comercial		0,0	1,6
Reciprocal liability operations with parents and subsidiaries		35.472,4	42.935,9
Reciprocal operations affecting parent equity		57.805,4	68.080,0
Reeci´procal operations affecting parent income		82.421,3	65.803,6
Gyarantíes, liabilities and income of universalities		4.364,2	11.913,2
Guaranties, securitized loans		2.374.284,3	2.680.539,9
Subordinated bonds		0,0	165.244,0
Computable capital – October 2010		2.542.301,3	2.691.890,2
Computable capital – November 2010		2.589.803,9	2.702.455,2
Base for self-withholdings Decree 700 – Investments		1.025.755,5	1.044.290,8
Managed asset control Fidudavivienda		2.268.533,6	2.535.098,7
Other creditor accounts (less than 5%)		<u>2.058.719,2</u>	<u>2.134.704,4</u>
	US\$	<u>60.698.052,3</u>	<u>64.655.440,0</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

25 Trust Accounts

Universalities of mortgage loans written off (CCV)

At December 31, 2014 and 2013, the financial statements of the “universalities” CCV, CCVII and CCVIII were recorded in trust memorandum accounts.

The “universalities” are formed from accounts written off, as approved by the Stockholders’ General Meeting of December 16, 2003, May 11 and November 9, 2004 (Minutes 638, 646, 656). The decision was taken to withdraw a group of home mortgage loans from the balance sheet, due to the particular risks involved - full provision had been made against them – and simultaneously, to issue securities.

Following the terms of the unversalities management agreement for CCV, VVII and CCVIII the securities matured in 2011 and 2012 and the universalities due for liquidation through a general meeting of holders of CCV securities according to the Minute 1 of the meeting of June 15, 2012, CCVII and CCVIII Minute 1 of the meeting of May 24, 2013 in which the representatives authorize the manager to start the liquidation process under the second option contained in the management agreement.

The Bank therefore, as manager of Universalities CCV, CCVII and CCVIII, made the offer and block sale of the portfolio of loans current at September 30, 2013. All three Universalities are now in the liquidation process.

- Sale. CCV Universalities were auctioned, realizing US\$3,075.1 after the holders’ meeting had approved this operation the sale was effected in November 2013 with a base price of the balances of CCV loans at September 30, 2013.
- Liquidation. The CCV’s were then liquidated with their holders, leaving the following items pending:
 - Receivable due from investors for US\$205.4, CCV1
 - Payable due to investors of CCV2 for US\$ 199.5 and CCV3 for US\$303.9; the funds are available
 - The Bank is in the process of legalizing 21 foreclosed real properties, holding US\$111.0 to pay for the expenses of the process

According to Superintendency Circular 47/2008, as of January 1, 2009 the Bank held balances of universalities of written-off loans in trust memorándum accounts. However, at December 31, 2014 and 2013, the Suoperintendency did not authorize the information transmitted and therefore there is a difference between the balance sheet sent to the Superintendency and the Bank’s official books for this item

The following assets are managed by the affiliates Fiduciaria Davivienda S.A, Davivalores S.A, Corredores Asociados S.A, Banco Costa Rica Davivienda and Banco Davivienda El Salvador:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

	<u>2014</u>	<u>2013</u>
Property trusts	1.005.576,7	857.902,3
Management trusts	6.377.619,1	6.899.117,8
Pension trusts	138.599,0	134.599,2
Unit funds	1.859.428,3	984.113,6
Voluntary pension funds	360.111,5	447.917,8
Third party portfolios	98.275,2	0,0
Consortia	2.492.298,6	3.635.946,8
Escrows	526.038,1	869.147,3
Managed securities	3.593.351,8	778.857,6
Universalities	<u>0,0</u>	<u>5.528,2</u>
	<u>16.451.298,2</u>	<u>14.613.130,6</u>

26. Operating and administration expenses

The detail is the following:

	<u>2014</u>	<u>2013</u>
Fees	US\$ 67.727,9	72.533,4
Contributions and affiliations	27.804,3	32.873,2
Maintenance and repairs	25.137,4	28.148,8
Office remodeling and modifications	7.806,6	9.291,7
Cleaning and security	20.764,8	23.762,6
Advertising	49.520,6	52.736,0
Public services	32.290,3	42.885,7
Stationery	6.542,4	9.554,3
Donations	4.767,7	526,7
Insurance	30.573,9	37.463,0
Rent	41.398,9	42.811,2
Data processing	29.094,1	34.726,6
Premises management	7.176,5	7.593,2
Travel	6.525,0	6.823,9
Transport	24.843,2	29.488,9
Country insurances (Salvador y Honduras)	52.686,8	63.456,6
Commissions	90.079,7	88.353,1
Amortizations	16.800,2	21.280,1
Depreciation	25.612,7	29.937,0
Amortization of goodwill	33.310,9	33.876,0
Taxes	73.481,5	81.875,9
Deposit insurance	35.843,9	40.316,3
Other (under 5%)	<u>16.527,6</u>	<u>31.204,3</u>
	US\$ <u>726.316,9</u>	<u>821.518,4</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

27 Other Operating Income and Expense, net

		<u>2014</u>	<u>2013</u>
Exchange	US\$	73.166,3	35.973,3
Derivatives		(10.683,3)	(24.713,0)
Valuations		50.968,5	(14.337,0)
Los son derivatives		(61.651,7)	(10.376,1)
Other (Repos, simultansous, spot, invedtments		15.196,7	32.219,9
Profit on sale of loans		3.446,3	7.938,2
Profit on sale of investments (net)		11.974,0	19.675,5
Other (net)		(223,6)	4.606,2
Valuation of subordinated bonds		2.012,6	2.498,92
Reexpression IFC bonds		(10.244,6)	(12.720,2)
Valuation of syndicated loan		-	-
Valuation of swaps		<u>8.193,0</u>	<u>10.172,9</u>
	US\$	<u>77.640,7</u>	<u>43.431,7</u>

28 Net non-operating income and expenses

The following is the detail of net non-operating income and expenses:

		<u>2014</u>	<u>2013</u>
<u>Non-operating income</u>			
Profit on sale of foreclosed assets	US\$	2.472,7	2.724,6
Profit on sale of property and equipment		2.004,0	1.292,9
Rent		1.142,4	1.259,1
Recoveries of estimated liabilities and deductions, previous years		5.970,5	9.329,2
Recoveries of other provisiona		11.641,9	24.051,9
Income from foreclosed assets		3.012,5	3.187,1
Sundry		18.184,7	33.282,0
<u>Other recoveries</u>		<u>4.511,1</u>	<u>13.163,9</u>
	US\$	<u>45.927,3</u>	<u>85.103,7</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Non-operating expenses

Loss on sale of foreclosed assets	(680,2)	(878,8)
Loss on sale of property and equipment	(130,1)	(204,8)
Operating losses (SARO)	(9.681,0)	(15.309,9)
Fines and litigation	(3.100,2)	(7.577,9)
Expenses of foreclosed and restored assets	(3.407,4)	(5.575,1)
Condoned	(9.036,2)	(8.861,4)
Rebate of housing relief	(439,3)	(290,9)
Return of income of previous periods	(4.794,6)	(435,3)
Other	<u>(7.470,8)</u>	<u>(10.531,3)</u>
	US\$ <u>(38.739,8)</u>	<u>(49.665,3)</u>
Net	US\$ <u>7.187,5</u>	<u>35.438,3</u>

29 Income tax and Equity Tax (CREE)

Colombian tax law does not permit the consolidation of tax returns and therefore the losses of one consolidated company may not be used to offset the profits of another.

Under Law 863/ 2003, the consolidating entity is subject to transfer price regulations for operations with related parties abroad. It is not considered that any additional tax will be payable as a result of the transfer price study.

The income tax expense of the Bank and Subsidiaries and the Equity Tax CREE for domestic subsidiaries at December 31, 2014 and 2013 is as follows:

	<u>2014</u>		<u>2013</u>	
	Current	Deferred	Current	Deferred
Banco Davivienda S.A.	83.477,6	47.576,7	38.890,6	57.817,1
Grupo del Itismo Costa Rica S.A.	3.956,8	346,6	3.667,3	62,8
Inversiones Financieras Davivienda S.A.	10.671,0	-188,4	10.259,6	-102,0
Banco Davivienda Honduras S.A.	3.253,0	0,0	2.492,3	-4,3
Seguros Bolivar Honduras S.A.	772,6	0,0	433,3	0,0
Banco Davivienda Panamá	644,8	0,0	1.861,0	0,0
Fiduciaria Davivienda S.A.	5.120,1	69,9	5.696,2	-179,8
Davivalores S.A.	105,0	-21,3	80,3	-12,1
Corredores Asociados S.A.	232,9	196,6	0,0	0,0
	<u>108.233,8</u>	<u>47.980,1</u>	<u>63.382,1</u>	<u>57.581,8</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Effective rate

The reconciliation of income tax and CREE at December 31 is as follows

	2014			2013		
	Profit before tax	Income tax/CREE	Rate	Profit before tax	Income tax/ CREE	Rate
<u>El Salvador</u>						
Banco Davivienda Salvadoreño	34.404,8	11.125,5	32,34%	33.514,8	8.882,0	26,50%
Seguros Generales Bolívar	4.903,7	1.339,4	27,31%	5.175,3	1.421,0	27,46%
Seguros Personas Bolívar	8,0	3,0	37,16%	16,5	3,0	18,08%
Inversiones Financieras Davivienda	26.376,3	-	0,00%	-	-	0,00%
Valores Davivienda	(41,0)	-	0,00%	83,1	21,1	25,39%
Almacenadora Davivienda	65,5	30,3	46,17%	922,8	114,9	12,45%
Factoraje Davivienda	141,6	39,5	27,90%	78,8	29,4	37,27%
<u>Honduras</u>						
Banco Davivienda	11.355,3	3.798,3	33,45%	7.456,8	2.534,9	33,99%
Seguros Bolivar	5.187,5	902,1	17,39%	4.161,0	441,5	10,61%
<u>Costa Rica</u>						
Banco Davivienda	20.630,7	4.781,1	23,17%	17.611,9	3.494,9	19,84%
Agencia de Seguros Bolivar	352,4	102,5	29,10%	395,6	119,1	30,09%
Grupo del Istmo	17.163,0	1,2	0,01%	-	-	0,00%
Corporación Davivienda	17.161,1	1,4	0,01%	-	-	0,00%
Puesto de Bolsa Davivienda	1.268,7	252,5	19,91%	833,8	169,8	20,37%
Banco Davivienda Panamá	-	-	5,58%	-	-	10,00%
<u>Colombia</u>						
Banco Davivienda S.A.	549.515,1	131.054,3	23,85%	475.402,3	96.693,8	20,34%
Fiduciaria Davivienda S.A.	14.947,9	5.190,1	34,72%	16.467,3	5.473,9	33,24%
Davalores S.A.	627,9	83,7	13,33%	824,0	80,3	9,75%
Corredores Asociados S.A	1.053,2	429,6	40,78%	1.541,8	650,2	42,17%



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Strategy and policy for tax payment.

The Bank has made analysis and interpretation of tax regulations, and compliance correctly and promptly with its various tax obligations, detecting opportunities for improvement and optimizing funds set aside for tax payments.

The review of strategies and policies, regulations, definitions of new products or services, the analysis of the Bank's financial statements are part of the activities undertaken, and are intended to establish a basis for tax processes, allowing prompt and appropriate decision-making, the presentation of reports, results and analysis of fiscal effects and effective rates.

The updating, analysis and ongoing investigation of national and municipal regulations has allowed the Bank to plan and implement actions, and effectively adopt decisions, and control risks in tax matters.

The following are the most important policies for the management and payment of taxes, depending on their nature.

Income tax

The Bank is a "major taxpayer" for income tax, and complies with its obligations to file and pay taxes due within the terms established.

Income tax action includes the recording of current and deferred tax, originating from timing differences which may be reversed in the future.

The Bank records advance taxes paid in the financial statements as follows:

Withholdings made on the Bank's behalf are recorded on an accrual basis, that is, at the time that income is generated

Self withholding at source for financial yields is recorded monthly based on information taken from the application used

If there are credit balances, adjustments are made at the close of the period, and they are offset or rebates are applied for.

Risk and controls

Risks are related to statutory penalties for failure to comply with obligations of substance and form, and the principal causes identified are:

- Disregard of accounting, tax and process regulations
- Human error in the preparation, presentation, validation and approval of information
- Mistakes in liquidation and calculation taxes
- Errors in information generated by Bank applications that support tax filings and certifications
- Lack of promptitude in the delivery of information by the various areas involved in the process
- Other risks related to information security



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

In its operating risk management matrix (SARO), the Bank has identified risks associated with tax issues, and has implemented controls in relation to them, to cover them and secure compliance with regulations.

Sales tax stamp tax and income tax withholdings.

The Bank is a "withholding agent" for income tax, sales tax and stamp tax. At the same time, it is a "self-withholder" for commissions, in accordance with Regulatory Decree 1740/1992 and a self withholder for financial yields on securities under Resolution 1460/1997. It is a self-withholder on loans, under Decree 2418 of October 31, 2013.

As required by regulations, filings are made at national level and findings and payments are made at national level monthly.

Sales tax (VAT)

The Bank is a VAT taxpayer on financial services provided, and VAT generated in its operations, and with exclusions or exemptions in certain services. According to tax regulations, it makes files for VAT every two months within the terms established for Bogotá for the tax, at national level

Turnover tax (ICA)

The Bank is liable for payment of turnover tax, in the 188 municipalities where it has a presence. It files the income received according to the bases established, including additional taxes such as surcharges, and for the presence of the additional offices.

ICA filings are made in accordance with Orders from each municipality or city, within the terms established for the various frequencies-monthly, to monthly, six monthly and annually.

Turnover tax withholdings

Following the individual regulations in each municipality the Bank as a withholding agent for turnover tax. In order to comply with this obligation, withholdings are made, and filed and paid in each municipality or city, within the deadlines and using the formats of presentation required.

The frequency of payment varies: it may be monthly, to monthly, six monthly or annually.

Equity tax (CREE)

The Bank is liable for payment of the equity tax-CREE-and a monthly liquidation is made for self withholdings of CREE for the items established by law. The return is filed and paid annually.

The Bank is also responsible for payment of the surcharge in 2015-18. A monthly estimate is made of tax liability, and a provision is recorded over the year.

Bank transaction tax (GMF)

The Bank, being supervised by the Financial Superintendency, is a withholding agent for GMF under



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

current tax regulations. In the course of its, financial transactions, the Bank makes withholdings for GMF. A withholding is filed monthly on the standard form.

30 Transactions with related parties

The following are counted as related parties

- Sociedades Bolívar S.A. subsidiaries and affiliates.
- Stockholders holding 10% or more the of Bank's capital (Inversora Anagrama S.A.S. and Investments Financieras Bolívar S.A.S.).
- Corporate entities in which the Bank is the beneficiary of 10% of capital (Confinanciera S.A., Davivalores S.A., Fiduciaria Cafetera S.A., Fiduciaria Davivienda S.A., Corredores Asociados S.A., Corredores Asociados. Panama S.A. Banco Davivienda Panamá S.A., Banco Davivienda Oanama S.A., Grupo del Istmo S.A. Costa Rica, Inversiones Financieras Davivienda S.A., El Salvador; Banco Davivienda Honduras S.A., Seguros Bolívar Hondureas S.A., ACH Colombia S.A., Compañía Promotora Inversiones del Café S.A., Deceval S.A., Finagro, Redeban Red Multicolor S.A., Titularizadora Colombiana S.A., Multiactivos S.A.) For capital invested in these companies, see Note 8..
- The Bank's management and the management of the companies in Grupo Empresarial Bolívar and companies in which Bank administrators hold 10% or shares or capital quotas directly or indirectly.
- Other stockholders holding 5% or more but less than 10% of the Bank's capital (Investments Cusezar S.A. and Investments Meggido S.A.).

The Bank in Colombia may enter into operations, agreements or contracts with related parties on the understanding that such operations must be for reasonable amounts and considering, amongst other things:

- Market conditions and rates for the sector in which the operation takes place;
- The activities of the company involved
- The prospects of business growth
-

The Bank has office network agreements and business collaboration agreements with Davivaloiers S.A., Fiduciaria Daviviencia S.A., Capitalizadora Bolívar S.A., and Leasing Bolívar S.A.; property leases signed with Fiduciaria Davivienda S.A., Promociones y Cobranzas Beta S.A., Ediciones Gamma S.A., Davivalores S.A. and Seguros Comerciales Bolívar S.A.; commercial agreement with Asistencia Bolívar S.A.; a collection management contracts with Promociones y Cobranzas Beta S.A.; and a publishing and commercialization agreement with Ediciones Gamma S.A.

There are also insurance placement and collection agreements and Banking-Insurance commercialization contracts with Seguros Bolívar S.A. and Seguros Comerciales Bolívar S.A.

All operations are undertaken at market prices; Deposit rates are 0.0-4.97% and placement rates are between 0.01% and 28.63% including housing loans to management at UVR and UVR+2% and business purchasing cards at one month with no interest.

At the close of December 2014 there were no loans with interest, term, collateral or other conditions other than those agreed with third parties for loans to affiliates, subsidiaries and other companies classed as related parties for the Bank.

**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

At December 31, 2014 there were no loans to stockholder holding under 10% of the Bank's capital, representing more than 5% of its computable capital.

Regulations require the Bank to hold investments in FINAGRO agricultural development issued (TDA)

Assets - investments	<u>2014</u>	<u>2013</u>
Negociables en Debt issues	0	US\$ 5.116,90
Para MantenerH Held to maturity	US\$ 251.136,74	US\$ 297.349,79
Total Activo	US\$ 251.136,74	US\$ 302.466,69

There were rediscount operations with Finagro as follows

Rediscounts	<u>2014</u>	<u>2013</u>
Small collateral rediscounts	US\$ 68.621,6	US\$ 108.384,9
Interest payable	US\$ 726,1	US\$ 1.092,9
Interest expense	US\$ 2.991,0	US\$ 5.371,7



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

30.1. Operations with related parties

2014

(US\$ million)

	Stockholders=>10%	Companies holding. =>10% and subsidiaries	Other Grupo Bolívar	Management Grupo Bolívar	Other Stockholders <10% y =>5%	Total
				(1)		
Assets	0,0	77.405,8	17.111,6	12.587,9	0,0	107.105,3
Cash and Banks	0,0	76.963,3	0,0	0,0	0,0	76.963,3
Investments	0,0	0,0	2.094,2	0,0	0,0	2.094,2
Loans and financial leasing	0,0	155,1	8.717,4	12.485,1 (3)	0,0	21.357,6
Acceptances, spot operations and derivatives	0,0	10,0	0,0	0,0	0,0	10,0
Accounts receivable	0,0	264,5	90,8	101,1	0,0	456,4
Property and equipment	0,0	0,0	0,0	1,7	0,0	1,7
Other assets	0,0	12,9	6.209,0	0,0	0,0	6.222,0
Liabilities	227,0	103.599,0	37.267,5	4.171,0	448,4	145.712,9
Deposits and demand accounts	277,0 (2)	92.496,5	34.415,4	3.685,8 (4)	448,4 (5)	131.273,1
Money market liability positions	0,0	1.525,0	0,0	0,0	0,0	1.525,0
Acceptances and derivatives	0,0	22,0	0,0	0,0	0,0	22,0
Accounts payable	0,0	8.092,5	1.051,5	380,7	0,0	9.524,7
Long-term debt	0,0	1.462,9	1.797,6	104,5	0,0	3.356,0
Other liabilities	0,0	0,0	3,0	0,0	0,0	3,0
Income	0,2	102.144,9	41.593,1	1.428,1	0,0	145.166,4
Operating	0,2	92.968,2	40.907,6	1.170,3	0,0	135.046,3
Non-operating	0,0	9.176,7	685,5	257,8	0,0	10.120,0
Expenses	60,9	35.806,5	21.044,4	644,2	0,9	57.556,9
Operating	60,9	35.347,2	21.021,8	589,2	0,9	57.020,0
Non-operating	0,0	459,3	22,7	55,0	0,0	536,9

- (1) Legal Representatives and Directors of Grupo Bolívar companies, managers, deputy managers at branches, judicial legal representatives of the Bank and Bank management companies
- (2) Receivables of Corredores Asociados – check drawn and not presented under a contract to use the network in December 2014
- (3) Includes home mortgage loans for management as an employment benefit, placed at UVR or UVR + 2% approved by the Board at 15 years with admissible collateral, and consumer loans at market rates up to 28.6%
- (4) Checking accounts, zero interest and savings accounts 0.1% interest TDs at 3-5-4.6% for Grupo Bolívar management
- (5) Savings accounts at 3.7% for stockholders holding less than 10% and 5% or more of the Bank's capital
- (6) Checking accounts at 0% and savings accounts at 4.2% for stockholders holding 10% or more of the Bank's capital.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

The following shows operations with legal entities in which the Bank holds 10% or more and subsidiaries

2014

**US\$
million**

	A.C.H. Colombia S.A.	Deceval S.A.	Finagro	Redeban Red Multicolor S.A.	Titulariza dora Colombia S.A.	Otros Related	Otras	TOTAL
	(9)							
Assets	0,0	12,9	0,0	135,2	102,3	0,0	0,0	171,7
Loans	0,0	0,0	0,0	56,3	98,7	0,0	0,0	155,0
Receivables	0,0	0,0	0,0	0,2	3,6	0,0	0,0	3,8
Other assets	0,0	12,9	0,0	0,0	0,0	0,0	0,0	12,9
Liabilities	21,8	1.880,9	80.130,3	8.088,9	4.936,9	1.019,5	675,2	96.753,6
Deposits and demand accounts (1)	21,8	1.880,9	80.112,3	41,0	3.449,0	1.019,5	675,2	87.199,8
Accounts payable	0,0	0,0	18,0	8.047,9 (5)	25,0	0,0	0,0	8.090,9
Long-term debt	0,0	0,0	0,0	0,0	1.462,9 (7)	0,0	0,0	1.462,9
Income	619,8	1.205,0	6.544,9	29.374,3	11.942,9	15,8	0,2	49.702,9
Operating	560,5 (2)	1.205,0 (2)	6.544,9 (2)	29.374,3 (6)	11.942,9 (8)	15,8	0,2	49.643,5
Non-operating	59,3	0,0	0,0	0,0	0,0	0,0	0,0	59,3
Expenses	1.448,3	864,4	4.481,3	27.497,6	605,7	2.318,0	56,5	37.271,3
Operating	1.423,7 (3)	864,4	4.481,3 (4)	27.496,8 (6)	176,1	2.318,0	56,5	36.816,7
Non-operating	24,6	0,0	0,0	0,8	429,6	0,0	0,0	454,6

(1) Checking accounts at 0.0%, savings accounts at 0-4.8% and TDs at 4.7%.

(2) Dividends received.

(3) Commissions paid for network use.

(4) Interest on savings and TDs

(5) Balances payable for network clearing.

(6) Commissions received and paid for network use.

(7) Dematerialized bond at 24 months and interest IBR + 2

(8) Commissions received for portfolio management and dividends received.

(9) Balances with legal entities in which affiliates and subsidiaries of Banco Davivienda S.A. hold 10% or more of capital.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

2014

(US
million)

	Capitalizadora Bolívar S.A.	Seguridad Cía Adm Fondos de Inversión S.A.	Leasing Bolívar S.A.	Compañía de Seguros Bolívar S.A.	Seguros Comerciales Bolívar S.A.	Sociedades Bolívar S.A.	Ediciones Gamma S.A.	Promociones y Cobranzas Beta S.A.	Constructora Bolívar Bogotá S.A.	Otros Vinculados	Otras	TOTAL
												(13)
Activos	0,4	0,0	2.127,9	376,4	5.812,5	163,5	4,9	13,5	8.507,5	10,0	104,8	17.121,5
Inversiones	0,0	0,0	2.094,2 (4)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2.094,2
Cartera de créditos	0,4	0,0	3,4	102,1	14,0	0,0	0,0	0,0	8.492,8 (12)	0,0	104,7	8.717,4
Cuentas por cobrar	0,0	0,0	30,2	9,9	30,9	0,0	4,9	0,0	14,7	4,8	0,1	95,5
Otros activos	0,0	0,0	0,0	264,5	5.767,6 (7)	163,5	0,0	13,5	0,0	5,2	0,0	6.214,3
Pasivo	5.852,6	2.632,9	7.950,7	9.442,6	3.807,6	847,2	976,9	547,9	287,3	0,0	3.249,9	37.267,5
Depósitos y exigibilidades (1)	5.852,6	821,9	7.950,7	8.747,3	3.599,3	847,2	866,8	522,3	287,3	0,0	3.247,9	34.415,3
Cuentas por pagar	0,0	13,4	0,0	693,3 (5)	207,2	0,0	110,1	25,6	0,0	0,0	2,0	1.051,6
Títulos de inversión en circulación	0,0	1.797,6 (3)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1.797,6
Otros pasivos	0,0	0,0	0,0	1,9	1,1	0,0	0,0	0,0	0,0	0,0	0,0	3,0
Ingresos	1.099,3	0,6	495,3	28.012,1	8.094,3	2.917,0	52,7	99,7	627,5	571,5	194,5	42.164,6
Operacionales	1.098,2 (2)	0,6	138,6	27.964,1 (2)	7.967,1 (2)	2.913,1 (9)	13,0	11,5	607,0	571,1	194,5	41.478,6
No Operacionales	1,1	0,0	356,7	48,0	127,2	3,9	39,7	88,3	20,5	0,5	0,0	685,9
Egresos	0,0	142,7	148,1	8.581,2	6.890,2	783,7	745,1	1.904,7	0,6	169,1	1.848,1	21.213,5
Operacionales	0,0	142,7	148,1	8.581,2 (6)	6.867,6 (8)	783,7	745,1 (10)	1.904,7 (11)	0,6	169,1	1.848,1	21.190,8
No Operacionales	0,0	0,0	0,0	0,0	22,7	0,0	0,0	0,0	0,0	0,0	0,0	22,7

1) "Checking accounts at 0-0.7%; savings at 0-4.2%; TDs at 4.2-4.4%

(2) Insurance collection commissions

(3) Deematerialized bonds capital equal to 20 millions UVR, at 84 months and interest UVR+6.7.

(4) TDs at DTF + 1.85 and 18 months.

(5) Insurance policy payables

(6) Insurance debtors credit card, health, group life and personal accident.

(7) Insurance policies pending amortization.

(8) Performance bonds, fidelity, power failure, theft, fire and automobile policies

(9) Accumulated interest on personal loan 7000323005372652 repaid on June 13. 2014

(10) Purchase of magazines.

(11) Collection expenses.

(12) Construction loans up to 44 months at 4.6% - 5.3%, unsecured.

(13) Balances of affiliates and subsidiaries of Banco Davivienda S.A. with other Grupo Bolívar companies.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

The following are the operations with other Grupo Bolívar companies:

2013

(US\$ Million)

	Stockholders =>10%	Companies holding. =>10% and subsidiaries	Other Grupo Bolívar	Management Grupo Bolívar	Other stockholders <10% y =>5%	Total
	(1)					
Assets	0,0	1.010,4	123.078,9	19.353,9	0,0	143.443,2
Investments	0,0	0,0	5.190,5	0,0	0,0	5.190,5
Loans and financial leasing	0,0	992,7	108.014,1	19.135,6 (3)	0,0	128.142,39
Accounts receivable	0,0	1,7	510,5	218,3	0,0	730,5
Other assets	0,0	16,0	9.363,7	0,0	0,0	9.379,7
Liabilities	75,5	141.768,6	255.094,0	38.888,8	4,1	435.831,0
Deposits and demand accounts	75,5 (2)	129.568,9	251.111,5	27.483,8 (4)	4,1 (5)	408.243,9
Accounts payable	0,0	11.680,7	1.821,0	11.331,8	0,0	24.833,4
Bonds	0,0	519,0	2.157,3	73,2	0,0	2.749,5
Other liabilities	0,0	0,0	4,2	0,0	0,0	4,2
Income	0,0	64.075,7	53.737,5	1.454,3	0,2	119.267,6
Operating	0,0	64.013,5	53.080,6	1.436,8	0,2	118.531,0
Non- operating	0,0	62,2	656,9	17,5	0,0	736,6
Expenses	170,0	39.275,2	26.770,1	1.019,2	234,0	67.468,6
Operating	170,0	38.306,0	26.746,0	948,8	234,0	66.404,8
Non operating	0,0	969,2	24,1	70,5	0,0	1.063,8

- (1) Legal Representatives and Directors of Grupo Bolívar companies, managers, deputy managers at branches, judicial legal representatives of the Bank and Bank management companies
- (2) Checking accounts, zero interest and savings accounts 3.3% interest of stockholders holding 10% or more of the Bank's capital
- (3) Included housing loans for management with employment benefits at UVR or UVR +2% approved by the Board. At 15 years with collateral; and consumer loans at market rates up to 31.2%
- (4) Checking accounts at zero interest; savings accounts at 0.1% interest and TDs at interest 2.5%-4.6% for Grupo Bolívar management
- (5) Savings account at 3.7% interest for stockholders holding less than 10% and 5% or more of the Bank's capital



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

The following are operations with Legal Entities in which the Bank has an interest of more than 10%

2013

(US million)

	Finagro	Redeban Red Multicolor S.A.	Titularizadora Colombia S.A.	Otros Vinculados	Otras	TOTAL
	(8)					
Activos	0,0	525,0	153,7	315,7	16,0	1.010,4
Cartera de créditos	0,0	524,1 (4)	152,8	315,7	0,0	992,7
Cuentas por cobrar	0,0	0,9	0,8	0,0	0,0	1,7
Otros activos	0,0	0,0	0,0	0,0	16,0	16,0
Pasivo	113.989,2	11.547,0	5.541,6	1.754,7	8.936,0	141.768,6
Depósitos y exigibilidades (1)	113.989,2	0,0	5.538,9	1.754,7	8.286,0	129.568,9
Cuentas por pagar	0,0	11.547,0 (5)	2,7	0,0	130,9	11.680,7
Títulos de inversión en circulación	0,0	0,0	0,0	0,0	519,0	519,0
Ingresos	3.447,6	37.321,8	20.559,1	22,0	2.725,1	64.075,7
Operacionales	3.447,6 (2)	37.321,8 (6)	20.559,1 (7)	22,0	2.663,0	64.013,5
No Operacionales	0,0	0,0	0,0	0,0	62,2	62,2
Egresos	2.171,0	29.486,4	1.168,0	3.230,5	3.219,3	42.259,0
Operacionales	2.171,0 (3)	29.486,4 (6)	221,6	3.230,5	3.196,5	41.268,6
No Operacionales	0,0	0,0	946,4 (7)	0,0	22,8	990,4

(1) Checking accounts at 0.0% - 3.0%, Savings accounts at 0.1% - 4.1%, TDs at 3.3% - 6.7%.

(2) Dividends received.

(3) Interest on savings accounts.

(4) Corporate loans at 6.9% - 7.2%, term 48 - 60 months, unsecured.

(5) Balances payable on network clearing.

(6) Commissions received and paid the use of networks

(7) Profit on sale of loans, dividends received and managed portfolio expenses.

(8) Balances with Legal Entities in which the Affiliates and Subsidiaries of Banco Davivienda S.A. have an interest of more than 10%.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

2013

(US
Million)

	Capitalizadora Bolívar S.A.	Seguridad Cía Adm Fondos de Inversión S.A.	Leasing Bolívar S.A.	Compañía de Seguros Bolívar S.A.	Seguros Comerciales Bolívar S.A.	Sociedades Bolívar S.A.	Promociones y Cobranzas Beta S.A.	Otros Vinculados	Otras	TOTAL
										(13)
Activos	1,7	0,0	5.192,3	416,7	8.946,6	104.351,0	54,2	10,8	4.105,5	126.884,0
Inversiones	0,0	0,0	5.190,5 (4)	0,0	0,0	0,0	0,0	0,0	0,0	5.190,5
Cartera de créditos	1,7	0,0	1,7	102,0	24,5	103.797,4 (10)	0,0	0,0	4.086,8	111.801,9
Cuentas por cobrar	0,0	0,0	0,0	5,3	53,8	367,7	54,2	10,8	18,7	527,8
Otros activos	0,0	0,0	0,0	309,5 (5)	8.868,3 (5)	185,8	0,0	0,0	0,0	9.363,7
Pasivo	6.099,1	3.473,3	5.757,3	5.505,8	1.852,4	11.489,6	3.985,7	198.906,1	18.024,6	271.799,7
Depósitos y exigibilidades (1)	6.099,1	1.299,9	5.757,3	4.570,6	1.373,6 (6)	11.489,6	3.811,4	198.901,8	17.808,1	267.616,5
Cuentas por pagar	0,0	16,1	0,0	935,2 (6)	474,6	0,0	174,3	4,3	216,6	2.021,7
Títulos de inversión en circulación	0,0	2.157,3 (3)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2.157,3
Otros pasivos	0,0	0,0	0,0	0,0	4,2	0,0	0,0	0,0	0,0	4,2
Ingresos	2.072,2	0,9	743,2	30.896,5	9.290,3	8.628,3	83,1	344,1	1.678,9	55.293,6
Operacionales	2.070,9 (2)	0,9	409,1	30.873,6 (7)	9.128,7 (7)	8.626,2 (11)	13,9	344,1	1.613,2	54.575,7
No Operacionales	1,3	0,0	334,1	22,9	161,6	2,0	69,2	0,0	65,7	717,8
Egresos	0,0	179,7	86,3	10.101,0	10.590,5	553,0	1.752,5	196,1	3.311,0	29.838,9
Operacionales	0,0	179,7	86,3	10.101,0 (8)	10.567,4 (9)	553,0	1.751,5 (12)	196,1	3.311,0	29.814,7
No Operacionales	0,0	0,0	0,0	0,0	23,1	0,0	1,0	0,0	0,0	24,1

(1) Checking accounts at 0.0% - el 1.1%; Savings accounts at 0.1% - 3.3%; and TDs at 0.8% - 5.0%.

(2) Commissions on insurance collections and checking account commissions

(3) Dematerialized bonds with capital equivalent to 20 million UVR, term 84 month at UVR+6.or Spread.

(4) Peso TDs term 3 months face interest 4.6% spread

(5) Insurance premiums pending amortization.

(6) Insurance policy accounts payable

(7) Commissions on insurance collections.

(8) Insurance debtors credit cards, health, group life and personal accident

(9) Performance, power failure, fire, automobile and third-party liabilities policies

(10) Corporate loan term 84 months at 8.1%, unsecured.

(11) Interest received , corporate loans.

(12) Expenses of collection management.

(13) Correspond to balances which affiliates and subsidiaries of Banco Davivienda S.A. hold with other Grupo Bolívar companies



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

31. Risk management

Comprehensive risk management is based on a structure of government which is designed to achieve strategic objectives, based on the management, administration and control of risks, supporting business growth and the taking of opportunities. On this basis, the focus is on efforts to implement strategy and to control associated risks.

Risk management and control is achieved a number of areas, which is which have specialized functions by lines specific segments, such as credit risk, market risk and liquidity; and some focus their efforts transversely, such as in the functioning of the operating risk system or internal control.

The implementation of strategy is the responsibility of Finance Control and the President's Committee.

The fundamental principle of comprehensive risk management is the maintenance of business over time, and on that definition, policies and principles which regulate risk management at all levels of the organization are constructed.

31.1 Organizational structure.

Following the basic guidelines for security and professionalism, the risk and commercial operating areas of the Bank function separately from each other. Nonetheless, in order to take advantage of synergies between group companies, the transverse support programs provide assistance in the development of tools for risk management.

31.1.1 Banco Davivienda Colombia

The Personal Banking Credit Division is responsible for the evaluation, administration and collection of all lines of credit. Approvals are based on a pyramid-structure of authority, with defined authority levels. There are also credit committees, which take collegiate decisions.

For the credit products, there are scoring systems constructed on the basis of the Bank's historical information, and which value variables of the customer, credit record and business sector, the product and the guarantee. There are also methods to segment loan portfolio by homogeneous groups, and thus allocate individual risk levels.

The principal homogeneous groups in Personal Banking are:

- Mortgage loans and residential leasing.
- Loans
- Credit card
- Payroll deductions.
- Other consumer credit.

In Corporate and Business Banking, the commercial strategy is the responsibility of Business Banking group and the evaluation is the responsibility of the Corporate Credit Division, which analyses loan applications, follows up loans, assigns them risk categories, and arranges recoveries where necessary.

The Corporate Credit Division is responsible for granting credit facilities: its target market is the group of Colombian and international companies with revenues of more than US\$12,539.4 and with economic activities within the guidelines and conditions of the Superintendency of Corporations and Banco Davivienda S.A. In order to achieve this objective, a careful examination is made of the creditworthiness of the company, the macro and micro economic circumstances in which it operates, culture, strategies and policies and procedures and a range of quantitative and qualitative risks, taking account of the size and importance of the sector in which it operates.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

The Financial Risk and Control Division is responsible for evaluating various alternatives for hedging financial risks to which the bank is exposed, managing policies for approvals, the evaluation of risk in mass portfolios, SMEs and Business banking, and maintaining a balance between risk and profitability.

The exposure limits by strategic segment and risk management policies are approved by the Board.

The Financial Risk and Control Division is responsible for operating risk management, ensuring the integrity of all business processes, and the ability to maintain services available to customers and partners, with the general purpose of obtaining transparency in business management.

31.1.2 Banco Davivienda affiliates outside Colombia

Corporate, Business and Personal Banking in the affiliates outside Colombia is the responsibility of the International Credit Division and, as in the Parent, is responsible for the management and collection of credit lines. Approvals are also based on a pyramid-structure of levels of authorization and limits and there are credit committees for collegiate decisions.

The Personal Banking Credit products use scores, constructed on the basis of internal historical information evaluating the client, his record and indebtedness in the financial sector, the product and the collateral. These products include:

- Home mortgage loans
- Vehicle loans
- Credit cards
- Personal loans
- Payroll instalment loans
- Other consumer credit

Approvals of loans for Corporate and Business Banking with a pyramid. Type structure of authorization levels and local limits, the Regional Unit and authority of the Corporate Credit Committee for Colombia defined.

Exposure limits by strategic segments and in general all risk management policies are approved by the Board.

Operating risk management is the responsibility of the International Operations Division to ensure the integrity of business processes and the ability to keep services available to clients and partners, whose purpose is transparency in business management.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

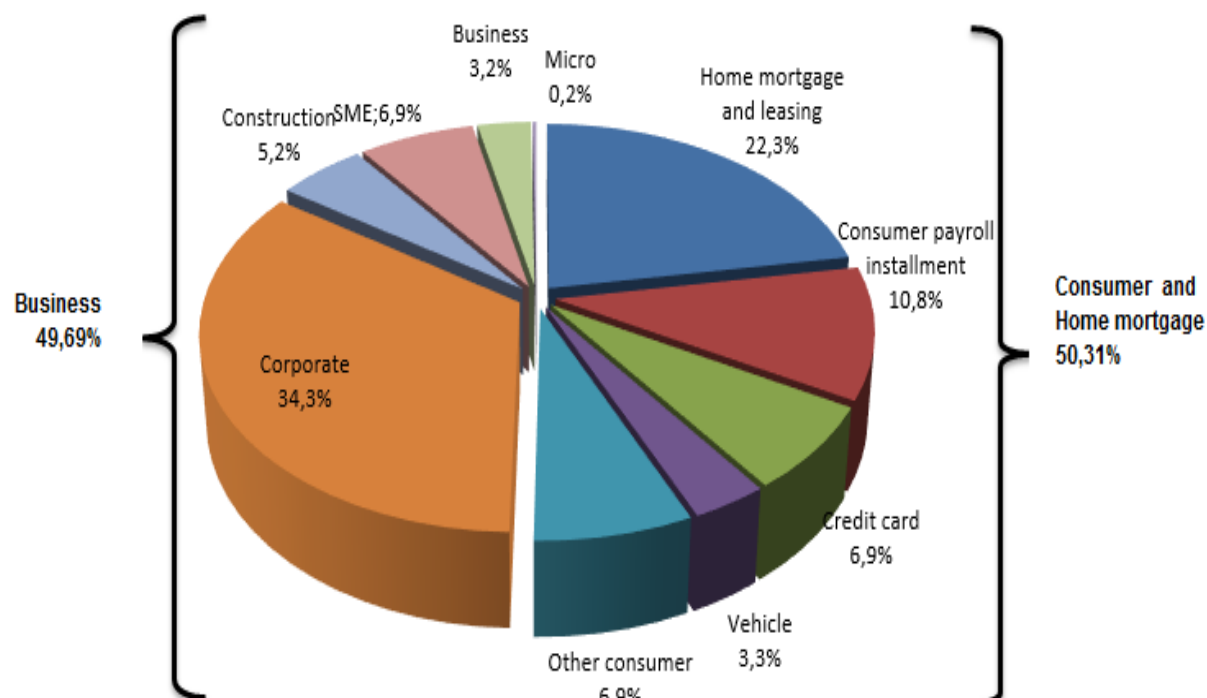
(Amounts in thousands of US dollars)

31.2 Credit risk.

31.2.1 Banco Davivienda Colombia

The composition of loans by business lines is the following at December 31, 2014.

Composition of loans, December 31, 2014



The shows that Personal Banking accounts for 50.31% and Business Banking, 49.69%



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

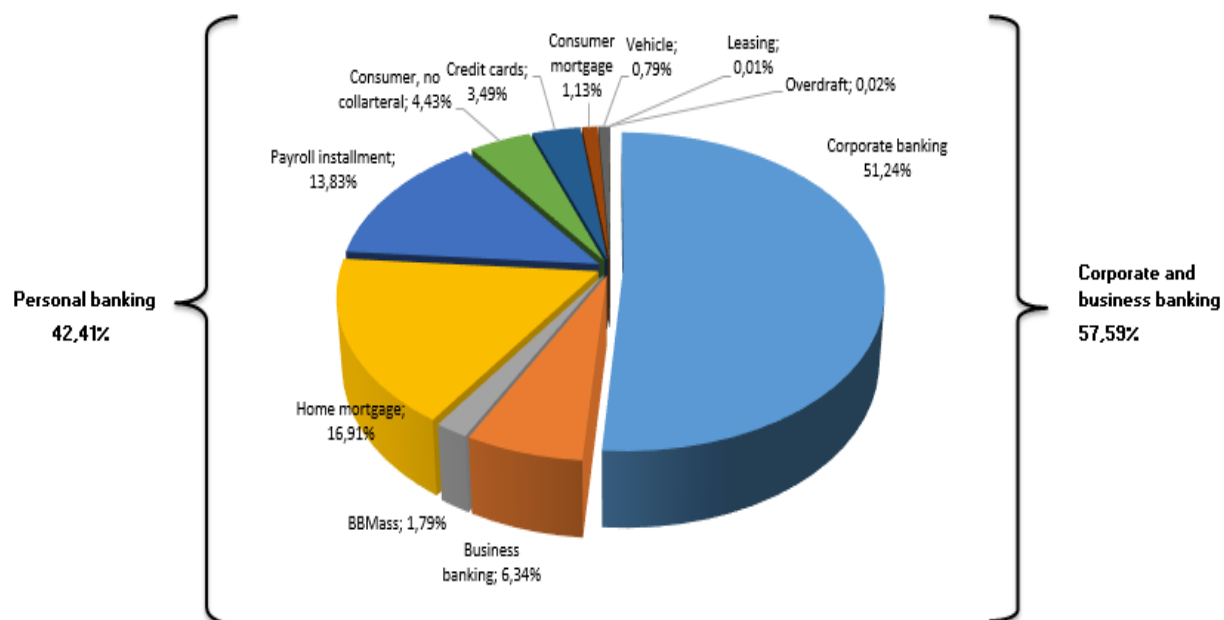
Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

31.2.2 Banco Davivienda affiliates outside Colombia (Costa Rica, Honduras, El Salvador, Panama)

Composition of loans at December 31, 2014





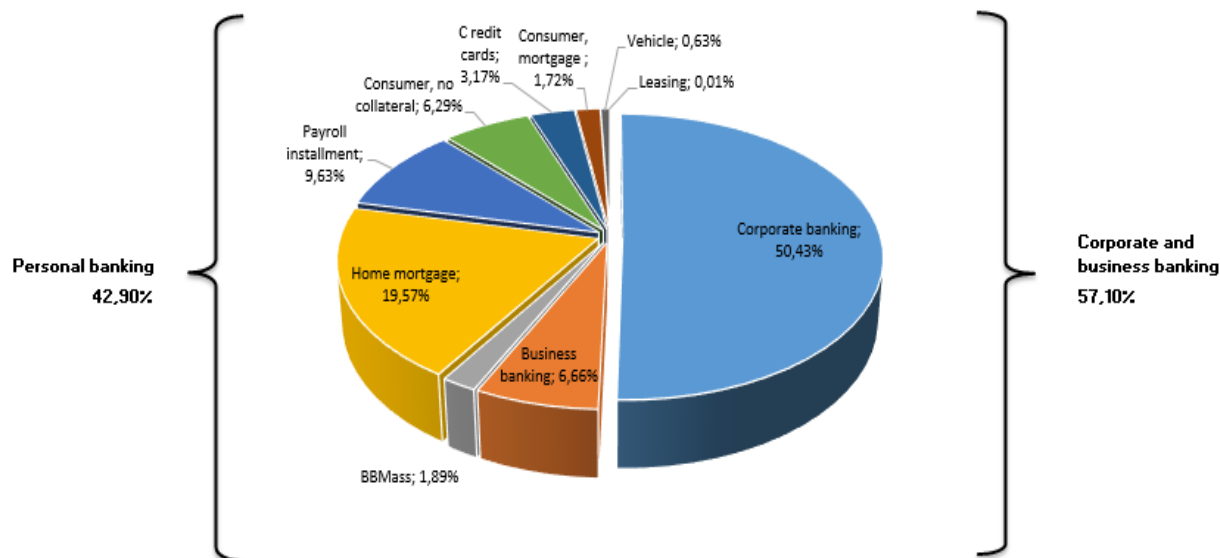
BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Composition of loans at December 31, 2013



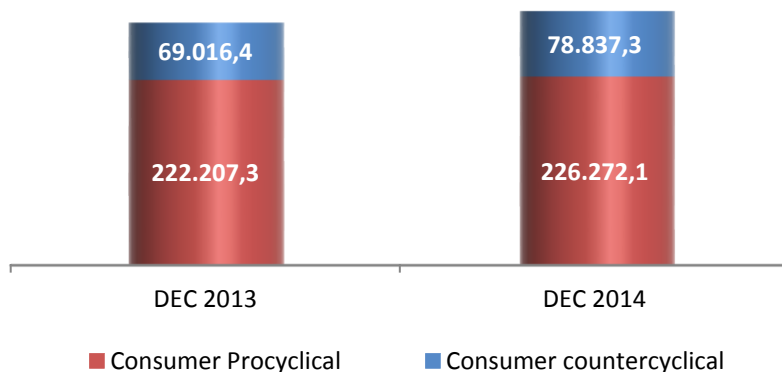
31.2.3 Calculation of allowances for credit risk

31.2.3.1 Banco Davivienda Colombia

As part of its credit risk management measurement policies, the Bank has implemented the Commercial Reference Model and the Consumer Reference Model, following Superintendency definitions. For restructured loans, the Bank has a method of classification that recognizes the risk of this portfolio in the early months after restructuring, estimating risk levels that are sometimes higher than those required by the reference models-

The Bank continues to follow regulations for classifying and making allowances for home mortgage and micro-credit as laid down in Superintendency Circular 100/1999 Annex I.

The following is the composition of allowances against commercial, consumer and home mortgage loans.



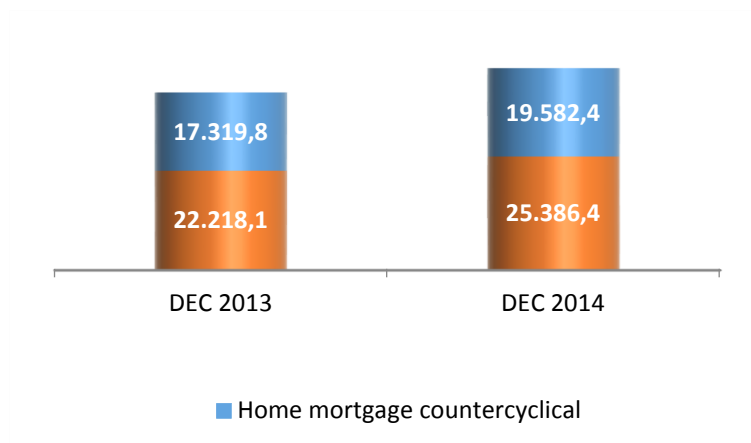
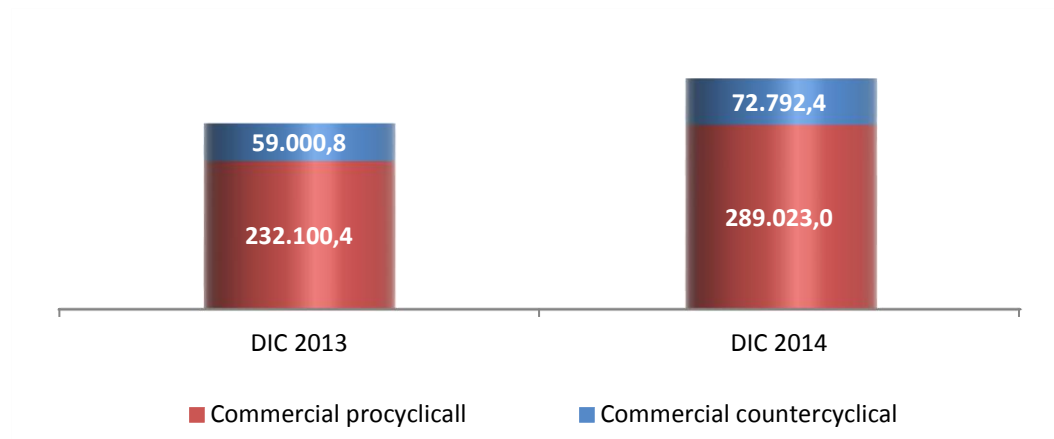


BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)



These reference models and the related regulations are the basis for the estimation of loan allowances, of which details are:

(US\$ million)	Countercyclical	Procyclical	Bucket allowance *	Total Allowances Bank
Allowances				
Dec 2013	US\$128.0	478.5	17.6	US\$624.1
Dec 2014	151.6	543.4	20.0	715.0

* Applies for Home Mortgage and Micro loans.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Changes to allowances during 2014

In order to promote healthy origination and growth in consumer lending. The Superintendency issued Circular 026 setting an additional percentage for allowances as a temporary measure in consumer lending for institutions whose annual past-due accounts show the fastest deterioration.

In March and September the indicator was negative, and the additional percentage allowance was temporarily released. However and as a result of the growth in gross loans over the year, 100% of the allowance was restored. At the December close an extra allowance of US\$15,704.8 was made

31.3. Personal Banking

The Personal Banking portfolio includes loans to individuals in consumer, home mortgage, personal loans, credit cards, revolving lines, payroll installment operations, vehicles, "low-cost" housing. "Higher than low-cost" housing and residential leasing

PERSONAL BANKING Cover increased compared across the product range to 2013, as a result of a healthy increase in lending in 2014 and the additional allowances against consumer credit.

The dynamics of growth and quality improved over the year, in which consumer loans increased 18%. The main sources of growth were Crediexpress Fijo and payroll installment loans, up 65.6% y 33.6% respectively. In both cases, placement was driven by competitive rates for personal loans and loan purchases. Low-risk profiles formed an important part in placements. Portfolio quality was stable in terms of risk levels in these portfolios.

The growth and dynamics of mortgage lending and residential leasing at the end of 2013 and early 2014 were driven by the Housing Fair of mid-2013: but the ímpetus fell away at the end of the year when government rate protection came to an end, and ordinary housing loan (other than low_cost housing) securitizations slackened at the end of the year – amongst other things. Growth by product is shows as follows:

Other consumer credit: Crediexpress Fijo, Crediexpress Rotativo, Preferencial y Normalizados

Portfolio dynamics allowed a continuous calibration of credit policies and rules: the Bank has taken up new business opportunities and identified clients with early warning signs of impairment: some client profiles have been restricted, but this has not significantly affected new placements.

The Credit Risk Division continues to create methods and calibrati0ons to enable the Bank to increase its sector share while maintaining expected risk levels.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

31.4 Business banking

Since January 2014, Business Banking has been segmented as follows:

(US\$ million)		Balance	Variation %	Variation US\$	Share %
PERSONAL BANKING	Home mortgage and leasing				
	dic-13	3.996,5	46,1%	1.260,4	44,2%
	dic-14	3.817,2	18,6%	598,5	44,3%
	Credit card				
	dic-13	1.455,8	-1,7%	-24,6	16,1%
	dic-14	1.184,5	1,0%	28,8	13,8%
	Other consumer				
	dic-13	1.241,0	-6,4%	-67,8	13,7%
	dic-14	1.187,6	18,8%	188,2	13,8%
	Consumer - payroll installment				
	dic-13	1.717,9	24,2%	335,3	19,0%
	dic-14	1.848,3	33,6%	464,7	21,5%
	Vehicle				
	dic-13	631,3	1,2%	7,7	7,0%
	dic-14	570,5	12,2%	62,1	6,6%
	Total				
	dic-13	9.042,4	19,8%	1.494,5	100,0%
	dic-14	8.608,0	18,2%	1.325,5	100,0%



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

- SME: Sales US\$83.6 - US\$8.359.6 million
- Business: Sales US\$8.359.6- US\$29.258.6,
- Corporate: Sales over US\$29.258.6
- Construction: Construction sector.
- Special segments: Public sector and institutions

Business Banking employs its own tools and models for evaluation and the appropriate monitoring and measurement of credit risk, including SME, Business and Corporate Classification, Expected Loss Estimation and the Early Warning Detection System.

In 2014, then portfolio, including Business Banking, was segmented.

The following are the most important balances in each segment and the allowances made in each after segmentation

		Balance	% C, D, E	Allowance	Coverage C, D, E	US\$ C, D, E
BUSINESS BANKING	Corporate					
	dic-13	6.027,4	1,03%	147,9	238,30%	62,1
	dic-14	5.862,5	1,05%	149,6	243,26%	61,5
	Construction					
	dic-13	862,3	1,98%	26,6	155,27%	17,1
	dic-14	885,7	0,91%	20,9	258,92%	8,1
	SME					
	dic-13	992,4	7,89%	89,10	113,76%	78,3
	dic-14	1173,5	7,58%	102,4	115,15%	89,0
	Business					
	dic-13	733,2	3,11%	39,0	171,05%	22,8
	dic-14	542,1	3,88%	27,5	130,69%	21,1
	Micro					
	dic-13	39,4	2,22%	2,8	322,53%	0,9
	dic-14	38,2	3,74%	3,1	216,43%	1,4
	TOTAL					
	dic-13	8.654,6	2,09%	305,4	168,6%	181,2
	dic-14	8.502,0	2,13%	303,5	167,7%	181,0

Corporate loans grew 21% in the year, while the indicator for non-performing loans (classed C, D or E) increase two basic points to 1,05%. The coverage indicator rose from 238% to 245%.

The results show that construction sector loans rose 28% over the year. Here, coverage of loans classed C, D or E rose by 66,8%, to close at 259%. At the same time, the indicator for non-performing loans (classed C, D or E) fell 107 basic point, to close at 0,91%.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

As of January 2014, Business operations were split off from SME. At December, Business Banking had loans worth US\$542.1 compared to US\$590.5 December 2013, a decline of 8,2%. The indicator for non-performing loans (classed C, D or E) increased 77 basic points over the year from 3,11% in December 2013 to 3,88% in December 2014, and coverage was over 100%, rising to 131% at the close..

SME loans rose 47%, from US\$803.0 at December 2013 to US\$1,173.4 at the close of 2014. The indicator for non-performing loans (classed C, D or E) and related cover closed at 7,58% and 115,1% respectively, compared to 7,89% and 113,7% at the close of 2013.

In Microcredit, loans grew 21% in 2014 to US\$38.2. The indicator for non-performing loans (classed C, D or E) closed at 3,7%, 152 basic points above the close of 2013; and the coverage indicator for them closed at 190%.

In general, commercial loans grew 22% over the year; the indicator for non-performing loans (classed C, D or E) was stable, rising 4 basic points from 2,09% to 2,13%. Coverage was stable at 168%

Banco Davivienda affiliates outside Colombia

During the year the Model for Classification and Calculation of Allowances (currently under review in the Superintendency) was applied. The Superintendency regularly reviews risk levels for lending, using internationally-accepted standards incorporating objective methods for subjective assessment of elements of individual or mass risk, and measurement of inherent country risk for regional operations; risk coverage is then provided to be able to absorb expected losses derived from credit risk exposure in Costa Rica, Honduras, El Salvador y Panamá.

The model evaluates Personal and Business Banking portfolios, calculating allowances on exposed balances, considering types of collateral backing loans and their degree of impairment, using methods adjusted by an Economic Factor that catches the effect of changes in macroeconomic variables of countries in relation to loan portfolio performance.

Calculation of Personal Banking Allowances

The model for Personal Banking allowances uses collective provisions and individual provisions adjusted by an economic factor that includes the effect of macroeconomic variables of countries on loan performance.

For Panama, the classification and calculation of these allowances follows a locally-applied model. Central America clients with loans in Panama will be affected by the economic factor, in order to add in a provision for country risk. In El Salvador, if the allowance associated with the model is lower than that required by local regulations, the local regulations are applied. There are therefore no write-backs of allowances. Additionally, there is a general allowance of 1% on Non-Staff Home Mortgage loans

Corporate and Business Banking Allowances.

The internal model for Business Banking allowances is based on the calculation of expected portfolio losses, assigning an internal Probability of Default as a function of the maximum classification possible under the MRC and the Internal Risk Classification and an LGD for the type of collateral held. This calculation is adjusted by an Economic Factor that includes the effect of macroeconomic variables on country portfolio performance.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Comparative results Dec 2013-Dec 2014

PORTFOLIO		COSTA RICA		HONDURAS		EL SALVADOR		PANAMÁ		TOTAL	
		dec-13	dec-14	dec-13	dec-14	dec-13	dec-14	dec-13	dec-14	dec-13	dec-14
TOTAL	K Balance	881.143,6	1.090.851,8	659.621,8	710.690,3	1.446.789,8	1.545.029,2	713.311,8	890.525,9	3.700.867,0	4.237.097,1
	Local K Allowance	17.163,6	15.596,1	14.239,7	13.800,9	39.164,5	33.368,7	6.153,6	4.616,8	76.721,5	67.382,6
	Colombia K Allowance	25.078,8	29.747,1	18.434,1	15.590,0	51.493,4	46.574,4	7.830,8	11.608,9	102.837,0	103.520,4
	Colombia General allowance	2.682,0	2.930,9	1.859,8	2.007,1	2.396,6	2.661,2	53,2	163,3	6.991,7	7.762,4
	Default	10.597,1	17.084,3	6.054,1	3.798,5	14.725,5	12.183,0	1.730,5	4.770,5	33.107,2	37.836,3

31.5 Market Risk

Market risk is the probability that the Bank may suffer a loss associated with the reduction of the value of its portfolios, a fall in the value of unit funds or collective portfolios it manages due to a change in the price of the financial instruments in which positions are held on or off the balance sheet.⁴

The management of this risk addresses the parameters of Chapter XXI – Rules for Market Risk Management Systems – in the Superintendency's Basic Financial Circular

Financial Risk Management

Risk management in Grupo Bolivar companies uses a strategy of synergy between companies, consolidating a Risk Area for all companies to optimize technological resources and risks assumed. The Area is accountable to the Investment Risk Division of Grupo Bolivar, and is supervised by the Executive Finance and Risk Division of the Group.

A Financial Risks and Investments Committee (CRF) has been set up in the Group, along with an Assets and Liabilities Management Committee, or its alternate (C-GAP) and a similar committee for foreign currency (C-GAP-ME) the Market Risk committee and the Board of each Group company are responsible for defining institutional policy non exposure to the range of financial risks, given that those policies must be consistent with each financial and operating structure, and with corporate strategy and objectives.,

The Group Financial Risks Management Manual (MARF) consolidates matters related to financial risk management in Treasury and liquidity in Group companies; and it is the document that sets up the management system for this.

The Companies have therefore designed an appropriate structure for exposure limits for each risk, in order to control portfolios and activities related to their management. Amongst other things, each company has defined investment and counterpart, portfolios limits per operator, value at risk, sensitivity, duration, term and a range of early warnings to monitor and control the operation.

⁴ Definition of Market Risk Chap. XXI – Rules for Market Risk Management, Superintendency Basic Financial Circular.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Using the applicable rules, the Market and Liquidity Risk Committee is responsible for risk measurement and analysis, the regular review and evaluation of valuation methods for financial instruments and verification of compliance with policies and limits established as applicable, the CRF, the Committee for unit portfolios (CRF-CC), the C-GAP Committee or equivalent and the various Boards.

Credit Risk for Investments

Credit risk is the possibility that an entity may suffer a loss and reduce the value of its assets as a consequence of default by a debtor or counterpart⁵

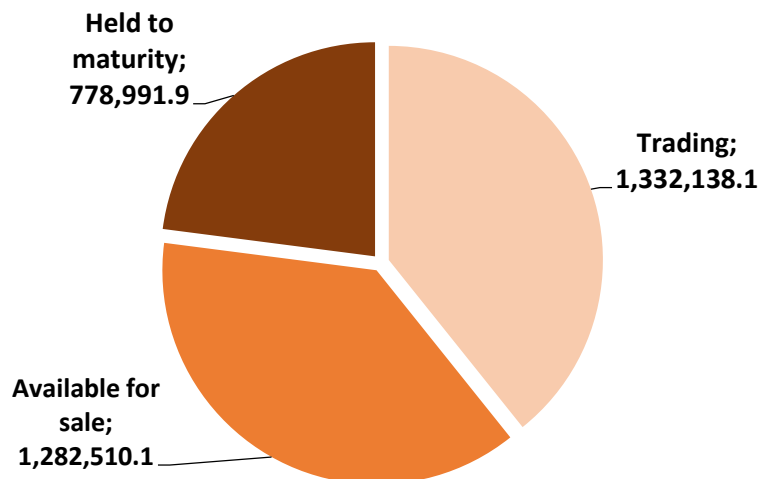
The definition of the entities authorized to operate with the Bolivar Group companies in which investments can be made using a model that evaluates the financial performance of the counterpart by their leading scores in financial Indicators, taking into account qualitative criteria..

The incursion into new markets and products is effected only after the impact and related risk profile have been approved by the relevant Committees and the Board, following regular procedures.

Investment Portfolio

The accounting classification of the consolidated investment portfolio of Banco Davivienda S.A. and its subsidiaries at December 31, 2014 is as follows:

Composition of the Consolidated Investment Portfolio (US\$000 dolars)



⁵ Definition of Credit Risk taken from the Superintendency's Basic Accounting and Financial Circular Chapter II.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

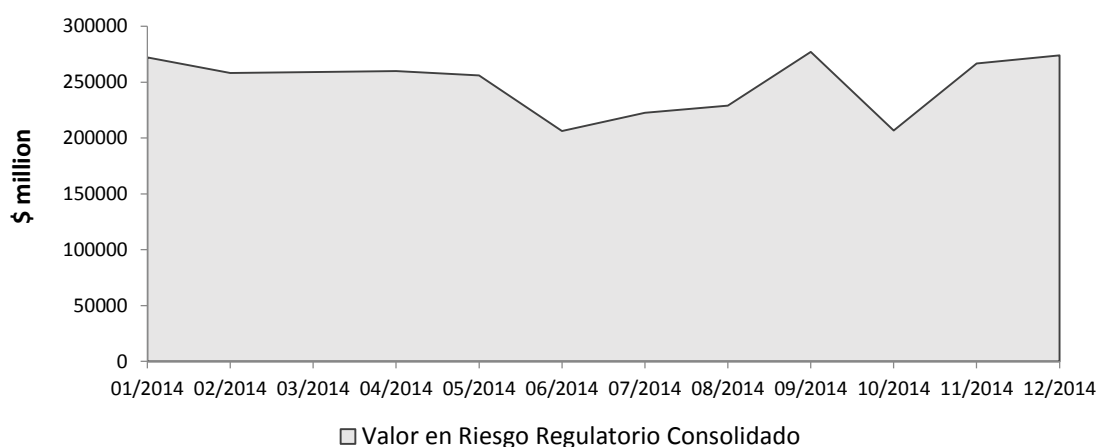
December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Value at Risk

The calculation of the consolidated Value at Risk "VaR" of Banco Davivienda S.A. and its subsidiaries is made as follows: using the method described in Chapter XXI, Annex I of the Superintendency's Basic Accounting and Financial Circular. The VaR at the close of December 31, 2014 was US\$114,538.6. The movement of trading portfolio balances, which follow short-term market expectations, explains this comportment

Evolution of Consolidated VaR January-December 2014



31.6 Liquidity Risk

Liquidity risk is understood to be the possibility that present and future expected and unexpected cashflows may not be able to be satisfied fully, promptly and efficiently without affecting the normal course of operations or financial situation. This contingency (funding liquidity risk) is manifested in the lack of liquid assets available to it and/or the need to take unusual funding costs. In turn, the ability of banks to generate or break financial positions at market prices is limited, either because there is no proper market depth or because there are dramatic changes in rates and prices (market liquidity risk)⁶.

The risk is managed attending parameters to be met by supervised entities, as given in the guidelines set out in Chapter VI - Rules for the Liquidity Risk Management System in the Superintendency's Basic Accounting and Financial Circular

The liquidity of the Bank and its affiliates and subsidiaries is an essential ingredient to guarantee the sustainability of operations and is therefore a cornerstone of the administration of their individual financial activities. The companies have the greatest interest in maintaining availability of customer funds when required, and in securing

⁶ Definition of Liquidity Risk, Chapter VI - Rules Relating to the System of liquidity Risk Management, in the Superintendency's Basic Financial and Accounting Circular.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

the funds they need to meet obligations to suppliers, creditors and stockholders and any other persons with whom the companies do their regular business.

The scheme of identification, measurement, follow-up and control of the Bank's liquidity risk includes the possibility of contingencies in the subsidiaries; each subsidiary has implemented its own system of liquidity risk management, which is independently monitored by the various designated Committee and Boards and by the Group Investment Risk Division.

31.7. Internal Control System

Since 2009 the Bank has been strengthening its structure of government with the introduction of preventive, detective and corrective process controls to secure functional integrity of operations and their sustainability over time

The heads of department or process leaders are responsible for the continuous supervision of the correct and prompt application of controls of their posts, taking corrective action where necessary to ensure that they are effective.

As part of a dynamic process, the Bank engages in an ongoing analysis of developments in circumstances of its business, promptly introducing changes required for Internal Control to secure quality and effective performance of operations

The Bank also complies with regulatory requirements of Superintendency Circular 38/2009.

31.8. Financial Consumer Service system (SAC).

The Bank has optimized a number of procedures in 2014 to be more effective in serving client – and in general, financial consumer – needs. The Bank continues in its commitment to build up mechanisms that will strengthen the culture of attention, respect and service, along with prompt and effective attention to complaints, requests and claims.

The Bank's risk management system allows preventive action to be taken in the control of the various risks that may arise; and to take effective action such any such risk materialize.

The system also allows the Bank to effect continuous monitoring of the effectiveness of controls and the risk profile of the Bank: the result has been an adequate composition of risk management, as can be seen in the comparative graphs for 2013 and 2014.

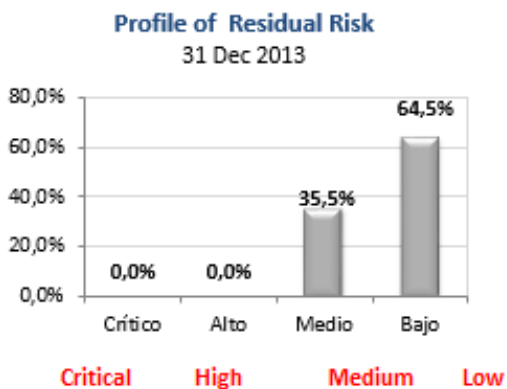


BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

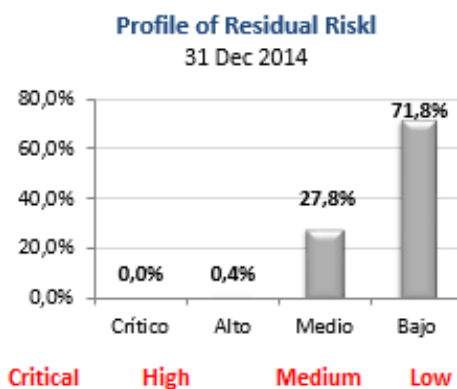
December 31, 2014 and 2013

(Amounts in thousands of US dollars)



31/12/13

Level	# Risks	% Share
Critical	0	0,0%
High	0	0,0%
Medium	264	35,5%
Low	479	64,5%
Total	743	100,0%



31/12/2014

Level	# Risks	% Share
Critical	0	0,0%
High	3	0,4%
Medium	187	27,8%
Low	483	71,8%
Total	673	100,0%

Further, our system enables us to comply with legal requirements of the Financial Consumer Attention Regulations of Law 1328/2000 and Superintendency Circular 15/2010.

31.9. Management system for the financing for asset-laundering and the financing of terrorism (SARLAFT).

The Bank and its subsidiaries in Colombia and elsewhere have implemented its management system for the risk of asset-laundering and the financing of terrorism – AML/CFT or locally, SARLAFT - based on the premise that this area of risk management includes the knowledge of customer and of his operations with the Bank, the definition of market segments, customers, products, distribution channels and jurisdictions, monitoring of transactions, and reports of operations to the competent authorities, to avoid the Bank being used to give the appearance of legality to assets which are the proceeds of illegal activities, or to finance terrorist activities, as described in Superintendency Legal Circular 029/2014 as amended.

SARLAFT is supported by an organizational culture, policies, controls and procedures which are known to all its members, applied by it, and bringing together the entire regulatory framework in force in Colombia, together with recommendations and international best practices on the matter, particularly those of the International Financial Action Group – IFAG. The ALD-CFT Compliance Programme is part of the regular evaluation processes of the Statutory Auditor and Internal Audit



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

The procedures and rules of conduct for the application of all mechanisms and instruments of control are contained in the SARLAFT Manual and the Code of Conduct, which is known to and accessed by all Bank officers.

The Bank and affiliates in Colombia and elsewhere regularly provides training programmes for its officers, seeking to create awareness and commitment in all of them.

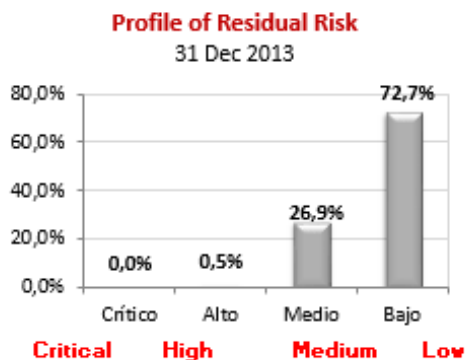
In compliance with regulations, the Board has appointed a Compliance Officer and his Deputy, who have been sworn in by the Superintendency.

Banco Davivienda S.A. and its affiliates have adopted an organizational culture, policies, controls and procedures to comply with FACTA. Group companies are registered with the IRS and have obtained GIIN coding to certify participation in compliance with that Act.

31.10. Operating Risk Management System (SARO).

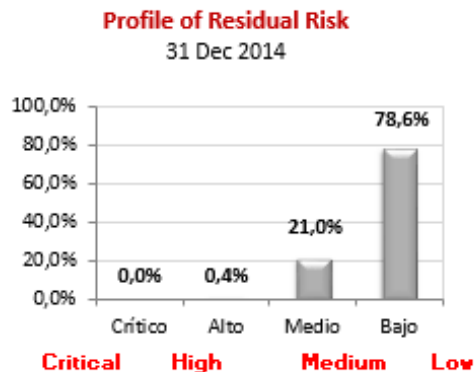
In each process implemented, the Bank has made a detailed analysis of the operating risks that may affect the smooth and safe flow of operations. Controls have been introduced to secure adequate and effective mitigation. Events arising have been evaluated to establish their causes; and action plans implemented to avoid economic impact, or legal or reputational effects that might damage the Bank's good name..

The operating risks management system has been incorporated into the Bank's processes so that risks will be controlled, as can be seen in the corporate risk profile for 2013 and 2014, within tolerances set by the Board.



31/12/2013

Level	# Risks	% Share
Critical	0	0,0%
High	7	0,5%
Medium	408	26,9%
Low	1104	72,7%
Total	1519	100,0%



31/12/2014

Level	# Risks	% Share
Critical	0	0,0%
High	7	0,4%
Medium	331	21,0%
Low	1238	78,6%
Total	1576	100,0%



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

The Bank also complies with legal requirements for the Operating Risk Management System (SARO) in Superintendency Circular 41/2007

32. Information Security Strategies

In order maintain compliance with Superintendency Circular 952/2007, Circular 22 of July 2010 and Circular 42 of October 17, 2012 the Bank has included these requirements in the development of projects from the planning stage forward and there is a check to ensure compliance with regulations, which are also considered when improving or optimizing processes in order to secure permanence and sustainability over time.

With the publication of Circular 42 on October 17, 2012, the Bank confirmed compliance with Mobile Banking security and requirements of EMV franchises, and smartcard interoperability standards. The Bank started issuing microchip cards in 2011, as planned, and ATMs have been updated to EMV functionality for issuers.

The Bank and its affiliates will continue to investigate trends, threats, tools and mechanisms of control to mitigate risks and maintain levels acceptable to the business, securing the delivery of products and services with high levels of quality and safety.

33. Corporate Government

The Bank's Board continues faithfully to follow the precepts of the Code of Good Corporate Government and adopts its regulations in line with the Guidelines for Best Corporate Practice – Country Code – and based on the principles of transparency, respect for stockholder rights, disclosure of information, the duty of diligence and loyalty of consultants and administrators, and has also defined the regime of functioning of the various organs of the Bank to promote stockholder participation.

Further, the Stockholders' General Meetings have adopted Meeting Regulations and implemented means of dissemination of notice of meetings and their development over the webpage.

The Bank has strengthened channels of information to stockholders and investors, including a webpage with financial and other information. It contains the documents that form the system of Corporate Government, such as the Bank's Articles, the rights and duties of stockholders, the Code of Corporate Government, the regulations for the Stockholders' Meetings and the Board; information on financial performance, administration and administrators, control agencies, shares, etc. The Bank has also made its policies for disclosure to stockholders and investors part of the Code, in order to ensure that information is accurate, reliable and promptly supplied to stockholders and investors. The Bank's webpage thus contains relevant information in Spanish and English and is transmitted to the public through an application provided by the Superintendency.

The Code also presents Bank policies with regard to:

- Evaluation and control of the actions of administrators, senior executives and directors.
- Disclosure of information to stockholders and investors on matters of institutional policy, the structure of the Bank's government and capital composition; the handling of conflicts of interest, risks to which the Bank may be exposed in the course of its business; the detection of important findings of the Statutory Auditor; financial information and details of important events.
- Internal control system.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

With regard to the structure of government and risk management, the Board has created the committees required by law and others which are not mandatory but also support the activities of the Board and keep it informed of the processes, structure and management of risks in each line of business, maintaining an adequate flow of information, monitoring and regular follow-up. With this scheme the Board and Senior Management are aware of the Bank's risk positions and intervene actively in risk management, defining the methods of measurement that will identify exposure on each product, and policies, profiles and limits, amongst other things. Further, the Board decides on strategies and approaches to be adopted by the Bank, and oversees implementation and follow-up.

Functions of organs of government

a) Audit Committee.

The Committee supervises the structure of internal control, checks that transactions are being appropriately authorized and recorded, supervises the functions of internal audit, oversees transparency of financial information and appropriate dissemination, evaluates internal control reports made by Internal Auditor and the Statutory Auditor, and verifies that management has attended to their suggestions and recommendations, and approving or rejecting the Statutory Auditor's opinion with regard to the sufficiency and adequacy of internal control measures, setting policies, criteria and practices used by the Bank the construction, disclosure and dissemination of financial information, and mechanisms for the consolidation of information supervisory bodies for presentation to the Board.

b) Corporate Government Committee

This Committee supports the Board in the implementation of good practices in corporate government and compliance with Bank policy in that area,. It also helps to ensure that stockholders and the, market as a whole have access to full, accurate and prompt information required of the issuer

c)Strategy Committee

Seeks to manage the business, the strategy, the human talent and risks of the Bank and its subsidiaries and to analyze progress made in the Strategy and associated risks, following up strategic indicators of the Bank and lines of business.

d) Risks Committee.

The Risks Committee evaluates policies, mechanisms and procedures for risks implemented by the Bank and make a comprehensive analysis of the range of risks to which the Bank and subsidiaries are exposed.

e) Specific Risks Committees

These Committees are defined as a function of the types of risk to which the Bank and its subsidiaries are exposed. They include the Operating Risk Committee, SARLAFT, Asset and Liability Management, Financial Risks amongst others.

The Bank also has Internal Audit and the Compliance Officer, whose functions bare as follows:

f) Internal Audit

Internal Audit effects the analysis and follow-up of internal control system, supplying each of the areas audited and the Audit Committee and the Board with recommendations to strengthen internal control systems, so that they meet the Bank's needs.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Further, it makes random checks on Bank operations, analyzes risks to determine whether processes, limits and controls match Bank policies and the responsibilities assigned in manuals. It takes part in the development of projects to advise users in the definition of controls in order to ensure that the controls are embedded in the applications. As a result, Audit provides Administration with analyses and recommendations to strengthen Internal Control., It also fosters the culture of self-control among staff at all levels of the organization with an emphasis on information security and compliance with standards and procedures

g) Compliance Officer.

The Compliance Officer has oversight of all specific procedures to prevent asset-laundering and the financing of terrorism, checking that all necessary mechanisms have been implemented to obtain adequate knowledge of customers and the market, and mechanisms which will allow suspect usual operations to be detected, and to control cash operations; and in particular, to promote the development of training programs for all Bank officers to provide them with instructions on compliance with current regulations in the matter of the prevention of money-laundering.

h) Management , measurement and risk areas

The methods and results of the management of risk measurement are explained in note 32, Risk Management, where the methods used to identify different types of risk and systems for measuring them are described.

The staff of risk areas are qualified individuals, with strong formation and professional experience, who have passed through a selection process, in which the intention is also to have shared principles and values, and to ensure that human resources are ideally qualified in personal, moral and professional terms.

The risk areas have technological infrastructure, tools and systems required to ensure efficient, effective and optimum functioning of the Treasury's management, with technological support which matches the size, nature complexity and volume of operations, and processes which enable timely control and monitoring to be applied to established policies and limits.

The Board has determined the segregation of functions between Front, Middle and Back offices, as independent areas, in order to avoid any conflict of interest. Front Office is accountable to the Treasury Committee and is directly responsible for dealing, for customer relations, and for commercial matters. The Middle Office is responsible for other functions, such as risk measurement, the verification of compliance with established policies and limits, and risk analysis. This area is accountable to the Financial Risk and Control Division of the Group. Finally, there is the area responsible for the operational aspects of deals, such as accounting, recording and final authorization for operations, and is accountable to the Operations Division.

The information on loans and investment portfolios used for risk management is on a robust platform, with applications that allow information to be handled for creating reports. Likewise, this information complies with information security policies and has sufficient capacity for the size of the databases of the various types of business.

34. Mandatory controls.

At December 31, 2014 and 2013 the Bank complied with all requirements of own position, minimum capital, capital ratios, mandatory cash reserves, mandatory investments, and investment limits in fixed assets.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Own position

The following is the result of the own position at December 31, 2014 and 2013 (in US\$ millions)

		<u>Limits</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Average own position (PP)	USD		68,6	25,2	0,5
Maximum permitted:	20% PT		230,5	278,6	1,5
Minimum permitted (5% of computable capital)	-5% PT		(57,6)	(69,6)	(0,4)
Average own spot position (PPC)			63,1	34,6	1,6
Maximum permitted 50% of computable capital	USD 50% PT		576,2	696,7	3,8
Average gross leverage position (PBA)			2.418,6	3.290,0	1,0
Maximum permitted: 550% of computable capital	550% PT		6.337,9	7.663,7	41,3

*PT (Computable capital)

At December 31, 2014 and 2013, the Bank complied with own position limits

Capital ratios

As of August 2013 the Bank began to report capital ratios with the new method given on Decree 1771/2012 which changed the definition and calculation of regulatory capital, regulated by Superintendency Circular 20/2013.

In general, the changes follow the criteria and recommendations of Basel III, and adapt Colombian regulations to international standards, strengthening public trust and making criteria of operational competitiveness and safety more robust among supervised institutions.

The following is the situation of capital adequacy at December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Tier I capital	1,546,453.4	1,792,868.2
Deductions from Tier 1	(236,877.2)	(300,866.6)
Tier 2 capital	1,192,003.8	979,275.2
Computable capital	2,738,457.2	2,772,143.5
VaR market risk	114,538.8	142,825.6
Risk-weighted assets	23,715,325.0	24,026,984.9
Total capital ratios	10,89%	10,82%
$(PT/(APNR+((100/9)*VeR)) \geq 9\%$		
Basic ratio		
$(PBO/(APNR+((100/9)*VeR)) \geq 4,5\%$	6,15%	7,00%



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

Mandatory cash reserve

The Bank complied with the requirement for then mandatory cash reserve on local currency deposits for 11% of accounts in Deposits and Demand Accounts under 18 months and 4.5% of Term, Deposits under 18 months. (Note 13)

	<u>2014</u>	<u>2013</u>
Reserve required	US\$1,120,980.1	1,291,451.6
Rserve held	1,122,041.3	1,305,664.6

Mandatory investments

Following Banco de la Republica Resolution 3/2000, the amounts of be invested in TDA Class A is 37% and in TDA Class B is 63%.

The following is the detail of the value of the investment in FINAGRO at December 31, 2014 and 2013..

<u>Finagro</u>	<u>2014</u>	<u>2013</u>
TDA A (37%)	US\$194,940.8	US\$221,886.5
TDA B (63%)	331,926.3	377,806.7
Total required	526,876.1	599,693.2
Substitute portfolio	(206,343.2)	(253,650.2)
Investment in TDA A and B:	254,992.4	346,042.9
TDA A (37%)	155,012.0	221,808.4
TDA B (63%)	99,980.4	124,234.5

35. Relevant events

Implementation of international reporting standards

During 2014 the Bank entered the transition to IFRS in the framework laid down in Decree 2784/2012 (the Spanish version of IFRS in force in January of that year)..

At the close of July and August the individual and consolidated opening statements at December 31, 2013 were sent to the Superintendency with the disclosure notes required in Superintendency Circular 14/2014 and a special audit report on the Opening Statement of Financial Situation prepared by the Statutory Auditors stating that:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Consolidated Balance Sheet (cont.)

December 31, 2014 and 2013

(Amounts in thousands of US dollars)

- Accounting policies were in accordance with Decree 2784/2012.
- The criteria for measurement and accounting estimates were reasonable for the preparation and presentation of the Opening Statement of Financial Situation
- The notes on accounting policy, disclosures and the reconciliation of equity complied with IFRS and the technical standard framework.
- Adjustments or improvements to be included in the first financial statements.

The Individual Opening Statement of Financial Situation was transmitted to the Superintendency containing an exception to full application of IFRS, as laid down in Decree 1851/2013 in relation to the treatment of loans and impairment; the consolidated statements were sent in full compliance with IFRS.

An additional exception was included following new instructions from the Superintendency at the end of 2014: the Individual Statement of Financial Situation contained a classification and valuation of investments with the addition of Chapter I-1 of the Superintendency Financial and Accounting Circular1. The main effect was that the equity participation method was used to value investments available for sale.

The first IFRS-compliant financial statement will be issued for 2015 with comparative statements for December 2014, including the effects of the Opening Statement

36. Subsequent events

1. As approved by the EGM of January 30, 2015, the Wealth Tax created by Law 1739 of December 23, 2014 and corresponding to the years 2015-2017, will be charged to Bank and affiliate voluntary reserves under Article 10 of Law 1739/2014.
2. The EGMs of Corredores Asociados and Davivalores, held on November 28, approved the merger of the two companies as specified in Superintendency Resolution 2247 of December 19, stating no objection to the operation; Corredores Asociados would absorb Davivalores, which would dissolve. This merger was formalized on January 2, 2015 in Deed 1 Notary 21 Bogotá. Corredores Asociados at that point changed its name to Corredores Davivienda S.A. Comisionista de Bolsa.

BANCO DAVIVIENDA S.A.
The Financial Statments Homologation Effect Foreign Subsidiaries Davivienda Panamá
December 31, 2014
(Thousands of U.S. dollars)

BALANCE SHEET	Bancafé Panamá	Standardisation	Panamá Standardisation
Assets			
Cash and due from banks	US\$ 107.982,5	(1.525,0)	106.457,5
Interbank and overnight funds	0,0	1.525,0	1.525,0
Investment securities, net	251.360,6	88,8	251.449,4
Bankers' acceptances and derivatives	4.543,5	0,0	4.543,5
Loans and financial leases, net	883.385,1	(4.636,5)	878.748,6
Accrued interest receivable on loans and financial leases, net	15.122,2	(48,5)	15.073,6
Foreclosed assets, net	36,0	(36,0)	0,0
Premises and equipment, under operating leases, net	6.201,7	(2.908,7)	3.293,1
Other Assets, net	7.915,2	(686,1)	7.229,1
Total assets	US\$ 1.276.546,9	(8.227,1)	1.268.319,8
Liabilities and shareholders' equity			
Deposits	US\$ (1.086.581,5)	0,0	(1.086.581,5)
Money market and similar operations	0,0	0,0	0,0
Bankers' acceptances and derivatives	(4.543,5)	0,0	(4.543,5)
Borrowings from financial institutions	(29.000,0)	0,0	(29.000,0)
Accrued interest receivable on loans and financial leases, net	(8.556,4)	0,0	(8.556,4)
Accounts payable	0,0	0,0	0,0
Other liabilities	(925,6)	0,0	(925,6)
Accruals and provisions	(5.255,7)	122,1	(5.133,6)
Total Liabilities	(1.134.862,7)	122,1	(1.134.740,7)
Shareholders' equity	(120.492,6)	8.105,0	(112.387,5)
Conversion adjustment	(21.191,6)	0,0	(21.191,6)
Total Liabilities and shareholders' equity	US\$ (1.276.546,9)	8.227,1	(1.268.319,8)
CONSOLIDATED STATEMENT OF EARNINGS	Bancafé Panamá	Standardisation	Panamá Standardisation
Interest income	US\$ 41.455,2	(799,9)	40.655,3
Interest on loans	32.479,6	0,0	32.479,6
Interest on investment securities	8.788,0	(799,9)	7.988,1
Interbank and overnight funds	187,6	0,0	187,6
Financial leases	0,0	0,0	0,0
Interest expense	19.332,2	0,0	19.332,2
Checking accounts	0,0	0,0	0,0
Saving deposits	4.216,4	0,0	4.216,4
Time deposits	15.082,8	0,0	15.082,8
Borrowings from financial institutions	33,1	0,0	33,1
Bonds	0,0	0,0	0,0
Repo transaction	0,0	0,0	0,0
Interbank funds	0,0	0,0	0,0
Net interest income	22.123,0	(799,9)	21.323,1
Allowance	2.366,7	2.113,6	4.480,3
Allowance against loans and other receivables	2.366,7	2.113,6	4.480,3
Recoveries of allowance against loans, leasing operations, receivables and other assets	0,0	0,0	0,0
Other recoveries	0,0	0,0	0,0
Allowance against investments and foreclosed assets	0,0	0,0	0,0
Recovery of allowances against investments and foreclosed assets	0,0	0,0	0,0
Net financial margin	19.756,3	(2.913,6)	16.842,7
Operating income	1.757,1	0,0	1.757,1
Fees and commission	1.757,1	0,0	1.757,1
Services	0,0	0,0	0,0
Dividends income	0,0	0,0	0,0
Operating expenses	10.816,6	(112,5)	10.704,2
Payroll	4.896,1	0,0	4.896,1
Administrative and operating expenses	5.920,5	(112,5)	5.808,1
Other operating income and expenses net	818,7	0,0	818,7
For conversion income	2.148,4	(390,7)	1.757,6
For conversion expenses	0,0	0,0	0,0
Operating income	13.663,8	(3.191,8)	10.472,0
Allowance against other assets	0,0	0,0	0,0
Non-operating income and expenses, nets	117,7	782,7	900,4
Non-operating income	165,0	782,7	947,7
Non-operating expenses	47,3	0,0	47,3
Income before tax and non-controlling interest	13.781,5	(2.409,1)	11.372,4
Income tax expense	0,0	0,0	0,0
Non- controlling interest	674,3	(29,5)	644,8
Profit of the period	US\$ 13.107,2	(2.379,6)	10.727,6

BANCO DAVIVIENDA S.A.
The Financial Statments Homologation Effect Foreign Subsidiaries Davivienda Grupo de Istmo
December 31, 2014
(Thousands of U.S. dollars)

BALANCE SHEET		Costa Rica	Standardisation	Costa Rica Standardisation
Assets				
Cash and due from banks	US\$	345.039,5	0,0	345.039,5
Interbank and overnight funds		61.694,4	0,0	61.694,4
Investment securities, net		441.885,0	0,0	441.885,0
Bankers' acceptances and derivatives		225,1	0,0	225,1
Loans and financial leases, net		1.074.417,9	(34.554,0)	1.039.863,9
Accrued interest receivable on loans and financial leases, net		8.177,7	(893,4)	7.284,3
Foreclosed assets, net		2.256,5	1.402,3	3.658,7
Premises and equipment, under operating leases, net		5.613,6	371,8	5.985,4
Other Assets, net		200.680,9	18.363,2	219.044,1
Total assets	US\$	2.139.990,5	(15.310,2)	2.124.680,3
Liabilities and shareholders' equity				
Deposits	US\$	(1.203.969,0)	0,0	(1.203.969,0)
Money market and similar operations		(31.764,6)	0,0	(31.764,6)
Bankers' acceptances and derivatives		(9,8)	0,0	(9,8)
Borrowings from financial institutions		(292.489,7)	0,0	(292.489,7)
Accrued interest receivable on loans and financial leases, net		(21.368,7)	0,0	(21.368,7)
Accounts payable		(10.024,9)	0,0	(10.024,9)
Other liabilities		(12.897,3)	139,3	(12.757,9)
Accruals and provisions		(11.722,3)	0,0	(11.722,3)
Total Liabilities		(1.584.246,3)	139,3	(1.584.107,0)
Shareholders' equity		(467.618,6)	15.170,9	(452.447,7)
Conversion adjustment		(88.125,6)	0,0	(88.125,6)
Total Liabilities and shareholders' equity	US\$	(2.139.990,5)	15.310,2	(2.124.680,3)

CONSOLIDATED STATEMENT OF EARNINGS		Costa Rica	Standardisation	Costa Rica Standardisation
Interest income				
Interest on loans	US\$	95.416,0	0,0	95.416,0
Interest on investment securities		82.517,8	0,0	82.517,8
Interbank and overnight funds		12.898,1	0,0	12.898,1
Financial leases		0,0	0,0	0,0
Interest expense		34.780,9	0,0	34.780,9
Checking accounts		0,0	0,0	0,0
Saving deposits		2.998,3	0,0	2.998,3
Time deposits		26.250,8	0,0	26.250,8
Borrowings from financial institutions		4.310,1	0,0	4.310,1
Bonds		0,0	0,0	0,0
Repo transaction		1.221,6	0,0	1.221,6
Interbank funds		0,0	0,0	0,0
Net interest income		60.635,1	0,0	60.635,1
Allowance		8.324,8	8.494,8	16.819,7
Allowance against loans and other receivables		10.929,1	6.395,4	17.324,5
Recoveries of allowance against loans, leasing operations, receivables and other assets		(2.348,7)	0,0	(2.348,7)
Other recoveries		0,0	0,0	0,0
Allowance against investments and foreclosed assets		3.101,3	2.099,4	5.200,7
Recovery of allowances against investments and foreclosed assets		(3.356,9)	0,0	(3.356,9)
Net financial margin		52.310,2	(8.494,8)	43.815,4
Operating income		16.206,9	0,0	16.206,9
Fees and commission		15.126,1	0,0	15.126,1
Services		1.068,8	0,0	1.068,8
Dividends income		11,9	0,0	11,9
Operating expenses		58.152,6	6,2	58.158,8
Payroll		24.813,4	0,0	24.813,4
Administrative and operating expenses		33.339,2	6,2	33.345,3
Other operating income and expenses net		7.956,0	0,0	7.956,0
For conversion income		6.059,3	0,0	6.059,3
For conversion expenses		0,0	0,0	0,0
Operating income		24.379,8	(8.501,0)	15.878,8
Allowance against other assets		0,0	82,4	82,4
Non-operating income and expenses, nets		31.360,7	(33.909,6)	(2.548,9)
Non-operating income		32.308,7	(33.916,6)	(1.607,9)
Non-operating expenses		948,1	(7,0)	941,0
Income before tax and non-controlling interest		55.740,5	(42.493,0)	13.247,5
Income tax expense		0,0	0,0	0,0
Non- controlling interest		4.303,4	0,0	4.303,4
Profit of the period	US\$	51.437,1	(42.493,0)	8.944,1

BANCO DAVIVIENDA S.A.
The Financial Statments Homologation Effect Foreign Subsidiaries Inversiones Financieras Davivienda S.A.
December 31, 2014
(Thousands of U.S. dollars)

BALANCE SHEET		El Salvador	Standardisation	El Salvador Standardisation
Assets				
Cash and due from banks	US\$	394.893,2	0,0	394.893,2
Interbank and overnight funds		4.338,5	0,0	4.338,5
Investment securities, net		359.589,0	(640,3)	358.948,7
Bankers' acceptances and derivatives		0,0	1.210,4	1.210,4
Loans and financial leases, net		1.507.944,0	(27.320,6)	1.480.623,4
Accrued interest receivable on loans and financial leases, net		12.421,4	(229,6)	12.191,8
Foreclosed assets, net		13.010,6	(1.946,1)	11.064,4
Premises and equipment, under operating leases, net		43.192,3	(10.233,1)	32.959,3
Other Assets, net		100.277,7	61.930,3	162.208,0
Total assets	US\$	2.435.666,6	22.771,0	2.458.437,7
Liabilities and shareholders' equity				
Deposits	US\$	(1.278.404,6)	0,0	(1.278.404,6)
Money market and similar operations		(800,0)	0,0	(800,0)
Bankers' acceptances and derivatives		0,0	0,0	0,0
Borrowings from financial institutions		(340.362,4)	0,0	(340.362,4)
Accrued interest receivable on loans and financial leases, net		(15.914,9)	0,0	(15.914,9)
Accounts payable		(163.720,0)	0,0	(163.720,0)
Other liabilities		(20.700,6)	(526,3)	(21.226,8)
Accruals and provisions		(27.300,5)	0,0	(27.300,5)
Total Liabilities		(1.847.202,8)	(526,3)	(1.847.729,1)
Shareholders' equity		(457.750,2)	(22.244,8)	(479.995,0)
Conversion adjustment		(130.713,5)	0,0	(130.713,5)
Total Liabilities and shareholders' equity	US\$	(2.435.666,6)	(22.771,0)	(2.458.437,7)
CONSOLIDATED STATEMENT OF EARNINGS		El Salvador	Standardisation	El Salvador Standardisation
Interest income		US\$		
Interest on loans		109.197,1	0,0	109.197,1
Interest on investment securities		104.685,7	0,0	104.685,7
Interbank and overnight funds		4.511,4	0,0	4.511,4
Financial leases		0,0	0,0	0,0
Interest expense		30.024,8	646,9	30.671,7
Checking accounts		0,0	0,0	0,0
Saving deposits		2.213,7	0,0	2.213,7
Time deposits		16.232,3	0,0	16.232,3
Borrowings from financial institutions		11.578,8	646,9	12.225,7
Bonds		0,0	0,0	0,0
Repo transaction		0,0	0,0	0,0
Interbank funds		0,0	0,0	0,0
Net interest income		79.172,3	(646,9)	78.525,4
Allowance		8.816,4	(144,6)	8.671,8
Allowance against loans and other receivables		16.131,4	5,5	16.136,9
Recoveries of allowance against loans, leasing operations, receivables and other assets		(2.119,4)	(2.542,4)	(4.661,8)
Other recoveries		(8.843,3)	0,0	(8.843,3)
Allowance against investments and foreclosed assets		3.647,8	2.392,3	6.040,1
Recovery of allowances against investments and foreclosed assets		0,0	0,0	0,0
Net financial margin		70.355,9	(502,3)	69.853,6
Operating income		45.531,8	(97,5)	45.434,3
Fees and commission		25.373,1	0,0	25.373,1
Services		20.153,6	(97,5)	20.056,0
Dividends income		5,1	0,0	5,1
Operating expenses		87.270,6	1.322,4	88.593,0
Payroll		30.996,4	0,0	30.996,4
Administrative and operating expenses		56.274,2	1.322,4	57.596,6
Other operating income and expenses net		417,1	1.842,5	2.259,7
For conversion income		8.739,7	0,0	8.739,7
For conversion expenses		0,0	0,0	0,0
Operating income		37.774,0	(79,7)	37.694,3
Allowance against other assets		0,0	0,0	0,0
Non-operating income and expenses, nets		26.029,9	(27.939,5)	(1.909,5)
Non-operating income		27.820,1	(27.935,6)	(115,6)
Non-operating expenses		1.790,1	3,8	1.794,0
Income before tax and non-controlling interest		63.803,9	(28.019,2)	35.784,7
Income tax expense		0,0	0,0	0,0
Non- controlling interest		10.482,6	0,0	10.482,6
Profit of the period	US\$	53.321,3	(28.019,2)	25.302,2

BANCO DAVIVIENDA S.A.
The Financial Statments Homologation Effect Foreign Subsidiaries Banco Davivienda Honduras S.A.
December 31, 2014
(Thousands of U.S. dollars)

BALANCE SHEET	Banco Davivienda Honduras S.A.	Standardisation	Banco Davivienda Honduras S.A. Standardisation
Assets			
Cash and due from banks	US\$ 176.383,0	0,0	176.383,0
Interbank and overnight funds	0,0	0,0	0,0
Investment securities, net	55.947,2	(1.597,9)	54.349,3
Bankers' acceptances and derivatives	0,0	0,0	0,0
Loans and financial leases, net	696.554,3	(12.203,3)	684.351,0
Accrued interest receivable on loans and financial leases, net	8.282,1	(98,6)	8.183,5
Foreclosed assets, net	6.068,6	(4.704,1)	1.364,5
Premises and equipment, under operating leases, net	11.987,2	(2.381,9)	9.605,3
Other Assets, net	16.099,1	32.693,0	48.792,1
Total assets	US\$ 971.321,6	11.707,3	983.028,9
Liabilities and shareholders' equity			
Deposits	US\$ (675.923,7)	0,0	(675.923,7)
Money market and similar operations	0,0	0,0	0,0
Bankers' acceptances and derivatives	0,0	0,0	0,0
Borrowings from financial institutions	(164.501,2)	0,0	(164.501,2)
Accrued interest receivable on loans and financial leases, net	(17.864,3)	0,0	(17.864,3)
Accounts payable	(1.110,2)	0,0	(1.110,2)
Other liabilities	(4.968,8)	0,0	(4.968,8)
Accruals and provisions	(3.335,4)	(261,3)	(3.596,7)
Total Liabilities	(867.703,7)	(261,3)	(867.964,9)
Shareholders' equity	(85.739,0)	(11.446,0)	(97.185,0)
Conversion adjustment	(17.879,0)	0,0	(17.879,0)
Total Liabilities and shareholders' equity	US\$ (971.321,6)	(11.707,3)	(983.028,9)
CONSOLIDATED STATEMENT OF EARNINGS	Banco Davivienda Honduras S.A.	Standardisation	Banco Davivienda Honduras S.A. Standardisation
Interest income	US\$ 81.252,2	0,0	81.252,2
Interest on loans	74.942,1	0,0	74.942,1
Interest on investment securities	6.021,5	0,0	6.021,5
Interbank and overnight funds	288,7	0,0	288,7
Financial leases	0,0	0,0	0,0
Interest expense	32.520,1	0,0	32.520,1
Checking accounts	0,0	0,0	0,0
Saving deposits	6.572,3	0,0	6.572,3
Time deposits	18.880,5	0,0	18.880,5
Borrowings from financial institutions	7.067,3	0,0	7.067,3
Bonds	0,0	0,0	0,0
Repo transaction	0,0	0,0	0,0
Interbank funds	0,0	0,0	0,0
Net interest income	48.732,2	0,0	48.732,2
Allowance	8.679,4	(2.587,4)	6.091,9
Allowance against loans and other receivables	7.139,3	(0,0)	7.139,3
Recoveries of allowance against loans, leasing operations, receivables and other assets	(1.403,0)	(2.344,9)	(3.747,8)
Other recoveries	0,0	0,0	0,0
Allowance against investments and foreclosed assets	2.943,1	1.067,0	4.010,0
Recovery of allowances against investments and foreclosed assets	0,0	(1.309,5)	(1.309,5)
Net financial margin	40.052,8	2.587,4	42.640,2
Operating income	12.467,1	0,0	12.467,1
Fees and commission	11.109,6	0,0	11.109,6
Services	1.357,4	0,0	1.357,4
Dividends income	0,0	0,0	0,0
Operating expenses	43.435,7	137,4	43.573,1
Payroll	18.023,7	0,0	18.023,7
Administrative and operating expenses	25.412,0	137,4	25.549,4
Other operating income and expenses net	(646,7)	0,0	(646,7)
For conversion income	1.085,0	0,0	1.085,0
For conversion expenses	0,0	0,0	0,0
Operating income	9.522,5	2.450,0	11.972,6
Allowance against other assets	0,0	0,0	0,0
Non-operating income and expenses, nets	1.287,4	46,5	1.333,9
Non-operating income	2.279,8	46,5	2.326,3
Non-operating expenses	992,4	0,0	992,4
Income before tax and non-controlling interest	10.809,9	2.496,6	13.306,5
Income tax expense	0,0	0,0	0,0
Non- controlling interest	3.252,9	0,0	3.252,9
Profit of the period	US\$ 7.557,0	2.496,6	10.053,5

BANCO DAVIVIENDA S.A.
The Financial Statements Homologation Effect Foreign Subsidiaries Seguros Bolívar Honduras S.A.
December 31, 2014
(Thousands of U.S. dollars)

BALANCE SHEET	Seguros Bolívar Honduras S.A.	Standardisation	Seguros Bolívar Honduras S.A. Standardisation
Assets			
Cash and due from banks	US\$ 1.209,4	0,0	1.209,4
Interbank and overnight funds	0,0	0,0	0,0
Investment securities, net	55.863,0	(1.575,8)	54.287,2
Bankers' acceptances and derivatives	0,0	0,0	0,0
Loans and financial leases, net	0,0	0,0	0,0
Accrued interest receivable on loans and financial leases, net	13.397,7	(45,8)	13.351,9
Foreclosed assets, net	229,6	(76,4)	153,2
Premises and equipment, under operating leases, net	1.269,1	0,0	1.269,1
Other Assets, net	1.827,8	6.607,7	8.435,4
Total assets	US\$ 73.796,6	4.909,7	78.706,3
Liabilities and shareholders' equity			
Deposits	US\$ 0,0	0,0	0,0
Money market and similar operations	0,0	0,0	0,0
Bankers' acceptances and derivatives	0,0	0,0	0,0
Borrowings from financial institutions	(286,3)	0,0	(286,3)
Accrued interest receivable on loans and financial leases, net	(6.325,2)	0,0	(6.325,2)
Accounts payable	0,0	0,0	0,0
Other liabilities	(37.043,7)	679,2	(36.364,5)
Accruals and provisions	(392,6)	0,0	(392,6)
Total Liabilities	(44.047,8)	679,2	(43.368,7)
Shareholders' equity	(24.617,1)	(5.588,8)	(30.206,0)
Conversion adjustment	(5.131,7)	0,0	(5.131,7)
Total Liabilities and shareholders' equity	US\$ (73.796,6)	(4.909,7)	(78.706,3)
CONSOLIDATED STATEMENT OF EARNINGS			
Interest income	US\$ 3.988,0	0,0	3.988,0
Interest on loans	0,0	0,0	0,0
Interest on investment securities	3.988,0	0,0	3.988,0
Interbank and overnight funds	0,0	0,0	0,0
Financial leases	0,0	0,0	0,0
Interest expense	0,0	0,0	0,0
Checking accounts	0,0	0,0	0,0
Saving deposits	0,0	0,0	0,0
Time deposits	0,0	0,0	0,0
Borrowings from financial institutions	0,0	0,0	0,0
Bonds	0,0	0,0	0,0
Repo transaction	0,0	0,0	0,0
Interbank funds	0,0	0,0	0,0
Net interest income	3.988,0	0,0	3.988,0
Allowance	726,5	1.001,4	1.727,9
Allowance against loans and other receivables	726,5	1.001,4	1.727,9
Recoveries of allowance against loans, leasing operations, receivables and other assets	0,0	0,0	0,0
Other recoveries	0,0	0,0	0,0
Allowance against investments and foreclosed assets	0,0	0,0	0,0
Recovery of allowances against investments and foreclosed assets	0,0	0,0	0,0
Net financial margin	3.261,5	(1.001,4)	2.260,1
Operating income	46.549,6	384,1	46.933,7
Fees and commission	0,0	0,0	0,0
Services	46.431,3	384,1	46.815,4
Dividends income	118,3	0,0	118,3
Operating expenses	46.376,4	160,4	46.536,8
Payroll	3.413,5	0,0	3.413,5
Administrative and operating expenses	42.962,9	160,4	43.123,3
Other operating income and expenses net	(653,1)	0,0	(653,1)
For conversion income	2.075,7	0,0	2.075,7
For conversion expenses	0,0	0,0	0,0
Operating income	4.857,4	(777,7)	4.079,6
Allowance against other assets	0,0	0,0	0,0
Non-operating income and expenses, nets	200,6	0,0	200,6
Non-operating income	350,3	0,0	350,3
Non-operating expenses	149,7	0,0	149,7
Income before tax and non-controlling interest	5.057,9	(777,7)	4.280,2
Income tax expense	0,0	0,0	0,0
Non- controlling interest	772,6	0,0	772,6
Profit of the period	US\$ 4.285,3	(777,7)	3.507,6



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AND STATEMENTS OF INCOME
December 31, 2014
(Thousands of U.S. dollars)

BALANCE SHEET		Davivienda	Fiduciaria Davivienda	Davivalores	Bancafé Panamá	Grupo del Istmo Costa Rica S.A.	Inversiones Financieras Davivienda S.A.	Banco Davivienda Honduras S.A.	Seguros Bolívar Honduras S.A.	Corredores Asociados S. A.	Standardisation and eliminations	Consolidated
Assets												
Cash and due from banks	USD	1,249,552.0	4,073.4	232.2	107,982.5	343,045.6	392,460.0	176,383.0	1,209.4	9,017.7	(85,860.6)	2,198,095.3
Interbank and overnight funds		135,269.3	0.0	0.0	0.0	61,694.4	4,338.5	0.0	0.0	11,377.4	0.0	212,679.7
Investment securities, net		3,246,529.6	51,793.8	5,857.4	251,360.6	254,900.2	133,934.7	55,947.2	55,863.0	27,103.4	(689,650.0)	3,393,640.0
Loans and financial leases, net		16,395,039.0	0.0	0.0	883,385.1	1,074,417.9	1,507,608.8	696,554.3	0.0	0.0	(99,714.5)	20,457,290.6
Bankers' acceptances and derivatives		173,183.5	0.0	0.0	4,543.5	225.1	0.0	0.0	0.0	(1.7)	1,188.4	179,138.9
Accrued interest receivable on loans and financial leases, net		216,438.0	626.8	23.3	15,122.2	8,165.4	12,371.2	8,282.1	13,397.7	1,908.1	(1,623.1)	274,711.8
Foreclosed assets, net		15,531.8	0.0	0.0	36.0	2,256.5	13,010.6	6,068.6	229.6	0.0	(5,360.4)	31,772.7
Premises and equipment, under operating leases, net		162,554.7	314.4	11.5	6,201.7	5,613.6	43,192.3	11,987.2	1,269.1	339.8	(15,151.8)	216,332.5
Other Assets, net		1,241,508.4	4,572.8	1,942.3	7,915.2	17,410.2	19,043.4	16,099.1	1,827.8	2,616.8	(75,241.5)	1,237,694.5
Total Assets	USD	22,835,606.3	61,381.2	8,066.7	1,276,546.9	1,767,728.9	2,125,959.6	971,321.6	73,796.6	52,361.5	(971,413.5)	28,201,355.6
Liabilities and shareholders' equity												
Deposits	USD	14,116,656.5	0.0	0.0	1,086,581.5	1,201,955.7	1,275,836.8	675,923.7	0.0	0.0	(139,309.5)	18,217,644.7
Interbank and overnight borrowing		425,067.1	0.0	0.0	0.0	31,764.6	800.0	0.0	0.0	30,709.6	(1,525.0)	486,816.3
Bankers' acceptances and derivatives instruments		125,585.8	0.0	0.0	4,543.5	9.8	0.0	0.0	0.0	0.0	(22.0)	130,117.1
Borrowings from financial institutions		1,474,180.8	0.0	0.0	29,000.0	292,489.7	340,027.2	164,501.2	286.3	28.4	(21,000.0)	2,279,513.7
Accounts Payable		440,921.9	3,636.0	250.2	8,556.4	21,355.4	15,908.6	17,864.3	6,325.2	1,214.5	(660.0)	515,372.5
Long-term debt		3,064,895.7	0.0	0.0	0.0	10,024.9	161,220.0	1,110.2	0.0	0.0	(25,000.0)	3,212,250.8
Others liabilities		262,214.5	2,202.3	78.4	925.6	12,897.3	20,700.6	4,968.8	37,043.7	1,074.4	(292.2)	341,813.4
Accruals and expenses		25,812.8	1,010.2	0.0	5,255.7	11,799.9	32,319.1	3,335.4	392.6	3.6	21,727.0	101,656.1
Total Liabilities		19,935,335.1	6,848.5	328.6	1,134,862.7	1,582,297.2	1,846,812.2	867,703.7	44,047.8	33,030.6	(166,081.8)	25,285,184.5
Shareholders' equity		2,900,271.1	54,532.8	7,738.1	141,684.2	185,431.7	279,147.3	103,617.9	29,748.8	19,330.9	(805,331.7)	2,916,171.2
Total Liabilities and shareholders' equity	USD	22,835,606.3	61,381.2	8,066.7	1,276,546.9	1,767,728.9	2,125,959.6	971,321.6	73,796.6	52,361.5	(971,413.5)	28,201,355.6
CONSOLIDATED STATEMENT OF EARNINGS												
Interest income	USD	1,832,174.7	3,284.4	289.1	41,455.2	95,370.3	109,028.3	81,252.2	3,988.0	(263.6)	(7,347.3)	2,159,231.3
Interest on loans		1,540,358.0	0.0	0.0	32,479.6	82,514.6	104,668.6	74,942.1	0.0	0.0	(650.5)	1,834,312.5
Interest on investment securities		116,370.2	3,284.4	289.1	8,788.0	12,855.7	4,359.7	6,021.5	3,988.0	(343.0)	(7,634.3)	147,979.2
Interbank and overnight funds		4,587.8	0.0	0.0	187.6	0.0	0.0	288.7	0.0	79.4	937.5	6,081.1
Financial leases		170,858.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	170,858.6
Interest expense		577,035.6	0.0	0.0	19,332.2	35,210.5	29,854.0	32,520.1	0.0	55.2	(2,966.9)	691,040.6
Checking accounts		12,352.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12,352.8
Time deposits		196,079.0	0.0	0.0	15,082.8	26,725.1	16,232.3	18,880.5	0.0	0.0	(1,627.6)	271,372.2
Saving deposits		144,866.4	0.0	0.0	4,216.4	2,956.8	2,178.9	6,572.3	0.0	0.0	(2,145.3)	158,645.4
Borrowings from financial institutions		51,562.3	0.0	0.0	33.1	4,306.9	11,442.8	7,067.3	0.0	0.0	(781.1)	73,631.3
Interbank and overnight funds		1,986.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,587.1	3,573.4
Repo transaction		8,392.4	0.0	0.0	0.0	1,221.6	0.0	0.0	0.0	55.2	0.0	9,669.2
Long - term debt		161,796.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	161,796.4
Net interest income		1,255,139.1	3,284.4	289.1	22,123.0	60,159.8	79,174.3	48,732.2	3,988.0	(318.8)	(4,380.4)	1,468,190.7
Allowance		306,710.3	735.7	0.0	2,366.7	8,324.8	8,679.4	726.5	726.5	272.6	1,524.3	338,156.7
Net financial margin		948,428.8	2,548.7	289.1	19,756.3	51,835.0	70,357.9	40,052.8	3,261.5	(591.4)	(5,904.7)	1,130,034.0
Operating income		404,280.8	32,086.5	3,316.5	1,757.1	16,206.9	40,810.9	12,467.1	46,549.6	15,437.3	(52,388.1)	520,524.5
Fees and commission		267,625.7	30,263.8	3,175.0	1,757.1	15,126.1	20,654.3	11,109.6	0.0	15,251.5	(1,087.3)	363,875.9
Services		84,880.1	1,817.5	79.5	0.0	1,068.8	20,151.5	1,357.4	46,431.3	53.9	(10,188.8)	145,651.3
Dividends income		51,775.0	5.2	62.0	0.0	11.9	5.1	0.0	118.3	131.9	(41,112.0)	10,997.3
Operating expenses		850,826.4	19,340.4	3,164.2	10,816.6	57,650.3	82,207.6	43,435.7	46,376.4	22,822.9	(10,315.3)	1,126,325.3
Payroll		296,124.7	6,071.2	1,891.9	4,896.1	24,813.4	30,996.4	18,023.7	3,413.5	13,777.5	0.0	400,008.4
Administrative and operating expenses		554,701.7	13,269.2	1,272.3	5,920.5	32,836.9	51,211.2	25,412.0	42,962.9	9,045.5	(10,315.3)	726,316.9
Other operating income and expenses net		46,279.0	12.0	162.5	2,967.0	8,978.6	9,156.9	438.3	1,422.6	8,217.9	5.8	77,640.7
For conversion income		0.0	0.0	0.0	2,148.4	0.0	0.0	1,085.0	2,075.7	0.0	0.0	0.0
For conversion expenses		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating income		548,162.2	15,306.7	603.9	13,663.8	19,370.2	38,118.0	9,522.5	4,857.4	240.8	(47,971.7)	601,873.8
Allowance against other assets		926.7	209.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,671.9	6,808.2
Non-operating income and expenses, nets		2,279.7	(149.2)	23.9	117.7	2,088.4	(1,945.6)	1,287.4	200.6	512.5	2,772.2	7,187.5
Non-operating income		34,742.6	1,614.4	28.2	165.0	3,029.4	(155.4)	2,279.8	350.3	556.7	3,316.4	45,927.2
Non-operating expenses		32,462.9	1,763.7	4.3	47.3	941.0	1,790.1	992.4	149.7	44.2	544.1	38,739.8
Income before tax and non- controlling interest		549,515.1	14,947.9	627.9	13,781.5	21,458.5	36,172.4	10,809.9	5,057.9	753.3	(50,871.4)	602,253.1
Income tax expense		131,054.3	5,190.1	83.7	674.3	4,303.4	10,482.6	3,252.9	772.6	429.6	(29.5)	156,213.9
Non- controlling interest		0.0	0.0	0.0	0.0	7.2	409.6	0.0	0.0	0.0	2,376.9	2,793.7
Profit for the period	USD	418,460.8	9,757.9	544.2	13,107.2	17,148.0	25,280.3	7,557.0	4,285.3	323.7	(53,218.8)	443,245.5