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AUDFINBOG-IES2014-11788

**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 sheets at December 31, 2013 and 2012 and the consolidated statements of earnings, changes in equity and cash flows for the half-years ended on those dates and their related notes, which include a summary of significant accounting policies and other explanatory information

The administration is responsible for the preparation and correct presentation for these financial statements according to the generally accepted accounting principles in Colombia and instructions from the Colombian Superintendence of Finance. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation, fair presentation and disclosure of 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 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements. In making this risk assessment, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes assessing the accounting policies used, the reasonableness amount and estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, based on my audits and the certified financial statements, the mentioned consolidated financial statements, attached to this report, reasonably represent in all the aspects of material importance, the consolidated financial situation of Banco Davivienda S. A. and its subordinates as of December 31, 2013 and 2012, the consolidated results of their operations and their consolidated cash flow by semesters ending on such dates, according to generally accepted accounting principles in Colombia and instructions from the Colombian Superintendence of Finance, applied on a consistent basis.



My examination was carried out purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the attachment “Hoja de Trabajo Estados Financieros Consolidados” is presented for additional purposes of analysis and is not required as part of the basic financial statements. Such information has been subject to the procedures applied in the audit of the financial statements and in my opinion is fairly stated in all material respect related to the consolidated financial statements taken as a whole.

Original signed by
Jorge Enrique Peñaloza Porras
Statutory Auditor of Banco Davivienda S.A.
Registration No. 43402 - T
Member of KPMG Ltda.

February 12, 2014

The accompanying financial statements are not intended to present the financial position, the results of operations, and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Colombia. The standards and procedures to audit such financial statements are those generally accepted and applied in Colombia.

BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2013 and December 31, 2012
(Amounts in millions of Colombian pesos)

	2013	2012
ASSETS		
Cash and due from banks (note 3)	\$ 4,550,504.5	4,104,714.5
Interbank and overnight funds (note 4)	446,321.3	140,471.5
Investment securities, (note 5)	7,877,454.1	6,134,536.7
Debt securities	2,625,963.4	3,759,411.6
Equity securities	52,929.0	49,330.2
Held to maturity securities	2,035,588.4	964,737.5
Available for sale debt securities	1,662,922.8	885,051.7
Available for sale equity securities	141,489.1	133,128.0
Trading debt securities	537,255.4	0.0
Transfer rights, available for sale in debt securities	300,171.6	0.0
Debt securities delivered in guaranty	539,285.6	359,308.3
Allowance for impairment	(18,151.2)	(16,430.6)
Loans and financial leases, (note 6)	39,427,371.3	32,811,468.8
Mortgage loans	5,490,490.8	4,098,336.0
Consumer loans	11,231,206.6	10,477,624.3
Microcredit loans	74,824.3	88,704.6
Commercial loans	24,194,967.8	19,643,972.5
Financial Leases	140,524.3	131,568.7
Allowance for loans and financial lease losses	(1,704,642.4)	(1,628,737.3)
Bankers' acceptances and derivatives (note 7)	78,151.8	126,659.4
Accrued interest receivable on loans and financial leases, net (note 8)	481,398.6	494,675.4
Accrued interest receivable on loans and financial leases	298,379.8	310,857.1
Commission and fees	7,884.7	6,752.3
Payment on behalf of clients	55,850.8	50,984.5
Other receivables	187,343.6	205,574.4
Allowance	(68,060.3)	(79,492.9)
Foreclosed assets, net (note 9)	90,768.5	89,138.6
Premises and equipment, net (note 11)	495,942.3	496,544.6
Premises and equipment under operating leases, net (note 10)	3.1	3,491.4
Others Assets, net (note 12)	2,180,298.1	2,148,012.0
Prepaid expenses and deferred charges and goodwill	1,320,613.5	1,392,667.9
Excess on cost of investment on book value	543,298.5	533,624.0
Employee loan portfolio	178,137.2	182,861.0
Others	148,231.0	45,954.4
Allowance	(9,982.1)	(7,095.3)
Reappraisal of assets	746,263.8	572,190.9
Investments (note 5.10)	47,426.8	41,014.6
Reappraisal of property, plant and equipment (note 11)	695,223.2	527,562.5
Other assets	3,613.8	3,613.8
TOTAL ASSETS	\$ 56,374,477.4	47,121,903.8
Creditor Contingent Accounts (nota 24)	35,076,769.5	30,974,007.7
Debtor Contingent Accounts (nota 24)	3,541,523.4	3,232,318.6
Debtor Memorandum Accounts (nota 25)	70,323,191.7	60,584,911.0
Creditor Memorandum Accounts (nota 25)	124,580,041.5	109,673,566.4
Total Contingent and Memorandum Accounts	\$ 233,521,526.1	204,464,803.7
Memorandum accounts (nota 26)		
Assets	\$ 28,157,018.4	24,813,255.4

BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2013 and December 31, 2012
(Amounts in millions of Colombian pesos)

	<u>2013</u>	<u>2012</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits (note 13)	\$ 36,286,120.0	30,040,098.0
Checking accounts	5,929,620.0	4,847,065.4
Time deposits	13,063,987.8	9,516,387.5
Savings deposits	16,871,171.0	15,319,782.8
Other Deposits	421,341.2	356,862.3
Interbank and overnight borrowing (note 14)	1,235,246.2	51,071.4
Bankers' acceptances and derivatives instruments (note 15)	62,567.3	197,337.0
Borrowings from financial institutions (note 16)	4,095,043.1	4,205,593.9
Others entities in the country	2,067,807.6	2,215,941.2
Foreign Banks	2,027,235.5	1,989,652.7
Accounts Payable (note 17)	1,093,583.5	1,134,782.9
Accrued interest payable	251,053.5	225,555.6
Commissions and fees	5,850.7	2,742.2
Collection Performed	77,856.9	62,866.5
Suppliers	215,351.4	287,257.2
Others	543,471.0	556,361.4
Long-term debt (note 18)	6,651,351.5	5,367,375.7
Others liabilities (note 19)	657,519.6	516,724.8
Accrued benefit obligation to employees	57,981.6	47,565.0
Unearned income	24,748.9	16,916.3
Others	574,789.1	452,243.5
Accrued expenses (note 20)	173,837.9	181,231.1
Labor liabilities	13,547.8	6,208.1
Tax	26,579.8	23,504.7
Others	133,710.3	151,518.3
Non-controlling interest (note 21)	60,379.1	96,786.4
TOTAL LIABILITIES	\$ 50,315,648.2	41,791,001.2

BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2013 and December 31, 2012
(Amounts in millions of Colombian pesos)

	<u>2013</u>	<u>2012</u>
<u>SHAREHOLDERS' EQUITY</u>		
Capital stock (note 22)	\$ 62,190.0	55,526.8
Appropriated retained earnings (note 23)	4,420,793.2	4,361,650.4
Legal Reserve	3,932,935.6	2,381,171.4
Statutory and voluntary reserves	487,857.6	1,980,479.0
Equity Surplus	724,739.7	591,881.1
Unrealized net gains on investments available for sale	7,822.5	46,543.3
Reappraisal of assets	716,917.2	545,337.8
Net income	851,106.3	321,844.2
TOTAL SHAREHOLDERS' EQUITY	6,058,829.2	5,330,902.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 56,374,477.4	47,121,903.8
Creditor Contingent Accounts (note 24)	35,076,769.5	30,974,007.7
Debtor Contingent Accounts (note 24)	3,541,523.4	3,232,318.6
Debtor Memorandum Accounts (note 25)	70,323,191.7	60,584,911.0
Creditor Memorandum Accounts (note 25)	124,580,041.5	109,673,566.4
Total Contingent and Memorandum Accounts	\$ 233,521,526.1	204,464,803.7
<u>Memorandum accounts (note 26)</u>		
Liabilities	\$ 28,157,018.4	24,813,255.4

OLGA LUCÍA RODRÍGUEZ SALAZAR
Legal Representative

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

JORGE ENRIQUE PEÑALOZA PORRAS
Statutory Auditor of Banco Davivienda S. A.
T.P. No. 43402-T
Member of KPMG Ltda.
(See my report of 12 February 2014)

BANCO DAVIVIENDA S.A. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the period ended December 31, 2013 and December 31, 2012
(Amounts in millions of Colombian pesos)

	<u>2013</u>	<u>2012</u>
Interest income	\$ 4,544,077.1	4,152,755.4
Interest on loans	3,841,074.7	3,492,726.0
Interest on investment portfolio	387,437.5	395,493.3
Interbank and overnight funds	15,611.4	41,645.2
Financial leases	299,953.5	222,890.8
Interest expense	1,427,931.2	1,325,965.2
Checking accounts	22,525.4	21,104.0
Time deposits	542,512.4	432,383.7
Saving deposits	318,305.8	374,032.2
Borrowings from financial institutions	171,210.5	159,630.9
Interbank and overnight funds	2,320.5	2,555.1
Repo transaction	14,354.3	21,600.7
Long - term debt	356,702.3	314,658.8
Net interest income	3,116,145.9	2,826,790.1
Allowances	815,790.9	856,044.5
Allowance for loans and other receivables	(1,684,778.1)	(2,034,018.7)
Allowance against other assets	(6,978.4)	(1,767.1)
Recovery of allowances on loans and lease operations accounts receivable and other assets	898,639.6	1,167,123.9
Allowance against investments and assets received in payment, marketable assets and restored assets	(40,008.1)	(27,402.0)
Recovery of allowance foreclosed assets and investment	17,334.0	40,019.4
Net financial margin	2,300,355.0	1,970,745.6
Operating income	1,143,920.1	947,510.7
Commission and fees	795,862.5	674,539.6
Services	324,906.1	256,633.5
Dividends income	23,151.5	16,337.7
Operating expenses	2,448,185.9	2,164,319.4
Payroll	865,259.5	752,436.9
Administrative and operating expenses (Note 27)	1,582,926.4	1,411,882.5
Other operating income and expenses net (Note 28)	42,194.3	119,347.4
Operating income	1,038,283.5	873,284.4
Non-operating income and expenses, nets (Note 29)	51,547.3	56,909.8
Income before tax and non- controlling interest	1,089,830.8	930,194.2
Income tax expense (Note 30)	(233,074.0)	(226,413.7)
Non- controlling interest	(5,650.4)	(7,914.7)
Profit for the period	\$ 851,106.3	695,865.8

See the notes accompanying the financial statements

OLGA LUCÍA RODRÍGUEZ SALAZAR
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Consolidated Statement of Changes in Equity
Years ended on 31 December 2013 and 2012
(Amounts in millions of Colombian pesos, except per share information)

	Capital		Statutory and voluntary reserves	Unrealized gains/losses on investments	Surplus or deficit from		Profit from previous periods	Profit for the period	Total equity
	Subscribed and paid	Legal (mandatory) reserve			Reappraisals	Negative reappraisals			
Balance at 31 December 2011	55,479.7	2,285,175.4	1,561,941.9	(2,087.6)	517,616.0	(496.8)	45,294.1	332,405.3	4,795,328.0
Donations			(4,429.2)						(4,429.2)
Preference shares receivable 29.886	3.7	594.0							597.7
Legal (mandatory) reserve		2,197.3						(2,197.3)	
Voluntary reserve at the disposal of shareholders as untaxed reserves.			171,150.4					(171,150.4)	
Voluntary reserve at the disposal of shareholders for future distribution.			21,664.1					(21,664.1)	
Cash dividend declared at \$220 pesos per share on 443,866,625 shares subscribed and paid on 15 March 2012.								(97,650.7)	(97,650.7)
Movement January-June 2012	(0.1)	3,895.1	14,515.2	27,676.9	6,098.3	(4.8)	15,192.5	(39,742.8)	27,630.3
Profit for the period at 30 June 2012								0.0	0.0
Donations			(5,837.7)					374,021.6	374,021.6
Suscription of \$347,609 shares, Confinanciera merger exchange of minority interest	43.5	4,262.4							(5,837.7)
									4,305.9
Distribution of net profit January-June 2012: Legal (mandatory) reserve		1.9						(1.9)	
Voluntary reserve at the disposal of shareholders as untaxed reserves.			141,370.2					(141,370.2)	
Voluntary reserve at the disposal of shareholders for future distribution.			111,249.7					(111,249.7)	
Cash dividend declared at \$260 pesos per share on 414,214,234 subscribed and paid on Septiembre 27 de 2012								(115,495.7)	(115,495.7)
Movement July-December 2012	(0.0)	85,045.3	(31,145.6)	20,954.0	22,563.0	(437.9)	(60,486.6)	(5,904.1)	30,588.1
Profit for the period al 31 December 2012								321,844.2	321,844.2
Balance at 31 December 2012	\$ 55,526.8	2,381,171.4	1,980,479.0	46,543.3	546,277.3	(939.5)	0.0	321,844.2	5,330,902.4
Donations			(7,104.5)						(7,104.5)
Distribution of net profit:									
Legal (mandatory) reserve		165,905.7						(165,905.7)	
Voluntary reserve for investments at market price. Decree 2336/1995			21,708.5					(21,708.5)	
Voluntary reserve at the disposal of shareholders for future distribution.			30,832.2					(30,832.2)	
Cash dividend declared at \$280 pesos per share on 414,214,234 subscribed and paid on 20 March 2013								(124,380.0)	(124,380.0)
Transfer of taxed reserves at the disposal of the Shareholders		169,118.5	(169,118.5)						
Dividend in shares declared at \$2.582 pesos per share increasing the par value of the share by \$15, the difference of \$2.567 pesos being a share premium	6,663.2	1,140,298.0	(1,146,961.2)						
Cash dividend declared at \$280 pesos per share on 444,214,234 subscribed and paid on 30 September 2013			(124,380.0)						(124,380.0)
Reappraisal of assets					33,807.2				33,807.2
Unrealized gain/(loss) on investments available for sale				(31,864.6)					(31,864.6)
Movement in the year	0.0	76,442.0	(97,597.9)	(6,856.3)	137,637.9	134.3	0.0	20,982.2	130,742.1
Income for the period								851,106.3	851,106.3
Balance at 31 December 2013	62,190.0	3,932,935.6	487,857.6	7,822.5	717,722.4	(805.2)	0.0	851,106.3	6,058,829.2

See the notes accompanying the consolidated financial statements.

OLGA LUCIA RODRIGUEZ SALAZAR
Legal Representative

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

JORGE ENRIQUE PEÑALOZA PORRAS
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(See my report of 12 February 2014)

BANCO DAVIVIENDA S.A.AND SUBSIDIARIES

Consolidated Statement of Cash Flows
Years ended on 31 December 2013 and 2012
(Amounts in millions of Colombian pesos)

		2013	2012
Cash flows from operating activities			
Profit for the period	US\$	851,106.3	695,865.8
Reconciliation between profit for the period and net cash provided (used in)			
operating activities			
Allowance for investments		2,382.9	6,224.9
Allowance for loans and financial leases		1,607,300.9	1,929,274.3
Allowance for accounts receivable		77,477.1	99,438.5
Provision for foreclosed assets		37,625.3	21,177.1
Allowance for premises and equipment		2,845.5	553.7
Allowance for other assets		3,219.8	488.4
Provision for severance accrual		30,587.8	25,011.5
Other provisions		28.5	5,343.9
Depreciation		57,212.2	72,065.8
Depreciation and amortization of goods given on lease		471.3	2,640.5
Amortization		106,276.5	177,946.1
Effect of the financiera merger on profits january-june		0.0	(11,685.9)
Re-expression adjustment		(6,627.7)	(2,336.5)
Gain on sale of loans and lease assets		(15,295.6)	(16,870.6)
Valuation of investments, net		(297,227.9)	(376,300.1)
Valuation of derivados y operaciones de contado, net		47,192.0	(43,916.3)
Profit on sale of investments, net		(37,911.4)	(61,420.2)
Profit on sale of marketable assets, asset received in payment and			
Restored assets		(5,249.8)	(407.3)
Profit on sale of property and equipment, net		(2,491.2)	(7,953.9)
Recovery of allowance for investments		(482.5)	(21,213.3)
Recovery of allowance for loans and leases operations		(703,573.1)	(961,290.1)
Recovery of allowance of accounts receivable		(39,691.5)	(53,007.0)
Recovery of Allowance against Marketable Assets,			
Assets Received in Payment and Assets Restored		(16,851.4)	(18,806.2)
Recovery of Allowance against Property, Equipment and Goods Give		(1,897.0)	(3,346.0)
Recovery of allowance against other assets		(780.2)	(6,397.6)
Reexpression of property, plant and equipment		(84.9)	(477.3)
Other Recoveries of Estimated Liabilities		(8,116.5)	(3,524.4)
Increase deferred income tax, net		109,029.3	35,727.8
Payment of wealth tax		45,734.7	31,235.7
Payment of severance accrual		(13,277.5)	(16,064.4)
Changes in operating assets and liabilities			
Increase in unrealized gain on investments		(38,720.8)	44,455.7
Increase in loans and financial leases Operations		(7,868,007.6)	(8,751,837.6)
Increase in accounts receivable		(24,508.7)	(156,712.6)
Additions to Assets Received in Payment		(37,160.8)	(82,621.2)
Proceeds of sale of ;Marketable Assets , Assets			
Received in Payment and Assets Restored		19,302.5	28,608.2
Increase in other assets		(138,508.6)	(781,426.4)
Increase (Decrease) in deposits and demand accounts		6,246,022.0	7,015,835.0
Increase (Decrease) in accounts payable		(87,002.1)	177,454.9
Increase (Decrease) in other liabilities		14,455.3	143,638.2
(Decrease) increase in accruals and provisions		694.6	57,536.6
Increase (decrease) in non-controlling interest		(36,407.3)	63,534.1
Net cash used in operating activities	- 6 -	US\$ (120,909.5)	(743,558.3)

BANCO DAVIVIENDA S.A.AND SUBSIDIARIES
Consolidated Statement of Cash Flows
Years ended on 31 December 2013 and 2012
(Amounts in millions of Colombian pesos)

	2013	2012
Cash flows from investment activities		
Increase in interbank and overnight asset positions	(12,635.5)	(1,237.7)
Increase in investments	US\$ (1,409,678.4)	(936,001.3)
(Increase) Decrease in bankers' acceptances and derivatives	1,315.6	43,048.3
Additions to premises and equipment	(56,215.4)	(197,600.3)
Proceeds of sale of property and equipment	6,557.1	34,113.2
Net cash used in investment activities	(1,470,656.6)	(1,057,677.8)
Cash flows from, financing activities		
Proceeds of sale of loans	363,672.8	536,340.3
(Decrease) increase in interbank and overnight borrowing	0.0	0.0
Liability positions	1,184,174.7	(22,463.6)
(Decrease) increase in derivatives	(134,769.6)	100,282.5
Decrease in borrowings from financial institutions	(110,550.9)	648,498.9
Increase in long-term debt	1,283,975.9	1,666,387.3
Exchange of non-controlling interest in confinanciera merger	0.0	4,305.9
Payment of preference shares receivable	0.0	(597.7)
Donations	(7,104.5)	(10,266.9)
Cash dividends paid	(248,828.0)	(212,418.5)
Net cash provided by financing activities	2,330,570.4	2,710,068.2
Increase (Decrease) in cash and cash equivalents, net	739,004.3	908,832.1
Cash and cash equivalents at the beginning of period	4,243,948.3	3,335,116.2
Cash and cash equivalents at the end of period	US\$ 4,982,952.6	4,243,948.3

See the notes accompanying the consolidated financial statements.

OLGA LUCIA RODRIGUEZ SALAZAR
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
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JORGE ENRIQUE PEÑALOZA PORRAS
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BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2013 and 2012

(Amounts in millions of Colombian pesos)

1. Reporting Entity

Banco Davivienda S.A. ("the Bank") 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") 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 \$1000 to \$125. The authorized capital remained unchanged 480 million 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 \$60,000 to \$72,800nm and the par value of the share from \$125 (pesos) to \$140 (pesos) each for a total of \$520 million. 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.

At December 31, 2013, the Bank operated with 11,497 employees in 577 offices and 21 branches and agencies in Colombia and 1 branch abroad, in Miami.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Bank owns 70% of the shares of Fiduciaria Davivienda SA,, 79% of shares of the stockbroker Comisionista de Bolsa Davivalores SA, 99.99% of Banco Davivienda Panamá S.A. and 100% of Grupo del Istmo (Costa Rica) S.A. and 96.12% of Inversiones Financieras Davivienda El Salvador S.A., 94.22% of Banco Davivienda Honduras S.A. and 88.64% of Seguros Bolivar (Honduras) S.A. and 94.9% of Corredores Asociados.

The consolidated financial statements attached combine the assets, liabilities and results of offices.

Affiliates operate as follows:

	<u>No. of employees</u>	<u>No. of offices</u>
<u>In Colombia</u>		
Fiduciaria Davivienda S.A.	182	
Davivalores S. A.	64	
Corredores Asociados S.A.	293	
<u>Outside Colombia</u>		
Costa Rica- Grupo del Istmo S.A.	853	28
El Salvador- Inversiones Financiera Davivienda S.A.	1985	57
Banco Davivienda Honduras S.A.	1377	68
Seguros Bolívar Honduras S.A.	164	3
Banco Davivienda Panamá	<u>111</u>	<u>4</u>
	<u>5029</u>	<u>160</u>

The consolidated financial statements of Banco Davivienda S.A. at December 31, 2013, include the following subsidiaries:

- **IN COLOMBIA**

Fiduciaria Davivienda S.A.

This private company was incorporated in Bogotá 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.

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

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.

Corredores Asociados S.A. Comisionista de Bolsa

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



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 (94,899%&) with Fidudavienda , Sociedades Bolivar, purchased 100% of the shares of the Colombian company for \$120,000 The Superintendency authorized the purchase on May 16, 2013 and the operation was formalized on September 25, 2013.

OUTSIDE COLOMBIA

Inversiones Financiera Davivienda S.A. - El Salvador

On June 256, 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 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.(BANITSMO), a Panamanian financial business, and in June 2006, the Board of BANITSMO 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, 2013, 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, 2013 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 S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 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.

The Annual and Extraordinary General Meetings of February 27, 2007 approved 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.

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

During 2005 the parent Primer Banco del Istmo, S.A. (BANISTMO), sold Seguros El Ahorro Hondureño S.A., now Seguros Bolívar Honduras S.A. to another Panamanian subsidiary, HSBC Seguros (Panamá), S.A. (formerly Compañía Nacional de Seguros S.A. CONSE), which then became the owner and consolidator of the subsidiary. Then, in June 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 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. In Res. S.B.P. 0067 OF June 29, 2011, the Panamanian Superintendence authorized the transfer and consolidation of activities under its International Licence to come under its General Licence.

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 the affiliate Bancafé Panamá.

On November 19, 2012 Bancafé Panamá changed its name and logo to Banco Davivienda Panamá.

Merger with Confinanciera

Extraordinary General Meetings of Banco Davivienda S.A. and Confinanciera were held on March 28, 2012 to approve the merger by absorption of the two companies, recorded in Minute 113 of Davivienda and Minute 85 of Confinanciera.

Superintendency Resolution 1013 of July 3, 2012 declared No Objection to the merger by Banco Davivienda S.A. and Compañía de Financiamiento Comercial S.A. – Confinanciera- in which the latter would dissolve and its assets, liabilities and equity would be absorbed by Banco Davivienda S.A. The merger became legally formalized on August 1, 2012.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Bank absorbed all the assets, liabilities and results of Confinanciera as they stood at August 1, 2012:

		<u>Balances at August 1, 2012</u>
ASSETS		
Cash and Banks	\$	49,191.9
Investments		17,842.3
Loans (net)		422,466.8
Accounts Receivable (net)		6,197.7
Foreclosed and received assets (net))		159.4
Property and equipment (net)		6,757.5
Other assets		<u>13,149.3</u>
	\$	<u>515,764.9</u>
LIABILITIES		
Deposits and demand accounts		329,952.2
Bank loans and other financial obligations		80,694.9
Accounts payable		11,800.5
Other liabilities		729.7
Accruals and provisions		<u>8,157.1</u>
	\$	<u>431,334.5</u>
EQUITY		
Capital	\$	43,567.1
Reserves		26,125.9
Surplus		1,739.8
Results for the period		<u>12,997.7</u>
	\$	<u>84,430.5</u>
Income	\$	69,238.9
Expenses		<u>56,241.2</u>
Profit	\$	<u>12,997.7</u>

Acquisition of affiliates in Central America

The following are balances acquired by the purchase of affiliates in Central America during 2012:

	<u>Purchases in Central America (USD)</u>		
	<u>Costa Rica</u>	<u>El Salvador</u>	<u>Honduras</u>
Date incorporated	23/Nov/2012	30/Nov/2012	7/Dec/2012
Assets	181,478,318.0	262,114,214.0	922,413,175.3
Liabilities	16,721.9	21,230,868.3	790,726,845.8
Equity	181,461,596.1	240,883,345.8	131,686,329.4

Acquisition of Corredores Asociados S.A.

The following are balances acquired on September 25, 2013 with the purchase of Corredores Asociados S.A, which in turn had a subsidiary Corredores Asociados Panamá S.A.:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Assets	125,465.8
Liabilities	80,001.3
Equity	45,464.4

The situation of assets, liabilities, equity and profits of the Parent and consolidated companies is as follows at December 31, 2013 and 2012, without any effect of compatibilization or homogenization with Colombian accounting practices or SFC instruction:

2013	Assets	Liabilities	Equity	Profit
Banco Davivienda S.A. (Matriz)	46,906,844.0	40,909,620.5	5,997,223.6	729,680.0
Grupo del Istmo Costa Rica S.A. (*)	2,855,832.9	2,503,009.8	352,823.1	24,809.5
Inversiones Financiera Davivienda S.A. (*)	3,971,389.5	3,419,760.2	551,629.3	52,400.9
Banco Davivienda Honduras S.A.	1,760,132.0	1,566,473.1	193,659.0	9,483.6
Seguros Bolívar Honduras S.A.	158,285.6	90,173.1	68,112.5	7,166.9
Banco Davivienda Panamá	2,299,642.7	2,065,856.6	233,786.1	29,308.8
Corredores Asociados Colombia S.A. (*)	165,991.3	120,604.8	45,386.5	352.6
Fiduciaria Davivienda S.A.	138,582.2	14,851.4	123,730.7	21,100.4
Davivalores S.A.	<u>18,726.7</u>	<u>1,107.7</u>	<u>17,619.0</u>	<u>1,456.2</u>
	<u>58,275,426.9</u>	<u>50,691,457.2</u>	<u>7,583,969.7</u>	<u>875,758.9</u>
2012	Assets	Liabilities	Equity	Profit (Loss)
Banco Davivienda S.A. (Matriz)	39,656,668.0	34,240,435.0	5,416,233.0	710,943.8
Grupo del Istmo Costa Rica S.A. (*)	2,323,060.9	1,979,010.8	344,050.1	(79,075.9)
Inversiones Financiera Davivienda S.A. (*)	3,311,257.7	2,850,625.1	460,632.6	12,172.3
Banco Davivienda Honduras S.A.	1,462,028.1	1,287,599.0	174,429.1	7,690.1
Seguros Bolívar Honduras S.A.	131,342.1	72,703.4	58,638.7	3,892.2
Banco Davivienda Panamá	1,604,568.2	1,404,848.5	199,719.7	30,169.2
Fiduciaria Davivienda S.A.	118,916.1	15,675.8	103,240.3	26,826.1
Davivalores S.A.	<u>17,641.5</u>	<u>1,027.7</u>	<u>16,613.8</u>	<u>4,295.0</u>
	<u>48,625,482.6</u>	<u>41,851,925.3</u>	<u>6,773,557.3</u>	<u>716,912.9</u>

(*) Sub-consolidated

Comparability

The financial statements at December 31, 2013 and 2012, correspond to Banco Davivienda S.A., with 3 Colombian affiliates Fiduciaria Davivienda S.A, Davivalores S.A. and Corredores Asociados S.A.; and five affiliates outside Colombia (Grupo del Istmo Costa Rica S.A., Inversiones Financieras Davivienda S.A.- El Salvador, Banco Davivienda Honduras S.A, Seguros Bolívar Honduras S.A, Banco Davivienda Panamá and Corredores Asociados S.A.). Results are included as of the date of purchase of each investment in an affiliate in 2012 except for Panama and Corredores Asociados S.A which are included after the date of purchase in 2013.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

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 are considered to be cash equivalents for this purpose.

2.5. Asset and Liability Positions in Money Market and Related Operations

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.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

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.

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 counterpart 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 of 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.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 Infovalmer S.A. to value all its investments.

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. 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>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Clasificación	Term	Characteristics	Valuation	Recording
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 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>	<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>
Debt securities available for sale	Six months (as of the effective date of Superintendency Circular 0935 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>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>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Clasificación	Term	Characteristics	Valuation	Recording
Equity investments available for sale	None	Investments made by the Bank as a co-owner of the issuer Low/minimum turnover or unquoted, held by the Bank as parent or controlling interest form part of this group.	<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>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>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 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

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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 (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 is 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

- a. Category "A" – Normal risk. Issues that comply with agreed terms and have adequate capacity to pay capital and interest, and issues of issuers whose financial statements and other available information reflect a suitable financial situation.

No allowances need to be made against this category of investment

- b. Category B – Acceptable risk, high than normal- Issues that have factors of uncertainty that might affect their capacity to continue to service debt; and issuers of issues whose financial statements and other information available show weaknesses that might affect their financial situation.

In the case of debt securities, book value may not be higher than 80% of net face value at the valuation date.



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For equity investments, book value after credit risk allowance (cost less allowance) may not be more 80% of acquisition cost.

- c. Category C – Appreciable risk – issues with a medium/high probability of default in prompt payment of capital or interest; also, issues of issuers whose financial statements and other available information show deficiencies in the financial situation which compromise recovery of the investment.

Debt securities may not be valued at more than 60% of net face value at valuation date.

For equity investments, book value after credit risk allowance (cost less allowance) may not be more 60% of acquisition cost.

- d. Category D – Significant risk – Issues in default of agreed terms and investments in issuers whose financial statements and other available information has accentuated deficiencies in the financial situation, so that the probability of recovery of the investment is highly doubtful

Debt securities may not be valued at more than 40% of net face value at valuation date.

For equity investments, book value after credit risk allowance (cost less allowance) may not be more 40% of acquisition cost.

- e. Category E – Unrecoverable – Investment in issuers whose financial statements and other available information suggest that the investment will not be recovered.

A full allowance must be made for all such accounts.

A bank is required to classify all investments in that issuer into this category unless it can show the SFC that there is valid reason for using a lower-risk classification.

Chapter I of SFC Circular 100/1995 states that the base value for calculations of debt security allowances is face value.

Internal and external public debt and issues made or endorsed by the State, Banco de la Republica or made or guaranteed by FOGAFIN are not subject to credit risk allowances (see Chapter I, SFC Circular 100/1995).

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 percentage allowances are (Table 1):

Table 1: Country risk allowances

External rating – country – long terms	%
BBB, BBB+, BBB-	0%
BB, BB+, BB-	0%
B+	0.50%
B	1.0%
B-	3%
CCC	10%
CC	30%
C	50%
D	100%



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Where the local issuer is rated below investment grade and the country is rated as investment grade, the following percentages apply (Table 2).

External rating of local issuer – long-term	%
BBB, BBB+, BBB-	0
BB, BB+, BB-	10%
B, B+, B-	30%
C, CC, CCC	50%
D	100%

External rating of local issuer – short term	% applied
1, 2, 3	0
B	10%
C	50%

If the issuer's local rating is below investment grade and the final risk is on a country below investment grade, the allowance is the sum of the two percentages for country risk and issuer risk (Tables 1 and 2).

Transnational/Multinational issuers

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.

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.

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



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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.

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 loans

A micro-enterprise is also 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.

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.



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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:

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	Outside colombia
Commercial	3 months	3 months
Consumer	2 months	3 months
Home mortgage	2 months	3 months
Microcredit	1 month	No business

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, canons of goods given on leasing 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, lease payments and other items of income is suspended, an allowance must be made against all accruals not collected and corresponding to these items.

Rules for writing loans 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.

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:

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



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

Loans reaching 540 days' arrears and over \$500.0 require individual evaluation.

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

Rules for guarantees.

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

Loan approvals must include the guarantee under which the operation is authorized. The guarantee must be formalized prior to disbursement.

The analysis of guarantees 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 guarantees 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 mortgages, 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 guaranties where the guaranty is a mortgage, is effected by taking the initial recorded value of the guaranty, adjusted by the annual changes to the house price indicators IVIUR and IVP, as the case may be

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.



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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:

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 it is 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



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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 - 1
B	Acceptable	2 - 5	1-2
C	Appreciable	5 -12	2-3
D	Significant	12 - 18	3-4
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.

Rules on loan allowances.

Allowances are charged to earnings as follows:

General allowance.

At December 31, 2013 and December 31, 2012, 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	>= 9%
2. Net allowance expensed as % of portfolio revenue	>= 17%
3. Net allowance expensed as % of Adjusted Gross Financial Margin	<= 0% ó >= 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.



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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.

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, 2013 and December 31, 2012, 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, 2013 and 2012:

Commercial loans.

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

Allowances in residential leasing operations follow the commercial lending policy of "an individual in business".

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 minimum salaries (Over Approx US\$5.2 million)
Medium	5,000 – 15,000 minimum salaries Approx US\$1,4 -US\$5.2 million)
Small	Less than 5.000 minimum salaries (Approx US\$1.4 million)

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:

Probability of default (PI)



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Expected Loss= [Probability of default] x [Asset exposure at the time of default] x [Loss given default].

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:

	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:

<u>Guarantee type</u>	<u>LDG</u>	<u>Days default</u>	<u>New LTG</u>	<u>Days default</u>	<u>New LGD</u>
Unsecured	55%	210	80%	420	100%
Residential property leasing	35%	540	70%	1,080	100%

Further, .loans classified as D and E are subject to 100% allowance for amounts over and above their LGD and as of November this policy has been maintained only for loans past-due for more than 360 days (In April residential property leasing was 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.

Subsidiaries outside Colombia

The model values Personal and Business Banking loans by calculating allowances on the exposed value and interest receivable, taking account t of the type of collateral and degree of deterioration. Using methods adjusted by an economic factor that includes the effects of changes in macroeconomic variables of countries on the performance of loans.

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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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 Automoviles		General Others		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%	5.35%	5.35%	7.13%
BB	7.48%	16.53%	12.68%	9.53%	9.53%	18.57%
B	15.76%	24.80%	14.16%	14.17%	14.17%	23.21%
CC	31.01%	44.84%	22.57%	17.06%	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 guaranty", as described below:

Guaranty 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%		

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

The type of guaranty "Other" applies to the vehicle portfolio as of May 2013

- 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.

Mortgage loans.

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



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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.

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%	1.60%	1.60%
B	2.20%	1.00%	4.00%	5.00%
C	0.00%	20.00%	0.00%	30.00%
D	0.00%	50.00%	0.00%	60.00%
E	0.00%	100.00%	0.00%	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

Commercial

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



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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	over 570

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 ARREARS	BUCKET ALLOWANCES				INDIVIDUAL ALLOWANCES	Calification DCF
		BUCKETS FLOW RATE	% FLOW RATE	% FLOW RATE (Cartera Reestructurada)	Calification Historical Loss Rate	Calification Historical Loss Rate	
0	0	F0	$X \leq R_j$, F 0	AA	AA		A
1	30-Jan	F 0-1	R_j , F 0 < $X \leq R_j$, F 0-1	AA	AA		A
2	31-60	F 1-2	R_j , F 0-1 < $X \leq R_j$, F 1-2	B	B		B
3	61-90	F 2-3	R_j , F 1-2 < $X \leq R_j$, F 2-3	C	C		B
4	91-120	F 3-4	R_j , F 2-3 < $X \leq R_j$, F 3-4	D1		D1	B
5	121-150	F 4-5	R_j , F 3-4 < $X \leq R_j$, F 4-5	D2		D2	B
6	151-180	F 5-6	R_j , F 4-5 < $X \leq R_j$, F 5-6	D3		D3	C
7	≥ 181	F 7+	$X > R_j$, F 5-6	E		E	C
7+	181-360			E			C
7+	361-540			E			D
7+	≥ 541			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
Ship	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 colateral	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 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.



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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 secured⁴ loans more than 90 days past-due.

The Historical Loss Rate is defined as the rolling 5-year average 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.

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

⁴ These include loans with liquid collateral which is easy to value, such as mortgage, back-to-back, pledges and collateral funds. Does not include trusts or machinery and equipment



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

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.

In subsequent valuations, the variations in the prices must be recorded in the earnings statement, following the



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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.

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.



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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.
- 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.



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- 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 2 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%

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.



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

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.

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:



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Prepaid expenses

- Interest, during the period prepaid.
- 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, 2012, is amortized over 48 months as of that month.
- Discount on bond placements, over 5 years.
- Uniforms, over 12 months.
- Computer programs, over not more than three years.
- Professional and advisory services, over 60 months.
- Commissions and advisory services, over 60 months, where they correspond to major projects whose expectation of recovery is a long-term matter.
- Other items are amortized over the estimated recovery period of the expense, or the obtaining of expected benefits.

Intangibles

Goodwill is amortized monthly on a straight-line basis over 20 years for Granbanco S. A.

2.16. Reappraisals

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 earnings.

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.



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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 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. Accruals 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.
- d. Also, it records estimated values for taxes, contributions and affiliations.
- e. 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	up to 50%.
Remote contingency	0%.

- f. 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.
- g. To present the financial expense derived from customer 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



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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.

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



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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.

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 pesos at the market reference rate (TRM) at the relevant dates, as published by the Superintendency. At December 31, 2013 and 2012 the rates were \$1,926.83 and \$1,768.23 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 involves 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.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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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.

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, 2013:

Conversion of financial statements of subsidiaries outside Colombia				
	Costa Rica*	El Salvador	Honduras*	Panamá
Balance sheet	3.84	1,926.83	93,54	1,926.83
Earnings statement	3.75	1,869.10	91,81	1,869.10
Equity	3.68	1,817.93	90.59	2,160.99

(*) 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 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.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
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The effect on results at December 31, 2013 and 2012, is the following:

	<u>2013</u>			<u>2012</u>		
Profits of subsidiaries outside Colombia			<u>238,163.2</u>			<u>10,700.2</u>
EFFECTS DE HOMOGENIZATION	<u>Gasto</u>	<u>Recoveries.</u>	<u>Neto</u>	<u>Gasto</u>	<u>Recoveries.</u>	<u>Neto</u>
Foreclosed assets	2,731.3	5,019.9	2,288.7	15,386.5	13,558.5	(1,828.0)
Allowance against investments	1,068.2	0.0	(1,068.2)	0.0	9,953.0	9,953.0
Allowance against loans	17,647.0	25,766.5	8,119.5	63,779.5	4,530.0	(59,249.5)
Allowance against trusts	403.0	0.0	(403.0)	0.0	0.0	0.0
Transfer of investments available for sale to trading	0.0	83.1	83.1	743.2	4,197.6	3,454.4
Transfer of equity participation method to non-Group	784.2	0.0	(784.2)	0.0	0.0	0.0
Depreciation of real property	2,223.6	1,011.6	(1,212.0)	20,259.0	146.5	(20,112.5)
Insurance commissions	0.0	1,456.4	1,456.4	0.0	6,314.8	6,314.8
Allowance against insurance receivables	1,287.2	1,552.7	265.5	1,524.9	0.0	(1,524.9)
Other	<u>124.5</u>	<u>772.7</u>	<u>648.2</u>	<u>137.9</u>	<u>1,034.4</u>	<u>896.6</u>
Total homogenization policy differences	<u>26,268.9</u>	<u>35,662.9</u>	<u>9,394.0</u>	<u>101,831.0</u>	<u>39,734.8</u>	<u>(62,096.2)</u>
Transfer of equity participation method to reappraisals	0.0	0.0	(109,711.9)	0.0	0.0	(50,453.1)
Dividends received from Costa Rica and Salvador	<u>0.0</u>	<u>0.0</u>	<u>7,864.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total homogenizations	<u>26,268.9</u>	<u>35,662.9</u>	<u>(92,453.7)</u>	<u>101,831.0</u>	<u>39,734.8</u>	<u>(112,549.3)</u>
Homogenized profits, subsidiaries outside Colombis		\$	<u>145,709.6</u>		\$	<u>(101,849.1)</u>

Loan allowances

An allowance was made for \$17.647,0 and a recovery was recorded for \$25.766,5, giving a net effect of \$8.119,5 applying the terms explained in Note 2.7 Loan and Financial Leasing Operations – Individual Allowance – Rules for allowances of loans of subsidiaries abroad.

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 for \$55.863,9 and 53.847,9 respectively.

Depreciation of Real Property

The useful life of a fixed asset is different from that accepted in Colombia and therefore, as noted in Note 2.19 Property and Equipment, individual calculations were made for homogenization purposes, thus generating an expense of \$ 1.212,0

Foreclosed assets

Costa Rica made an allowance of 1/24 monthly for two years, generating a recovery of \$7.164,9, requiring an adjustment of \$2,731,3 in expenses for 2013, given that a recovery of \$9,896 had been recorded in the previous period.

El Salvador made al allowance of 1/48 monthly for 4 years, which generated a recovery of allowances for \$4,742,7 in the period.

Honduras makes an allowance of 1/36 monthly against foreclosed assets as of two years afer receiving an asset. In the homogenization process this generated a reecoverly of \$5,296,6 with an effect of \$277,2 on results for the year, as an increase in the recovery of \$5,019 recorded in the previous period



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Investments

In Panama they record investments that could be trading investments 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 \$1,443,8 equivalent to the valuation gain recorded in the equity of that subsidiary. Further, the implementation of the valuation of the portfolio using INFOVALMER prices generating income of \$1,526,9, with a net homogenization effect of \$83,1

The allowance of \$1,068,2 corresponds to 1% of the Honduras investment portfolio, because the country risk is "B".

Assurance Comissions

For homogenization a recover of commissions was recorded in Honduras and El Salvador for \$862,7 and \$593,7 respectively, because in each country they record the expense of commissions paid to insurance brokers, while Colombian regulations allows these amounts paid to be recorded as deferred charges, amortized over the life of the policy.

Accounts receivable - insurance

The allowance for homogenization is adjusted because the Colombian regulation is stricter than that applied by the insurance Company and the allowance is 100% of unpaid earned premiums and issue expenses pending more than 75 days from the technical effective date of the policy. There is also income for balances due from reinsurers pending more than 180 days due to an amount pending acceptance.

Other

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

- **Other homogenizations**

Reappraisals of real property

The updating of valuations was effected in the first half of 2013 and there was a homogenization balance at December 31, 2013 of \$138.731.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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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:

	<u>2013</u>	<u>2012</u>
Local currency:		
Cash	\$ 908,957.1	836,835.5
Banco de la República and Central Banks	1,518,845.1	1,314,003.9
Banks and other financial institutions	49,000.3	15,445.0
Clearing	26,590.4	60,380.6
Remittances in transit	31.1	14.8
Allowance	<u>(364.1)</u>	<u>(475.1)</u>
	<u>2,503,060.0</u>	<u>2,226,204.7</u>
Foreign currency expressed in local currency:		
Cash	218,323.6	182,851.9
Banco de la República	61.8	56.7
Banks and other financial institutions	1,775,960.7	1,624,396.8
Clearing	52,450.2	71,208.3
Remittances in transit	1,288.9	32.0
Allowance	<u>(640.8)</u>	<u>(35.8)</u>
	<u>2,047,444.5</u>	<u>1,878,509.8</u>
	\$ <u>4,550,504.5</u>	<u>4,104,714.5</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

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	\$ 98.9
Statement credit notes not in books	<u>422</u>	<u>(1,148.7)</u>
	<u>505</u>	<u>(1,049.8)</u>

At December 31, 2013, local bank reconciliations contained 86 items pending less than 30 days for a net amount of \$551.6; items pending for more than 30 days have no significant impact, and an allowance of \$98.6 has been made against them.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The following is the detail of reconciliation items at December 31, 2012:

<u>Items over 30 days</u>	<u>No.</u>	<u>Amount</u>
Statement Debit Notes not in books	35	29.8
Statement credit notes not in books	451	(922.4)
Book debit notes not in statement	36	69.4
Book credit notes not in statement	<u>33</u>	<u>7.7</u>
	<u>555</u>	<u>(830.9)</u>

At December 31, 2012 the reconciliations of local bank accounts contained 135 items pending under 30 days for a net value of USD 172.6. Items pending for more than 30 days had no significant impact and allowances have been made against them for USD 56.1.

3.2. Reconciliation items in foreign currency

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

<u>Pending over 30 days</u>	<u>No.</u>	<u>Amount</u> <u>US\$000</u>
Statement Debit Notes not in books	99	293.7
Statement credit notes not in books	40	(104.9)
Book debit notes not in statement	30	31.6
Book credit notes not in statement	<u>95</u>	<u>(846.3)</u>
	<u>264</u>	<u>(625.9)</u>

The following is the detail of reconciliation items at December 31, 2012:

<u>Partidas mayores de 30 days</u>	<u>Cantidad</u>	<u>Valor miles de</u> <u>US\$</u>
Statement Debit Notes not in books	13	26.0
Statement credit notes not in books	57	(16.2)
Book debit notes not in statement	52	7.4
Book credit notes not in statement	<u>39</u>	<u>(29.6)</u>
	<u>161</u>	<u>(12.4)</u>

There is a restriction on the availability of foreign currency cash at December 31, 2012 of US\$4,200,000, equivalent to \$7,426.6 and \$6.799.5, needed to attend to liquidity requirements of the US Branch.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3.3. Allowance against cash and due from banks

The movement of the allowance against cash is as follows:

		<u>2013</u>	<u>2012</u>
Opening balance	\$	510.9	768.2
Plus:			
Allowance expensed		479.2	313.9
Less:			
		0.0	(54.0)
Allowance recovered		<u>390.7</u>	<u>519.1</u>
Closing balance	\$	<u>1,004.9</u>	<u>510.9</u>

3.4. Mandatory cash reserve

At December 31, 2013 and December 31, 2012, mandatory cash reserves were held in Colombia as required by Banco de La Republica Circular 11 (October 2008) (Note 36).

Average cash reserve required at December 31, 2013 and 2012 was:

		<u>2013</u>	<u>2012</u>
Average reserve required	\$	2,210,349.0	1,962,046.9
Average reserve held	\$	2,223,238.8	1,979,451.5

4. Interbank and overnight asset positions

The following is the detail of interbank and overnight asset positions:

<u>2013</u>							
<u>Foreign currency</u>		<u>US\$</u>	<u>Rate</u>	<u>Opened</u>	<u>Maturity</u>	<u>Amount</u> <u>COP</u>	<u>X-rate (Pesos)</u>
			<u>Mín - Max</u>				
Overnight Banks outside Colombia	USD	4,200,000.0	0.30%	Jun.27.2012	Abr.17.2014	8,092.7	1,926.83
		3,000,000.0	0.30%	Jun.25.2013	Abr.21.2014	5,780.5	1,926.83
		699,402.7	0.21%	Jul.31.2013	Ene.27.2014	1,347.6	1,926.83
		504,985.1	1.00%	Feb.12.2013	Ene.12.2014	973.0	1,926.83
		1,500,000.0	0.12%	Sep.12.2013	Ene.09.2014	2,890.2	1,926.83
		5,000,000.0	0.40%	Sep.12.2013	Ene.09.2014	9,634.2	1,926.83
		5,000,000.0	0.27%	Sep.12.2013	Ene.09.2014	9,634.2	1,926.83
		10,000,000.0	0.35%	Dic. 27.2013	Ene.03.2014	19,268.3	1,926.83
Tripartite repos		22,724,738.4	6%	Dic. 05.2013	Ene.23.2014	43,196.1	1,926.83
Exchange brokers		215,015.1	1.08%	Dic.30.2013	Ene.02.2014	414.3	1,926.83
		1,100,077.1	1.28%	Dic.30.2013	Ene.02.2014	<u>2,119.7</u>	1,926.83
						\$	<u>103,350.8</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

<u>Local currency</u>	<u>US\$</u>	<u>Rate</u>				
		<u>Min - Max</u>	<u>Opened</u>	<u>Maturity</u>	<u>Amount</u> <u>COP</u>	<u>X-rate (Pesos)</u>
Simultaneous						
Exchange brokers		3.50% -4.50%	Dic.26.13	Ene.02.2014	10,202.9	
Banco de la República		3.25% - 3.35%	Dic.11.13	Ene.14.2014	303,714.5	
Pension funds		3.35%	Dic.27.13	Ene.02.2014	25,084.4	
Other		6%	Oct.18.13	Ene.10.2014	468.7	
Interbank funds						
Investment Banks		3.25% -3.25%	Dic.26.13	Ene.02.2014	<u>3,500.0</u>	
					\$	<u>342,970.5</u>
Total money market asset positions					\$	<u>446,321.3</u>

2012

	<u>US\$</u>	<u>Rate</u>				
		<u>Min - Max</u>	<u>Opened</u>	<u>Maturity</u>	<u>Amount</u> <u>COP</u>	<u>X-rate (Pesos)</u>
<u>Foreign currency</u>						
Overnight Banks outside Colombia	700,000.0	0.2%- 1.0%	Nov.30.2012	Nov.29.2013	1,237.7	1,768.23
Repos	5,909,516.0	6.0%- 6.29%			<u>10,443.8</u>	1,768.23
					<u>11,681.5</u>	
<u>Local currency</u>						
Simultaneous						
Banco República		4.75%- 4.8%	Dic.04.12	Ener.04.13	24,438.4	
Trust companies		4.40%	Dic.27.12	Ener.02.13	2,799.9	
Exchange brokers		4.40%- 6.0%	Nov.21.12	Feb.21.13	58,905.4	
Insurance companies		4.50%	Dic.27.12	Ener.02.13	31,110.2	
Capitalization companies		4.50%	Dic.27.12	Ener.02.13	3,536.1	
Interbank funds						
Banks		4.24%	Dic.28.12	Ener.01.13	<u>8,000.0</u>	
					<u>128,790.0</u>	
Total money market asset positions					\$	<u>140,471.5</u>

At December 31 2013 and 2012 the balance and average monthly yield of local and foreign currency asset positions were de \$446.321.0 and \$32,384.5, and \$140,471.5 and \$58,014.5 respectively

There are restrictions on foreign currency interbank funds at December 31, 2013 for US\$8,700,000 equivalent to \$16.763,4 to attend to regulatory requirements of the US Branch.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

5. Investments

The following is the detail of portfolio investments at December 31, 2013 and December 31, 2012:

<u>2013</u>	<u>Costo</u>	<u>Provisión</u>
Trading, debt securities	\$ 2,625,963.4	0.0
Trading, equity investments	52,929.0	0.0
Held to maturity	2,035,588.4	4,478.5
Available for sale, debt securities	1,662,922.8	0.0
Available for sale, equity investments	141,489.1	13,672.7
Transfer rights, trading investments in debt securities	537,255.4	0.0
Transfer rights, trading investments in equities	300,171.6	0.0
Available for sale, delivered in guarantee	<u>539,285.6</u>	<u>0.0</u>
\$	<u>7,895,605.3</u>	<u>18,151.2</u>
 <u>2012</u>	 <u>Costo</u>	 <u>Provisión</u>
Trading, debt securities	\$ 3,759,411.6	82.1
Trading, equity investments	49,330.2	0.0
Held to maturity	964,737.5	123.1
Available for sale, debt securities	885,051.7	2,567.7
Available for sale, equity investments	133,128.0	13,657.7
Available for sale, delivered in guarantee	<u>359,308.3</u>	<u>0.0</u>
\$	<u>6,150,967.3</u>	<u>16,430.6</u>

5.1. Portfolio by classification, type and credit rating

<u>Trading investments, debt securities</u>	<u>2013</u>	<u>2012</u>
Tes	\$ 1,664,144.9	2,483,853.7
Peso bonds	229,729.0	293,581.7
TDA Finagro (1)	9,859.4	148,018.7
CDT's	181,870.9	194,534.5
TIPS	342,788.4	494,629.2
Debt securities	10,577.5	32,734.9
Foreign sovereign issues	43,131.9	50,159.5
Multilaterals issues	24,314.6	18,511.7
Foreign institutional issues	67,389.7	33,427.5
Other investments: Bonds US;TRD,Tidis, TDPIT*	<u>52,157.1</u>	<u>9,960.1</u>
\$	<u>2,625,963.4</u>	<u>3,759,411.6</u>
 <u>Trading equity investments</u>		
Unit funds	2,225.3	913.2
Pension and severance funds	49,986.5	48,171.1
Shares	<u>717.1</u>	<u>245.9</u>
	<u>52,929.0</u>	<u>49,330.2</u>



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Notes to the Consolidated Financial Statements

<u>Held to maturity</u>	<u>2013</u>	<u>2012</u>
TRD	\$ 186,202.3	263,304.7
TDA (1)	572,942.5	72,831.9
CDT	95,368.4	40,944.5
Tips	339,285.5	72,147.0
TIPS (Residual rights) (2)	141,109.3	0.0
Foreign issues	364,197.2	0.0
Foreign government issues	143,014.3	255,957.2
Bonds	86,093.7	101,215.1
Government bonds	78,758.8	1,640.7
Foreign government bonds	558.1	1,206.3
Eurobonds	0.0	2,452.5
Treasury bonds and notes	0.0	17,099.7
Securitization	0.0	271.6
Bank bonds	0.0	3,006.0
Other	<u>28,058.2</u>	<u>132,660.1</u>
	\$ <u>2,035,588.4</u>	<u>964,737.5</u>

*TDPIT Internal public debt issues under Law 80(1993 and Decree 2681/1998

- (1) Mandatory investments under Res 14/2008.
- (2) At the close of July 2013 the Bank recorded residual rights derived from securitization of mortgage portfolios as a contingent account.
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

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.

<u>Investments available for sale – debt securities</u>	<u>2013</u>	<u>2012</u>
TES B	\$ 1,097,408.0	123,797.6
TDA Finagro	0.0	2,957.1
Foreign institutional issues	323,985.2	62,863.2
Foreign government issues	81,378.4	106,331.9
TIPS	<u>160,151.2</u>	<u>589,101.8</u>
	\$ <u>1,662,922.8</u>	<u>885,051.7</u>

Available for sale in equity investments

Low-minimum turnover shares (note 5.g)	\$ 141,022.0	133,086.3
Other securities	<u>467.1</u>	<u>41.7</u>
	\$ <u>141,489.1</u>	<u>133,128.0</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

<u>Transfer rights, trading investments in debt securities</u>	<u>2013</u>	<u>2012</u>
TES	\$ 522,665.0	0.0
CDTS	11,121.7	0.0
BONDS	<u>3,468.7</u>	<u>0.0</u>
	\$ <u>537,255.4</u>	<u>0.0</u>
<u>Transfer rights, investments available for sale in debt securities</u>	\$ <u>300,171.6</u>	<u>0.0</u>
TES		
<u>Investments available for sale delivered in guarantee</u>		
Available for sale, debt securities	\$ <u>539,285.6</u>	<u>359,308.3</u>
TES		
<u>Allowances</u>	\$ <u>(18,151.2)</u>	<u>(16,430.6)</u>
Total net investments	\$ <u>7,877,454.1</u>	<u>6,134,536.7</u>

There are no other restrictions in the conditions of the securities delivered in guarantee of liability operations, repos, simultaneous operations and guarantees against futures.

There is a restriction on the investment portfolio of the Miami branch at December 31, 2013 and 2012 for US\$26,293,010.8, equivalent to \$50.662.2 and US\$17,034,816.2, equivalent to \$30.121.5, respectively regulated by OFR (Office of Financial Regulation, Florida); in respect of liquidity limits.

At December 31, 2013 and 2012, debt and capital investments were evaluated and classified as required by SFC Circular 100. For the result, see Note 5.10.

The effect of contracting the Price Supplier INFOVALMER S.A. for the Bank's portfolio was to reduce market value by \$12,452.0, as follows: trading investments, down \$(13,504.0), investments available for sale, up \$956.0 and investments held to maturity, up \$96.0.

INFOVALMER pricing was applied to investment issues in Panama, and the result was an increase in market value of \$987 as follows: trading investments, up \$1,526, investments available for sale, down \$(539).

With regard to Colombian subsidiaries, there were no major difference impacting market values.

5.2. Reclassification of Investments

On November 19, 2013, and following Section 4.,2 (a) of Chapter I of the Accounting and Finance Circular, investments available for sale are reclassified as investments held to maturity after one year. TIPS with a market value of \$29,984 generated an effect on results of \$3,813.0

On December 5, 2013, following Circular 35/2013, TES were reclassified from investments available for sale to trading investments for a total of \$248,927.0 with an effect of \$(2,417.0) and TIPS were reclassified from investments available for sale to investments held to maturity for \$256,271.0 with an effect on results of \$28,755.0



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

5.3. Investment portfolio ratings

<u>Long-term rating</u>		<u>2013</u>	<u>% share</u>	<u>Allowance</u>	<u>2012</u>	<u>% share</u>	<u>Allowance</u>
AAA	\$	753,975.9	9.7%	0.0	1,032,898.9	17.2%	0.0
AA+		174,477.2	2.3%	0.0	244,224.7	4.1%	0.0
AA		211,660.7	2.7%	0.0	170,755.0	2.8%	0.0
AA-		54,234.2	0.7%	3.0	54,286.2	0.9%	0.0
A+		74,429.1	1.0%	0.0	111,684.5	1.9%	0.0
A-		45,714.1	0.6%	57.8	41,466.6	0.7%	0.0
A		176,116.5	2.3%	115.5	500,142.6	8.3%	0.0
BBB+		82,413.5	1.1%	0.0	242,585.0	4.0%	0.0
BBB		148,602.4	1.9%	0.0	107,382.6	1.8%	0.0
BBB-		175,903.9	2.3%	0.0	166,279.0	2.8%	2.8
BB+		28,762.7	0.4%	2,221.6	3,644.6	0.1%	233.1
BB-		62,452.6	0.8%	0.0	0.0	0.0%	0.0
BB		111,771.4	1.4%	0.0	12,342.4	0.2%	2,468.2
B		748,126.8	9.6%	1,301.8	318.7	0.0%	0.0
CC		0.0	0.0%	0.0	97.5	0.0%	0.0
Multilateral		1,262.8	0.0%	0.0	16,942.1	0.3%	0.0
Nación		4,065,212.9	52.4%	0.0	3,049,662.6	50.7%	0.0
Sin calificación		<u>52,863.2</u>	<u>0.7%</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>	<u>0.0</u>
	\$	<u>6,967,979.8</u>		<u>3,699.7</u>	<u>5,754,713.1</u>		<u>2,772.8</u>
<u>Short-term rating</u>							
1		56,619.1	0.7%	288.5	18,066.3	0.3%	0.0
1+		693,826.4	8.9%	452.6	229,778.9	3.8%	0.0
2		22,915.2	0.3%	37.8	15,280.9	0.3%	0.0
F1+		<u>12,775.6</u>	<u>0.2%</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>	<u>0.0</u>
		<u>786,136.4</u>		<u>778.8</u>	<u>263,126.1</u>		<u>0.0</u>
	\$	<u>7,754,116.1</u>	<u>100.0%</u>	<u>4,478.5</u>	<u>6,017,839.2</u>	<u>100.0%</u>	<u>2,772.8</u>
<u>Equity investments</u>							
A		84,125.9	59.5%	13,440.8	127,412.5	95.7%	13,509.4
AA		0.0	0.0%	0.0	0.0	0.0%	0.0
AA+		43,148.5	30.5%	0.0	0.0	0.0%	0.0
AAA		0.0	0.0%	0.0	142.4	0.1%	0.0
B+		0.0	0.0%	0.0	688.7	0.5%	130.5
B		0.0	0.0%	0.0	9.8	0.0%	1.9
C		9.8	0.0%	3.9	0.0	0.0%	0.0
Not rated		<u>14,204.8</u>	<u>10.0%</u>	<u>228.0</u>	<u>4,874.6</u>	<u>3.7%</u>	<u>15.9</u>
		<u>141,489.1</u>	<u>100.0%</u>	<u>13,672.7</u>	<u>133,128.0</u>	<u>100.0%</u>	<u>13,657.7</u>
	\$	<u>7,895,605.3</u>		<u>18,151.2</u>	<u>6,150,967.3</u>		<u>16,430.6</u>

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



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5.4. Investment portfolio by issuer

	<u>Cost</u>	<u>Allowance</u>	<u>Cost</u>	<u>Allowance</u>
<u>Foreign currency</u>				
Colombian government	\$ 37,627.3	0.0	1,664.7	0.0
Regional and local authorities	6,709.4	0.0	7,874.3	0.0
Financial institutions	140,352.2	335.8	75,993.7	130.5
Banks abroad	290,389.0	650.1	309,535.2	(0.0)
Foreign governments	1,022,261.3	1,428.3	648,825.3	85.6
Multilateral lenders	19,999.4	0.0	8,983.3	0.0
Corporate	304,951.7	70.7	200,672.3	1.8
<u>Local currency</u>				
Colombian government	3,999,905.1	0.0	3,014,365.0	0.0
Regional and local authorities	669.3	0.0	2,176.4	0.0
Financial institutions	936,483.2	2,221.6	1,753,440.2	2,770.0
Corporate	121,139.8	13,444.7	1,342.3	0.0
Multilateral lenders	17,220.1	0.0	126,094.4	13,442.6
Securizations	<u>997,897.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
\$	<u>7,895,605.3</u>	<u>18,151.2</u>	<u>6,150,967.3</u>	<u>16,430.6</u>

5.5. Portfolio by currency

	<u>2013</u>	<u>2012</u>
Pesos	4,593,333.8	3,722,339.7
Dollars	2,445,367.2	528,075.7
UVR	381,247.8	1,175,078.7
Lempiras	128,578.5	76,477.8
Colons	<u>347,078.0</u>	<u>648,995.2</u>
\$	<u>7,895,605.3</u>	<u>6,150,967.3</u>

5.6. Portfolio by maturity periods

<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>
Trading investments	\$ 589,431.0	1,654,093.4	404,423.8	568,199.6	3,216,147.8
Available for sale, debt securities	805,626.2	1,250,214.5	354,579.3	91,960.0	2,502,380.0
Held to maturity	<u>1,056,348.4</u>	<u>398,307.3</u>	<u>233,465.7</u>	<u>347,467.0</u>	<u>2,035,588.4</u>
\$	<u>2,451,405.6</u>	<u>3,302,615.2</u>	<u>992,468.8</u>	<u>1,007,626.6</u>	<u>7,754,116.2</u>
<u>2012</u>	<u>0-1 years</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
Trading investments	\$ 925,593.4	1,421,217.5	448,162.0	1,013,768.8	3,808,741.7
Available for sale, debt securities	360,457.4	290,293.3	302,976.1	290,633.3	1,244,360.1
Held to maturity	<u>474,637.9</u>	<u>304,559.2</u>	<u>129,874.9</u>	<u>55,665.4</u>	<u>964,737.5</u>
\$	<u>1,760,688.7</u>	<u>2,016,070.0</u>	<u>881,013.0</u>	<u>1,360,067.5</u>	<u>6,017,839.2</u>

Equity investments not included



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5.7. Maximum, minimum and average values

The maximum, minimum and average balances of the Fixed-Yield Portfolio at December 31, 2012 were:

<u>Investments</u>	<u>2013</u>		
	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
Trading, debt securities	185.7	4,794,550.3	219,025.6
Trading, equity investments	1.8	51,042.1	2,981.6
Held to maturity	0.2	1,228,598.2	56,436.8
Available for sale, debt securities	1.3	2,178,839.6	100,804.9
Available for sale, equity investments	1.1	1,358,920.3	97,144.0
Transfer rights, trading investments in debt securities	0.0	21,325.8	206.5
Available for sale, delivered in guarantee	0.0	760,516.3	1,071.4
Trading, delivered in guarantee	0.1	516,025.1	12,027.3

	<u>2012</u>		
	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
Trading, debt securities	8,201.5	3,501,864.3	751,882.3
Trading, equity investments	245.9	49,084.3	24,665.1
Held to maturity	262.7	381,852.2	98,625.8
Available for sale, debt securities	202.1	101,730.0	36,909.4
Available for sale, equity investments	6.4	388,236.3	68,890.5
Trading investments delivered in guarantee	95.7	246,868.0	119,801.4

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
Fecha de adquisición		Share				
Colombia	Corredores Asociados 25-Sep-13	94.90%	118,692,170	43,148.4	45,464.5	43,145.8
Total				43,148.4		43,145.8

5.9. Allowance against investments

The movement of the allowance is as follows:



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Notes to the Consolidated Financial Statements

	<u>2013</u>	<u>2012</u>
Opening balance	\$ 16,430.6	31,337.5
Plus:		
Re-expression adjustment	14.8	81.6
Allowance expensed	2,382.9	6,224.9
Less:		
Allowance recove red	482.5	21,213.3
Adjustment	193.0	0.0
Reclasificación	1.8	0.0
Clisan balance	\$ <u>18,151.2</u>	<u>16,430.6</u>

5.10. Capital investments available for sale

The following is the detail of capital investments available for sale and their ratings at December 31, 2013 and 2012:

<u>Name</u>		<u>2013</u> <u>Capital</u>	<u>%</u> <u>Ownership</u>	<u>Acquisition</u> <u>cost.</u>	<u>Adjusted</u> <u>cost</u>	<u>Reapprai</u> <u>sals</u>	<u>Allowance</u>	<u>Dividends</u>
Zip Amarateca	USD	8,547.7	0.4	3,257.6	3,257.6	0.0	(65.2)	0.0
Sersaprosa S.A.		8,354.8	0.3	2,311.6	2,311.6	2,998.0	0.0	0.0
Serfinsa S.A.		4,081.2	0.4	1,473.6	1,473.6	493.6	0.0	0.0
Bancajero BANET		2,653.6	0.3	930.0	930.0	0.0	0.0	0.0
Interbolsa sociedad administradora de fondos de inversión S.A. F.S.A.		29,991.4	0.0	860.5	860.5	(107.7)	(157.4)	14.6
Corporación Andina de Fomento		3,873.2	0.0	328.8	499.0	86.4	0.0	0.0
Compañía Azucarera de Honduras S.A.		18,058.6	0.0	385.5	385.5	0.0	0.0	1.5
ACH de El Salvador S.A.		1,465.8	0.3	385.4	385.4	(89.9)	0.0	0.0
Sociedad de Garantía Reciproca		4,676.6	0.0	220.2	220.2	0.0	0.0	0.0
Stewart Title Costa Rica		1,198.8	0.3	155.4	155.4	(155.4)	0.0	0.0
Ceproban		2,787.3	0.1	85.2	85.2	0.0	0.0	0.0
Central de Deposito de Valores, S.A. de C.V.		2,000.0	0.0	44.4	44.4	0.0	0.0	3.2
Bolsa Nacional de Valores Costa Rica		10,100.0	0.0	41.8	41.8	0.0	0.0	0.0
Lotificadora la Meseta		15,000.0	0.0	12.5	12.5	0.0	0.0	0.0
Compañía Azucarera Choluteca S.A. de C.V.		400.0	0.0	12.2	12.2	0.0	0.0	0.0
Bolsa de Valores de El Salvador, S.A. de C.V.		3,200.0	0.0	6.9	8.1	0.0	0.0	2.9
La Constancia S.A.		12,078.3	0.0	5.5	5.5	0.0	(5.5)	0.0
Tabacalera Hondureña S.A.		1.0	0.0	2.7	2.7	0.0	0.0	13.9
Industria Cementera Hondureña S.A. INCEHSA		18,939.2	0.0	1.0	1.1	0.0	0.0	8.7
Bladex	USD	853,151.0	0.0	<u>0.4</u>	<u>0.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
				<u>10,521.1</u>	<u>10,692.6</u>	<u>3,225.0</u>	<u>(228.1)</u>	<u>44.9</u>
Fondo para el Financiamiento del Sector Agropecuario - FINAGRO	COP	181,791.2	0.1	52,149.7	80,156.2	10,581.2	0.0	6,596.9
Titularizadora Colombiana S.A.		59,855.0	0.2	17,499.8	14,563.2	14,178.2	0.0	5,440.8
Compañía Promotora de Inversiones del Café S.A.*		8,024.0	0.3	13,440.7	13,440.7	0.0	(13,440.7)	0.0
Redeban Multicolor S.A.		10,120.0	0.3	8,229.8	8,229.9	10,586.3	0.0	7,458.3
Deceval S.A.		12,051.0	0.1	4,498.1	4,939.3	2,670.0	0.0	3,122.1
Multiactivos		12,070.0	0.2	2,548.9	2,936.5	1,382.3	0.0	0.0
Cámara de Riesgo Central de Contraparte de Colombia S.A		70,339.6	0.1	2,381.1	2,689.8	(724.0)	0.0	0.0
A.C.H. Colombia S.A.		6,595.0	0.2	1,848.5	1,848.5	2,460.2	0.0	202.6
Fondo de Reposición Fogacol		326.5	0.0	659.6	659.6	0.0	0.0	9.6
Central de Información Financiera Cifin		6,000.0	0.1	550.2	550.1	1,851.0	0.0	0.0
Tecnibanca S.A.		28,168.7	0.0	85.6	397.8	189.7	0.0	71.8
Cámara de Compensación Divisas de Colombia S.A.		6,770.1	0.1	190.9	190.9	135.3	0.0	57.4
Bolsa de Valores de Colombia (BVC)		110,361.3	0.0	184.1	184.1	891.6	0.0	129.2
Almacenes Generales de Depósito de Café - Almacafé S.A.	COP	14,472.4	0.0	<u>9.8</u>	<u>9.8</u>	<u>0.0</u>	<u>(3.9)</u>	<u>0.0</u>
				<u>104,276.9</u>	<u>130,796.5</u>	<u>44,201.8</u>	<u>(13,444.6)</u>	<u>23,088.7</u>
				<u>114,798.0</u>	<u>141,489.1</u>	<u>47,426.8</u>	<u>(13,672.7)</u>	<u>23,133.6</u>

(*) Compañía de inversiones del Café S.A. in liquidation since May 2012
All investments are classed A except, Almacafé which is classed "C".



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<u>2012</u>								
Name		<u>Capital</u>	<u>% Ownership</u>	<u>Acquisition cost</u>	<u>Adjusted cost</u>	<u>Reappraisals</u>	<u>Allowance</u>	<u>Dividends</u>
Zip amarateca	USD	8,150.3	0.4	3,085.2	3,085.2	0.0	(61.7)	0.0
Sersaprosa S.A.		4.6	0.3	2,121.3	2,121.3	1,704.4	(1.2)	0.0
Serfinsa S.A.		2.2	0.4	1,352.3	1,352.3	455.3	(0.3)	0.0
Bancajero BANET		2,530.2	0.3	880.8	880.8	0.0	0.0	0.0
Interbolsa sociedad administradora de fondos de inversión S.A. F.S.A. (*)		30,007.9	0.0	706.9	688.7	0.0	(130.5)	3.7
Corporación Andina de Fomento		3,484.1	0.0	328.8	357.5	120.6	0.0	9.0
Compañía Azucarera de Honduras S.A.		18,058.6	0.0	354.1	354.1	0.0	0.0	0.0
ACH de El Salvador S.A		0.8	0.3	353.6	353.6	(130.8)	(0.1)	0.0
Sociedad de Garantía Reciproca		4,568.4	0.0	202.1	202.1	0.0	0.0	0.0
Stewart Title Costa Rica		1,198.8	0.3	142.4	142.4	(142.4)	0.0	0.0
Ceproban		2,787.3	0.1	80.7	80.7	0.0	0.0	0.0
Central de Deposito de Valores, S.A. de C.V.		2,000.0	0.0	40.7	40.7	0.0	0.0	0.0
Bolsa Nacional de Valores		9,608.0	0.0	0.0	38.4	0.0	(15.9)	0.0
Compañía Azucarera Choluteca S.A. de C.V.		400.0	0.0	22.5	22.5	0.0	0.0	0.7
Lotificadora la Meseta		15,000.0	0.0	11.8	11.8	0.0	0.0	0.0
La Constancia S.A.		12,078.3	0.0	7.0	7.0	0.0	(5.2)	0.0
Bolsa de Valores de El Salvador		3,200.0	0.0	0.0	6.4	0.0	0.0	0.0
Tabacalera Hondureña S.A.		1.0	0.0	2.6	2.6	0.0	0.0	36.1
Bolsa de Valores de El Salvador, S.A. de C.V.		3,200.0	0.0	1.0	1.0	0.0	0.0	0.0
Industria Cementera Hondureña S.A. INCEHSA	USD	18,058.6	0.0	<u>0.9</u>	<u>1.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
				<u>9,694.7</u>	<u>9,750.0</u>	<u>2,007.1</u>	<u>(214.9)</u>	<u>49.6</u>
Fondo para el Financiamiento del Sector Agropecuario - FINAGRO	COP	156,606.6	0.1	52,149.7	73,559.3	7,397.4	0.0	5,574.5
Titularizadora Colombiana S.A.		59,855.0	0.2	17,499.8	14,563.2	15,474.5	0.0	6,498.8
Compañía Promotora de Inversiones del Café S.A.*		8,024.0	0.3	13,440.7	13,440.7	0.0	(13,440.7)	0.0
Redeban Multicolor S.A.		10,120.0	0.3	8,229.8	8,229.9	9,589.6	0.0	0.0
Deceval S.A.		12,051.0	0.1	4,498.1	5,081.3	2,969.6	0.0	3,049.9
Multiactivos		12,070.0	0.2	2,548.9	2,936.6	1,393.6	0.0	0.0
Cámara de Riesgo Central de Contraparte de Colombia S.A		40,000.0	0.0	1,563.7	1,872.4	(479.5)	0.0	0.0
A.C.H. Colombia S.A.		6,595.0	0.2	1,848.5	1,848.5	1,816.6	0.0	368.4
Central de Información Financiera Cifin		0.0	0.1	550.2	550.2	0.0	0.0	0.0
Bolsa de Valores de Colombia (BVC)		18,672.8	0.0	478.6	478.6	577.0	0.0	0.0
Tecnibanca S.A.		16,410.0	0.0	85.6	326.1	171.7	0.0	100.7
Fondo de Reposición Fogacol		0.0	0.0	321.9	321.9			18.1
Cámara de Compensación Divisas de Colombia S.A.		2,500.0	0.1	159.4	159.4	97.0	0.0	23.9
Almacenes Generales de Depósito de Café - Almacafé S.A.	COP	14,472.4	0.0	<u>9.8</u>	<u>9.8</u>	<u>0.0</u>	<u>(1.9)</u>	<u>0.0</u>
				<u>103,384.7</u>	<u>123,377.9</u>	<u>39,007.5</u>	<u>(13,442.6)</u>	<u>15,634.3</u>
				<u>113,079.5</u>	<u>133,128.0</u>	<u>41,014.6</u>	<u>(13,657.5)</u>	<u>15,683.9</u>

Compañía de inversiones del Café S.A. in liquidation since May 2012.

(*) All classed A except:

Name	Rated
Stewart Title Costa Rica	AAA
Interbolsa	B+
Almacafé	B

Eliminations

The following are reciprocal investment operations at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Equity investments available for sale	<u>2,039,596.5</u>	<u>1,811,910.6</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6. Loans and financial leasing operations

6.1. By mode

	<u>2013</u>	<u>2012</u>
<u>Commercial:</u>		
Corporate and construction	\$ 14,156,605.4	11,411,809.9
Other commercial lines	5,614,743.8	5,180,000.4
Credit card	345,688.5	321,586.1
Vehicles	313,389.9	233,110.6
Overdrafts	<u>207,678.0</u>	<u>161,090.4</u>
	<u>20,638,105.7</u>	<u>17,307,597.4</u>
 Residential property leasing	 <u>3,556,862.0</u>	 <u>2,336,375.1</u>
	<u>\$ 24,194,967.8</u>	<u>19,643,972.5</u>
 <u>Home mortgages</u>	 <u>\$ 5,490,490.7</u>	 <u>4,098,336.0</u>
 <u>Consumer:</u>		
Credit card	2,913,237.6	2,929,904.2
Other consumer lines	7,033,246.3	6,291,555.1
Vehicles	1,242,837.2	1,215,539.4
Overdrafts	<u>41,885.4</u>	<u>40,625.6</u>
	<u>11,231,206.6</u>	<u>10,477,624.3</u>
 <u>Micro</u>	 <u>74,824.3</u>	 <u>88,704.6</u>
 <u>Financial Leasing Operations</u>	 <u>140,524.3</u>	 <u>131,568.7</u>
 Total Gross Loans	 <u>\$ 41,132,013.6</u>	 <u>34,440,206.1</u>
 Less: individual allowances	 (1,648,978.7)	 (1,575,654.6)
 Sub-total	 <u>\$ 39,483,034.9</u>	 <u>32,864,551.4</u>
 Less: General allowance	 <u>(55,663.7)</u>	 <u>(53,082.7)</u>
 Total Net Loans	 <u>\$ 39,427,371.3</u>	 <u>32,811,468.8</u>

6.2. Low.-cost housing

At December 31, 2013 and 2012, the Bank placed \$1,581,901.0, consisting of individual loans of \$785,735.5 and \$795,165.5 construction loans and \$1,004,043.1 consisting of individual loans of \$616,572.8 and construction loans of \$387,470.3 respectively.

The balance and number of low-cost housing loans are as follows:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>2013</u>		<u>2012</u>	
	<u>No. s</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
Individual	108,660	\$2,627,709.4	93,579	\$2,089,286.1
Construction	178	549,338.9	117	217,334.8
	<u>108,838</u>	<u>3,177,048.3</u>	<u>93,696</u>	<u>2,306,620.9</u>

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.

This procedure provides for reduced interest rates for the first 7 years of each loan,

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 of June 5, 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 housing for urban areas.

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, 2013 and 2012 an estimated provision was made for \$13,157.9 and 17,533.0, based on a model that takes account of the real performance of the loans.

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 leasing agreement.

The Benefit will be scaled to match the value of the housing financed for mortgage debtors or lessees of residential property applying for it.

The Ministry of Finance will define the number of operations open to loans and leasing agreements in each housing segment qualifying for the benefit and may at any time elect to broaden, restrict, modify or suspend the number of eligible operations.

Debtors of loans disbursed after May 6, 2013 who have not been beneficiaries of previous rate cover will thus have access to Decree 0701 cover, as known to and accepted by the client.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 %	No. of loans	Amount disbursed	Capital balance
1143/2009	Up to 135	5%	33,933	\$981,137.7	\$834.355.8
	>135 up to 235	4%	5,891	358,676.9	286.252.5
	>235 up to 335	3%	<u>4,299</u>	<u>372.643.9</u>	<u>284.971.4</u>
	Total		44,123	\$1.712.458.5	\$1.405.579.7
1190/2012	VIS up to 70	5%	7,453	\$156,675.0	\$152.909.0
	>70 up to 135	4%	<u>15,502</u>	<u>608,036.9</u>	<u>593.591.4</u>
	Total		22,955	\$764,711.9	\$746.500.4
0701/2013	>135 SMMLV up to 235 SMMLV	2.5%	5,863	\$553,866.2	\$543.531.9
	>235 SMMLV up to 235 SMMLV				
	Total		72,941	\$3.031.036.6	\$2.695.612.0

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

At December 31, 2013 and 2012, 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:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2013

		<u>CAPITAL</u>	<u>INTEREST</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>SECURED</u>		<u>ALLOWANCES</u>	
							<u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>
COMMERCIAL SECURED									
A - Normal	\$	8,559,201.7	53,031.4	4,315.7	8,616,548.9	28,588,696.3	194,948.7	1,268.7	220.3
B - Acceptable		291,430.9	5,226.6	539.3	297,196.8	727,063.7	41,898.9	463.3	169.6
C - Deficient		54,069.0	1,123.2	223.6	55,415.7	160,772.9	16,056.8	893.9	188.3
D - Doubtful		94,942.2	2,936.1	719.4	98,597.7	320,851.0	66,906.2	2,932.2	717.1
E - Unrecoverable		<u>62,295.9</u>	<u>572.6</u>	<u>103.6</u>	<u>62,972.2</u>	<u>174,765.1</u>	<u>46,403.4</u>	<u>570.3</u>	<u>103.6</u>
	\$	<u>9,061,939.7</u>	<u>62,890.0</u>	<u>5,901.6</u>	<u>9,130,731.3</u>	<u>29,972,149.0</u>	<u>366,214.1</u>	<u>6,128.4</u>	<u>1,398.9</u>
COMMERCIAL UNSECURED									
A - Normal	\$	14,734,194.8	89,779.5	7,429.7	14,831,404.0	283,377.3	252,656.4	2,163.3	379.5
B - Acceptable		287,637.2	5,181.7	556.7	293,375.6	0.0	36,892.1	458.9	175.0
C - Deficient		57,073.7	1,215.4	243.3	58,532.4	102.9	16,312.0	990.8	207.1
D - Doubtful		135,383.4	4,928.6	1,204.0	141,516.0	0.0	98,631.4	4,923.4	1,204.0
E - Unrecoverable		<u>47,426.6</u>	<u>974.6</u>	<u>177.4</u>	<u>48,578.6</u>	<u>0.0</u>	<u>42,724.9</u>	<u>974.6</u>	<u>177.4</u>
	\$	<u>15,261,715.7</u>	<u>102,079.8</u>	<u>9,611.1</u>	<u>15,373,406.6</u>	<u>283,480.2</u>	<u>447,216.9</u>	<u>9,511.0</u>	<u>2,143.0</u>
	\$	<u>24,323,655.5</u>	<u>164,969.8</u>	<u>15,512.7</u>	<u>24,504,138.0</u>	<u>30,255,629.2</u>	<u>813,430.9</u>	<u>15,639.4</u>	<u>3,541.9</u>
CONSUMER SECURED									
A - Normal	\$	1,321,999.7	11,038.8	3,229.4	1,336,267.9	2,957,657.9	34,837.2	387.4	139.0
B - Acceptable		40,668.4	753.6	154.6	41,576.6	91,130.3	4,296.1	172.5	47.7
C - Deficient		30,256.6	466.4	124.9	30,847.8	67,870.9	5,312.9	386.2	103.5
D - Doubtful		18,683.1	387.9	98.1	19,169.1	35,568.9	13,739.8	377.1	83.7
E - Unrecoverable		<u>43,090.7</u>	<u>692.5</u>	<u>278.7</u>	<u>44,061.9</u>	<u>72,093.8</u>	<u>37,354.7</u>	<u>685.3</u>	<u>274.1</u>
	\$	<u>1,454,698.4</u>	<u>13,339.3</u>	<u>3,885.7</u>	<u>1,471,923.3</u>	<u>3,224,321.8</u>	<u>95,540.8</u>	<u>2,008.4</u>	<u>648.1</u>
CONSUMER UNSECURED									
A - Normal	\$	8,863,008.1	75,605.2	21,313.9	8,959,927.3	49,391.4	239,102.9	2,683.1	959.1
B - Acceptable		324,042.2	6,000.0	1,068.7	331,110.9	642.0	41,921.8	1,575.0	415.6
C - Deficient		209,594.3	3,509.9	719.1	213,823.2	35.5	41,607.6	2,842.8	688.8
D - Doubtful		238,242.2	5,792.1	1,008.6	245,042.9	31.2	193,424.1	5,653.7	1,008.3
E - Unrecoverable		<u>152,401.9</u>	<u>2,682.6</u>	<u>922.7</u>	<u>156,007.1</u>	<u>46.8</u>	<u>145,541.0</u>	<u>2,682.6</u>	<u>922.7</u>
	\$	<u>9,787,288.6</u>	<u>93,589.8</u>	<u>25,033.1</u>	<u>9,905,911.5</u>	<u>50,147.0</u>	<u>661,597.3</u>	<u>15,437.2</u>	<u>3,994.5</u>
	\$	<u>11,241,986.9</u>	<u>106,929.0</u>	<u>28,918.8</u>	<u>11,377,834.9</u>	<u>3,274,468.7</u>	<u>757,138.0</u>	<u>17,445.5</u>	<u>4,642.6</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>2013</u>		<u>ALLOWANCES</u>							
	<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	\$ 71,984.9	751.8	295.2	73,031.9	110,381.7	2,951.3	30.8	12.1	
B - Acceptable	1,169.7	10.0	11.6	1,191.3	2,143.9	141.2	10.0	11.6	
C - Deficient	333.1	2.6	5.6	341.3	318.8	143.4	2.6	5.6	
D - Doubtful	411.6	2.3	12.6	426.5	866.4	411.6	2.3	12.6	
E - Unrecoverable	<u>876.8</u>	<u>9.3</u>	<u>43.2</u>	<u>929.3</u>	<u>1,141.1</u>	<u>876.6</u>	<u>9.3</u>	<u>43.2</u>	
	\$ <u>74,776.1</u>	<u>776.0</u>	<u>368.2</u>	<u>75,920.3</u>	<u>114,851.9</u>	<u>4,524.1</u>	<u>55.0</u>	<u>85.1</u>	
MICROCREDIT UNSECURED									
A - Normal	\$ 996.5	9.0	0.0	1,005.5	0.0	40.9	0.4	0.0	
B - Acceptable	45.0	0.7	0.0	45.7	0.0	45.0	0.7	0.0	
C - Deficient	21.0	0.2	0.0	21.2	0.0	21.0	0.2	0.0	
E - Unrecoverable	<u>41.8</u>	<u>0.3</u>	<u>0.0</u>	<u>42.1</u>	<u>0.0</u>	<u>41.8</u>	<u>0.3</u>	<u>0.0</u>	
	\$ <u>1,104.3</u>	<u>10.2</u>	<u>0.0</u>	<u>1,114.5</u>	<u>0.0</u>	<u>148.7</u>	<u>1.6</u>	<u>0.0</u>	
General Allowance						758.8			
	\$ <u>75,880.3</u>	<u>786.2</u>	<u>368.2</u>	<u>77,034.8</u>	<u>114,851.9</u>	<u>5,431.6</u>	<u>56.6</u>	<u>85.1</u>	
HOME MORTGAGE									
A - Normal	\$ 5,220,653.9	23,411.7	8,816.9	5,252,882.5	12,616,968.2	46,022.7	1,296.7	1,733.1	
B - Acceptable	152,080.7	1,061.4	1,084.1	154,226.2	369,602.4	4,747.3	270.1	1,070.9	
C - Deficient	51,948.5	379.8	672.4	53,000.7	127,614.5	4,020.5	134.4	665.7	
D - Doubtful	32,976.9	317.3	430.5	33,724.8	66,558.2	6,638.4	145.6	422.6	
E - Unrecoverable	<u>32,830.6</u>	<u>167.5</u>	<u>47.2</u>	<u>33,045.3</u>	<u>45,836.8</u>	<u>12,307.6</u>	<u>64.1</u>	<u>22.1</u>	
	\$ <u>5,490,490.7</u>	<u>25,337.7</u>	<u>11,051.2</u>	<u>5,526,879.4</u>	<u>13,226,580.0</u>	<u>73,736.4</u>	<u>1,910.8</u>	<u>3,914.4</u>	
General Allowance						54,904.9			
	<u>5,490,490.7</u>	<u>25,337.7</u>	<u>11,051.2</u>	<u>5,526,879.2</u>	<u>13,226,580.0</u>	<u>128,641.3</u>	<u>1,910.8</u>	<u>3,914.4</u>	
	\$ <u>41,132,013.6</u>	<u>298,022.7</u>	<u>55,850.8</u>	<u>41,485,886.8</u>	<u>46,871,529.8</u>	<u>1,704,642.4</u>	<u>35,052.4</u>	<u>12,184.0</u>	



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Notes to the Consolidated Financial Statements

2012

		<u>CAPITAL</u>	<u>INTEREST</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>SECURED</u>	<u>ALLOWANCES</u>		
							<u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>
COMMERCIAL SECURED									
A - Normal	\$	5,813,841.9	46,990.5	3,145.4	5,863,977.8	22,677,595.7	108,868.4	1,103.1	355.8
B - Acceptable		201,150.8	2,972.5	336.9	204,460.2	589,763.8	23,705.5	262.1	154.1
C - Deficient		42,743.8	820.9	235.1	43,799.8	151,218.6	7,809.0	635.1	216.6
D - Doubtful		64,237.9	2,428.8	637.6	67,304.3	145,770.1	64,237.9	2,428.8	637.6
E - Unrecoverable		<u>79,343.1</u>	<u>525.7</u>	<u>77.3</u>	<u>79,946.1</u>	<u>189,429.0</u>	<u>61,893.4</u>	<u>520.8</u>	<u>77.1</u>
	\$	<u>6,201,317.5</u>	<u>53,738.4</u>	<u>4,432.3</u>	<u>6,259,488.3</u>	<u>23,753,777.2</u>	<u>266,514.3</u>	<u>4,949.8</u>	<u>1,441.2</u>
COMMERCIAL UNSECURED									
A - Normal	\$	13,036,723.7	107,559.5	7,296.5	13,151,579.7	279,041.9	263,471.7	2,559.9	826.9
B - Acceptable		367,402.9	5,765.4	655.1	373,823.4	1,798.3	43,665.4	514.3	299.6
C - Deficient		34,603.1	710.1	203.6	35,516.8	0.0	6,465.3	550.1	187.6
D - Doubtful		87,213.8	3,297.6	865.7	91,377.1	0.0	87,213.7	3,297.6	865.7
E - Unrecoverable		<u>34,049.8</u>	<u>665.8</u>	<u>97.9</u>	<u>34,813.5</u>	<u>428.5</u>	<u>33,300.0</u>	<u>665.9</u>	<u>97.9</u>
	\$	<u>13,559,993.3</u>	<u>117,998.4</u>	<u>9,118.8</u>	<u>13,687,110.5</u>	<u>281,268.7</u>	<u>434,116.1</u>	<u>7,587.9</u>	<u>2,277.7</u>
	\$	<u>19,761,310.8</u>	<u>171,736.9</u>	<u>13,551.1</u>	<u>19,946,598.7</u>	<u>24,035,046.0</u>	<u>700,630.4</u>	<u>12,537.7</u>	<u>3,718.9</u>
CONSUMER SECURED									
A - Normal	\$	1,278,320.7	12,141.3	3,111.7	1,293,573.7	2,972,335.7	33,133.3	422.0	145.9
B - Acceptable		45,976.3	936.9	168.8	47,082.0	114,109.5	5,277.3	219.8	50.5
C - Deficient		23,484.2	462.8	102.3	24,049.3	59,492.2	4,475.6	389.9	78.2
D - Doubtful		20,000.4	532.7	83.4	20,616.5	39,158.8	17,214.3	532.7	83.4
E - Unrecoverable		<u>43,382.0</u>	<u>784.9</u>	<u>278.1</u>	<u>44,445.0</u>	<u>76,357.7</u>	<u>38,988.8</u>	<u>780.6</u>	<u>258.8</u>
	\$	<u>1,411,163.6</u>	<u>14,858.6</u>	<u>3,744.2</u>	<u>1,429,766.5</u>	<u>3,261,453.8</u>	<u>99,089.4</u>	<u>2,344.9</u>	<u>616.7</u>
CONSUMER UNSECURED									
A - Normal	\$	8,107,554.7	78,761.0	18,816.5	8,205,132.2	33,136.0	226,679.5	2,818.2	951.1
B - Acceptable		343,827.5	7,236.0	1,142.9	352,206.4	147.9	41,951.8	1,853.6	396.2
C - Deficient		181,162.9	3,742.1	606.2	185,511.2	0.3	35,319.6	3,176.2	563.3
D - Doubtful		265,476.9	7,070.6	1,107.3	273,654.8	0.0	228,495.8	7,070.6	1,107.3
E - Unrecoverable		<u>181,281.3</u>	<u>3,817.8</u>	<u>1,021.7</u>	<u>186,120.7</u>	<u>299.2</u>	<u>172,549.8</u>	<u>3,779.5</u>	<u>1,021.5</u>
	\$	<u>9,079,303.3</u>	<u>100,627.6</u>	<u>22,694.5</u>	<u>9,202,625.4</u>	<u>33,583.4</u>	<u>704,996.5</u>	<u>18,698.0</u>	<u>4,039.5</u>
General Allowance							127.6		
	\$	<u>10,490,466.9</u>	<u>115,486.2</u>	<u>26,438.7</u>	<u>10,632,391.9</u>	<u>3,295,037.0</u>	<u>804,213.5</u>	<u>21,042.8</u>	<u>4,656.2</u>

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



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Notes to the Consolidated Financial Statements

2012

	<u>CAPITAL</u>	<u>INTEREST</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>SECURED</u>	<u>ALLOWANCES</u> <u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>
MICROCREDIT SECURED								
A - Normal	\$ 79,157.7	950.6	389.5	80,497.8	139,478.9	3,245.5	39.0	16.0
B - Acceptable	1,536.1	16.1	17.8	1,570.1	2,575.7	121.4	16.1	17.8
C - Deficient	575.8	6.0	14.6	596.4	991.1	172.8	6.0	14.6
D - Doubtful	432.9	6.5	10.1	449.6	595.8	432.9	6.5	10.1
E - Unrecoverable	<u>1,055.8</u>	<u>12.9</u>	<u>54.5</u>	<u>1,123.2</u>	<u>1,683.6</u>	<u>1,055.8</u>	<u>12.9</u>	<u>54.5</u>
\$	<u>82,758.4</u>	<u>992.2</u>	<u>486.5</u>	<u>84,237.1</u>	<u>145,325.1</u>	<u>5,028.4</u>	<u>80.5</u>	<u>113.0</u>
MICROCREDIT UNSECURED								
A - Normal	\$ 7,066.8	0.0	0.0	7,066.8	0.0	289.7	0.0	0.0
B - Acceptable	118.1	0.0	0.0	118.1	0.0	118.2	0.0	0.0
C - Deficient	39.0	0.0	0.0	39.0	0.0	39.0	0.0	0.0
D - Doubtful	43.8	0.0	0.0	43.8	0.0	43.8	0.0	0.0
E - Unrecoverable	<u>66.1</u>	<u>0.0</u>	<u>0.0</u>	<u>66.1</u>	<u>0.0</u>	<u>66.1</u>	<u>0.0</u>	<u>0.0</u>
\$	<u>7,333.8</u>	<u>0.0</u>	<u>0.0</u>	<u>7,333.8</u>	<u>0.0</u>	<u>556.8</u>	<u>0.0</u>	<u>0.0</u>
General Allowance						900.9		
\$	<u>90,092.3</u>	<u>992.2</u>	<u>486.5</u>	<u>91,571.0</u>	<u>145,325.1</u>	<u>6,486.1</u>	<u>80.5</u>	<u>113.0</u>
HOME MORTGAGE								
A - Normal	\$ 3,895,930.5	20,859.0	8,347.9	3,925,137.4	9,139,288.6	37,992.2	1,201.8	2,316.7
B - Acceptable	118,484.6	689.4	1,099.8	120,273.9	312,638.3	7,589.1	328.9	1,094.9
C - Deficient	47,764.0	192.9	650.6	48,607.5	124,106.1	6,930.1	141.6	645.2
D - Doubtful	16,604.6	102.9	322.9	17,030.4	46,082.9	4,773.1	71.0	317.0
E - Unrecoverable	<u>19,552.3</u>	<u>130.5</u>	<u>87.1</u>	<u>19,769.9</u>	<u>25,262.8</u>	<u>8,068.5</u>	<u>64.7</u>	<u>45.2</u>
\$	<u>4,098,336.0</u>	<u>21,974.8</u>	<u>10,508.3</u>	<u>4,130,819.0</u>	<u>9,647,378.7</u>	<u>65,353.0</u>	<u>1,807.9</u>	<u>4,419.0</u>
General Allowance						52,054.1		
	<u>4,098,336.0</u>	<u>21,974.8</u>	<u>10,508.3</u>	<u>4,130,819.0</u>	<u>9,647,378.6</u>	<u>117,407.2</u>	<u>1,807.9</u>	<u>4,419.0</u>
\$	<u>34,440,206.1</u>	<u>310,189.9</u>	<u>50,984.7</u>	<u>34,801,380.7</u>	<u>37,122,786.8</u>	<u>1,628,737.3</u>	<u>35,469.0</u>	<u>12,907.1</u>

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



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6.4. Loans and financial leasing operations by economic sector

<u>Sectors</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>
	<u>Balance</u>	<u>% Share</u>	<u>Balance</u>	<u>% Share</u>
Family, for acquisition of goods and services	\$ 10,683,084.7	26.0%	9,756,803.8	28.3%
Family, for housing	8,611,226.7	20.9%	6,074,096.6	17.6%
Business services	2,470,549.1	6.0%	1,555,136.3	4.5%
Construction	3,758,851.0	9.1%	2,577,918.3	7.5%
Wholesale and retail trade	2,653,993.0	6.5%	2,124,955.0	6.2%
Transport and communications	2,483,402.8	6.0%	1,719,817.9	5.0%
Agriculture, forestry, fishing and hunting	1,268,465.4	3.1%	1,306,828.2	3.8%
Food production	1,055,780.7	2.6%	677,320.0	2.0%
Health, education, leisure and culture	711,902.0	1.7%	274,954.0	0.8%
Vehicles	471,925.9	1.2%	366,825.0	1.1%
Public administration and defence	459,546.4	1.1%	883,313.4	2.6%
Mfr of textiles, clothing leather and leathersgoods	1,781,930.7	4.3%	315,860.4	0.9%
Electricity, gas and water supplies	1,078,886.1	2.6%	1,254,455.4	3.6%
Mfr of based metal and prepared products	335,349.9	0.8%	233,040.8	0.7%
Mfr of non-metal minerals	313,026.6	0.8%	492,145.9	1.4%
Mfr of chemicals, chemicals products and rubber	724,132.9	1.8%	731,021.8	2.1%
Mfr of paper, paper products, printing and publishing	380,492.3	0.9%	1,152,708.2	3.4%
Mfr of other manufactured products, including wood	43,547.6	0.1%	213,497.5	0.6%
Coal mining, extraction of crude oil and natural gas	472,272.3	1.2%	625,318.2	1.8%
Mfr of transport materials	56,499.1	0.1%	99,304.0	0.3%
Mfr of machinery and equipment	104,495.9	0.3%	181,477.2	0.5%
Hotels and restaurants	204,608.8	0.5%	173,660.8	0.5%
Metal and non-metal minerals extraction	14,695.9	0.0%	9,753.8	0.0%
Mfr of oil and coal by-products	52,741.8	0.1%	201,755.4	0.6%
Beverages and tobacco	42,399.2	0.1%	19,227.2	0.1%
Other	<u>898,206.1</u>	<u>2.2%</u>	<u>1,419,011.2</u>	<u>4.1%</u>
	\$ <u>41,132,013.6</u>	<u>100.0%</u>	<u>34,440,206.1</u>	<u>100.0%</u>

DANE Resolution 066 of January 13, 2012 set up a new IIUC classification which came into force on February 1, 2012.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6.5. Loans and financial leasing operations by geographical zone

2013

COMMERCIAL LOANS

		<u>CAPITAL</u>	<u>INTEREST</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>SECURED</u>	<u>ALLOWANCES</u> <u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>
Bogotá	\$	9,776,117.0	68,761.1	6,128.6	9,851,006.7	14,065,869.4	335,083.6	6,018.4	1,473.9
Antioquia		3,902,836.1	32,368.3	4,182.4	3,939,386.8	5,130,513.1	130,391.3	3,508.5	810.2
Nororiental		3,477,592.6	31,231.8	3,437.7	3,512,262.1	5,045,565.3	159,058.5	4,342.6	844.9
Suroccidental		2,525,735.6	17,548.3	1,754.9	2,545,038.8	2,738,887.8	65,861.8	1,610.7	411.4
Panamá		1,269,409.5	4,038.1	0.0	1,273,447.6	227,830.9	14,306.7	23.3	0.0
Costa Rica		892,267.7	2,556.4	9.1	894,833.2	571,787.6	25,947.2	11.9	1.5
Salvador		1,390,643.2	3,366.0	0.0	1,394,009.2	1,276,919.4	60,529.5	54.5	0.0
Honduras		614,370.1	3,258.0	0.0	617,628.2	1,197,354.6	16,199.7	45.6	0.0
Miami		<u>474,683.5</u>	<u>1,841.8</u>	<u>0.0</u>	<u>476,525.3</u>	<u>901.1</u>	<u>6,052.6</u>	<u>24.0</u>	<u>0.0</u>
	\$	<u>24,323,655.5</u>	<u>164,969.8</u>	<u>15,512.7</u>	<u>24,504,138.0</u>	<u>30,255,629.2</u>	<u>813,430.9</u>	<u>15,639.4</u>	<u>3,541.9</u>

CONSUMER LOANS

Bogotá	\$	4,700,780.5	47,098.7	14,648.3	4,762,527.5	1,413,191.6	350,683.2	8,273.9	2,413.2
Antioquia		1,706,818.0	15,374.7	4,340.3	1,726,533.0	522,900.0	101,794.8	2,205.0	594.7
Nororiental		2,031,309.9	21,430.3	5,981.4	2,058,721.6	529,700.5	156,565.5	3,675.6	1,061.9
Suroccidental		1,283,719.8	12,534.8	3,635.8	1,299,890.4	300,334.4	87,697.1	2,019.0	533.5
Panamá		54,305.3	716.5	0.0	55,021.8	40,788.1	565.7	12.0	0.0
Costa Rica		259,234.8	3,322.1	313.0	262,869.9	31,213.2	17,513.1	1,017.8	39.3
Salvador		910,043.3	3,807.3	0.0	913,850.7	190,605.3	28,842.8	164.4	0.0
Honduras		295,753.9	2,644.6	0.0	298,398.4	245,735.6	13,475.3	77.8	0.0
Miami		<u>21.4</u>	<u>0.0</u>	<u>0.0</u>	<u>21.4</u>	<u>0.0</u>	<u>0.6</u>	<u>0.0</u>	<u>0.0</u>
	\$	<u>11,241,986.9</u>	<u>106,929.0</u>	<u>28,918.8</u>	<u>11,377,834.9</u>	<u>3,274,468.7</u>	<u>757,138.0</u>	<u>17,445.5</u>	<u>4,642.6</u>

MICROCREDIT

Bogotá	\$	<u>75,880.4</u>	<u>786.2</u>	<u>368.2</u>	<u>77,034.8</u>	<u>114,851.9</u>	<u>5,431.6</u>	<u>56.6</u>	<u>85.1</u>
	\$	<u>75,880.4</u>	<u>786.2</u>	<u>368.2</u>	<u>77,034.8</u>	<u>114,851.9</u>	<u>5,431.6</u>	<u>56.6</u>	<u>85.1</u>

HOME MORTGAGE LOANS

Bogotá	\$	2,883,505.7	12,393.2	7,561.2	2,903,460.2	7,331,651.6	37,406.6	1,183.9	2,748.4
Antioquia		383,170.4	1,702.8	1,027.2	385,900.4	1,092,389.5	4,694.6	145.0	287.0
Nororiental		477,767.1	2,175.3	1,523.5	481,465.9	1,223,510.2	6,085.9	212.1	569.7
Suroccidental		399,228.4	1,788.2	858.4	401,875.0	959,069.4	4,969.2	140.8	290.4
Panamá		10,252.2	26.4	0.0	10,278.7	10,834.7	216.3	0.1	0.0
Costa Rica		516,399.5	3,070.7	80.9	519,551.1	1,281,627.2	4,628.4	179.1	18.9
El Salvador		461,792.8	1,232.4	0.0	463,025.2	653,818.5	9,899.8	19.2	0.0
Honduras		<u>358,374.3</u>	<u>2,948.6</u>	<u>0.0</u>	<u>361,322.9</u>	<u>673,678.9</u>	<u>5,835.6</u>	<u>30.7</u>	<u>0.0</u>
General Allowance							<u>54,904.9</u>		
	\$	<u>5,490,490.7</u>	<u>25,337.7</u>	<u>11,051.2</u>	<u>5,526,879.2</u>	<u>13,226,580.0</u>	<u>128,641.3</u>	<u>1,910.8</u>	<u>3,914.4</u>
	\$	<u>41,132,013.6</u>	<u>298,022.6</u>	<u>55,850.8</u>	<u>41,485,886.8</u>	<u>46,871,529.8</u>	<u>1,704,642.4</u>	<u>35,052.4</u>	<u>12,184.0</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2012

COMMERCIAL LOANS

		<u>CAPITAL</u>	<u>INTEREST</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>SECURED</u>	<u>ALLOWANCES</u> <u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>
Bogotá	\$	8,266,217.6	75,274.8	5,433.9	8,346,926.3	11,376,970.9	250,128.1	4,295.9	1,777.2
Antioquia		3,047,590.3	35,515.3	3,661.8	3,086,767.4	3,698,860.2	123,908.3	3,734.3	640.8
Nororiental		2,853,670.4	30,891.6	3,014.9	2,887,576.9	3,941,523.8	151,526.7	3,322.1	954.4
Suroccidental		1,999,040.7	16,457.0	1,433.7	2,016,931.4	1,634,773.1	55,122.6	911.1	346.2
Panamá		1,082,150.9	4,043.4	0.0	1,086,194.3	232,487.8	25,326.3	111.1	0.0
Costa Rica		671,277.9	2,429.1	6.8	673,713.8	449,819.3	18,149.1	47.3	0.3
Salvador		1,129,151.8	3,303.9	0.0	1,132,455.7	1,601,860.2	65,353.0	41.2	0.0
Honduras		462,507.0	2,537.8	0.0	465,044.8	1,097,063.2	7,947.0	57.6	0.0
Miami		<u>249,704.2</u>	<u>1,283.9</u>	<u>0.0</u>	<u>250,988.1</u>	<u>1,687.5</u>	<u>3,169.3</u>	<u>17.1</u>	<u>0.0</u>
	\$	<u>19,761,310.8</u>	<u>171,736.9</u>	<u>13,551.1</u>	<u>19,946,598.7</u>	<u>24,035,046.0</u>	<u>700,630.4</u>	<u>12,537.7</u>	<u>3,718.9</u>

CONSUMER LOANS

Bogotá	\$	4,531,223.7	53,695.2	13,645.5	4,598,564.4	1,491,725.0	388,144.9	10,741.3	2,448.4
Antioquia		1,568,015.9	16,634.0	3,739.6	1,588,389.5	467,675.3	105,025.8	2,570.4	537.2
Nororiental		1,952,449.8	23,726.3	5,369.7	1,981,545.8	537,718.9	163,605.7	4,405.3	1,068.2
Suroccidental		1,219,851.0	13,459.6	3,281.8	1,236,592.4	295,680.6	92,902.7	2,427.2	567.2
Panamá		33,011.7	324.3	0.0	33,336.0	21,694.9	255.0	3.4	0.0
Costa Rica		214,793.5	2,614.2	402.1	217,809.8	35,824.3	11,356.1	699.1	35.2
Salvador		731,076.3	2,810.7	0.0	733,887.0	229,300.7	29,180.4	129.4	0.0
Honduras		<u>240,045.1</u>	<u>2,221.9</u>	<u>0.0</u>	<u>242,267.0</u>	<u>215,417.2</u>	<u>13,743.0</u>	<u>66.8</u>	<u>0.0</u>
	\$	<u>10,490,467.0</u>	<u>115,486.2</u>	<u>26,438.7</u>	<u>10,632,391.9</u>	<u>3,295,037.0</u>	<u>804,213.5</u>	<u>21,042.8</u>	<u>4,656.2</u>

MICROCREDIT

Bogotá	\$	<u>90,092.3</u>	<u>992.2</u>	<u>486.5</u>	<u>91,571.0</u>	<u>145,325.1</u>	<u>6,486.1</u>	<u>80.5</u>	<u>113.0</u>
	\$	<u>90,092.3</u>	<u>992.2</u>	<u>486.5</u>	<u>91,571.0</u>	<u>145,325.1</u>	<u>6,486.1</u>	<u>80.5</u>	<u>113.0</u>

HOME MORTGAGE LOANS

Bogotá	\$	2,090,935.9	10,382.6	7,028.0	2,108,346.5	5,366,252.4	28,833.7	1,025.4	2,917.3
Antioquia		250,039.7	1,304.8	996.7	252,341.2	806,742.3	3,228.7	114.8	396.6
Nororiental		320,221.6	1,745.9	1,655.9	323,623.4	877,380.8	4,552.9	220.5	766.1
Suroccidental		274,481.3	1,470.2	721.6	276,673.1	701,630.8	3,699.8	146.3	304.4
Panamá		3,545.4	13.2	0.0	3,558.7	4,110.3	52.9	0.2	0.0
Costa Rica		485,346.6	3,324.4	106.1	488,777.2	705,636.1	13,527.4	245.6	34.6
El Salvador		370,297.2	1,166.8	0.0	371,464.0	562,327.2	7,645.4	23.5	0.0
Honduras		<u>303,468.2</u>	<u>2,566.8</u>	<u>0.0</u>	<u>306,035.0</u>	<u>623,298.8</u>	<u>3,812.2</u>	<u>31.7</u>	<u>0.0</u>
General Allowance							<u>52,054.1</u>		
	\$	<u>4,098,336.1</u>	<u>21,974.8</u>	<u>10,508.3</u>	<u>4,130,819.0</u>	<u>9,647,378.6</u>	<u>117,407.2</u>	<u>1,807.9</u>	<u>4,419.0</u>
	\$	<u>34,440,206.1</u>	<u>310,189.9</u>	<u>50,984.7</u>	<u>34,801,380.7</u>	<u>37,122,786.8</u>	<u>1,628,737.3</u>	<u>35,469.0</u>	<u>12,907.1</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6.6. Loans and financial leasing operations by currency unit

2013

ITEM		<u>Local Currency</u>	<u>Foreign Currency</u>	<u>UVR</u>	<u>Total</u>
Commercial	\$	15,849,631.6	6,889,187.8	1,584,835.9	24,323,655.5
Consumer		9,677,369.7	1,564,617.3	0.0	11,241,986.9
Micro		75,880.4	0.0	0.0	75,880.3
Home mortgage		<u>3,091,160.0</u>	<u>1,346,818.8</u>	<u>1,052,511.7</u>	<u>5,490,490.5</u>
	\$	<u>28,694,041.7</u>	<u>9,800,623.9</u>	<u>2,637,347.6</u>	<u>41,132,013.6</u>

2012

ITEM		<u>Local Currency</u>	<u>Foreign Currency</u>	<u>UVR</u>	<u>Total</u>
Commercial	\$	13,643,937.8	4,986,790.8	1,130,582.2	19,761,310.8
Micro		90,092.3	0.0	0.0	90,092.3
Consumer		9,482,172.3	1,008,294.7	0.0	10,490,467.0
Home mortgage		<u>2,368,017.7</u>	<u>859,189.2</u>	<u>871,129.0</u>	<u>4,098,336.0</u>
	\$	<u>25,584,220.1</u>	<u>6,854,274.7</u>	<u>2,001,711.3</u>	<u>34,440,206.1</u>

6.7. Loans and financial leasing operations by maturities

<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	\$	6,469,600.0	7,935,657.9	5,900,667.0	4,017,730.4	24,323,655.5
Consumer		1,916,582.5	6,658,790.4	2,220,793.3	445,820.7	11,241,986.9
Micro		5,270.0	67,466.4	3,144.0	0.0	75,880.3
Home Mortgage		<u>39,555.5</u>	<u>193,546.4</u>	<u>744,460.4</u>	<u>4,512,928.3</u>	<u>5,490,490.5</u>
	\$	<u>8,431,008.0</u>	<u>14,855,461.1</u>	<u>8,869,064.7</u>	<u>8,976,479.5</u>	<u>41,132,013.6</u>

<u>2012</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	\$	4,826,658.9	7,266,420.5	5,166,621.8	2,501,609.5	19,761,310.8
Consumer		1,900,035.3	6,597,519.6	1,753,938.6	238,973.4	10,490,467.0
Micro		6,094.7	83,124.6	873.0	0.0	90,092.3
Home Mortgage		<u>49,975.7</u>	<u>158,156.7</u>	<u>553,998.8</u>	<u>3,336,204.7</u>	<u>4,098,336.0</u>
	\$	<u>6,782,764.6</u>	<u>14,105,221.4</u>	<u>7,475,432.3</u>	<u>6,076,787.7</u>	<u>34,440,206.1</u>



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6.8. Details of restructured loans

<u>2013</u>		<u>Ordinary Restructurings</u>	<u>Allowance</u>	<u>Collateral</u>
Commercial	\$	381,427.9	119,869.7	693,543.4
Consumer		867,368.6	209,404.4	109,716.1
Micro		777.7	2,033.9	36,077.7
Home Mortgage		<u>138,609.2</u>	<u>8,441.4</u>	<u>391,038.3</u>
	\$	<u>1,388,183.3</u>	<u>339,749.4</u>	<u>1,230,375.5</u>

<u>2012</u>		<u>Ordinary Restructurings</u>	<u>Allowance</u>	<u>Collateral</u>
Commercial	\$	379,940.9	71,130.1	785,837.3
Consumer		910,830.0	233,384.1	115,528.1
Micro		833.2	336.1	1,393.1
Home Mortgage		<u>138,715.5</u>	<u>8,919.7</u>	<u>374,321.1</u>
	\$	<u>1,430,319.6</u>	<u>313,770.1</u>	<u>1,277,079.5</u>

6.9. Restructured loans by classification

<u>2013</u>	<u>Commercial</u>		<u>Consumer</u>		<u>Micro</u>		<u>Home Mortgage</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
A - Normal	1,592	153,415.3	31,382	495,697.5	18	397.0	3,108	80,402.8
B - Acceptable	525	107,891.5	5,256	94,686.5	10	165.8	886	20,734.3
C - Deficient	372	36,888.8	5,760	105,456.4	1	34.8	800	20,021.1
D - Doubtful	811	55,915.8	5,600	97,685.8	2	55.1	334	12,180.5
E - Unrecoverable	<u>133</u>	<u>27,316.5</u>	<u>4,597</u>	<u>73,842.4</u>	<u>3</u>	<u>125.0</u>	<u>78</u>	<u>5,270.5</u>
	<u>3,433.0</u>	<u>381,427.9</u>	<u>52,595.0</u>	<u>867,368.6</u>	<u>34.0</u>	<u>777.7</u>	<u>5,206.0</u>	<u>138,609.2</u>

<u>2012</u>	<u>Commercial</u>		<u>Consumer</u>		<u>Micro</u>		<u>Home Mortgage</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
A - Normal	1,750	\$183,570.0	34,575	529,074.5	25	488.5	3,015	80,122.2
B - Acceptable	535	57,702.0	4,996	89,426.1	2	6.9	921	23,783.9
C - Deficient	339	37,000.4	4,514	79,365.4	1	37.0	930	19,968.1
D - Doubtful	766	68,700.7	6,604	128,679.3	3	128.0	360	7,957.5
E - Unrecoverable	<u>152</u>	<u>32,967.9</u>	<u>4,969</u>	<u>84,284.7</u>	<u>6</u>	<u>172.8</u>	<u>110</u>	<u>6,883.7</u>
	<u>3,542</u>	<u>\$379,940.9</u>	<u>55,658</u>	<u>910,830.0</u>	<u>37</u>	<u>833.2</u>	<u>5,336</u>	<u>138,715.5</u>



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6.10. Restructured loans by geographical area

2013				
	<u>Commercial</u>	<u>Consumer</u>	<u>Micro</u>	<u>Home Mortgage</u>
Bogotá	\$ 84,687.5	408,163.9	777.7	69,999.1
Antioquia	54,614.5	119,186.1	0.0	5,218.4
Nororiental	113,123.1	167,069.7	0.0	7,913.3
Suroccidental	21,297.0	110,047.7	0.0	7,482.5
Costa Rica	31,294.9	2,611.5	0.0	14,778.3
Salvador	71,626.1	44,058.7	0.0	20,727.1
Honduras	<u>4,784.8</u>	<u>16,231.1</u>	<u>0.0</u>	<u>12,490.5</u>
	\$ <u>381,427.9</u>	<u>867,368.6</u>	<u>777.7</u>	<u>138,609.2</u>

2012				
	<u>Commercial</u>	<u>Consumer</u>	<u>Micro</u>	<u>Home Mortgage</u>
Bogotá	\$ 58,793.1	445,088.6	833.2	68,330.2
Antioquia	52,475.5	116,202.4	0.0	4,486.8
Nororiental	86,654.3	177,620.0	0.0	7,958.6
Suroccidental	20,610.7	119,284.5	0.0	6,050.3
Costa Rica	46,343.8	2,372.2	0.0	18,739.3
Salvador	75,513.4	35,083.5	0.0	20,065.7
Honduras	<u>39,550.1</u>	<u>15,178.8</u>	<u>0.0</u>	<u>13,084.7</u>
	\$ <u>379,940.9</u>	<u>910,830.0</u>	<u>833.2</u>	<u>138,715.5</u>

6.11. Loans to shareholders and staff

The portfolio contains the following loans:

	2013	Rates	2012	Rates	Term
Shareholders*	\$ 200,243.7	Entre 0.01% - 29.68%	200,334.8	Entre 0.01% - 31.21%	Entre 1 y 15 años
StaffConsumer & Commercial	<u>176,323.6</u>	Entre 0.01% - 31.22%	<u>146,647.3</u>	Entre 0.01% - 31.22%	Entre 1 y 15 años
	\$ <u>376,567.3</u>		<u>346,982.0</u>		

*With holdings over 5%

Staff loans are placed on market conditions

6.12. 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 the period January-June 2012 and the period July-December 2012 with Titularizadora Colombiana:



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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	Mayo-17-2013	3,350	12.96%	\$303,605.0	1,756.2	267.8	305,629.0	15,295.6	322,100.6	6,195.0

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

2012

<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-6	Agosto-17-2012	1,661	12.5%	\$155,867.0	877.2	147.2	156,891.4	5,715.6	163,210.3	1,301.1
Pesos N-5	Mayo-04-2012	1,875	13.28	161,900.8	855.7	228.9	162,985.4	5,091.8	168,703.8	3,228.5
Pesos N-4	Febrero-17-2012	<u>2,123</u>	<u>13.21</u>	<u>185,875.4</u>	<u>1,141.4</u>	<u>212.6</u>	<u>187,229.4</u>	<u>6,063.3</u>	<u>193,965.8</u>	<u>4,694.5</u>
		<u>5,659</u>		<u>\$503,643.2</u>	<u>2,874.3</u>	<u>588.7</u>	<u>507,106.2</u>	<u>16,870.7</u>	<u>525,879.9</u>	<u>9,224.1</u>

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

6.13. Sale of written- off loans

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

<u>Date</u>	<u>No. Of loans</u>	<u>Capital</u>	<u>Interest</u>	<u>Other items</u>	<u>Total</u>	<u>Sale price</u>
March (1)	51,086	253,560.4	9,757.1	21,535.6	284,853.1	16,549.6
September (2)	<u>40,429</u>	<u>188,264.5</u>	<u>7,670.6</u>	<u>2,167.4</u>	<u>198,102.5</u>	<u>11,339.6</u>
	<u>91,515</u>	<u>441,824.8</u>	<u>17,427.7</u>	<u>23,703.0</u>	<u>482,955.6</u>	<u>27,889.3</u>

⁽¹⁾ AECSA for \$ 12,330.0 term 8 months, Grupo Consultor Andino \$ 2,635.3 50% cash and 50% at one month and ACTIVABOGADOS \$ 1,584.3 at 1 month.

⁽²⁾ AECSA for \$ 6,258.8 plazo at 8 months, Grupo Consultor Andino \$ 3,487.5 at 2 months and REFINANCIA \$1,593.3 cash

At the close of 2013, there were receivables for \$3,495.0, with full payment in May 2014.

The following is the detail of sales of consumer loans written off at December 31, 2012:

<u>Date</u>	<u>No. Of loans</u>	<u>Capital</u>	<u>Interest</u>	<u>Other items</u>	<u>Total</u>	<u>Sale price</u>
November	42,487	\$148,332.1	5,300.2	1,759.2	155,391.6	10,250.7
June	<u>42,519</u>	<u>150,343.6</u>	<u>1,685.6</u>	<u>5,546.0</u>	<u>157,575.2</u>	<u>13,382.6</u>
	<u>85,006</u>	<u>\$298,675.7</u>	<u>6,985.8</u>	<u>7,305.2</u>	<u>312,966.8</u>	<u>23,633.3</u>

*Sold at auction

6.14. Loans written off

The following is the detail of loans written off:

2013

		<u>Capital</u>	<u>Interest</u>	<u>Other items</u>	<u>Total</u>
Commercial	\$	82,931.5	3,210.4	2,645.6	88,787.6
Consumer		735,345.0	23,788.1	5,608.9	764,742.0
Home Mortgage		17,699.8	85.6	1,296.0	19,081.4
Micro		988.5	11.5	69.3	1,069.4
Other receivables		<u>0.0</u>	<u>0.0</u>	<u>7,126.4</u>	<u>7,126.4</u>
	\$	<u>836,964.8</u>	<u>27,095.6</u>	<u>16,746.3</u>	<u>880,806.8</u>



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2012

	<u>Capital</u>	<u>Interest</u>	<u>Other items</u>	<u>Total</u>
Commercial	51,014.5	1,899.2	1,082.4	53,996.1
Consumer	698,554.3	25,066.2	5,153.6	728,774.2
Home Mortgage	14,793.2	76.5	940.5	15,810.2
Micro	723.1	8.9	72.9	804.9
Other receivables	0.0	0.0	57,492.7	57,492.7
	<u>765,085.1</u>	<u>27,050.8</u>	<u>64,742.2</u>	<u>856,878.1</u>

The Bank and subsidiaries did not engage in collector operations

6.15. Loan purchases

The following is the detail of loan purchases of collateralized vehicle loans made in September, October and November 2012:

<u>No. Of loans</u>	<u>Capital</u>	<u>Interest</u>	<u>Total</u>	<u>Premium</u>
<u>820</u>	<u>\$ 13,102.3</u>	<u>88.6</u>	<u>13,190.9</u>	<u>987.0</u>

During 2013 the Bank participated in loan portfolios with Miami for \$201,514.2; these 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.

The following is the detail of these operations:

<u>Rate</u>	<u>Start date</u>	<u>Date of participation</u>	<u>Branch participation</u>	<u>US\$ balance</u>	<u>Peso balance</u>
3.2834%	2012-09-14	2012-09-25	62.50%	14,583,333.33	28,099.6
3.0500%	2012-07-17	2012-11-30	100%	6,000,000.00	11,561.0
2.9965%	2013-01-24	2013-04-30	100%	6,000,000.00	11,561.0
2.3514%	2013-05-16	2013-05-16	100%	18,500,000.00	35,646.3
5.2381%	2013-09-19	2012-12-03	100%	9,187,500.00	17,702.8
4.5454%	2013-09-19	2012-12-14	66.67%	20,000,000.00	38,536.6
3.8459%	2013-11-26	2013-11-22	35.30%	30,312,451.70	58,406.9
				<u>104,583,285.03</u>	<u>201,514.2</u>

During 2013 the Bank participated in loans of Davivienda Panamá, for \$21.195.1.

The following is the detail of these operations:

<u>Rate</u>	<u>Start date</u>	<u>Participation date</u>	<u>Participation of subsidiary</u>	<u>Balance US\$</u>	<u>Balance \$</u>
2.9234%	2013-06-25	2013-06-25	49%	11,000,000	21,195.1



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6.16. Allowances against loans and financial leasing operations

The movement of the allowance for loans is as follows:

	<u>2013</u>				
	<u>Commercial</u>	<u>Consumer</u>	<u>Micro</u>	<u>Home mortgage</u>	<u>Total</u>
Opening balance	\$ 700,630.4	804,213.5	6,486.3	117,407.2	1,628,737.4
Plus					
Allowance expensed	532,286.8	1,008,633.5	2,517.6	63,863.1	1,607,300.9
Reexpression allowance of foreign branch	214.4	0.0	0.0	0.0	214.4
Reclassifications	12,350.2	571.1	0.0	0.3	12,921.6
Less:					
Loans written off	82,931.5	735,345.0	988.5	17,699.8	836,964.8
Amount of foreclosure not recovered	0.0	0.0	0.0	164.9	164.9
Reclassifications	(18,926.1)	(11,900.9)	0.0	34,656.4	3,829.4
Written back to income	\$ 368,045.4	332,836.0	2,583.6	108.1	703,573.1
Closing balance	<u>813,430.9</u>	<u>757,138.0</u>	<u>5,431.6</u>	<u>128,641.3</u>	<u>1,704,642.4</u>

	<u>2012</u>				
	<u>Commercial</u>	<u>Consumer</u>	<u>Micro</u>	<u>Hipotecaria</u>	<u>Total</u>
Opening balance	519,017.2	685,577.3	6,514.5	80,774.3	1,291,883.3
Opening balance – subsidiaries	66,770.2	47,367.3	0.0	21,576.4	135,713.9
Migration Confinanciera	(3,550.7)	3,138.9	12.2	0.0	(399.6)
Plus:					
Allowance expensed	585,403.7	1,280,615.3	7,564.5	55,690.8	1,929,274.3
Re-expression allowance of foreign branch	(25.7)	0.0	0.0	0.0	(25.7)
General allowance	0.0	127.6	0.0	35.5	163.1
Reclassifications	219.3	(33.5)	(191.4)	0.0	(5.6)
Less:					
Loans written off	51,014.5	698,554.3	723.1	14,793.2	765,085.1
Loans written off - Confinanciera	374.7	641.0	0.0	0.0	1,015.7
Foreclosure amounts not recovered	0.0	0.0	0.0	325.3	325.3
Reclassifications	1,400.6	7,522.4	0.0	(8,924.6)	(1.6)
Re-expression allowance of foreign branch	151.7	0.0	0.0	0.0	151.7
Written back to income	<u>414,262.1</u>	<u>505,861.7</u>	<u>6,690.4</u>	<u>34,475.9</u>	<u>961,290.1</u>
Closing balance	<u>700,630.4</u>	<u>804,213.5</u>	<u>6,486.3</u>	<u>117,407.2</u>	<u>1,628,737.3</u>

At December 31, 2013 and 2012, the amounts unrecovered from foreclosures were \$164.9 and \$325.3, 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, 2013 and 2012 of 37,343.0 and 152,944.9 respectively.

Commercial loan allowances.

As of April 2013 residential property leasing operations rated D and E attract allowances applying the MRC, model for LGD for this type of collateral. This led to a release of allowances for \$10,600.0



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In November 2013 the range of allowances for loans rated D and E was changed, and allowances were made for 100% of accounts overdue for more than 360 days, leading to a recovery of \$28,387.0 of allowances.

Consumer loan allowances

In May 2013 the Board approved an LGD Table for Vehicle loans (secured portion) recognizing collateral but without reducing percentages up to the level provided in regulations, generating the release of \$15,600.0

Also, in June 2013 the new method for classifying regularized or restructured consumer loans came into effect avoiding the volatility of classification and the effect on allowances, releasing allowances of \$10,000.0

At December 31, 2013 and 2012 countercyclical allowances were made as follows:

	<u>2013</u>	<u>2012</u>
Consumer	165,119.3	167,852.6
Commercial	<u>141,156.8</u>	<u>116,944.9</u>
Total	<u>306,276.1</u>	<u>284,797.5</u>

Superintendency Circular 026 of June 22, 2012

The Circular requires an additional individual allowance whose "a" parameter is greater than zero, "a" is the 6-month rolling average of the half-yearly variation in the real annual growth rate of past-due consumer loans. At June 30, 2013 "a" was activated and as of July generated a provision of \$30,155.0.

6.17. The effect of homogenization

Approvals were received from internal Government agencies for the model used to calculate loan allowances for the subsidiaries outside Colombia, segmented into Personal Banking and Business Banking, the former based on losses actually suffered and the latter based on LGD and expected probabilities of default internal to each country, both affected by an economic factor that includes country risk. In Panama, for clients whose main business is in Colombia estimated followed the Colombia Reference Models. For Personal Banking in Panamá and El Salvador, if the model generates a lower level of allowances than the local system, equivalent risk categories are defined along with locally-required allowance levels.

The model will be presented to the Superintendency.

7. Bankers' acceptances, and derivatives

The following is the detail:

<u>Product</u>		<u>2013</u>	<u>2012</u>
Debtors for acceptances	\$	1,690.0	1,327.8
Spot operations		3.0	(6.5)
Forwards		52,920.9	118,337.6
Swaps		6,484.4	3,035.2
Options		13,167.1	3,965.3
Hedging swaps		<u>3,886.4</u>	<u>0.0</u>
	\$	<u>78,151.8</u>	<u>126,659.4</u>



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The following is the detail of spot operations:

	<u>2013</u>		<u>2012</u>	
	<u>Right</u>	<u>Obligation</u>	<u>Right</u>	<u>Obligation</u>
Currency purchases	10,270.0	(10,266.2)	19,142.4	(19,159.2)
Currency sales	1,145.8	(1,146.6)	8,541.5	(8,539.2)
Sale on securities	<u>0.0</u>	<u>0.0</u>	<u>5,681.2</u>	<u>(5,673.2)</u>
	<u>11,415.8</u>	<u>(11,412.8)</u>	<u>33,365.1</u>	<u>(33,371.6)</u>
Total Net		<u>3.0</u>		<u>(6.5)</u>

At December 31, 2013 and December 31, 2012, the half-yearly yield on spot operations was \$421.8 and (\$4.315.8), respectively.

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

Speculative derivatives

	<u>2013</u>	<u>Forward</u>	<u>Futures</u>	<u>Swaps</u>	<u>Total</u>	<u>Options</u>
<u>Currency purchase</u>	Right	1,601,933.1	231,089.3	0.0	1,833,022.5	0.0
	Obligation	(1,606,093.1)	(231,089.3)	0.0	(1,837,182.5)	0.0
<u>Currency sale</u>	Right	3,862,106.0	900,381.1	0.0	4,762,487.0	0.0
	Obligation	(3,805,317.1)	(900,381.1)	0.0	(4,705,698.1)	0.0
<u>Securities purchase</u>	Right	0.0	29,994.7	0.0	29,994.7	0.0
	Obligation	0.0	(29,994.7)	0.0	(29,994.7)	0.0
<u>Securities sales</u>	Right	229,904.5	72,931.0	0.0	302,835.5	0.0
	Obligation	(229,612.5)	(72,931.0)	0.0	(302,543.5)	0.0
<u>Sobre tasa de interés</u>	Right	0.0	0.0	71,660.3	71,660.3	0.0
	Obligation	0.0	0.0	(65,175.9)	(65,175.9)	0.0
<u>Call options</u>	Compra	0.0	0.0	0.0	0.0	10,226.4
<u>Put options</u>	Compra	0.0	0.0	0.0	0.0	2,940.7
Total rights		5,693,943.6	1,234,396.1	71,660.3	7,000,000.0	13,167.1
Total obligations		<u>(5,641,022.7)</u>	<u>(1,234,396.1)</u>	<u>(65,175.9)</u>	<u>(6,940,594.7)</u>	<u>0.0</u>
Total Net		<u>52,920.9</u>	<u>0.0</u>	<u>6,484.4</u>	<u>59,405.3</u>	<u>13,167.1</u>



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Speculative Derivatives

<u>2012</u>		<u>Forward</u>	<u>Futures</u>	<u>Swaps</u>	<u>Total</u>	<u>Options</u>
<u>Purchase of currency</u>	Right	291,049.3	366,834.9	0.0	657,884.2	0.0
	Obligation	(290,333.6)	(366,834.9)	0.0	(657,168.5)	0.0
<u>Sale of currency</u>	Right	5,031,167.0	510,322.4	0.0	5,541,489.4	0.0
	Obligation	(4,915,068.2)	(510,322.4)	0.0	(5,425,390.6)	0.0
<u>Purchase of securities</u>	Right	85,223.7	10,990.5	0.0	96,214.2	0.0
	Obligation	(83,700.6)	(10,990.5)	0.0	(94,691.1)	0.0
<u>Sale of securities</u>	Right	0.0	19,950.5	0.0	19,950.5	0.0
	Obligation	0.0	(19,950.5)	0.0	(19,950.5)	0.0
<u>Interest rate</u>	Right	0.0	0.0	40,555.4	40,555.4	0.0
	Obligation	0.0	0.0	(37,520.2)	(37,520.2)	0.0
<u>Call options</u>	Purchase	0.0	0.0	0.0	0.0	184.2
<u>Put options</u>	Purchase	0.0	0.0	0.0	0.0	3,781.1
Total Rights		5,407,440.0	908,098.3	40,555.4	6,356,093.7	3,965.3
Total Obligations		<u>(5,289,102.4)</u>	<u>(908,098.3)</u>	<u>(37,520.2)</u>	<u>(6,234,720.9)</u>	<u>0.0</u>
Total Net		<u>118,337.6</u>	<u>0.0</u>	<u>3,035.2</u>	<u>121,372.8</u>	<u>3,965.3</u>

The following is the detail of maturity periods of derivatives

		<u>0-3</u> <u>months</u>	<u>3-6</u> <u>months</u>	<u>2013</u> <u>6-12</u> <u>months</u>	<u>Over 12</u> <u>months</u>	<u>Total</u>
Bank acceptances	\$	0.0	0.0	1,690.0	0.0	1,690.0
Spot operations		3.0	0.0	0.0	0.0	3.0
Forwards		27,036.0	22,460.1	3,382.0	42.8	52,920.9
Speculative swaps		670.2	720.0	2,565.3	2,528.9	6,484.4
Hedging swaps		3,886.4	0.0	0.0	0.0	3,886.4
Options		<u>1,060.9</u>	<u>6,298.9</u>	<u>5,807.3</u>	<u>0.0</u>	<u>13,167.1</u>
	\$	<u>32,656.5</u>	<u>29,479.0</u>	<u>13,444.6</u>	<u>2,571.7</u>	<u>78,151.8</u>

2012



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	<u>0-3</u> <u>months</u>	<u>3-6</u> <u>months</u> <u>meses</u>	<u>6-12</u> <u>months</u>	<u>Over 12</u> <u>months</u>	<u>Total</u>
Acceptances	\$ 1,327.8	0.0	0.0	0.0	1,327.8
Spot operations	(6.5)	0.0	0.0	0.0	(6.5)
Forwards	95,941.6	11,956.5	9,807.5	632.0	118,337.6
Swaps	599.1	1,133.4	583.4	719.3	3,035.2
Options	<u>2,805.1</u>	<u>975.9</u>	<u>184.3</u>	<u>0.0</u>	<u>3,965.3</u>
	\$ <u>100,667.1</u>	<u>14,065.8</u>	<u>10,575.2</u>	<u>1,351.3</u>	<u>126,659.4</u>

8. Accounts receivable

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

	<u>2013</u>	<u>2012</u>
Loan interest (note 7.3)	\$ 280,798.8	296,100.8
Financial component of leasing operations (note 7.3)	17,223.9	14,089.1
Interest on interbank funds and other	<u>357.1</u>	<u>667.2</u>
	\$ <u>298,379.8</u>	<u>310,857.1</u>
Commissions and fees	7,884.7	6,752.3
Payments for account of clients:		
Home Mortgage	11,051.1	10,508.2
Consumer	28,918.8	26,438.9
Micro	368.1	486.3
Commercial	<u>15,512.8</u>	<u>13,551.1</u>
	\$ <u>55,850.8</u>	<u>50,984.5</u>
Other:		
Indemnities, recoveries of fraud	0.0	15,961.2
Payments for account of clients – remittances abroad	9,603.3	6,924.5
Advances for local purchases	12,579.2	16,876.8
Advances to contractors and suppliers	19,489.4	23,153.8
Sundry		
Cash and clearing shortages	744.9	1,284.7
Insurance claims	4,276.0	6,262.0
Colombian Treasury	21,356.2	20,862.0
Forwards	189.4	2,360.1
National tax collections pending application	0.0	3,724.1
Treasury payments, general business	10,573.4	5,001.3
Receivable from sale of consumer loans written off (Note 6)	3,494.9	0.0
Banco de la Republica – rate hedge	8,302.7	6,231.6
Managed portfolios	6,774.0	6,363.0
Commissions Daviplata	5,644.6	795.8
Loan processes pending application	<u>7,353.3</u>	<u>31,787.8</u>
Carried forward	<u>110,381.4</u>	<u>147,588.8</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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	Brought forward	<u>110,381.4</u>	<u>147,588.8</u>
Credit card payments pending application		2,273.7	962.1
Tax claims (168795)		2,023.6	1,853.7
Foreign reinsurers – current account		9,394.0	3,552.6
Direct business		23,698.2	18,212.8
Currency portfolio		4,145.3	0.0
Sundry (Less than 5%)		<u>35,427.5</u>	<u>33,404.4</u>
		<u>187,343.6</u>	<u>205,752.6</u>
 Total accounts receivable		 <u>549,458.8</u>	 <u>574,168.3</u>
Allowance		(68,060.3)	(79,492.9)
Total net accounts receivable	\$	<u>481,398.6</u>	<u>494,675.4</u>

8.1. Allowance against receivables

The detail of the allowance against receivables is as follows:

	<u>2013</u>	<u>2012</u>
Loan interest	\$ 35,052.4	35,469.0
Payment for account of clients	12,184.0	12,907.1
Treasury debtors	4,374.8	2,403.3
Claims for losses	2,970.2	2,970.2
Daviplan	0.0	2,389.5
Other accounts receivable	1,875.4	2,412.5
Loan accounts receivable	2,145.4	3,308.5
Card debtors	1,588.2	3,844.5
Universality receivables	4,053.6	5,473.3
Sundry	<u>3,816.2</u>	<u>8,315.0</u>
	\$ <u>68,060.3</u>	<u>79,492.9</u>

The movement of the allowance is the following:

<u>2013</u>	<u>Commercial</u>	<u>Consumer</u>	<u>Micro</u>	<u>Hipotecaria</u>	<u>Other</u>	<u>Total</u>
Opening balance	\$ 19,020.9	24,980.3	193.4	5,946.6	29,351.6	79,492.9
Plus:						
Allowance expensed	15,489.9	36,309.2	132.5	4,839.8	20,705.7	77,477.1
Reclassification	0.0	0.0	0.0	0.9	(470.9)	(470.0)
Less:						
Loans written off	5,855.8	29,386.0	80.8	1,381.6	7,138.0	43,842.2
Reclassifications	0.0	0.0	0.0	0.0	4,906.1	4,906.1
Recoveries	<u>6,707.7</u>	<u>10,681.6</u>	<u>103.6</u>	<u>3,772.2</u>	<u>18,426.3</u>	<u>39,691.5</u>
Closing balance	\$ <u>21,947.4</u>	<u>21,221.8</u>	<u>141.4</u>	<u>5,633.5</u>	<u>19,116.0</u>	<u>68,060.3</u>



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<u>2012</u>	<u>Commercial</u>	<u>Consumer</u>	<u>Micro</u>	<u>Hipotecaria</u>	<u>Other</u>	<u>Total</u>
Opening balance	\$ 11,957.6	24,544.7	245.4	5,961.4	77,374.4	120,083.5
Plus:						
Opening balance Centroamérica	2,910.7	211.9	0.0	55.1	3,764.2	6,942.0
Allowance expensed	17,814.9	51,445.5	265.1	6,740.3	23,172.8	99,438.5
Reclassification	(131.2)	5.0	15.7	0.0	2,281.7	2,171.2
Migration Confinanciera	0.0	398.6	0.0	0.0	0.0	398.6
Less:						
Loans written off	3,025.0	30,332.1	81.7	1,017.1	58,429.4	92,885.3
Reclassification	0.0	0.0	0.0	0.0	2,237.4	2,237.4
Migration Confinanciera	886.5	0.0	14.1	0.0	510.6	1,411.2
Recoveries	<u>9,619.5</u>	<u>21,293.3</u>	<u>237.1</u>	<u>5,793.1</u>	<u>16,064.1</u>	<u>53,007.0</u>
Closing balance	\$ <u>19,021.0</u>	<u>24,980.3</u>	<u>193.3</u>	<u>5,946.6</u>	<u>29,351.6</u>	<u>79,492.9</u>

9. Foreclosed assets and restored assets

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

	<u>2013</u>		<u>2012</u>	
	<u>Balance</u>	<u>Allowance</u>	<u>Balance</u>	<u>Allowance</u>
<u>Foreclosed assets:</u>				
Housing property				
Real property	\$ 68,085.8	(71,121.1)	71,163.5	(41,923.0)
Received at auction	<u>14,497.9</u>	<u>(7,340.3)</u>	<u>10,047.2</u>	<u>(5,302.9)</u>
Total housing property	\$ <u>82,583.7</u>	<u>(78,461.4)</u>	<u>81,210.8</u>	<u>(47,225.9)</u>
<u>Other than housing</u>				
Real property	98,583.8	(38,017.1)	64,432.1	(43,775.4)
Received at auction	3,017.8	(383.0)	3,704.1	(14.0)
Inflation adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>
Adjusted cost	\$ <u>101,601.6</u>	<u>(38,400.1)</u>	<u>68,136.2</u>	<u>(43,789.4)</u>
Movable property (1)				
Rights and securities	1,379.7	(1,368.2)	1,379.8	(2,884.4)
Movable goods	<u>7,053.1</u>	<u>(666.7)</u>	<u>18,886.7</u>	<u>(570.7)</u>
	<u>8,432.8</u>	<u>(2,034.9)</u>	<u>20,266.5</u>	<u>(3,455.1)</u>
Total other than housing	\$ <u>110,034.3</u>	<u>(40,435.0)</u>	<u>88,402.7</u>	<u>(47,244.6)</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>2013</u>		<u>2012</u>	
	<u>Balance</u>	<u>Allowance</u>	<u>Balance</u>	<u>Allowance</u>
<u>Assets restored from leasing operations</u>				
Residential	9,229.7	(2,232.9)	3,713.1	(736.8)
\$	<u>9,229.7</u>	<u>(2,232.9)</u>	<u>3,713.1</u>	<u>(736.8)</u>
<u>Assets not used in the business</u>				
Land	3,581.2	(904.9)	3,741.5	(1,149.6)
Buildings	14,297.7	0.0	15,475.3	0.0
Office equipment and fittings	1,027.5	0.0	49.7	0.0
Depreciation	(7,951.7)	0.0	(7,097.8)	0.0
\$	<u>10,954.7</u>	<u>(904.9)</u>	<u>12,168.7</u>	<u>(1,149.6)</u>
\$	<u>212,802.5</u>	<u>(122,034.0)</u>	<u>185,495.4</u>	<u>(96,356.8)</u>

9.1. Allowance against foreclosed assets and restored assets

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

	<u>2013</u>	<u>2012</u>
Opening balance	\$ 96,356.9	19,226.2
Plus:		
Opening balance Central America	0.0	83,849.4
Allowance expensed	37,625.3	21,177.1
Reclassifications	(42.4)	(879.9)
Less:		
Written off	1,361.1	8,091.5
Conversion adjustment	(6,306.7)	118.2
Written back to income – recoveries	16,851.4	18,806.2
Closing balance	\$ <u>122,034.0</u>	<u>96,356.9</u>

At December 31, 2013 and 2012, the Bank and subsidiaries had 356 and 226 foreclosed assets with 100% allowances charged, totaling \$70.345.6 and \$32.942.1 respectively.

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

At December 31, 2013 and 2012, 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.

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.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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	<u>Up t o1</u> <u>year</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Over 10</u> <u>years</u>	<u>Total</u>	<u>Allowance</u>
<u>2013</u>						
Residential	21,449.5	55,478.2	4,681.2	974.7	82,583.7	78,461.4
Other than residential	27,142.2	60,076.0	11,878.5	2,505.0	101,601.6	36,157.9
Movable	2,908.6	2,223.1	2,250.6	1,050.5	8,432.8	4,276.9
Restored	6,898.9	2,330.8	0.0	0.0	9,229.7	2,232.9
Not used in the business, net	<u>95.1</u>	<u>5.8</u>	<u>9,165.4</u>	<u>1,688.4</u>	<u>10,954.7</u>	<u>904.9</u>
\$	<u>58,494.2</u>	<u>120,113.9</u>	<u>27,975.7</u>	<u>6,218.7</u>	<u>212,802.5</u>	<u>122,034.0</u>

	<u>Up t o1</u> <u>year</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Over 10</u> <u>years</u>	<u>Total</u>	<u>Allowance</u>
<u>2012</u>						
Residential	37,809.9	36,707.2	5,054.3	1,639.5	81,210.8	47,225.9
Other than residential	17,690.9	27,574.5	3,426.0	20,322.4	69,013.9	43,789.4
Movable	1,094.3	870.3	1,021.9	16,402.2	19,388.8	3,455.1
Restored	2,915.2	797.9	0.0	0.0	3,713.1	736.8
Not used in the business, net	<u>6,160.7</u>	<u>6,008.0</u>	<u>0.0</u>	<u>0.0</u>	<u>12,168.7</u>	<u>1,149.6</u>
\$	<u>65,671.1</u>	<u>71,957.9</u>	<u>9,502.2</u>	<u>38,364.1</u>	<u>185,495.4</u>	<u>96,356.8</u>

At December 31, 2013 and 2012, there are valuations of foreclosed assets for residential used generating a valuation gain of \$17.439.9 and \$14.600.5, respectively recorded in Memorandum Accounts. (Note 27)

At December 31, 2013 and 2012, the Bank employed a range of strategies to sell foreclosed assets, with the following results:

	<u>2013</u>		<u>2012</u>	
	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>
Foreclosed assets	257	\$ 15,011.0	186	15,681.6
Assets not used	<u>6</u>	<u>1,979.9</u>	<u>5</u>	<u>725.5</u>
Total Sales	<u>263</u>	<u>\$ 16,990.9</u>	<u>191</u>	<u>16,407.1</u>
Total profit on sales		\$ 6,943.0		3,037.2
Total loss on sales		<u>1,693.2</u>		<u>2,629.9</u>
Net effect on results		\$ <u>5,249.8</u>		<u>407.3</u>



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Notes to the Consolidated Financial Statements

10. Property, plant and equipment and operational leasing assets

A detail of properties and equipment is the following:

		<u>Cost</u>	<u>2013 Inflation Adjustment</u>	<u>Adjusted Cost</u>	<u>Cost</u>	<u>2012 Inflation adjustment</u>	<u>Adjusted Cost</u>
Land, buildings and construction in progress	\$	557,683.6	32,964.6	590,648.2	535,233.4	33,166.4	568,399.8
Equipment, vehicles, office furniture and fittings		152,019.8	8,476.0	160,495.8	163,139.9	9,375.4	172,515.3
Computer equipment		<u>249,497.3</u>	<u>11,592.5</u>	<u>261,089.8</u>	<u>261,231.4</u>	<u>17,513.7</u>	<u>278,745.1</u>
		<u>959,200.7</u>	<u>53,033.1</u>	<u>1,012,233.8</u>	<u>959,604.7</u>	<u>60,055.5</u>	<u>1,019,660.2</u>
Less: accumulated depreciation		(490,615.3)	(17,074.8)	(507,690.1)	(495,171.7)	(19,911.5)	(515,083.5)
Less: Allowance		<u>(8,601.4)</u>	<u>0.0</u>	<u>(8,601.4)</u>	<u>(8,032.3)</u>	<u>0.0</u>	<u>(8,032.3)</u>
	\$	<u>459,984.0</u>	<u>35,958.3</u>	<u>495,942.3</u>	<u>456,400.7</u>	<u>40,143.9</u>	<u>496,544.6</u>

Depreciation expensed at December 31, 2013 and 2012, was \$57.212.2 and \$72.065.8, respectively.

At December 31, 2013 and December 31, 2012, , 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.

10.1. Allowance against property, equipment

The movement of the allowance against property and equipment for the periods ended on December 31, 2013 and 2012, is as follows:

Opening balance	\$	8,032.3	8,321.4
Plus:			
Allowance expensed		2,845.5	553.7
Reclassifications		375.0	2,434.4
Less:			
Reclassifications		0.0	(68.8)
Assets withdrawn		754.4	0.0
Written back to income – recoveries		<u>1,897.0</u>	<u>3,346.0</u>
Closing balance	\$	<u>8,601.4</u>	<u>8,032.3</u>



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The following is the detail of Property and Equipment reappraisals at December 31, 2013 and 2012:

		<u>2013</u>	<u>2012</u>
Gain on valuation of buildings used in the business	\$	515,172.8	469,333.3
Gain in valuation of assets not used in the business		<u>180,050.4</u>	<u>58,229.2</u>
	\$	<u>695,223.2</u>	<u>527,562.5</u>

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

11. Assets delivered under operating leasing agreements

The following is the detail of assets delivered under operating leasing agreements at December 31, 2013 and 2012:

		<u>2013</u>		<u>2012</u>
	<u>Cost</u>	<u>Adjusted cost</u>	<u>Cost</u>	<u>Adjusted cost</u>
<u>Assets under leasing agreements</u>	132.9	132.9	11,220.4	11,220.4
Less: accumulated depreciation	(129.8)	(129.8)	(7,691.9)	(7,691.9)
Less:				
allowance	<u>0.0</u>	<u>0.0</u>	<u>(37.1)</u>	<u>(37.1)</u>
	\$	<u>3.1</u>	<u>3,491.4</u>	<u>3,491.4</u>

Depreciation expensed at December 31, 2013 and 2012, was \$471.3 and \$2,640.5, respectively.

12. Other assets

12.1. Prepaid expenses, deferred charges and intangibles

The detail of prepaid expenses, deferred charges and intangibles at December 31, 2012 and 2012 is the following:

Prepaid expenses:			
Insurance		27,902.8	21,405.0
Other		<u>8,943.8</u>	<u>4,334.6</u>
	\$	<u>36,846.6</u>	<u>25,739.6</u>
Deferred charges:			
Organization and preoperating		7,140.6	1,248.2
Bond placement discount		6,668.9	4,708.3
Remodeling		29,009.4	33,703.6
Software and licences		40,604.8	30,365.9
Deferred income tax debt – timing differences		35,868.2	36,981.3
Uniforms		0.0	2,876.7
Wealth tax and surcharge		47,524.7	94,985.9
Contributions and affiliations		24.0	1,132.8
Professional and advisory services		7,612.5	9,556.0
Commissions		449.6	0.0
Insurance programs		<u>14,180.9</u>	<u>12,763.0</u>
Carried forward		<u>189,083.6</u>	<u>228,321.7</u>



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		<u>2013</u>	<u>2012</u>
	Brought forward	<u>189,083.6</u>	<u>228,321.7</u>
Stationery		858.1	596.3
Rent		1,229.5	1,275.3
Other (under 5%)		<u>8,046.9</u>	<u>6,328.7</u>
		<u>199,218.1</u>	<u>232,269.4</u>
Intangibles			
Goodwill	\$	<u>1,084,548.8</u>	<u>1,134,658.9</u>
Prepaid expenses, deferred charges and intangibles	\$	<u>1,320,613.5</u>	<u>1,392,667.9</u>
Excess of investment cost over book value		543,298.5	533,624.0

The movement of prepaid expenses and deferred charges at December 31, 2013 and 2012 is the following:

		<u>Balance</u> <u>2012</u>	<u>Charges</u>	<u>Amortizations</u>	<u>Balance</u> <u>2013</u>
Prepaid expenses	\$	25,739.6	129,424.0	118,316.9	36,846.6
Deferred charges		232,269.4	234,151.5	267,202.8	199,218.1
Intangibles		<u>1,134,658.9</u>	<u>120,292.5</u>	<u>170,402.6</u>	<u>1,084,548.8</u>
	\$	<u>1,392,667.9</u>	<u>483,867.9</u>	<u>555,922.3</u>	<u>1,320,613.5</u>

The following prepaid expenses and deferred charges and intangibles were pending amortization over time at December 31, 2013 and 2012:

<u>2013</u>		<u>Under 1</u> <u>years</u>	<u>1-5 years</u>	<u>Over 5</u> <u>years</u>	<u>Over 10</u> <u>years</u>	<u>Total</u>
Prepaid expenses						
Insurance	\$	27,072.3	830.5	0.0	0.0	27,902.8
Other		<u>5,807.4</u>	<u>3,136.4</u>	<u>0.0</u>	<u>0.0</u>	<u>8,943.8</u>
	\$	<u>32,879.7</u>	<u>3,966.9</u>	<u>0.0</u>	<u>0.0</u>	<u>36,846.6</u>
Deferred charges						
Organization and preoperating	\$	7,140.6	0.0	0.0	0.0	7,140.6
Remodelling		10,200.5	18,078.3	730.6	0.0	29,009.5
Software and licences and support		13,871.5	26,733.3	0.0	0.0	40,604.8
Discount on bond placement		1,813.1	4,855.8	0.0	0.0	6,668.9
Deferred income tax debit, timing differences		216.8	35,651.5	0.0	0.0	35,868.2
Wealth tax and surcharge		47,457.9	66.8	0.0	0.0	47,524.7
Professional and advisory services		1,903.1	5,709.4	0.0	0.0	7,612.5
Commissions		449.6	0.0	0.0	0.0	449.6
Insurance programs		14,180.9	0.0	0.0	0.0	14,180.9
Stationery		840.0	18.1	0.0	0.0	858.1
Rent		128.3	641.5	459.7	0.0	1,229.5
Other (under 5%)		<u>186.6</u>	<u>7,884.2</u>	<u>0.0</u>	<u>0.0</u>	<u>8,070.9</u>
		<u>90,280.1</u>	<u>98,979.3</u>	<u>730.6</u>	<u>0.0</u>	<u>199,218.1</u>
Intangibles						
Goodwill	\$	<u>78,974.4</u>	<u>377,711.0</u>	<u>640,564.3</u>	<u>(12,700.9)</u>	<u>1,084,548.8</u>
	\$	<u>202,134.1</u>	<u>480,657.1</u>	<u>641,294.9</u>	<u>(12,700.9)</u>	<u>1,320,613.5</u>



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<u>2012</u>		<u>Menor de 1 año</u>	<u>Entre 1 y 5 años</u>	<u>Más de 5 años</u>	<u>Más de 10 años</u>	<u>Total</u>
Prepaid expenses						
Insurance	\$	21,344.3	60.8	0.0	0.0	21,405.0
Other		<u>2,735.4</u>	<u>1,599.0</u>	<u>0.0</u>	<u>0.0</u>	<u>4,334.5</u>
		<u>24,079.7</u>	<u>1,659.8</u>	<u>0.0</u>	<u>0.0</u>	<u>25,739.6</u>
Deferred charges						
Organization and preoperating		1,248.2	0.0	0.0	0.0	1,248.2
Remodelling	\$	11,496.5	22,207.1	0.0	0.0	33,703.6
Software and licences and support		15,196.0	15,169.9	0.0	0.0	30,365.9
Discount on bond placement		573.6	2,486.4	1,648.3	0.0	4,708.3
Deferred income tax debit, timing differences		39.4	36,941.9	0.0	0.0	36,981.3
Wealth tax and surcharge		1,448.7	93,537.2	0.0	0.0	94,985.9
Professional and advisory services		1,132.8	0.0	0.0	0.0	1,132.8
Commissions		2,813.5	0.0	0.0	0.0	2,813.5
Insurance programs		1,911.2	7,644.8	0.0	0.0	9,556.0
Stationery		459.1	1,102.0	0.0	0.0	1,561.1
Rent		122.0	576.7	576.6	0.0	1,275.3
Other (underl 5%)		<u>13,937.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>13,937.5</u>
		<u>50,378.6</u>	<u>179,666.0</u>	<u>2,224.9</u>	<u>0.0</u>	<u>232,269.4</u>
Intangibles						
Goodwill	\$	<u>68,720.5</u>	<u>300,518.7</u>	<u>606,617.1</u>	<u>158,802.6</u>	<u>1,134,658.9</u>
	\$	<u>143,178.8</u>	<u>481,844.5</u>	<u>608,842.0</u>	<u>158,802.6</u>	<u>1,392,667.9</u>

Intangibles

The goodwill corresponds to credit establishments purchased. At December 31, 2013 and 2012, totalling \$1,084,548.8 and \$1,134,658.9 respectively.

Goodwill Granbanco S.A. - Bancafé

Goodwill on the purchase of Granbanco arose on February 16, 2007 for a total of \$1.372.458.0.

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



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Year	% amortiz.	Business lines						Annual amortization
		Consumer	Commercial	SME	Credit card	H Mortgage	Subsids	
1	2.47	\$ 7,214.9	14,841.5	2,351.3	5,493.1	3,782.8	216.0	33,899.6
2	5.10	7,686.9	15,812.4	2,505.1	5,852.5	4,030.3	230.1	36,117.3
3	7.92	8,226.4	16,922.1	2,680.9	6,263.2	4,313.1	246.2	38,651.9
4	10.94	8,833.2	18,170.4	2,878.7	6,725.2	4,631.3	264.4	41,503.2
5	14.17	9,440.1	19,418.8	3,076.5	7,187.3	4,949.4	282.6	44,354.7
6	17.61	10,046.9	20,667.1	3,274.2	7,649.3	5,267.6	300.7	47,205.8
7	21.28	10,721.2	22,054.2	3,494.0	8,162.7	5,621.2	320.9	50,374.2
8	25.21	11,462.9	23,579.9	3,735.7	8,727.4	6,010.0	343.1	53,859.0
9	29.41	12,272.1	25,244.4	3,999.4	9,343.5	6,434.3	367.3	57,661.0
10	33.91	13,148.7	27,047.6	4,285.1	10,010.9	6,893.9	393.6	61,779.8
11	38.71	14,025.3	28,850.7	4,570.8	10,678.2	7,353.5	419.8	65,898.3
12	43.86	15,036.7	30,931.3	4,900.4	11,448.3	7,883.8	450.1	70,650.6
13	49.35	16,048.1	33,011.9	5,230.0	12,218.4	8,414.1	480.3	75,402.8
14	55.22	17,127.0	35,231.2	5,581.6	13,039.8	8,979.7	512.6	80,471.9
15	61.50	18,340.7	37,727.9	5,977.2	13,963.9	9,616.1	549.0	86,174.8
16	68.21	19,621.9	40,363.3	6,394.7	14,939.3	10,287.8	587.3	92,194.3
17	75.39	20,970.5	43,137.4	6,834.2	15,966.0	10,994.8	627.7	98,530.6
18	83.06	22,386.5	46,050.2	7,295.6	17,044.1	11,737.3	670.1	105,183.8
19	91.25	23,937.3	49,240.4	7,801.1	18,224.9	12,550.4	716.5	112,470.6
20	100.00	<u>25,555.7</u>	<u>52,569.3</u>	<u>8,328.5</u>	<u>19,457.0</u>	<u>13,398.6</u>	<u>764.7</u>	<u>120,073.8</u>
		<u>\$292,103.0</u>	<u>600,872.0</u>	<u>95,195.0</u>	<u>222,395.0</u>	<u>153,150.0</u>	<u>8,743.0</u>	<u>1,372,458.0</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 Fiducafé).
- 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 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, 2013, is the following:



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<u>Business line</u>	<u>Share</u>	<u>Goodwill recorded</u>	<u>Accumulated amortization</u>	<u>Balance</u>
Consumer	21.3%	\$ 292,103.0	61,276.3	230,826.7
Commercial	43.8%	600,872.0	126,048.7	474,823.3
SME	6.9%	95,195.0	19,969.7	75,225.3
Credit Card	16.2%	222,395.0	46,653.2	175,741.8
Mortgage loans	11.2%	153,150.0	32,127.2	121,022.8
Affiliates	<u>0.6%</u>	<u>8,743.0</u>	<u>1,834.1</u>	<u>6,908.9</u>
Total	<u>100.0%</u>	<u>\$ 1,372,458.0</u>	<u>287,909.2</u>	<u>1,084,548.8</u>

The result of the valuation update Pricewaterhouse Coopers Asesores Gerenciales Ltda made at June 20, 2013, on the audited financial statements of the Bank at December 31, 2011 shows that the business lines did not generate any loss due to deterioration.

Excess of investment cost 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 totalling \$534.386.3.

	Purchase USD	Investment	Goodwill
Costa Rica	300.0	330,293.0	274,363.0
Salvador	350.0	419,223.0	198,371.0
Honduras - Banco	117.0	167,040.0	60,890.0
Honduras - Seguros	<u>34.0</u>	<u>52,591.0</u>	<u>0.0</u>
Total	<u>801.0</u>	<u>969,147.0</u>	<u>533,624.0</u>

After the study and adjustment of prices of Goodwill, a reduction of \$48,284.90 was made in October 2013, leaving a balance of \$486,314.6

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



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Year	Y	Y%	% accumulated amortization	Amount to be amortized in the year	Month
1	1.07	2.47	2.47	\$12,011.9	1,001.0
2	1.14	2.63	5.10	12,797.8	1,066.5
3	1.22	2.82	7.92	13,695.8	1,141.3
4	1.31	3.02	10.94	14,706.2	1,225.5
5	1.40	3.23	14.17	15,716.5	1,309.7
6	1.49	3.44	17.61	16,726.9	1,393.9
7	1.59	3.67	21.28	17,849.5	1,487.5
8	1.70	3.92	25.21	19,084.4	1,590.4
9	1.82	4.20	29.41	20,431.5	1,702.6
10	1.95	4.50	33.91	21,890.9	1,824.2
11	2.08	4.80	38.71	23,350.3	1,945.9
12	2.23	5.15	43.86	25,034.2	2,086.2
13	2.38	5.49	49.35	26,718.1	2,226.5
14	2.54	5.86	55.22	28,514.3	2,376.2
15	2.72	6.28	61.50	30,535.0	2,544.6
16	2.91	6.72	68.21	32,667.9	2,722.3
17	3.11	7.18	75.39	34,913.2	2,909.4
18	3.32	7.66	83.06	37,270.6	3,105.9
19	3.55	8.19	91.25	39,852.7	3,321.1
20	<u>3.79</u>	<u>8.75</u>	100.00	<u>42,546.9</u>	3,545.6
	<u>43.32</u>	<u>100.00</u>		<u>\$486,314.6</u>	

	Costa Rica	El Salvador	Honduras	Total
	Nov/12	Nov/12	Dic/12	
Initial goodwill	274,363.0	198,371.0	60,890.0	533,624.0
Adjustment and amortizations	<u>(73,357.2)</u>	<u>18,022.8</u>	<u>(4,927.6)</u>	<u>(60,262.0)</u>
Accumulated balance at December 2013	<u>201,005.8</u>	<u>216,393.8</u>	<u>55,962.4</u>	<u>473,362.0</u>

Goodwill – Corredores Asociados

On February 28, 2013 the Bank acquired 94.899% of this company from Fidudavivienda Sociedades Bolivar. SFC authorized the purchase on May 16, 2013 and it was formalized on September 25, when the first payment of \$56,940 was made, and goodwill of \$70,732.0 was booked. The second payment is agreed for the fifth anniversary of the purchase, September 25, 2018; but on December 27, 2013 in 70% advance payment was made to 20 sellers for \$2,738.0 and the account payable was further reduced by a financial discount of \$1,411.0 and the payment made by the Bank for account of sellers., in relation to a lawsuit in relation to Bank Transaction, conciliated with the tax authority DIAN for \$2,475. The remaining balance of the account payable was \$50,315.4 at the close.

In December the purchase price was adjusted by \$1,410.7, to \$69,321.0 with the following table



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Year	Y	Y%	% Accumulated amortization	To be amortized in the year	Month
1	1.07	17.43	17.43	\$12,080.4	1,006.7
2	1.14	18.57	35.99	12,870.7	1,072.6
3	1.22	19.87	55.86	13,773.9	1,147.8
4	1.31	21.34	77.20	14,789.9	1,232.5
5	<u>1.40</u>	<u>22.80</u>	100.0	<u>15,806.1</u>	1,317.1
	<u>6.14</u>	<u>100.00</u>		<u>\$69,321.0</u>	

Amount originated in September 2013	70,731.6
Amortization to December 2013	<u>(4,430.7)</u>
	<u>66,300.9</u>

Further Goodwill was originated in the acquisition by Fidudavivienda of 5.1% of Corredores Asociados S.A.

Value originated in September 2013	\$ 3,801.1
Amortization at December 2013	<u>(165.5)</u>
	<u>3,635.6</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.

12.2. Staff Loans

The Bank evaluated all staff loans, and the result of the classification at December 31, 2013 and 2012, is the following:

	<u>Home Mortgage</u>	<u>Collateral</u>	<u>Allowance</u>
<u>2013</u>			
A -Normal	177,943.4	425,517.0	1,211.7
B -Acceptable	51.7	270.2	0.8
C -Deficient	125.5	0.0	0.0
D -Doubtful	<u>16.6</u>	<u>0.0</u>	<u>0.0</u>
	<u>178,137.2</u>	<u>425,787.2</u>	<u>1,212.5</u>
	<u>Home</u>		
<u>2012</u>			
A -Normal	181,898.1	391,341.8	1,222.6
B -Acceptable	231.6	498.2	12.2
C -Deficient	38.0	165.7	4.5
E -			
Unrecoverable	<u>693.3</u>	<u>0.0</u>	<u>0.0</u>
	<u>182,861.0</u>	<u>392,005.7</u>	<u>1,239.3</u>

Staff home-purchase loans are secured by admissible guarantees.



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12.3. Other assets - other

The detail of Other Assets is as follows:

		<u>2013</u>	<u>2012</u>
Deferred payment letters of credit	\$	26,038.3	6,654.2
Deposits in guarantee, judicial deposits		6,573.8	10,601.0
Trust rights (1)		7,587.7	7,128.5
Advance income tax paid		14,013.9	6,491.2
Surplus income tax		84,788.8	2,906.0
Consortia and temporary unions		3,759.2	4,862.3
Other (under 5%)		<u>5,469.2</u>	<u>10,217.0</u>
	\$	<u>148,231.0</u>	<u>45,954.4</u>

(1) Trust rights

At December 31, 2013 and 2012, the following are recorded:

	<u>2013</u>		<u>2012</u>	
	<u>Balance</u>	<u>Allowance</u>	<u>Balance</u>	<u>Allowance</u>
Agropecuaria Molina Vivas	37.0	37.0	37.0	37.0
Textiles Omnes S.A.	465.6	465.6	465.6	465.6
Fiduciaria Superior (*)	1,017.5	0.0	1,025.7	0.0
H&L Barú	4,896.5	0.0	4,493.4	4,493.4
Interfashion	994.9	0.0	1,062.5	0.0
Other	<u>176.2</u>	<u>0.0</u>	<u>44.2</u>	<u>0.0</u>
	<u>7,587.7</u>	<u>502.6</u>	<u>7,128.5</u>	<u>4,996.0</u>

* Corresponds to the liquidation of Fiduciaria Superior S.A. in September 2009.

12.4. Allowance against other assets

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

		<u>2013</u>	<u>2012</u>
Opening balance	\$	7,095.3	12,838.3
Plus:			
Opening balance HSBC		0.0	173.2
Allowance expensed		3,219.8	488.4
Reclassifications		447.2	(4.3)
Less:			
Reclassifications		0.0	2.6
Written back to income - recoveries		<u>780.2</u>	<u>6,397.6</u>
Closing balance	\$	<u>9,982.1</u>	<u>7,095.3</u>



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13. Deposits and Demand Accounts

The following is the detail of Deposits and Demand Accounts:

	Maximum annual interest		<u>2013</u>	<u>2012</u>
Current accounts	0.0% - 1.70%	\$	5,929,620.0	4,847,065.4
Peso TDs				
Less tan 6 months	4.35%-5.75%		3,985,767.2	2,943,342.1
6-12 months	4.60%-5.95%		2,784,666.1	2,668,826.8
12-18months	4.80%-6.25%		2,510,732.0	1,874,865.5
Over 18 months	4.90%-7.10%		<u>3,782,822.5</u>	<u>2,029,353.1</u>
			<u>13,063,987.8</u>	<u>9,516,387.5</u>
Savings accounts				
Ordinary	0.00% - 4.60%		16,822,615.7	15,278,382.3
Special			<u>48,555.3</u>	<u>41,400.5</u>
			<u>16,871,171.0</u>	<u>15,319,782.8</u>
Other deposits and demand accounts				
Banks and correspondents			1,449.0	1,234.2
<u>Special deposits</u>			2,928.1	9,840.1
Demand accounts for banking services			331,382.3	328,932.7
Affiliated establishments			6,457.7	7,707.5
Bank collection services			3,433.9	3,003.3
E-deposits			<u>75,690.2</u>	<u>6,144.5</u>
			<u>421,341.2</u>	<u>356,862.3</u>
		\$	<u>36,286,120.0</u>	<u>30,040,098.0</u>

The following is the detail of interest expense for the years ended on December 31, 2013 and 2012:

<u>Mode</u>		<u>2013</u>	<u>2012</u>
Interest on Deposits and Demand Accounts:			
Ordinary deposits	\$	318,305.8	374,032.2
Time deposits		542,512.4	432,383.7
Checking accounts		22,525.4	21,104.0
Borrowings from financial institutions		171,210.5	159,630.9
Liability positions in operations		2,320.5	2,555.1
Bonds outstanding		356,702.3	314,658.8
Transfer commitments in repos and simultaneous operations		<u>14,354.3</u>	<u>21,600.7</u>
	\$	<u>1,427,931.1</u>	<u>1,325,965.2</u>



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14. Interbank and overnight liability positions

The following is the detail:

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	9,385.6	1926.83
Interbank liabilities:	4.28%	Dec.30.13	Jan.02.14	127,488.0	1926.83
Banks					
Repo liabilities					
Real sector	0.12%	Dec.24.13	Jan.02.14	7,679.5	1926.83

Local currency

Interbank:					
Other financial institutions	3.22% -3.24%	Dec.27.13	Jan.08.14	252,000.0	
Simultaneous					
Exchange brokers	3.60%	Dec.26.13	Jan.02.14	5,463.1	
	3.60%	Dec.26.13	Jan.02.14	16,389.3	
	1.70%	Dec.27.13	Jan.03.14	8,958.6	
Investment banks					
Banks	3.40%	Dec.30.13	Jan.07.14	12,545.0	
	3.30%	Dec.26.13	Jan.02.14	17,721.1	
	3.40%	Dec.30.13	Jan.07.14	7,510.7	
	3.35%	Dec.30.13	Jan.02.14	5,750.0	
Banco de la Republica	2.75% -3.25%	Dec.27.13	Jan.03.14	749,309.7	
Other	4.05%	Dec.13.13	Jan.13.14	3,027.4	
	4.20%	Dec.19.13	Feb.05.14	433.2	
	4.10%	Dec.16.13	Jan.16.14	2,075.9	
	4.15%	Nov.21.13	Jan.20.14	4,520.6	
	4.15%	Nov.22.13	Jan.20.14	4,520.7	
Simultaneous on simultaneous					
Other	5.00%	Oct.18.13	Jan.10.14	467.8	

Total money market liability positions \$1,235,246.2

2012

	<u>Rate</u>	<u>Date</u>		<u>Market</u>
		<u>Opened</u>	<u>Matured</u>	<u>value</u>
<u>Local currency</u>				
Interbank				
Banks:	4.24%- 4.91	Dec.28.12	Jan.02.13	43,120.0
Simultaneous short positions				
Banks:	0.16%	Dec.17.12	Jan.18.13	7,951.4
Total money market liability positions				\$ <u>51,071.4</u>

At December 31, 2013 and 2012, the balance and average monthly yield of these local and foreign currency positions were \$1,001,309.7 and \$13,938.0m and \$22,000.0 and \$3.081.0 respectively.



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There are no restrictions on these funds

15. Derivatives

The following is the detail of this account:

		<u>Product</u>	<u>2013</u>	<u>2012</u>			
		Bank acceptances	\$ 1,690.0	19,339.3			
		Forwards	43,473.2	145,735.5			
		Speculative swaps	5,852.3	3,387.9			
		Hedging swaps	1,431.7	24,487.1			
		Speculative options	<u>10,120.2</u>	<u>4,387.1</u>			
			\$ <u>62,567.3</u>	<u>197,337.0</u>			
		<u>Speculative derivatives</u>				<u>Hedging derivatives</u>	
<u>2013</u>		<u>Forward</u>	<u>Futures</u>	<u>Swaps</u>	<u>Options</u>	<u>Total</u>	<u>Swaps</u>
<u>Currency purchases</u>	Right	\$ (3,620,524.8)	0.0	0.0	0.0	(3,620,524.8)	0.0
	Obligation	3,650,383.9	0.0	0.0	0.0	3,650,383.9	0.0
<u>Currency sales</u>	Right	(1,020,143.6)	0.0	0.0	0.0	(1,020,143.6)	0.0
	Obligation	1,033,447.7	0.0	0.0	0.0	1,033,447.7	0.0
<u>Currency sales</u>	Right	(174,527.4)	0.0	0.0	0.0	(174,527.4)	0.0
	Obligation	173,776.2	0.0	0.0	0.0	173,776.2	0.0
<u>Securities sales</u>	Right	(305,800.9)	0.0	0.0	0.0	(305,800.9)	0.0
	Obligation	306,862.2	0.0	0.0	0.0	306,862.2	0.0
<u>Interest rates</u>	Right	0.0	0.0	(64,904.4)	0.0	(64,904.4)	0.0
	Obligation	0.0	0.0	70,756.7	0.0	70,756.7	0.0
<u>Currencies</u>	Right	0.0	0.0	0.0	0.0	0.0	(164,114.9)
	Obligation	0.0	0.0	0.0	0.0	0.0	165,546.6
Call options	Sale	0.0	0.0	0.0	3,511.0	3,511.0	0.0
Put options	Sale	0.0	0.0	0.0	6,609.2	6,609.2	0.0
Total Rights		(5,120,996.8)	0.0	(64,904.4)	10,120.2	(5,175,780.9)	(164,114.9)
Total Obligations		<u>5,164,469.9</u>	<u>0.0</u>	<u>70,756.6</u>	<u>0.0</u>	<u>5,235,226.6</u>	<u>165,546.6</u>
Total Net	\$	<u>43,473.2</u>	<u>0.0</u>	<u>5,852.3</u>	<u>10,120.2</u>	<u>59,445.7</u>	<u>1,431.7</u>



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			<u>Forward</u>	<u>Swaps</u>	<u>Options</u>	<u>Total</u>	<u>Swaps</u>
<u>Currency purchases</u>	Right	\$	(4,388,669.0)	0.0	0.0	(4,388,669.0)	0.0
	Obligation		4,517,245.8	0.0	0.0	4,517,245.8	0.0
<u>Currency sales</u>	Right		(98,842.1)	0.0	0.0	(98,842.1)	0.0
	Obligation		99,021.6	0.0	0.0	99,021.6	0.0
<u>Currency sales</u>	Right		(121,692.6)	0.0	0.0	(121,692.6)	0.0
	Obligation		122,748.7	0.0	0.0	122,748.7	0.0
<u>Securities sales</u>	Right		(946,640.7)	0.0	0.0	(946,640.7)	0.0
	Obligation		962,564.0	0.0	0.0	962,564.0	0.0
<u>Interest rates</u>	Right		0.0	(35,140.1)	0.0	(35,140.1)	0.0
	Obligation		0.0	38,528.1	0.0	38,528.1	0.0
<u>Currencies (*)</u>	Right		0.0	0.0	0.0	0.0	(292,815.4)
	Obligation		0.0	0.0	0.0	0.0	317,302.5
Call options	Sale		0.0	0.0	532.2	532.2	0.0
Put options	Sale		0.0	0.0	3,854.8	3,854.8	0.0
Total Rights			(5,555,844.4)	(35,140.1)	4,387.1	(5,586,597.5)	(292,815.4)
Total Obligations			<u>5,701,580.0</u>	<u>38,528.1</u>	<u>0.0</u>	<u>5,740,108.1</u>	<u>317,302.5</u>
Total Net		\$	<u>145,735.5</u>	<u>3,387.9</u>	<u>4,387.1</u>	<u>153,510.5</u>	<u>24,487.1</u>

The following is the detail of maturity periods of derivatives at December 31, 2013 and 2012:

				2013		
		<u>0-3</u>	<u>3 - 6</u>	<u>6 - 12</u>	<u>Over 12</u>	<u>Total</u>
		<u>months</u>	<u>months</u>	<u>months</u>	<u>months</u>	
Forwards	\$	24,037.3	17,627.5	1,748.2	60.1	43,473.2
Speculative swaps		685.3	1,127.4	1,616.1	2,423.4	5,852.3
Hedging swaps		1,431.7	0.0	0.0	0.0	1,431.7
Options		<u>2,525.4</u>	<u>6,030.9</u>	<u>1,563.9</u>	<u>0.0</u>	<u>10,120.2</u>
	\$	<u>28,679.7</u>	<u>24,785.8</u>	<u>4,928.3</u>	<u>2,483.5</u>	<u>60,877.3</u>



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	<u>0-3</u> <u>months</u>	<u>3-6</u> <u>months</u>	<u>2012</u> <u>6 - 12</u> <u>months</u>	<u>Over 12</u> <u>months</u>	<u>Total</u>
Forwards	124,169.0	11,093.3	10,473.2	0.0	145,735.5
Futures	498.0	429.1	1,524.4	936.3	3,387.9
Speculative swaps	0.0	6,292.1	6,684.1	11,511.0	24,487.1
Hedging swaps	<u>1,978.2</u>	<u>1,681.4</u>	<u>727.5</u>	<u>0.0</u>	<u>4,387.1</u>
\$	<u>126,645.2</u>	<u>19,495.9</u>	<u>19,409.2</u>	<u>12,447.3</u>	<u>177,997.7</u>

15.1. Hedging operation – Purchase Granbanco

At December 31, 2013, the Bank has a currency swap to hedge the IFC bond issue for US\$165.000.000 issued in February 2007:

<u>Period</u>	<u>Item</u>	<u>Term</u> <u>(years)</u>	<u>Initial period</u>	<u>Final period</u>	<u>Value US\$</u>		<u>Net</u>
					<u>Right</u>	<u>Obligation</u>	
13-Dec	Swap IFC Bond hedging	7	Feb.07.07	Feb.07.14	318,575.9	316,121.3	2,454.6
12-Dec	Swap IFC Bond hedging	7	Feb.07.07	Feb.07.14	292,815.4	317,302.5	(24,487.1)

The result of this swap at December 31, 2013 was positive and it is therefore recorded as an asset. At December 31, 2012 it was negative, and was therefore recorded as a liability (note 17)

During 2013 on January 15 and July 15 \$11.537.4 equivalent to US\$6.533.7 and \$11.617.4, equivalent to US\$6.104.75 were paid to international counterparts.

During 2012, on July 17 and January 17 \$11.361.5 equivalent to US\$6.362.7 and \$11.876.3 equivalent to US\$6.454.8 were paid to international counterparts

No reset payments were made.

Cover was recorded at fair market price with the following effect on earnings due to the valuation of the syndicated loan and subordinated bonds:

	<u>2013</u>	<u>2012</u>
CCS effect on earnings	\$ 14,114.1	(31,072.2)
IFC bond effect on earnings	<u>(36,447.9)</u>	<u>18,518.8</u>
Net Effect	\$ <u>(22,333.8)</u>	<u>(12,553.4)</u>



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16. Borrowings from financial institutions

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

2013						
<u>Name</u>	<u>Interest payable</u>	<u>Under 1 years</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Over 10 years</u>	<u>Total Capital</u>
Other institutions in Colombia						
Local currency						
Bancoldex	\$ 204.7	5,983.9	57,375.1	14,946.4	0.0	78,305.4
Finagro	2,105.8	9,780.9	124,161.6	43,027.8	31,874.5	208,844.9
Findeter	6,474.7	4,344.7	333,972.4	519,425.5	501,112.0	1,358,854.5
Leasing Bancolombia	0.0	0.0	119.1	0.0	0.0	119.1
Overdrafts	0.0	8.6	0.0	0.0	0.0	8.6
Other Bank and financial institutions in Colombia	0.0	10.6	0.0	0.0	0.0	10.6
	<u>8,785.3</u>	<u>20,128.8</u>	<u>515,628.2</u>	<u>577,399.7</u>	<u>532,986.5</u>	<u>1,646,143.2</u>
Foreign currency						
Bancoldex	559.1	4,142.4	42,317.3	77,599.3	0.0	124,059.1
Findeter	670.2	0.0	0.0	103,624.9	0.0	103,624.9
Government Banks-Honduras	0.0	0.0	81,346.2	106,632.1	0.0	187,978.4
Ovedrafts	0.0	6,002.1	0.0	0.0	0.0	6,002.1
	<u>1,229.3</u>	<u>10,144.5</u>	<u>123,663.5</u>	<u>287,856.4</u>	<u>0.0</u>	<u>421,664.4</u>
	<u>10,014.6</u>	<u>30,273.3</u>	<u>639,291.7</u>	<u>865,256.1</u>	<u>532,986.5</u>	<u>2,067,807.6</u>
Institutions abroad:	<u>4,276.3</u>	<u>1,590,492.3</u>	<u>276,770.8</u>	<u>138,451.2</u>	<u>21,521.2</u>	<u>2,027,235.5</u>
	\$ <u>14,290.9</u>	<u>1,620,765.6</u>	<u>916,062.6</u>	<u>1,003,707.3</u>	<u>554,507.7</u>	<u>4,095,043.1</u>



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2012

<u>Name</u>	<u>Interest payable</u>	<u>Under 1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Over 10 years</u>	<u>Total Capital</u>
Other institutions in Colombia						
Local currency						
Bancoldex	\$ 204.6	4,502.2	26,047.8	18,350.5	0.0	48,900.5
Finagro	3,520.1	7,621.7	135,940.3	74,278.9	40,190.9	258,031.9
Findeter	10,476.5	651.4	346,085.6	788,765.4	356,228.5	1,491,731.0
Overdrafts	<u>0.0</u>	<u>147.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>147.7</u>
	<u>14,201.2</u>	<u>12,923.0</u>	<u>508,073.7</u>	<u>881,394.9</u>	<u>396,419.5</u>	<u>1,798,811.0</u>
Foreign currency						
Bancoldex	905.1	2,787.4	47,436.3	86,283.3	0.0	136,507.1
Findeter	428.4	0.0	0.0	97,394.1	0.0	97,394.1
Other Banks and financial institutions in Colombia	0.0	16,657.2	0.0	0.0	165,593.5	182,250.7
Overdrafts	<u>0.0</u>	<u>978.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>978.2</u>
	<u>1,333.5</u>	<u>20,422.8</u>	<u>47,436.3</u>	<u>183,677.4</u>	<u>165,593.5</u>	<u>417,130.2</u>
	<u>15,534.7</u>	<u>33,345.8</u>	<u>555,510.0</u>	<u>1,065,072.4</u>	<u>562,013.0</u>	<u>2,215,941.2</u>
Institutions outside Colombia	<u>7,167.3</u>	<u>1,177,071.4</u>	<u>791,349.0</u>	<u>12,906.9</u>	<u>8,325.5</u>	<u>1,989,652.7</u>
	\$ <u>22,702.1</u>	<u>1,210,417.2</u>	<u>1,346,859.0</u>	<u>1,077,979.2</u>	<u>570,338.5</u>	<u>4,205,593.9</u>

17. Accounts payable

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

	<u>2013</u>	<u>2012</u>
Interest:		
Deposits and demand accounts	\$ 158,877.6	136,977.8
Bank borrowings and other financial debt (note 16)	14,290.9	22,702.0
Bonds outstanding	76,698.9	64,925.9
Other	<u>1,186.2</u>	<u>949.9</u>
	\$ <u>251,053.5</u>	<u>225,555.6</u>
Commissions and fees	\$ <u>5,850.7</u>	<u>2,742.2</u>
Collections effected:		
Corporate profits	\$ 48,923.7	42,158.5
Turnover tax, property tax, vehicle tax	4,365.8	6,019.5
Other	<u>24,567.4</u>	<u>14,688.5</u>
	<u>77,856.9</u>	<u>62,866.5</u>



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	<u>2013</u>	<u>2012</u>
Suppliers:		
Accounts payable to suppliers	\$ 89.6	77,502.2
Clearing, ACH network	104,286.0	121,977.1
Clearing, VISA and MasterCard	34,985.4	37,919.8
Accounts payable for services rendered	45,095.0	30,026.3
Other	<u>30,895.5</u>	<u>19,831.9</u>
	<u>215,351.4</u>	<u>287,257.2</u>
Other:		
Taxes		
Wealth tax (1)	48,939.9	95,702.2
Income tax	14,645.9	83,038.1
Turnover tax	18,591.2	16,183.0
Dividends and surpluses	3,684.2	3,752.2
Taxes payable	9,024.2	7,238.1
Bank transaction tax	25,045.7	18,519.5
Purchase commitments	15,133.6	7,421.8
Payroll withholdings and contributions	102,142.8	63,088.4
Remittances payable	44,530.6	30,260.0
Pension contributions	2,722.7	2,573.8
Checks pending presentation	14,790.5	12,414.3
Payable to the State Law 546/1999	30,285.1	29,102.6
Sundry:		
Commercial establishments	1,642.8	2,240.0
Forwards	5,824.8	2,384.0
Balances and commissions in credit	8,739.2	9,915.4
Loan overages	8,423.7	9,427.5
Deposit insurance	21,156.9	17,152.5
Former shareholders Corredores Asociados	50,315.4	0.0
Universality creditor	7,477.8	307.9
FNG and FNA creditor	4,508.1	3,178.8
Bonos de Paz Solidaridad	20,246.6	20,205.7
Available balances VISA prepayment	13,648.2	11,147.2
Collection costs	1,717.1	3,173.1
Disbursements pending	3,864.5	21,789.9
Amounts to be returned on foreclosed assets	1,690.6	0.0
Securities exchange operations	0.0	15,516.2
Sundry (under 5%)	<u>64,678.7</u>	<u>70,403.1</u>
	<u>543,471.0</u>	<u>556,361.4</u>
	\$ <u>1,093,583.5</u>	<u>1,134,782.9</u>

(1) Wealth Tax

A tax reform in December 2009 (Law 1370) created a wealth tax, payable by certain individuals and corporate entities for 2012-2014. The tax accrues as of January 1, 2012 and is paid in 8 installments on dates set by the Government, the first being May 2011.



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Regulatory Decree 514 of January 2010 determined the way in which the tax will be recorded, one possibility being an amortization of the equity surplus account for 2012-2014; and if the surplus account is exhausted, the tax is charged to earnings year by year.

The details of this account at December 31, 2013 are as follows:

Tax payable as per income tax filing	USD	188,026.6
Amortization of wealth tax		(140,072.1)
Amount amortized to earnings		<u>427.5</u>
Balance remaining in deferred charges	US\$	<u>48,382.0</u>

18. Long-term debt

A December 31, 2013 and 2012, the Bank had bonds outstanding for \$6,651,351.5 and \$5,367,375.7 respectively for issues of ordinary, mortgage and subordinated bonds.

The following is a detail of the bonds in each issue, as at December 31, 2013 and 2012:

<u>Issue type</u>	<u>Date</u>	<u>Amount offered</u>	<u>Term (months)</u>	<u>Yield</u>	<u>Maturity</u>	<u>Book value</u>	
						<u>2013</u>	<u>2012</u>
<u>Subordinated collateralized</u>							
First issue IFC – US\$ (1)							
<u>Collateral:</u> "A" class mortgage loans, issuer option for prepayment every three months - Series G	7-Feb-07	368,641.1	84	Libor6 + 2.75	7-Feb-14	318,576.0	292,815.5
<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	147,777.0	147,777.0
Second issue - Series C7	24-Feb-10	138,497.2	84	IPC + 5.25	24-Feb-17	138,497.2	138,497.2
Second issue First tranche - Series C	25-Apr-12	181,400.0	120	IPC + 4.37	25-Apr-22	181,400.0	181,400.0
Second issue First tranche - Series C	25-Apr-12	218,600.0	180	IPC + 4.56	25-Apr-27	<u>218,600.0</u>	<u>218,600.0</u>
						<u>686,274.2</u>	<u>686,274.2</u>
<u>U.V.R.</u>							
First issue - Series D	19-Feb-08	151,577.5	84	UVR + 6.65	19-Feb-15	185,362.2	182,119.0
Second issue - Series U10	24-Feb-10	111,503.0	120	UVR + 5.50	24-Feb-20	<u>124,079.3</u>	<u>121,908.4</u>
						<u>309,441.5</u>	<u>304,027.4</u>
<u>US\$</u>							
International bonds	9-Jul-12	895,370.0	120	TF 5.875%	9-Jul-22	963,415.0	884,115.0
Total subordinated bonds						<u>2,277,706.7</u>	<u>2,167,232.1</u>
<u>Ordinary, not collateralized</u>							
<u>IPC</u>							
Second issue - Series G	5-Aug-08	170,570.0	60	IPC + 6.24	5-Aug-13	0.0	170,570.0
First issue - Series G	5-Feb-09	123,433.0	84	IPC + 5.50	5-Feb-16	123,433.0	123,433.0
First issue Tranche 2 - Series G5	16-Jul-09	215,000.0	60	IPC + 4.79	16-Jul-14	215,000.0	215,000.0
Second issue Tranche 1 - Series C5	12-Feb-10	215,062.0	60	IPC + 3.98	12-Feb-15	215,062.0	215,062.0
Third issue Tranche 2 - Series C5	7-Oct-10	120,150.0	60	IPC + 3.14	7-Oct-15	<u>120,150.0</u>	<u>120,150.0</u>
						<u>673,645.0</u>	<u>844,215.0</u>
Carried forward						<u>2,951,351.7</u>	<u>3,011,447.1</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Issue type</u>	<u>Date</u>	<u>Amount offered</u>	<u>Term (Months)</u>	<u>Yield</u>	<u>Maturity</u>	<u>Book value</u>	
						<u>2013</u>	<u>2012</u>
Brought forward						<u>2,951,351.7</u>	<u>3,011,447.1</u>
<u>IPC</u>							
Third issue Tranche 2 - Series C7	7-Oct-10	196,050.0	84	IPC + 3.63	7-Oct-17	196,050.0	196,050.0
Fourth issue - Series C39	10-Mar-11	86,482.0	39	IPC + 2.80	10-Jun-14	86,482.0	86,482.0
Fourth issue - Series C84	10-Mar-11	76,055.0	84	IPC + 3.88	10-Mar-18	76,055.0	76,055.0
Fourth issue - Series C120	10-Mar-11	193,252.0	120	IPC + 4.19	10-Mar-21	193,252.0	193,252.0
First issue - Second tranche - Series C120	10-Mar-11	90,000.0	48	IPC + 3.60	10-Mar-15	90,000.0	90,000.0
First issue - Second tranche - Series C120	10-Mar-11	159,230.0	90	IPC + 3.99	10-Sep-18	159,230.0	159,230.0
First issue - Second tranche - Series C120	10-Mar-11	160,770.0	126	IPC + 4.23	10-Sep-21	160,770.0	160,770.0
Third issue - 1 tranche Series C	15-Aug-12	230,050.0	180	IPC +4.23%	15-Aug-27	230,050.0	230,050.0
Third issue - 1 tranche Series C	15-Aug-12	174,147.0	120	IPC +4.07%	15-Aug-22	174,147.0	174,147.0
Cuarta Bonos ordinarios IPC - 1er lote Series C	13-Feb-13	214,500.0	120	IPC +3.23%	13-Feb-23	214,500.0	0.0
Cuarta Bonos ordinarios IPC - 1er lote Series C	13-Feb-13	184,521.0	180	IPC +3.47%	13-Feb-28	184,521.0	0.0
Quinta emisión - First tranche - Series C	10-Dec-13	83,935.0	84	IPC+4.29%	10-Dec-20	<u>83,935.0</u>	<u>0.0</u>
						<u>2,522,637.0</u>	<u>2,210,251.0</u>
<u>IBR</u>							
Second issue Tranche 1 - Series B3	12-Feb-10	101,837.0	36	IBR + 1.36	12-Feb-13	0.0	101,837.0
Third issue Tranche 2 - Series B3	7-Oct-10	92,250.0	36	IBR + 1.31	7-Oct-13	0.0	92,250.0
First issue - Series B30	10-Mar-11	244,211.0	30	IBR + 1.35	3-Sep-13	0.0	244,211.0
First issue - Second tranche Series B27	10-Mar-11	90,000.0	27	IBR + 1.68	10-Jun-13	0.0	90,000.0
Quinta emisión - First tranche - Series B	10-Dec-13	315,815.0	24	IBR+2.0%	10-Dec-15	<u>315,815.0</u>	<u>0.0</u>
						<u>315,815.0</u>	<u>528,298.0</u>
<u>Fixed rate</u>							
Second issue Tranche 1 - Series F5	5-Feb-09	121,800.0	60	TF 10.40%	5-Feb-14	121,800.0	121,800.0
Second issue Tranche 2 - Series E3	15-Aug-12	95,803.0	36	TF % 6.5%	15-Aug-15	95,803.0	95,803.0
Fourth issue ordinary bonds fixed rate First tranche, Series F	13-Feb-13	100,979.0	36	TF % 5.14%	16-Feb-13	<u>100,979.0</u>	<u>0.0</u>
						<u>318,582.0</u>	<u>217,603.0</u>
<u>US\$</u>							
		Total ordinary bonds				<u>3,157,034.0</u>	<u>2,956,152.0</u>
<u>Debt bonds</u>	29-Jan-13	889,920.0	60	TF 2.95%	29-Jan-18	<u>963,415.0</u>	<u>0.0</u>
General guarantee under 18 months- Costa Rica						19,045.7	17,443.9
Other, 18 months or more Salvador						231,894.0	224,398.5
Mortgage certificates- Honduras						<u>2,256.2</u>	<u>2,149.1</u>
Total Bonds outstanding						<u>6,651,351.5</u>	<u>5,367,375.7</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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(1) This issue is valued at market, using implied future rates obtained from the zero-coupon rate of the LIBOR dollar swap curve for the terms involved. The present values of the flows was obtained using the same zero-coupon rates for the discount, used to make the dollar valuation of the swap.

The portion of the bonds not covered by the flow hedging from the swaps – that is that which corresponds to the margin agreed over the floating rate - should not be valued on a fair price basis but follow the linear accrual method.

Interest is paid six-monthly in arrears using the LIBOR 6-month rate.

In order to hedge this dollar risk the Bank arranged two peso CCS for \$368,575.5 which enables it to change exposure from LIBOR rates and dollar rates (Note 15)

<u>Bonds by monetary unit</u>	<u>2013</u>	<u>2012</u>
Local currency	\$ 4,806,723.2	3,642,426.2
Foreign currency	1,535,186.9	1,420,922.0
UVR	<u>309,441.5</u>	<u>304,027.4</u>
	\$ <u>6,651,351.5</u>	<u>5,367,375.7</u>
 <u>Bonds by maturity period</u>	 <u>2013</u>	 <u>2012</u>
Under 1 years	\$ 1,863,165.0	698,868.0
1- 5 years	4,467,354.4	3,133,502.2
5 - 10 years	320,832.2	1,086,355.4
Over 10 years	<u>0.0</u>	<u>448,650.0</u>
	\$ <u>6,651,351.5</u>	<u>5,367,375.7</u>

19. Other Liabilities

Other liabilities are:

	<u>2013</u>	<u>2012</u>
Long-term benefits due to employees	\$ 57,981.6	47,565.0
Income received in advance	24,748.9	16,916.3
Other	<u>574,789.1</u>	<u>452,243.5</u>
	\$ <u>657,519.6</u>	<u>516,724.8</u>

The following is the detail of other liabilities:

19.1. Long-term benefits due to employees

The detail of these employment liabilities is as follows:

	<u>2013</u>	<u>2012</u>
Severance accrual	\$ 18,788.0	16,674.9
Interest on severance accruals	1,653.7	1,563.7
Holidays	20,901.1	17,201.1
Other employment benefits	<u>16,638.8</u>	<u>12,125.3</u>
	\$ <u>57,981.6</u>	<u>47,565.0</u>



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

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

Other liabilities at December 31, 2013 and 2012 total \$574,789.1 and \$452,243.5 respectively.

19.2. Income received in advance

The movement of income received in advance at December 31, 2013 and December 31, 2012, is as follows:

	Balance			Balance
	<u>2012</u>	<u>Credits</u>	<u>Charges</u>	<u>2013</u>
Interest	\$ 461.4	30,787.0	30,827.2	421.2
Commissions	15,965.9	88,371.2	80,511.5	23,825.7
Other	<u>488.9</u>	<u>10,388.4</u>	<u>10,375.4</u>	<u>502.0</u>
	\$ <u>16,916.3</u>	<u>129,546.6</u>	<u>121,714.0</u>	<u>24,748.9</u>

19.3. Other

The movement of other liabilities - other at December 31, 2013 and 2012, is as follows:

	Balance			Balance
	<u>2012</u>	<u>Credits</u>	<u>Charges</u>	<u>2013</u>
Deferred credits (1)	\$ 37,466.5	151,715.5	148,325.9	40,856.2
Deferred payment letters of credit	6,654.2	69,598.4	50,183.0	26,069.6
Deferred income tax	214,628.8	123,623.3	15,707.0	322,545.1
Credits pending application	70,566.7	37,896,160.0	37,923,455.2	43,271.5
Clearing overages	335.1	691,690.1	691,956.7	68.5
Cash overages	5,063.3	128,000.0	124,906.9	8,156.3
Cancelled accounts	32,604.5	6,599.8	5,529.7	33,674.6
Losses advised reserve	1,819.8	2,332.1	1,572.5	2,579.4
Losses not advised reserve	803.2	(82.3)	21.2	699.7
Loss deviation reserve	479.9	0.0	(87.5)	567.4
Current risks	11,900.9	3,929.6	2,644.1	13,186.3
Individual life mathematical reserve	5,000.3	640.0	73.7	5,566.5
Other	<u>64,920.5</u>	<u>2,557,835.7</u>	<u>2,545,208.2</u>	<u>77,548.0</u>
	\$ <u>452,243.5</u>	<u>41,632,042.0</u>	<u>41,509,496.4</u>	<u>574,789.1</u>

- (1) Corresponds mainly to amounts pending amortization in restructured loans with balances at December 31, 2013 and 2012 of \$27.797.2 and \$26.080.3 respectively.



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The following deferred income was pending at December 31, 2013 and 2012, by timebands:

		<u>2013</u>	<u>2012</u>
0-1 years	\$	5,818.5	4,230.9
1-5 years		3,083.0	6,898.3
5 - 10 years		2,533.0	0.0
Over 10 years		<u>29,421.8</u>	<u>26,337.3</u>
	\$	<u>40,856.2</u>	<u>37,466.5</u>

20. Accruals and provisions

The following is the detail of accruals and provisions:

		<u>2013</u>	<u>2012</u>
Employment liabilities		<u>13,547.8</u>	<u>6,208.1</u>
Tax:			
Income tax 2012	\$	26,225.2	23,438.2
Other		<u>354.6</u>	<u>66.5</u>
		<u>26,579.8</u>	<u>23,504.7</u>
Other:			
Rate hedging provision		13,159.5	17,533.0
Fines, litigation, indemnities and claims		56,329.3	71,353.0
Redemption of credit/debit card points		13,311.0	14,200.8
Other allowances (under 5%)		<u>50,910.6</u>	<u>48,431.7</u>
		<u>133,710.3</u>	<u>151,518.3</u>
	\$	<u>173,837.9</u>	<u>181,231.1</u>

Bank and Subsidiary filings for 2011 are still open to review by the tax authority DIAN.

The 2012 filings became in form in October 2013 since the Bank complied with requirements for a waiver of official audit under Article 689 of the Tax Code.

21. 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, 2013 and 2012:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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<u>2013</u>		<u>Equity</u>	<u>% Minority interest</u>	<u>Minority interest</u>
Inversiones Financieras Davivienda S.A.	\$	551,479.8	3.88%	21,386.4
Banco Davivienda Honduras S.A.		193,659.0	5.78%	11,201.1
Banco Davivienda Salvadoreño S.A.		560,510.5	1.76%	9,861.3
Seguros Bolívar Honduras S.A.		68,112.5	11.04%	7,519.7
Fiduciaria Davivienda S.A.		123,730.7	5.30%	6,556.3
Davivalores S.A.		17,619.0	21.00%	3,700.0
Corporación Davivienda S.A. Costa Rica		352,713.0	0.04%	152.7
Banco Davivienda Panamá S.A.		233,786.1	0.0007%	<u>1.6</u>
				<u>\$ 60,379.1</u>
<u>2012</u>		<u>Equity</u>	<u>% Minority Interest</u>	<u>Minority interest</u>
Inversiones Financieras Davivienda S.A.	\$	460,527.6	3.88%	17,859.3
Banco Davivienda Honduras S.A.		174,429.1	5.78%	10,088.9
Banco Davivienda Salvadoreño S.A.		470,598.6	1.76%	8,279.5
Seguros Bolívar Honduras S.A.		58,638.7	11.36%	6,660.2
Fiduciaria Davivienda S.A.		103,240.3	5.30%	5,470.5
Davivalores S.A.		16,613.8	21.00%	3,488.9
Corporación Davivienda S.A. Costa Rica		305,978.6	0.08%	245.2
Banco Davivienda Panamá S.A.		199,719.7	0.0007%	<u>1.4</u>
				<u>52,093.7</u>
Preference shares of Corporación Davivienda Costa Rica				<u>44,692.7</u>
				<u>\$ 96,786.4</u>

(*) In Corporación Davivienda (Costa Rica), S.A., as part of the process of sale of treasury shares, in letter CNS-1080/13 of June 7, 2014, the National Council for the Supervision of the Financial System -CONASSIF - authorized the reduction of shares in treasury against total preference capital for ¢12.696.750.000 (US\$25.000.000), equivalent to \$25,275.4.

22. Fines, sanctions and litigation

Cases are detailed as follows:

a. Litigation covered by Fogafin

These are cases against Granbanco S.A. Fiduciaria Cafetera S.A, Bancafé Panamá S.A. and Bancafé International Corporation, 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.

In civil, administrative and special cases covered by the Fogafin guarantee, provisions are made for 15% given the cover afforded by the guarantee for the value of the contingency as classified and only for ordinary and special cases. In labour cases, the provision is 10%.

b. Litigation against the Bank

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

The following is a summary at December 31, 2013 and 2012:



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2013

<u>Type</u>	<u>No. of cases</u>	<u>Amount of Provision</u>	<u>Amount of claims</u>
Litigation covered by the Foigafin guarantee	160	\$ 10,705.7	41,982.6
Bank:			
Fines and sanctions of administrative authorities	23	3,057.1	3,070.9
Labour claims	54	3,198.1	5,770.2
Enforcement proceedings	63	20,930.9	901.8
Civil cases	1105	18,437.5	105,081.0
	<u>1405</u>	<u>\$ 56,329.3</u>	<u>156,806.5</u>

2012

<u>Type</u>	<u>No. Of cases</u>	<u>Amount of provision</u>	<u>Value of claims</u>
Covered by Fogafin			
Guerantee	237	14,261.9	55,193.7
Bank:			
Fines and sanction s of administrative authorities	13	26,950.3	25,434.4
Labour claims	51	1,405.4	3,939.3
Enforcement proceedings	0	12,488.5	0.0
Civil cases	924	16,246.9	89,789.1
	<u>1396</u>	<u>\$ 71,353.0</u>	<u>174,356.5</u>

Cases initiated by the Bank may be:

Criminal

Only if criminal proceedings implicate the Bank as a third party with civil liability. At December 31, 2012 and December 31, 2012 there was one such case, the amount involved is less than \$70.0.

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 allowances 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 \$4,485.0 of the wealth tax that the Bank had paid for 2007. The argument for the rebated was the merger of GRANCBANCO 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, and by June 30, 2012 this amounted to \$6,056.0, giving a total liability of \$10,541.0. This lied to two suits, one for each resolution that had granted the rebate. The two claims were accumulated in n May 2011. Then, DIAN requested the nullity of all the resolutions returning \$4,485 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



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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 \$6,409.2 including the 20% interest of \$1,924.6. 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.

Bank transaction tax, 2005

DIAN issued an assessment on January 19, 2007 in 52 weeks filed in 2005, proposing to change the tax payable. DIAN's argument was that overdraft operations are subject to bank transaction tax. At present, the filing for 25 weeks has been exhausted in ordinary process and the claim is to increase the tax payable by \$2,369.0 and charge a sanction for false declaration of 160%, or \$3,789.0 plus penalty interest which, at June 30, 2012 totalled \$5,815 for a total of \$11,973.

In Resolutions of September, November and December 2008 and then in January, April and May 2009, DIAN decided on the Bank's requests for reconsideration for weeks 31-52, confirming its decisions and exhausting ordinary process.

In January 2009 the review assessments for weeks 37-42, 2005 were challenged and the Cundinamarca Administrative Tribunal issued an unfavourable decision in May 2010. The Bank appealed and the case is before the Council of State for judgment, The Bank presented its final pleadings on March 11, 2011 for the appeal.

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 decision. Annulled part of the acts challenged, confirmed the higher level of tax assessed and annulled the sanction, the next step is an appeal.

Later, in June 2009, the review assessments for weeks 31, 34, 35 and 36 2005 were challenged and the Cundinamarca Administrative Disputes Tribunal found against the Bank. The Bank appealed and on June 20, 2011 filed its final pleadings. Resolution 198592 of November 1, 2012, served in February 2013 decided in favour of DIAN for weeks 31, 34, 35 and 36 of 2005 and order payment of a sanction for false declaration.

Finally, in September 2010 the Bank challenged the assessment for weeks 43, 44, 45, 47, 48, 50, 51 and 52 of 2005. On August 19, 2011 the Administrative Tribunal of Cundinamarca upheld the decision of the lower court, denying the Bank's claims. The next step will be to appeal.

In an appeal decision of July 26, 2012, the Council of State upheld the decision of the Administrative Tribunal of Cundinamarca against the Bank for weeks 2, 3 and 9. On October 31, 2012 the Bank paid additional taxes, and related fines and interest for \$ 405.421,0, already provided for.

The Bank nonetheless sued for protection of fundamental rights because it considered that due process had been violated. On May 10, 2013 the Council of State dismissed the case because it considered that there was no discussion of a constitutional nature in the substance of this case.

The Bank's counsel for cases pending second-instance decision – assessments for weeks 37, 38, 39, 40, 41 and 42 of 2005 – believes from jurisprudence that the decision is very likely to go against the Bank, and a process of conciliation under Law 1607 of December 26, 2012 was started, cancelling 100% of the contingency.

The Bank made an analysis of the alternatives available and on August 12, 2013 elected to enter into conciliation under Article 147 of Law 1607, paying the additional tax assessed of \$1.857,7.



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Then, on November 20, 2013, Council of State decision NI 18386 approved the conciliation signed by the Bank and DIAN, closing the case.

The final benefit is subject to prompt payment of tax liabilities: otherwise it is automatically lost.

b. Fogafin contract of guarantee for contingent

On the occasion of the privatization of Granbanco S.A. on December 12, 2006 a contingencies guarantee contract was signed with Fogafin and came into force on February 16, 2007.

Under the contract Fogafin guaranteed to the Bank that it would pay certain contingent liabilities expressly defined in the document, Cover was 85% - or in exceptional cases, up to 90% - with regard to employment and pension liabilities of Banco Cafetero S.A. in liquidation, as contained in the contract.

The contract provided for the existence of a contingency account formed by provisions made by Granbanco S.A. Bancafe and affiliates on January 31, 2007, totaling \$20,050.0. Any award in judgment or opinion previously guaranteed by Fogafin is to be subtracted from this amount. Once the amount is exhausted, Fogafin is obliged to reimburse the net economic effect to the Bank in the terms of the contract. The existence of the account mentioned with the provisions that existed at that time determines that eventual losses in court cases for amounts guaranteed will not affect the Bank's profit and loss statement

Income tax 2003:

The Bank filed its tax return on April 12, 2004 claiming a credit balance of \$7,004.8. The tax authority DIAN rebated this amount.

Subsequently, the Bank corrected the income statement which increased the credit balance to \$10,051.3, claiming the rebate for the difference, \$3,046.4.

DIAN considered that this was out of order and assessed a higher liability, of \$2,638.8. It also imposed a fine for "falsification", of 160% of that amount, that is, \$4,222.0, giving a total of \$6,860.8.

Thus, the balance claimed by the Bank for \$10,051.3 was reduced to \$3,190.5 after subtracting the higher liability and the fine.

Since DIAN had initially rebated \$7,004.8 to the Bank, and which according to them, the credit balance was \$3,190.5 after applying the higher tax and the fine, DIAN claimed the return of \$3,814.3 plus interest.

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 2, 2013 the Council of State confirmed the decision, finding for DIAN.

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 \$3,046. and the Council of State found against the Bank in decision 18849 of June 29, 2012.

The Bank sued for nullity and restoration of the law against the decision imposing a fine of \$3,814.3 for improper claims for a rebate. In April 2012, the Administrative Tribunal of Cundinamarca found against the Bank and on June 29, 2012 the Bank filed and sustained an appeal to the Council of State, now awaiting admission.

With the Council of State's decision of March 12, 2012 in favour of DIAN in the case for a reduction of a credit balance, the contingency in this case for improper rebate claims of \$3,184.3 is high and the Bank decided to conciliate under Law 1607 of December 26, 2012.



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On August 9, 2013 the Bank filed its application for conciliation at the Conciliation and Judicial Defence Committee of DIAN. Although the application met all the requirements of Art. 147 of Law 1607/2012, the 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 possible contingency is high and a provision has been made for \$14,282.0

At December 31, 2013 and 2012 cases covered by Fogafin number 160 and 237, with provisions of \$41,982.2 and \$14,261.9 and claims of \$49,364.9 and \$55,193.7, respectively.

In the light of the foregoing, the Bank structured several book accounts that reflect not only the reality of its contingent liabilities guaranteed by the Fogafin contract but also include matters not guaranteed by Fogafin that therefore to be borne in full by the Bank.

c. Major-impact contingent liabilities

Cases related directly 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 \$382.0, 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 \$2,075.9. 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 Escorcía 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 \$3,500.0 is considered remote, given the favourable results of the appeal.
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 \$5,000, 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, Bogotá, 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.



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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 \$5,000. 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 \$1,000.
3. Asociación Comité Nacional de Usuarios Upac – Uvr, a non-profit organization, joined in a class action with others against the Bank, claiming irregular reliquidation 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.. 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. Mrs Clara Cecilia Murcia and others entered a class action in Administrative Court 5, Bogota 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 decision of the Bank's appeal against the order denying its preliminary exceptions. The contingency has been described 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, Bogota 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.



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Cases linked to charges for financial services.

1. Olga Irene Vega-Correa entered a class action against the Bank and other financial institutions on the grounds that they charge fees that are unconstitutional, illegal, unfair and exorbitant for the financial services they provide. The process is pending before the Administrative Court of Tolima, where evidence is being collected. The amounts claimed are cannot be determined. The contingency has been classed as remote as in similar cases the claims of the plaintiffs have been denied.
2. 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.
3. 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.

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 \$2,698.7 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,. The matter is currently pending the lower court's decision. The Bank was implicated as a defendant because it has granted mortgages to buy those homes. The contingency is classed as remote.
- 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. The Bank contested the claims on November 11, 2010. 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 Groupit. 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 \$9,000. 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



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remaining reported for a term longer than the legally permitted. The claims were contested on June 9, 2009, but because of a challenge by one of the defendants, the suit was admitted again, and the Bank was served on December 13, 2010, and contested on January 7, 2011. The preliminary exceptions raised, are pending decision. The amount in dispute is not determined. The contingency is classed as remote.

An analysis of the cases involving Bank subsidiaries, we do not consider that any of them represent the risk of significant loss.

Fiduciaria Davivienda S.A.

Fiduciaria Cafetera S.A., now Fiduciaria Davivienda 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.

Among them, and in line with the interest in Fidufosyga and Fisalud, there are 12 suits for more than \$1.000 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 classed 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, Fiduagraría, Fidubogotá, Fiducaf   (9.86%), Fidupopular, Fiducoldex and Fiduoccidente.

Value of claims: \$2,120 plus ordinary interest, material damages and costs-

If it loses, Fiducaf   would be liable for approx 9.86% of \$208.

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: \$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, Fiduagrar  a, Fidubogot  , 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 \$3,053,728,711.

If it loses, Fiducaf   would be liable for 9.86% of \$301,097,651.

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,

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

Type: Direct Reparation

Plaintiff: EPS Sanitas S.A.



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Defendants: The Nation – Ministry of Social Protection and Consorcio Fidufosyga 2005, whose members are Fiducolombia, Fiduprevisora, Fiduagraria, Fidubogotá, Fiducafé (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 \$1,260

If it loses, Fiducafé would be liable for 9.86% of \$124,031,732.75.

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, Fiducafé (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 \$1,183.

If it loses, Fiducafé would be liable for 9.86% of \$116,594,551.

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 Anónima, 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:

Under the contract signed with HSBC, some cases are classed as “*Excluded Litigation*”, and if lost HSBC will take on the contingency

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: USD 159.810.071,39.

Current status: (Case n° 0801-2009-03409-co, Civil Court Francisco Morazán). Pending decision under appeal.

Amount of provision : none required. The Bank denied participation in the trust or that it would return funds received in part-payment of a loan related to a trust with HSBC, Lafise y bcie. HSBC auctioned the asset that secured the loan, for lack of payment.

El Salvador:

1. Type of case: Civil claim for damages.

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



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Defendant Banco HSBC salvadoreño, s.a.

Amount claimed: USD 22.727.764,32

Current status: (Ref34-sm-09, Commercial Court 5°). The revocation request was refused and the date set for the expert report was December 5, 2012.

Amount of provision : none, Classed remote

2. Type of case: Civil claim for damages
Plaintiff: Soc. Ing. José Antonio Salaverria y CO
Defendant: Banco HSBC salvadoreño, s.a.
Amount claimed: USD 22.727.764,32.
Current status: (ref: 35-sm-09 Commercial Court 1°) *"unproposability (sic)* declared out of order. The plaintiff's claim of nullity was heard. Our attorneys lodged a request for revocation on December 4.
Amount of provision : none. Considered remote.
3. Type of case: Civil, moral damages
Plaintiff: José Antonio Salaverria
Defendant: Banco HSBC Salvadoreño, s.a.
Amount of claims: USD 45.455.528,64
Current status: (Ref 65-o-09, Civil Court 2°) Cassation not admitted. Case expected to be sent back to the first instance and filed o.
Amount of provision : none. Considered remote.

Aside from these cases and based on the probability assessed, the subsidiaries reported the following cases at December 31, 2012:

Honduras:

1. Type of case: Order of precedence of credits.
Plaintiff: César Augusto García Velásquez (Cordica)
Defendant: Banco HSBC now Davivienda
Amount claimed: USD 236.393,54
Current status: The appeal court denied our claim for reconvention. When this decision becomes in firm. We will summon the co-defendant Osorio Aguiriano in San Pedro Sula, to contest the claims for third-party liability
Amount of provision : USD 4.718.060,48
2. Type of case: Tax assessment
Plaintiff: Banco HSBC now Banco Davivienda
Defendant: La Dei.
Amount claimed: USD 901.582,16
Current status: The authority issued 3 resolutions to reassess taxes for the Bank's filings of 2001, 2002, and 2003, and an official re-assessment and , in 2003 for dividend tax, Ref. Nos. dei-6696-rs-l-2006; dei-6697-rs-l-2006; dei-6698-rs-l-2006; and dei-6699-rs-l-2006 all dated 27mar07 and served on 28mar07. The Bank requested revocation in order to cancel the assessments. An appeal was then lodged to cancel the assessments and leave the other amounts claimed by DEI invalid . The matter is before the Finance Ministry.
Amount of provision : USD 7.790.692,33.

El Salvador:

Type of case: Commercial

Plaintiff: Fonavipo

Defendants: sociedad internacional de seguros, s.a. now HSBC seguros, s.a. Amount claimed: USD 822.817,01

Current status central files.

Amount of provision : none. Considered possible



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Costa Rica:

Type of case: Tax.

Plaintiff: Major Taxpayers Office of the tax authority.

Defendants: Banco HSBC Costa Rica now Banco Davivienda.

Amount claimed: USD 15.383.446,83

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 determination of the tax. The Bank proposed nullity and revocation on 12/11/07.

Amount of provision : USD 6.600.000.00

Corredores Asociados S.A.

On August 9, 2013 there was a partly-favourable decision on appeal against the Bogotá City administration regarding Turnover Tax filings for 2006, stating that the only sanction will be for the change of the tariff used for dividends, of USD 1,535.7 plus interest.

During 2013 there was conciliation and early termination of process by mutual agreement between the Company and DIAN for administrative cases related to some filings of bank transaction tax. The amount paid was \$2.506.8.

Cases with asset contingencies in which the Bank is plaintiff

The Bank is plaintiff in a number of cases in defence of its rights. The most important of them in terms of amount are:

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 \$13.095.0 and \$9.728.0 payment of Wealth Tax not due and Bank Transaction Tax (GMF) not due paid in 2007.

The Bank received the DIAN decisions to rebate \$4,485.0 of wealth tax on July 23, 2008 and on December 18, 2008 DIAN Resolution No. 6081795 decided that a GMF rebate of \$263.6 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 \$8,610.0, and thus exhausted ordinary process. The Bank proceeded to present the claims:

- Action for nullity and restoration of law (2009-210) to annual Resolutions 608-0887/2008 and 001007/ 2009 (reconsideration) in which DIAN denied the rebate \$4.305.0 from \$6.547.0 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 of State. (reconsideration). DIAN denied the rebate of \$4.305.0 from \$6.547.0 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.



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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 \$5,531. The case is before Civil Court 6, Bogota where it is in the evidence-gathering stage.

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 \$67,785.0 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 filed for protection of fundamental rights on December 14, this application was denied on April 24, 2013, it being found that the action for protection of rights was out of order for Davivienda S.A. The matter is now under review in the Constitutional Court.

23. Capital

At December 31, 2013 authorized capital of the Bank was represented by 520,000,000 shares of par value \$140 each.

The Bank's capital at December 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Authorized	72,800.0	60,000.0
Subscribed and paid	62,190.0	55,526.8

At an Extraordinary General Meeting on June 19, 2013 the Bank's Articles were amended to increase authorized capital to \$72,800.0 and change the par value of the share from \$125 to \$140 (pesos) represented in 520 million ordinary and preference shares. Details of capital at December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Ordinary shares paid	343,676,929.0	343,676,929.0
Preference shares paid	<u>100,537,305.0</u>	<u>100,537,305.0</u>
Shares outstanding	<u>444,214,234.0</u>	<u>444,214,234.0</u>
Weighted average of subscribed shares	444,214,234.0	444,155,669.0
Intrinsic value of reappraisals (in pesos)	13,500.8	12,192.8
Net profit per share (in pesos)	\$ <u>1,642.6</u>	<u>1,601.2</u>

Capital generated by the equity surplus up to January 31, 2006 was \$252.185.2.

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.



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All Bank shares are dematerialized: there are no physical securities and ownership is recorded by Deceval.

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, \$80.65, 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.

24. Reserves

The detail of reserves is as follows:

	<u>2013</u>	<u>2012</u>
<u>Legal (mandatory) reserve</u>		
Appropriation of profits	\$ 547,922.7	136,210.4
Ordinary share premium	2,260,392.6	1,122,340.6
Preference share premium	<u>1,124,620.3</u>	<u>1,124,620.3</u>
	<u>3,932,935.6</u>	<u>2,381,171.4</u>
<u>Statutory and voluntary reserves</u>		
At the disposal of the Board	0.0	41,950.7
For charities and at the disposal of the Board	5,972.3	2,776.7
Other	426,217.9	1,903,664.9
For tax regulations	<u>55,669.5</u>	<u>32,086.6</u>
	<u>487,857.6</u>	<u>1,980,479.0</u>
	\$ <u>4,420,793.2</u>	<u>4,361,650.4</u>

At December 31, 2013 and 2012 donations were made for \$7,104.4 and 10,266.9 respectively, charged to voluntary reserves authorized by the Shareholders' Meeting.

The General Meeting of March 8 approved the payment of a dividend of \$280 per share for the second half of 2012 for a total of \$124,379.9. The Extraordinary General Meeting of June 1, 2013 approved the release of taxed reserve at the disposal of the Shareholders for \$169,118.6 to increase the legal reserve

At an Extraordinary Meeting of June 19, 2013 it was approved that reserves, untaxed if capitalized, for \$1,146,961.1 should be released to pay a dividend in shares for \$2,582.0 (pesos per share) increasing the par value of the share by \$15, and the difference of \$2,567 to be the share premium.

The Extraordinary Meeting of September 23, 2013, on the occasion of the accounting period from half-yearly to yearly approved the release of untaxed reserves at the disposal of the shareholders for future distributions for \$124,379.9 to pay cash dividends at September 30 at \$280 (pesos per share)

25. Profit for the period

After its reform of Articles, as approved by the Extraordinary General Meeting of June 19, 2013, change the closing of the books from half-yearly to yearly and therefore the profit presented in the earnings statement of 2012 differs from that in the accounts at December 31, because it is now accumulated for twelve months:

Profit January – June 2012	USD	\$374,021.6
Profit July – December 2012		<u>321,844.2</u>
Total 2012	USD	<u>\$695,865.8</u>



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26. Contingent Accounts

The following is a detail of contingent accounts:

	<u>2013</u>	<u>2012</u>
<u>Creditor</u>		
Avals	\$ 197,769.6	202,844.6
Securities taken in repos and simultaneous operations	339,618.4	121,248.8
Bank guarantees	2,682,930.6	2,646,523.0
Letters of credit	323,674.3	273,840.6
Loans approved pending disbursement	6,737,918.7	5,766,296.5
Credit cards opened	9,746,314.7	9,191,709.3
Obligations under repos and simultaneous operations	502,217.1	214,339.5
Litigation (note 21)	188,509.5	195,495.2
Total sums insured	14,026,907.7	12,265,978.3
Other (under 5%)	<u>330,908.9</u>	<u>95,731.9</u>
	\$ <u>35,076,769.5</u>	<u>30,974,007.7</u>
	<u>2013</u>	<u>2012</u>
<u>Debtor</u>		
Securities delivered under repos and simultaneous operations	837,427.0	8.9
Loan interest	109,638.3	416,667.5
Rights under options	852,273.2	329,747.9
Leasing payments	171,904.1	155,064.5
Litigation	10,414.9	76,091.2
Securities C securitization II	0.0	10,215.4
Residual value securitization	0.0	92,898.7
Securities	1,520,774.7	2,093,791.5
Other (under 5%)	<u>39,091.2</u>	<u>57,842.0</u>
	\$ <u>3,541,523.4</u>	<u>3,232,318.6</u>

27. Memorandum Accounts

A detail of Memorandum Accounts is as follows:

<u>Debtor:</u>	<u>2013</u>	<u>2012</u>
Assets and securities delivered in custody	\$ 5,951,315.0	4,981,271.4
Assets and securities delivered in guarantee	4,067,703.2	2,808,299.4
Valuation gains. Foreclosed assets- real property	17,439.9	14,600.5
Valuation gains, foreclosed assets – movable assets	6,478.8	6,580.0
Remittances and other outward collections	9,812.6	10,407.9
Assets written off	3,098,119.7	2,643,655.1
Asset inflation adjustments	58,495.5	59,186.1
Distribution of subscribed and paid capital	62,190.0	55,526.8
Loans to shareholders and related parties	35,981.3	69,293.9
Loans to parents, subsidiaries and affiliates	200,000.0	200,000.0
New agricultural loans	1,075,835.6	887,380.5
Fully depreciated property and equipment	140,985.6	147,295.6
Fiscal value of non-monetary assets	38,406,224.9	34,709,020.3
Trading investments in debt securities	2,405,824.2	3,527,345.8
Investments held to maturity	1,102,601.2	408,020.9



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Investments available for sale – debt securities	1,280,833.4	737,358.1
Reciprocal operations with parents and subsidiaries	1,737,113.2	1,333,152.4
Reciprocal operations affecting costs and expenses with parent	42,524.5	24,567.8
Capital, interest and insurance, securitization portfolio	1,548,297.3	2,055,044.7
Capital, interest, and other items, loans written off sold (universalities)	0.0	79,479.5
Assets, expenses and contingencies, universalities	23,352.3	251,425.8
Interest, UVR and guarantees written off	1,104,622.1	943,396.1
Taxable base, IVA purchases	0.0	2,640.1
Litigation, special cases	67,508.8	80,083.7
Linear accrual of syndicated loan and bonds	3,924.4	3,589.5
Indirect depositors DCV	2,074,356.2	2,209,338.6
Value allocated to trust assets	18,627.1	9,394.0
Capitalization of equity surplus	4,284.9	0.0
Assets managed: unit funds and APTS	1,886,971.9	0.0
Other (under 5%)	<u>3,891,768.1</u>	<u>2,327,556.7</u>
	\$ <u>70,323,191.7</u>	<u>60,584,911.0</u>

Creditor:

	<u>2013</u>	<u>2012</u>
Assets and securities received in custody	\$ 600,068.1	500,802.1
Assets and securities received in guarantee	46,537,902.6	36,718,684.4
Assets and securities received as other guarantees	3,187,051.0	2,973,204.2
Recovery of loans written off	145,059.2	65,557.7
Equity inflation adjustment	270,035.3	270,035.3
Capitalization of equity surplus	270,035.3	270,035.3
Yields of fixed rate trading investments	182,057.3	347,044.2
Fiscal value of equity	4,642,359.1	4,316,723.4
Capital, interest and other items - commercial loans	3,733,372.6	2,497,363.4
Capital, interest and other items - commercial loans – secured	3,041,633.8	2,245,121.9
Capital, interest and other items - commercial loans - unsecured	17,741,708.6	15,256,231.0
Capital, interest and other items - consumer loans	1,466,172.1	1,424,150.2
Capital, interest and other items - consumer loans - unsecured	9,900,155.3	9,157,117.9
Capital, interest and other items - micro loans	75,822.4	89,907.9
Capital, interest and other items - home mortgage loans	5,534,960.3	4,127,584.2
Capital - home mortgage loans – unsecured	573.4	11,090.1
Capital of leasing contracts – commercial	3.1	3,706.6
Reciprocal liability operations with parents and subsidiaries	82,730.2	68,488.5
Reciprocal operations affecting equity with parent	131,178.6	109,328.6
Reciprocal operations affecting income with parent	126,792.4	44,553.1
Collateral, universality liabilities and income	22,954.8	220,199.9
Collateral, securitized loans	5,164,944.7	6,501,961.3
Subordinated bonds	318,397.1	292,782.4
Computable capital - October 2010	5,186,814.8	6,446,075.6
Computable capital - November 2010	5,207,171.8	6,437,976.8
Base for self-withholdings Decree 700 - Investments	2,012,170.9	1,333,782.3
Managed asset control Fidudavivienda	4,884,704.3	4,774,853.6
Other (under 5%)	<u>4,113,212.4</u>	<u>3,169,204.5</u>
	\$ <u>124,580,041.5</u>	<u>109,673,566.4</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

28. Trust Accounts

The following is the detail:

	<u>2013</u>	<u>2012</u>
Real estate trusts	\$ 1,653,031.9	1,451,993.1
Management trusts	13,293,427.1	11,656,364.6
Pension trusts	259,349.8	443,223.0
Unit funds	1,896,219.6	1,849,333.2
Voluntary pension funds	863,061.5	854,893.3
Consortia	7,005,851.4	5,220,162.6
Trusts in guarantee	1,674,699.0	1,227,539.0
Securities under management	1,500,726.2	2,071,671.6
Universalities	<u>10,651.9</u>	<u>38,075.2</u>
	\$ <u>28,157,018.4</u>	<u>24,813,255.4</u>

29. Operating and administration expenses

The detail is the following:

	<u>2013</u>	<u>2012</u>
Fees	\$ 139,759.6	127,451.3
Contributions and affiliations	63,341.0	54,644.0
Maintenance and repairs	54,238.0	38,055.7
Office remodelling and modifications	17,903.4	17,705.6
Cleaning and security	45,786.4	37,409.8
Advertising	101,613.3	94,012.0
Public services	82,633.5	71,945.4
Stationery	18,409.5	22,644.1
Insurance	72,184.9	67,878.0
Rentals	82,489.9	71,751.0
Electronic data processing	66,912.3	59,349.7
Transport	56,820.2	57,750.1
Loss on sale of leasing assets	0.0	0.0
Commissions	170,241.3	119,787.7
Amortizations	41,003.2	38,406.5
Depreciation	57,212.2	72,065.8
Depreciation of leasing assets	471.3	2,640.5
Amortization of goodwill	65,273.3	139,539.6
Taxes	157,761.0	147,031.5
Deposit insurance	77,682.7	66,768.1
Other (under 5%)	<u>211,189.4</u>	<u>105,046.2</u>
	\$ <u>1,582,926.4</u>	<u>1,411,882.5</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

30. Other Operating Income and Expense, net

	<u>2013</u>	<u>2012</u>
Exchange	\$ 76,002.7	1,070.7
(Loss) net profit on derivatives	(47,192.0)	43,916.3
Net profit on sale of investments	37,911.4	61,420.1
Valuation of subordinated bonds	94,646.0	124,232.8
Valuation of swaps	14,114.1	(31,072.2)
Re-expression of IFC bonds	(121,029.0)	(95,062.2)
Other (Repos, simultaneous and spot, investments)	<u>(12,258.8)</u>	<u>14,841.8</u>
	\$ <u>42,194.3</u>	<u>119,347.4</u>

31. Net non-operating income and expenses

The following is the detail of net non-operating income and expenses:

	<u>2013</u>	<u>2012</u>
Profit on sale of foreclosed assets	\$ 6,943.0	4,710.8
Profit on sale of property and equipment	2,885.8	8,717.3
Profit on sale of leasing assets	2,288.4	239.4
Rent	2,426.1	2,554.6
Recovery of allowance against other assets	780.2	6,397.6
Recovery of allowance against property and equipment	1,897.0	3,346.0
Recovery of accruals and deductions of previous years	17,975.8	10,877.3
Recovery of other allowances	46,343.9	11,137.5
Insurance indemnities received	5,620.0	34,000.0
Sundry	40,339.1	103,417.5
Other recoveries	<u>19,744.6</u>	<u>15,758.7</u>
	\$ <u>147,243.9</u>	<u>201,156.7</u>
Loss on sale of foreclosed assets	(1,693.2)	(4,303.5)
Loss on sale of property and equipment	(394.6)	(763.4)
SARO losses	(29,499.7)	(29,414.6)
Fines, sanctions, litigation	(14,601.3)	(48,233.3)
Expenses of foreclosed assets and restored assets	(10,742.2)	(22,929.9)
Accounts condoned	(17,074.4)	(4,223.1)
Return of housing relief	(560.5)	(14,011.4)
Other	<u>(21,130.7)</u>	<u>(20,367.8)</u>
	<u>(95,696.6)</u>	<u>(144,246.8)</u>
Net	\$ <u>51,547.3</u>	<u>56,909.8</u>

32. Income tax and 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.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The income tax expense of the Bank and Subsidiaries and the Equality Tax CREE for domestic subsidiaries at December 31, 2013 and 2012 is as follows:

		<u>2013</u>	<u>2012</u>
Banco Davivienda S.A.	\$	186,339.4	199,820.7
Grupo del Istmo Costa Rica S.A.		7,187.3	3,505.8
Inversiones Financiera Davivienda S.A.		19,572.0	4,339.5
Banco Davivienda Honduras S.A.		4,794.0	4,085.0
Seguros Bolívar Honduras S.A.		834.8	900.6
Banco Davivienda Panamá		3,585.8	2,701.4
Fiduciaria Davivienda S.A.		10,629.3	10,369.6
Davivalores S.A.		<u>131.5</u>	<u>691.1</u>
	\$	<u>233,074.0</u>	<u>226,413.7</u>

33. Transactions with related parties

The following are counted as related parties:

- Sociedades Bolívar S.A. subsidiaries and affiliates.
- Shareholders 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., Corredolres 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 6.
- 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 shareholders holding 5% or more but less than 10% of the Bank's capital (Investments Cusezar S.A. and Investments Meggido S.A.).

The Bank 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 Davivalores S.A., Fiduciaria Davivienda 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.

Note that the above operations with affiliates and subsidiaries are eliminated upon consolidation.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

All operations are undertaken at market prices; Deposit rates are between 0.0% and 6.70% and placement rates are between 0.01% and 31.21% 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 2013 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.

At the close of December 31, 2013 there were loans totalling \$272.178.6 with a shareholder holding less than 10% but more than 5% of the Bank's computable capital. At December 31, 2012 these loans totalled \$272.824.3, representing 5% of computable capital:

Description	2013	2012
Balance of indebtedness	\$ 272.178.6	272.824.3
Computable capital limit (5%)	5.23%	4.25%

The Bank is required to make and maintain certain mandatory investments in Fondo para el Financiamiento del Sector Agropecuario –FINAGRO issues. The following are the Títulos de Desarrollo Agropecuario (TDA) held with 13% participation:

Assets – investments	2013	2012
Trading debt securities	\$ 9.859,4	\$ 148.018,7
Held to maturity securities	\$ 572.942,5	\$ 72.831,9
Available for sale	\$ 0,0	\$ 2.957,1
Total Assets	\$ 582.801,9	\$ 223.807,7

There were rediscount operations with Finagro as follows

Rediscounts	2013	2012
Small collateral rediscounts	\$ 208.839.3	\$ 258.031.8
Interest payable	\$ 2.105.8	\$ 3.520.1
Interest expense	\$ 10.350.4	\$ 12.721.5

The most important balances at December 31, 2013 and 2012 are:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

33.1. Operations with related parties

2013

	Shareholders =>10%	Companies holding =>10% and subsidiaries	Other Grupo Bolivar companies	Grupo Bolívar Management	Other shareholdsrs <10% e =>5%	Total			
	(1)								
Assets	0.0	1,946.9	237,152.1	37,291.6	0.0	276,390.6			
Investments	0.0	0.0	10,001.3	0.0	0.0	10,001.3			
Loans and financial leasing	0.0	1,912.7	208,124.9	36,871.0	(3)	246,908.6			
Accounts receivable	0.0	3.3	983.7	420.6	0.0	1,407.6			
Other assets	0.0	30.9	18,042.2	0.0	0.0	18,073.1			
Liabilities	145.5	273,164.0	491,522.7	74,932.1	7.9	839,772.2			
Deposits and demand accounts	145.5	(2)	249,657.3	483,849.1	52,956.7	(4)	7.9	(5)	786,616.5
Accounts payable	0.0	22,506.7	3,508.7	21,834.4	0.0	47,849.8			
Bonds	0.0	1,000.0	4,156.8	141.0	0.0	5,297.8			
Other liabilities	0.0	0.0	8.1	0.0	0.0	8.1			
Income	0.0	123,462.9	103,543.0	2,802.1	0.3	229,808.3			
Operating	0.0	123,343.1	102,277.2	2,768.4	0.3	228,389.0			
Non- operating	0.0	119.8	1,265.8	33.7	0.0	1,419.3			
Expenses	327.6	75,676.7	51,581.5	1,963.9	450.9	130,000.6			
Operating	327.6	73,809.2	51,535.0	1,828.1	450.9	127,950.8			
Non operating	0.0	1,867.5	46.5	135.8	0.0	2,049.8			

- (1) Legal Representatives and Directors of Grupo Bolivar 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 shareholders 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% and 4.6% for Grupo Bolivar management
- (5) Savings account at 3.7% interest for shareholders holding less than 10% and 5% or more of the Bank's capital



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The following are operations with Legal Entities in which the Bank has an interest of more than 10%

2013

	Finagro	Redeban Red Multicolor S.A.	Titularizadora Colombia S.A.	Other related parties	Other	TOTAL
	(8)					
Assets	0.0	1,011.6	296.1	608.3	30.9	1,946.9
Loans	0.0	1,009.9 (4)	294.5	608.3	0.0	1,912.7
Receivables	0.0	1.7	1.6	0.0	0.0	3.3
Other assets	0.0	0.0	0.0	0.0	30.9	30.9
Liabilities	219,637.9	22,249.2	10,677.7	3,381.1	17,218.1	273,164.0
Deposit, demand accounts (1)	219,637.9	0.0	10,672.5	3,381.1	15,965.8	249,657.3
Accounts payable	0.0	22,249.2 (5)	5.2	0.0	252.3	22,506.7
Bonds	0.0	0.0	0.0	0.0	1,000.0	1,000.0
Income	6,643.0	71,912.7	39,613.9	42.4	5,250.9	123,462.9
Operating	6,643.0 (2)	71,912.7 (6)	39,613.9 (7)	42.4	5,131.1	123,343.1
Non-operating	0.0	0.0	0.0	0.0	119.8	119.8
Expenses	4,183.2	56,815.2	2,250.5	6,224.7	6,203.1	75,676.7
Operating	4,183.2 (3)	56,815.2 (6)	427.0	6,224.7	6,159.1	73,809.2
Non-operating	0.0	0.0	1,823.5 (7)	0.0	44.0	1,867.5

(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
Notes to the Consolidated Financial Statements

The following are operations with other Grupo Bolivar companies

	Capitalizadora Bolívar S.A.	Seguridad Cia Adm	Leasing Bolívar S.A.	Compañía de Seguros	Seguros Comerciales	Sociedades Bolívar S.A.	Promociones y Cobranzas	Otros Vinculados	Otras	TOTAL
								(13.0)		
Assets	3.3	0.0	10,004.6	803.0	17,238.6	201,066.6	104.5	20.9	7,910.6	237,152.1
Investments	0.0	0.0	10,001.3 (4)	0.0	0.0	0.0	0.0	0.0	0.0	10,001.3
Loans	3.3	0.0	3.3	196.5	47.2	200,000.0 (10)	0.0	0.0	7,874.6	208,124.9
Accounts receivable	0.0	0.0	0.0	10.2	103.6	708.5	104.5	20.9	36.0	983.7
Other assets	0.0	0.0	0.0	596.3 (5)	17,087.8 (5)	358.1	0.0	0.0	0.0	18,042.2
Liabilities	11,752.0	6,692.5	11,093.3	10,608.8	3,569.2	22,138.5	7,679.8	383,258.2	34,730.4	491,522.7
Deposits and demand accounts (1)	11,752.0	2,504.7	11,093.3	8,806.8	2,646.7	22,138.5	7,344.0	383,250.0	34,313.1	483,849.1
Accounts payable	0.0	31.0	0.0	1,802.0 (6)	914.4 (6)	0.0	335.8	8.2	417.3	3,508.7
Bonds	0.0	4,156.8 (3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,156.8
Other liabilities	0.0	0.0	0.0	0.0	8.1	0.0	0.0	0.0	0.0	8.1
Income	3,992.8	1.7	1,432.1	59,532.3	17,900.8	16,625.2	160.1	663.0	3,235.0	103,543.0
Operating	3,990.3 (2)	1.7	788.3	59,488.1 (7)	17,589.4 (7)	16,621.3 (11)	26.7	663.0	3,108.4	102,277.2
Non-operating	2.5	0.0	643.8	44.2	311.4	3.9	133.4	0.0	126.6	1,265.8
Expenses	0.0	346.2	166.2	19,463.0	20,406.1	1,065.6	3,376.8	377.9	6,379.7	51,581.5
Operating	0.0	346.2	166.2	19,463.0 (8)	20,361.5 (9)	1,065.6	3,374.9 (12)	377.9	6,379.7	51,535.0
Non-operating	0.0	0.0	0.0	0.0	44.6	0.0	1.9	0.0	0.0	46.5

- (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+0.6.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 Bolivar companies



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Operations with related parties

2012

	Shareholders=> 10%	Companies with =>10% and subsidiaries	Other Grupo Bolivar companies	Management of Grupo Bolívar	Other shareholders <10% e =>5%	Total
	(1)					
Assets	57,642.0	5,541.2	318,613.2	25,473.7	0.0	407,270.1
Cash and Banks	57,575.5	1,770.2	44,711.0	0.0	0.0	104,056.7
Investments	0.0	0.0	13,548.0	0.0	0.0	13,548.0
Loans and financial leasing	66.5	3,723.8	243,048.0	25,189.0	(2) 0.0	272,027.3
Accounts receivable	0.0	16.3	1,603.7	278.1	0.0	1,898.1
Other assets	0.0	30.9	15,702.5	6.6	0.0	15,740.0
Liabilities	70,378.2	352,725.2	222,202.2	54,960.5	21,760.7	722,026.8
Deposits and demand accounts	64,186.6	59,890.7	193,084.4	17,638.5	(3) 21,760.7	(4) 356,560.9
Bank borrowings and other financial debt	6,191.0	258,031.8	17,682.3	37,132.8	0.0	319,037.9
Accounts payable	0.6	32,802.7	7,150.0	129.2	0.0	40,082.5
Bonds	0.0	2,000.0	4,284.0	60.0	0.0	6,344.0
Other liabilities	0.0	0.0	1.5	0.0	0.0	1.5
Income	302.8	129,625.8	108,630.7	2,724.7	0.1	241,284.1
Operating	26.1	129,454.1	104,403.5	2,703.9	0.1	236,587.7
Non-operating	276.7	171.7	4,227.2	20.8	0.0	4,696.4
Expenses	660.6	86,787.5	66,353.3	1,917.3	407.5	156,126.2
Operating	660.6	84,599.7	66,051.8	1,624.5	407.5	153,344.1
Non operating	0.0	2,187.8	301.5	292.8	0.0	2,782.1

(1) Legal representatives, directors of Grupo Bolivar companies, Bank branch managers and deputy managers and Bank management companies.

(2) Includes housing loans to management with employment benefits at UVR or UVR+2% approved by the Board for 15 years with collateral and consumer loans at market rates b 31.22%.

(3) Checking accounts at 0% and savings accounts at 0.1%; TDs at 4.35% - 6.15% of Grupo Bolívar Management.

(4) Savings accounts at 5.5% of shareholders holding less than 10% and 5% or more of the Bank's capital



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following are operations with companies in which the Bank holds 10% or more.

2012

	Redeban Red Multicolor S.A.		Finagro		Titularizadora Colombia S.A.		Deceval S.A.		A.C.H. Colombia S.A.		Other related parties		Other		TOTAL		
	(8)																
Assets	1,889.3		0.0		104.5		30.9		0.1		3,516.5		0.0		5,541.2		
Cash and banks	0.0		0.0		0.0		0.0		0.0		1,770.2		0.0		1,770.2		
Loans and financial leasing	1,885.1	(2)	0.0		104.3		0.0		0.0		1,734.5		0.0		3,723.8		
Accounts receivable	4.2		0.0		0.2		0.0		0.1		11.8		0.0		16.3		
Other assets	0.0		0.0		0.0		30.9		0.0		0.0		0.0		30.9		
Liabilities	29,108.2		312,223.4		6,531.3		2,174.4		15.4		2,548.7		123.8		352,725.2		
Deposits and demand accounts (1)	0.0		50,671.5		6,531.3		0.0		15.4		2,548.7		123.8		59,890.7		
Bank borrowings and other financial debt	0.0		258,031.8		(4)	0.0		0.0		0.0		0.0		0.0		258,031.8	
Accounts payable	29,108.2	(3)	3,520.1		(4)	0.0		174.4		0.0		0.0		0.0		32,802.7	
Bonds	0.0		0.0		0.0		2,000.0		0.0		0.0		0.0		2,000.0		
Income	63,748.7		5,637.1		46,010.7		3,037.0		11,063.5		126.8		2.0		129,625.8		
Operating	63,748.7	(3)	5,637.1		46,010.7		(5)	3,037.0	10,891.8	(7)	126.8	2.0		129,454.1			
Non-operating	0.0		0.0		0.0		0.0		171.7		0.0		0.0		171.7		
Expenses	51,885.1		14,554.6		2,187.1		2,160.7		10,405.6		5,575.1		19.4		86,787.5		
Operating	51,885.1	(3)	14,398.2		(4)	246.1		2,160.7	(6)	10,315.1	(7)	5,575.1	19.4		84,599.7		
Non-operating	0.0		156.3		1,941.0		(5)	0.0	90.5		0.0		0.0		2,187.8		

(1) Loans at 8.12% - 8.48%, term 48 - 60 months, unsecured.

(2) Checking accounts at 0.1%, Savings accounts at 0.1% - 5.3%, TDs at 4.35% - 6.54%.

(3) Balances payable and interest on the compensation account

(4) Rediscount loans and interest up to 15 years

(5) Profit on sale of loans and expenses of managed portfolios

(6) Commissions for securities management.

(7) Commissions received and paid of other Banks for use of network services

(8) Corresponds to balances with companies in which affiliates and subsidiaries of Banco Davivienda S.A. hold an interest of 10% or more.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following are operations with other companies in Grupo Bolívar.

2012

	Capitalizadora Bolívar S.A.	Seguridad Compañía Administradora de Fondos de Inversión S.A.	Leasing Bolívar S.A.	Compañía de Seguros Bolívar S.A.	Seguros Comerciales Bolívar S.A.	Sociedades Bolívar S.A.	Construcción y Desarrollo Bolívar S.A.S.	Promociones y Cobranzas Beta S.A.	Constructora Bolívar Cali S.A.	Constructora Bolívar Bogotá S.A.	Otros Vinculados	Otras	TOTAL
	⁽¹⁴⁾												
Assets	22.1	0.0	10,243.8	1,132.2	15,027.2	201,048.7	0.0	32.5	23,759.4	2,272.0	65,064.5	4.6	318,613.2
Cash and banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44,711.0	0.0	44,711.0
Loans and financial leasing	0.0	0.0	10,011.6 ⁽³⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,536.5	0.0	13,548.0
Loans and financial leasing	1.9	0.0	19.9	275.0	59.7	200,000.0 ⁽⁹⁾	0.0	0.2	23,688.1 ⁽¹²⁾	2,252.2 ⁽¹³⁾	16,740.3	10.7	243,048.0
Accounts receivable	20.3	0.0	212.2	151.8	208.4	810.6	0.0	32.3	71.4	19.8	76.8	0.2	1,603.7
Other assets	0.0	0.0	0.0	705.4	14,759.0 ⁽⁶⁾	238.1	0.0	0.0	0.0	0.0	0.0	0.0	15,702.5
Liabilities	10,861.6	7,367.5	15,364.7	24,130.8	8,131.5	45,177.0	54,132.7	11,995.8	2,630.5	2,496.4	28,306.1	8,170.4	222,202.2
Deposits and demand accounts ⁽¹⁾	10,861.6	3,253.1	15,364.7	22,461.8	4,612.7	45,177.0	54,132.7	10,610.0	2,629.7	2,496.4	10,605.3	10,879.4	193,084.4
financial debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17,682.3	0.0	17,682.3
Accounts payable	0.0	30.4	0.0	1,669.1 ⁽⁴⁾	3,517.3 ⁽⁴⁾	0.0	0.0	1,385.8 ⁽¹¹⁾	0.8	0.0	18.5	528.1	7,150.0
Bonds	0.0	4,084.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	200.0	4,284.0
Other liabilities	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5
Income	7,608.6	0.7	1,270.4	52,593.8	18,659.5	19,285.8	0.0	135.4	1,256.7	721.0	6,605.2	110.6	108,630.7
Operating	7,589.5 ⁽²⁾	0.7	554.1	52,472.7 ⁽²⁾	15,718.3 ⁽²⁾	19,276.4 ⁽¹⁰⁾	0.0	31.0	1,256.7	678.9	6,424.0	401.2	104,403.5
Non-operating	19.1	0.0	716.3	121.1	2,941.3 ⁽⁷⁾	9.5	0.0	104.4	0.0	42.0	181.1	92.4	4,227.2
Expenses	4.1	242.7	1,006.9	18,379.9	20,745.7	1,587.3	517.7	12,457.0	0.7	0.8	6,972.8	4,437.8	66,353.3
Operating	4.1	242.7	1,006.9	18,379.9 ⁽⁵⁾	20,688.7 ⁽⁸⁾	1,587.3	517.7	12,374.0 ⁽¹¹⁾	0.7	0.8	6,814.0	4,435.0	66,051.8
Non-operating	0.0	0.0	0.0	0.0	57.0	0.0	0.0	83.0	0.0	0.0	158.8	2.8	301.5

(1) Checking accounts at 0%, Savings accounts at 0.1% - 4.7%, TDs at IPC+0.8% y 5.8%.

(2) Commissions under collection and placement agreements for Banking-Insurance

(3) Long term trading investments in debt securities

(4) Insurance policy accounts payable

(5) Policies for health, occupational risks and accidents

(6) Amortization of insurance policies

(7) Recovery of insurance policies.

(8) Performance, power failure, fire, automobile and third party liability

(9) Corporate loans at 9.3%, term 84 months, unsecured.

(10) Interest received on corporate loan.

(11) Collection expenses.

(12) Treasury loans at 0.01% - 6.78%, term 24 months, collateralized.

(13) Working capital loans at 8.4% - 8.82%, term 36 months unsecured.

(14) Corresponds to balances of Banco Davivienda S.A. affiliates and subsidiaries with other Grupo Bolívar companies



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

34. 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.

34.1. 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.

34.1.1. 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 \$30,000 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

Notes to the Consolidated Financial Statements

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 Operating Risk Department 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.

34.1.2. 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:

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.

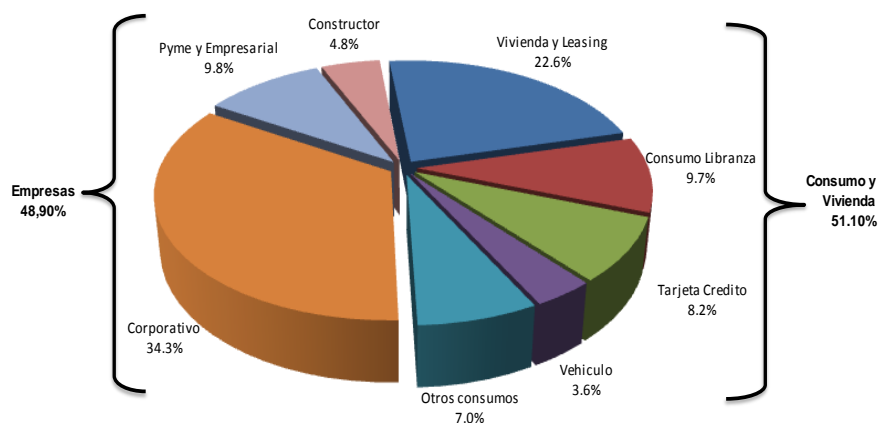
Exposure limits by strategic segments and in general all risk management policies are approved by the Board.

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.

34.2. Credit risk.

34.2.1. Banco Davivienda Colombia

The composition of loans by business lines is the following at December 31, 2013.



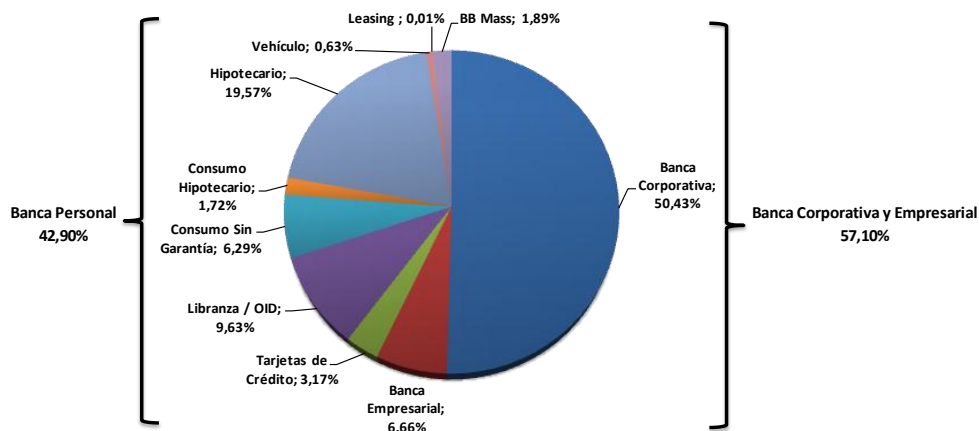


BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The shows that Personal Banking accounts for 51.1% and Business Banking, 48.9%

34.2.2. Banco Davivienda affiliates outside Colombia (Costa Rica, Honduras, El Salvador, Panama)



34.2.3. Calculation of allowances for credit risk

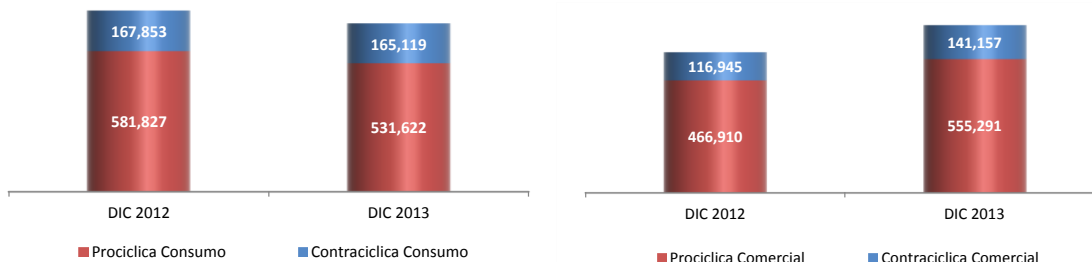
34.2.3.1. Banco Davivienda Colombia

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 model

The Bank has also implemented a method for calculating allowances with a focus on the countercyclical effect, in accordance with the Superintendency definitions for consumer and commercial business.

In Home Mortgage loans, the Bank continues to apply current Superintendency rules to classify and make allowances.

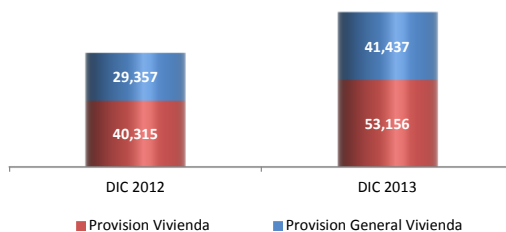
The following is the composition of allowances against commercial, consumer and home mortgage loans.





BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements



These reference models and the related regulations are the basis for the estimation of loan allowances, of which details are:

	Countercyclical allowance	Procyclical allowance	General allowance *	Bank's total allowances
Allowances				
dec-12	284,798	1,094,637	30,258	1,409,692
dec-13	306,276	1,144,742	42,196	1,493,214

* Applies for Home Mortgage and Micro loans.

Changes to allowances during the 2013

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 past-due accounts show the fastest deterioration. For the Bank, the indicator was positive at June and therefore the additional allowance has been applied since July (at 0.5% on the principal balances multiplied by the LGD factor applicable). At December 31, 2013 the allowance accounted for \$32,182.0 of the total

Further, and in order to reflect the risk of restructured loans at all times. The classification method was changed as required by Section 2.2.1 of Chapter II of the SFC Basic Accounting Circular. The change took place in July and the level of allowance expense on restructured loans has fallen as a result, while maintaining appropriate levels of cover.

Also during 2013 the LGD parameters for Payroll Installment and Vehicle loans were changed to follow Section 512 of Annex V Chapter II of the Circular, to recognize the value of the non-admissible collateral for these loans in collections against payroll and the formalization of the pledge on the vehicle.

34.3. Personal Banking

These portfolios include loans to individuals, mainly for consumer operations (free spending, credit card, payroll installment operations and vehicle loans) and Home mortgages and Residential Property Leasing operations (Home Mortgages).

During 2013 there were favorable developments in terms of consumer portfolio quality, reactivating growth in products in the second half. Free investment and payroll installment loans were the strongest performers, growing at 15% and 13% respectively in relation to balances at the June close.

no major changes in policy for originating consumer and home mortgage loans. The changes made in the first half of the year controlled the risk profile of new loans. Home mortgages continued to grow positively.

Low-cost housing (VIS) was DRIUVEN FORWARD BY THE AVAILABILITY OF COVER NAND Government support; housing in the higher levels also prospered, with counter-cyclical Frech cover as of this year. The growth in residential property leasing is due to the strategic aims of the Bank to promote this product, and its low level of risk.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As a result of continuous work in the calibration and maintenance of business policies and rules, the Credit Risk Division identified new opportunities to open up standards of approval in some market niches without damaging the expected risk levels of the portfolios. So, during 2014, we expect to potentiate and increase placements in consumer products.

The following are the principal balances by lending segment and loan allowances associated with them.

		Balance	% C,D,E	Allowance	Coverage C,D,E
PERSONAL BANKING	Mortgage, leasing				
	Dec-12	5,272,054.0	1.6%	151,991.0	185.5%
	Dec-13	7,700,534.0	1.2%	208,082.0	233.1%
	Credit Card				
	Dec-12	2,852,428.0	4.5%	172,695.0	135.8%
	Dec-13	2,804,991.0	4.4%	176,245.0	142.4%
	Others Consumer				
	Dec-12	2,553,415.0	14.4%	352,434.0	96.2%
	Dec-13	2,391,147.0	12.6%	292,351.0	97.0%
	Payroll installment				
	Dec-12	2,664,091.0	4.0%	135,242.0	128.4%
	Dec-13	3,310,128.0	3.2%	159,175.0	148.8%
	Vehicle				
	Dec-12	1,201,607.0	6.7%	89,308.0	111.5%
	Dec-13	1,216,383.0	6.6%	68,970.0	85.6%
	Total				
	Dec-12	14,543,594.9	5.2%	901,670.0	118.5%
	Dec-13	17,423,183.0	4.0%	904,823.0	128.9%

Other consumer: Crediexpress Fijo, Crediexpress Rotativo, Preferencial and Normalizados

As a result of healthy portfolio growth in 2013 and additional consumer loan allowances cover increase compared to the previous year, by almost 50% in home mortgages and residential property leasing due to the growth of the portfolio, with classifications and allowances as laid down in the SFC's MRCO reference model.

The growth in Personal Banking was 19.8% in the year, in particular from Housing, up 46%, and payroll installment loans, up 24%. Total consumer lending rose 4.9%. The chart below shows the growth by product.

		Balance	Variation %	Variation \$	Share %
PERSONAL BANKING	Mortgage, leasing				
	Dec-12	5,272,054.0	26.5%	1,105,965.0	36.3%
	Dec-13	7,700,534.0	46.1%	2,428,480.0	44.2%
	Credit Card				
	Dec-12	2,852,428.0	22.4%	521,942.0	19.6%
	Dec-13	2,804,991.0	-1.7%	-47,436.0	16.1%
	Others Consumer				
	Dec-12	2,553,415.0	-10.9%	-312,752.0	17.6%
	Dec-13	2,391,147.0	-6.4%	-162,268.0	13.7%
	Payroll installment				
	Dec-12	2,664,091.0	15.8%	364,293.0	18.3%
	Dec-13	3,310,128.0	24.2%	646,037.0	19.0%
	Vehicle				
	Dec-12	1,201,607.0	20.3%	202,556.0	8.3%
	Dec-13	1,216,383.0	1.2%	14,776.0	7.0%
	Total				
	Dec-12	14,543,594.9	14.9%	1,882,004.0	100.0%
	Dec-13	17,423,183.0	19.8%	2,879,589.0	100.0%



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Other consumer: Crediexpress Fijo, Crediexpress Rotativo, Preferencial y Normalizados

34.4. Business banking

- Microfinance: Sales less than \$200.0
- SME: Sales \$200.0 - \$7.000.0, segmented into Classic SME and Premium SME
- Business: Sales \$7.000.0- \$40.000.0, segmented into Intermediate Business and Business
- Corporate: Sales over \$40.000.0
- Construction: Construction sector.
- Special segments: Public sector and institutions

For the purposes of risk management Business Banking has a focus Quantitative Management in credit risk with a strategic view of Enterprise Risk Management.

Business Banking Risk Management is focused on the Bank's own evaluation models that seek to manage and measure credit risk appropriately they include the Classification Model for Estimated Expected Losses and Early Warning Detection Systems. The model used for corporate credit risk management also uses quantitative and qualitative factors and indicators have been developed based on financial statements and the individual characteristics of businesses.

The following are the principal balances by segment and risk allowances allocated in each case

			Balance	% C,D,E	Allowance	Coverage C,D,E
CORPORATE BANKING	Corporate	Dec-12	10,013,306.0	0.7%	242,601.0	366.1%
		Dec-13	11,681,358.0	1.0%	285,173.0	238.4%
	Builder	Dec-12	1,066,444.0	3.2%	40,946.0	119.2%
		Dec-13	1,650,242.0	2.0%	50,992.0	154.6%
	Enterprise and SME	Dec-12	3,017,827.0	4.7%	217,991.0	152.2%
		Dec-13	3,268,503.0	6.0%	246,794.0	126.7%
	Micro	Dec-12	90,092.0	2.5%	6,486.0	293.0%
		Dec-13	75,880.0	2.2%	5,432.0	322.5%
	Total	Dec-12	14,187,669.0	1.7%	508,024.0	206.5%
		Dec-13	16,675,983.0	2.1%	588,391.0	168.6%

At December 2013 the separation of the Micro segment of SME/Business Banking was made after the Confinanciera merger and the inclusion of performing vehicle loans in the micro segment.

Corporate loans maintained annual growth of 17% to \$1,668 000 million and the indicator for non-performing C, D and E loans grew 55%, to a total of 1% of the total. SME/Business Banking balances grew 8% a percentage increase of 26% reaching 6% and coverage fell from 152,2% in December 2012 to 126.7% in December 2013.

The results reflect growth in Construction Loans of 55% over the year. There was also a reduction in the indicator for non-performing loans classed C, D and E from 3.2% to 2% - a fall of 38%. The coverage indicator rose 30% over the year.

Micro loans fell 16%; and there was a reduction in the non-performing loans indicator from 2.5% to 2.2%, and an increase of 10% in coverage.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

In general, the overall balance of commercial lending was positive with an increase of 18% over the year. The indicator for non-performing loans increased 21% to 2.1% and the level of coverage fell from 206.5% to 168.6%.

Banco Davivienda affiliates outside Colombia

The New Model for Classification and Calculation of Allowances was introduced for this close for the regular evaluation for the risk to this portfolio, using internationally accepted standards in the incorporation of objective methods of subjective perceptions on individual or mass elements inherent to the country risk of regional operations, and providing risk cover to absorb expected losses derived from credit exposure in Cost Rica, Honduras, El Salvador and Panama

The model values Personal and Business Banking portfolios calculating provisions on exposed values and interest receivable, considering the type of collateral held and the degree of deterioration, applying methods adjusted by an Economic Factor that reflects the effects of changes in country macroeconomic variables on loan 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.

Comparative results Dec 2012-Dec 2013

CARTERA		COSTA RICA		HONDURAS		EL SALVADOR		PANAMÁ		TOTAL	
		12-Dec	13-Dec	12-Dec	13-Dec	12-Dec	13-Dec	12-Dec	13-Dec	12-Dec	13-Dec
TOTAL	Balance K	1,391,985.5	1,697,814.0	1,021,524.1	1,270,979.1	2,261,212.5	2,787,717.8	1,155,840.8	1,374,430.6	5,830,563.0	7,130,941.4
	Prov K Local	32,465.1	33,071.4	31,121.4	27,437.5	79,517.3	75,463.5	10,265.3	11,856.9	153,369.0	147,829.3
	Prov K Colombia	43,068.8	48,322.5	25,639.8	35,519.4	112,653.9	99,219.0	25,509.7	15,088.6	206,872.3	198,149.4
	Prov Gral Viv Colombia	5,054.4	5,167.8	3,200.6	3,583.5	3,943.2	4,617.8	35.4	102.5	12,233.7	13,471.8
	Shortfall	15,658.2	20,418.9	(2,281.1)	11,665.4	37,079.8	28,373.5	15,280.0	3,334.4	65,736.8	63,791.9

Other Consumer: Crediexpress Fijo, Crediexpress Rotativo, Preferencial and Normalizados

34.5. 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.

The management of this risk applies the parameters of Chapter XXI of the Superintendency Accounting Circular (Market Risk Management System).



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 has been set up in the Group, along with an Assets and Liabilities Management Committee, or its alternate (GAP) and a similar committee for foreign currency (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.

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 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.

Market Conditions

The Local financial market in 2013 was particular subject to stress, especially in May and June when there were large losses on valuation, mainly in debt securities and most of all TES. This last event was due to corrections in the local market and an overall trend caused by uncertainties regarding the future of the monetary stimuli applied by the Fed in the U.S.

Likewise, since the curve of internal public debt is the main reference point locally, the corrections in TES affected prices of other instruments, such as private debt.

Between July and August, on world markets, national treasury issues were highly volatile in general, though less so than in May and June. However, as the date for the next Fed meeting came closer, there was upward

⁵ Definition of Credit Risk taken from the Superintendency's Basic Accounting and Financial Circular Chapter II.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

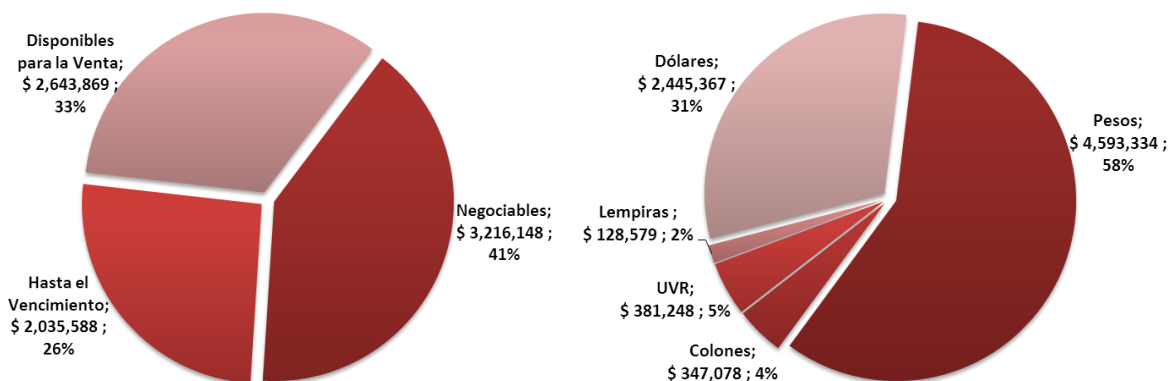
pressure and prices rose to over 3%. After the Fed decided to leave its policy unchanged, 10-year T-bills rose, a trend immediately followed by most fixed-yield paper worldwide.

In the local market, TES volatility became less marked after August, compared to May and June, and there was evidence of a mild recovery in public debt prices motivated by good news of GDP growth for the second quarter and the Fed announcement, together creating an atmosphere of calm in the markets and in prospects for the economy.

Investment Portfolio

The accounting classification of the consolidated investment portfolio of Banco Davivienda S.A. and its subsidiaries at December 31, 2013 is as follows:

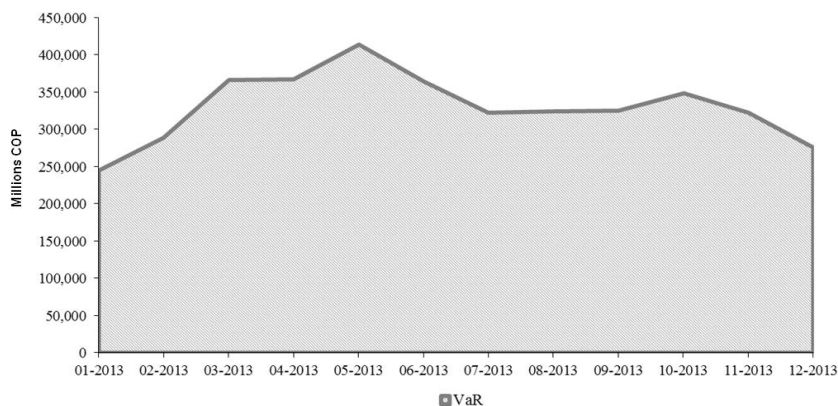
Composition of the Consolidated Investment Portfolio (\$000 million)



Value at Risk

The calculation of the consolidated Value at Risk "VaR" of Banco Davivienda S.A. and its subsidiaries is made 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, 2013 was \$275,201. There was a downward trend in the level of exposure in the second half of the year, led by Banco Davivienda Colombia, which has been reducing the average term of its investment portfolios, given expectations of rate levels in the economy

Evolution of Consolidated VaR January-December 2013





BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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34.6. 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 Management System of Liquidity Risk in the Superintendency's Basic Accounting and Financial Circular

The liquidity of the Bank and its 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 the funds they need to meet obligations to suppliers, creditors and shareholders 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.

Price Suppliers

As of March 4, 2013 the "Price Suppliers" began to appear in the securities market, following implementation of Circulars 006 and 039 of 2012. In September 2012 the Superintendency issued authorizations to the two Price Suppliers who applied for them (Infovalmer and PIP). Davivienda and its Colombian subsidiaries chose INFOVALMER,

This new figure seeks to enhance transparency in the value of assets traded by the financial sector. The scheme of Price Suppliers means that Davivienda is in a position to challenge any price that it considers does not reflect dealing conditions for a given security in the market.

It should be noted that on the day the scheme started there were no major differences in market values, since tests run prior to production evaluated impacts, including the possibility of deferring significant variations in P&L. Also, in July and as a result of the strong downward movement in prices for TES and the low level of activity and inoperativity of private debt, there began to be evidence of a possible lag in the valuation of private debt published by Infovalmer, who then decided to make manual adjustments to valuations curves for July 17, 2013. The adjustment meant an increase of 10 basis points along the whole DTF curve and 64 basis points in the CPI curve, amongst others.

34.7. Internal Control System

As part of the process of quality checks for performance in internal control, the heads or leaders of each process have developed ongoing supervision of risks and controls for which they are responsible, and this has allowed them to identify weaknesses at an early stage, defining actions for any improvement required in accordance with changes of circumstance. This situation evidences a strengthening of the internal control system.

Likewise, the Bank continues to strengthen its culture of control, through continuous development of action plans which secure appropriate and effective control environments, risk management, information

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

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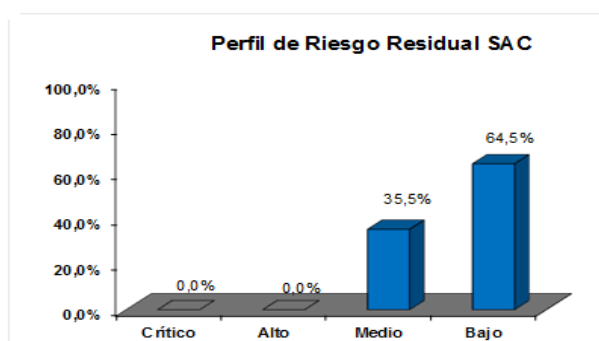
management, communications channels, monitoring systems, support for accounting and technology, through the principles of self-control, self-regulation and self-management. All of this is achieved in harmony with Superintendency Circular 038/2009.

34.8. **Financial Consumer Service system (SAC).**

The Bank and its subsidiaries continue to introduce new strategies to strengthen the culture of service and, respect for financial consumers and procedures to attend to complaints, requests and claims.

We manage risks, and evaluate and develop action plans for events arising, and develop monitoring systems for continuous improvement of processes to align with Law 1328/2009 and SFC Circular 15/2010.

As can be seen on the risk profile, risks are adequately controlled.



Nivel	# Riesgos	% Part.
Crítico	0	0,0%
Alto	0	0,0%
Medio	264	35,5%
Bajo	479	64,5%
Total	743	100,0%

34.9. **Management system for the financing for asset-laundering and the financing of terrorism (SARLAFT).**

The Bank and its subsidiaries 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 Circular 026 of June 2008.

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.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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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 regularly provides training programmes for its officers, seeking to create awareness and commitment in all of them.

Likewise, there have been reviews of control mechanisms designed and implemented by the Compliance Unit and other areas of the Bank, as part of the processes of Statutory Audit and Internal Audit.

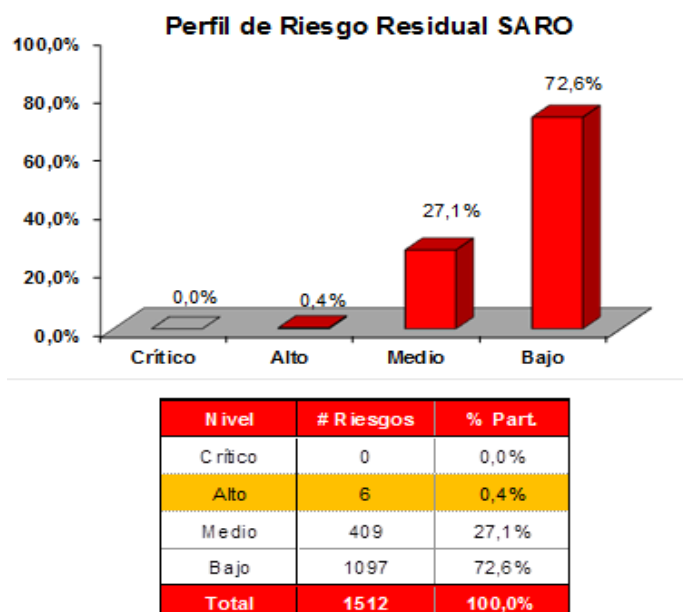
In compliance with regulations, the Board has appointed a Compliance Officer and his Deputy, who have been sworn in by the Superintendency.

Banco Davivienda S.A. has ALD-CFT Compliance Programs in its subsidiaries in Colombia and elsewhere.

34.10. Operating Risk Management System (SARO).

SARO continues to develop different models and systems to secure effective and timely management of the various risks that might affect the normal course of business and impact operations; and it controls and defines action plans for events that may arise and cause economic, legal or reputational effects that might jeopardize its good name, seeking to secure quality and reliability in the handling of transactions of clients and users.

The Bank's operating risk profile at December 2013 reflects an adequate control of risks, that risks identified have been properly controlled in accordance with guidelines and levels of tolerance and legal requirements laid down in SFC Circular 041/2007



35. Information Security Strategies - Circular 052/2007, 022/2010 and 042/2012

In order to lend sustainability to compliance with Circular 052/2007 on the Methodology of Project Development, the Bank has introduced a Planning Stage that includes verification of compliance with relevant regulatory requirements. This validation ensures that such requirements are taken into account in all new Projects or Adjustments at any point in the organization



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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In recent times, modes of internet fraud have led all organizations worldwide to model new processes and implement additional security tools to mitigate the risk. The Bank is very much part of this and has therefore strengthened its internal channel security monitoring processes and has made new tools available to clients to prevent them from being victims of fraud.

The security services offered by third parties have been broadened and include monitoring of the comportment of criminal networks and their internet tools, so that prompter action can be taken in the face of situations that might compromise client information and products.

The Bank has developed a series of projects to ensure that its ATM channel will be able to mitigate fresh threats published, which do not affect the Bank's channel, but require analysis to evaluate their impact and take preventive measures to avoid the materialization of new risks in this important channel.

The Bank and Subsidiaries keep themselves constantly up to date in the investigation and analysis of new modes of fraud used to attack clients, who are the weakest link in the financial sector chain. We are constantly evaluating new tools and trends in security to be able to offer a prompt response to risk situations. Further, we place these controls in the service of clients to secure the highest possible level of satisfaction with our products and services.

36. Corporate Government

The Bank's board continues faithfully to follow the precepts of the Code of Good Corporate Government and adopts regulations in line with the Guidelines for Best Corporate Practice – Country Code – and based on the principles of transparency, respect for shareholder 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 shareholder participation

Further, the Shareholders' General Meetings have adopted Meeting Regulations and implemented means of dissemination of notice of meetings and their development over the webpage.

Also, the Bank has strengthened its channels of information to shareholders and investors, with webpage presentation of financial and other information.

The Bank has strengthened channels of information to shareholders 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 shareholders, the Code of Corporate Government, the regulations for the Shareholders' 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 shareholders and investors part of the Code, in order to ensure that information is accurate, reliable and promptly supplied to shareholders 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 shareholders 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.

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



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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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 intervenes 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 shareholders 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 and Committee.

The Risks Committee evaluates policies, mechanisms and procedures for risks implemented by the Bank and makes 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 and Investment,(CRFel) 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.

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



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 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.

37. Mandatory controls.

At December 31, 2013 and 2012 the Bank complied with all requirements of own position, minimum capital, capital ratios, mandatory cash reserves, mandatory investments, and investment limits in fixed assets.

Own Position

The following is the Own Position result at December 31, 2013 and 2012, (US\$ million):



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		<u>Limits</u>	DAVIVIENDA <u>2013</u>	<u>2012</u>	CORREDORES <u>2013</u>
Average own position (PP)	USD		48.5	18.3	560.4
Maximum permitted:		20% PT	536.9	710.8	(982.3)
Minimum permitted: -5% Computable capital		-5% PT	(134.2)	(177.7)	3,929.3
Average own spot position (PPC)			66.6	344.6	963.2
Maximum permitted: 50% Computable Capital	USD	50% PT	1,342.4	1,777.0	9,823.3
Average gross leveragwe position (PBA)			6,339.2	6,164.3	3,717.1
Maximum permitted:		550%			
: 550% Computable Capital		PT	14,766.7	19,547.3	108,056.2

*PT = Computable capital

At December 31, 2013 and 2012, 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, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Tier 1 capital	3,454,552.3	4,346,406.4
Tier 2 capital	1,886,896.9	2,217,302.9
Computable capital	<u>5,341,449.2</u>	<u>6,563,709.3</u>
Value at risk, market risk	275,200.6	211,480.2
Risk-weighted assets	46,295,915.3	40,838,477.6
Solvencia total	10.82%	15.20%
(PT/(APNR+((100/9)*VeR)) ≥ 9%		
Solvencia Básica	7%	
(PBO/(APNR+((100/9)*VeR)) ≥ 4.5%		

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>2013</u>	<u>2012</u>
Reserve required	\$2,488,407.7	2,121,958.9
Reserve held	2,515,793.7	2,170,163.6



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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, 2013 and 2012.

<u>Finagro</u>	<u>2013</u>	<u>2012</u>
TDA A (37%)	\$427,537.5	355,611.8
TDA B (63%)	727,969.3	605,501.2
Total required	1,155,506.8	961,113.0
Substitute loans	(488,740.9)	(550,778.0)
Investments in TDA A and B:	666,765.8	410,334.6
TDA A (37%)	427,387.0	344,166.5
TDA B (63%)	239,378.8	66,168.1

38. Subsequent events

Decree 2784/2012 states that Banco Davivienda S.A. is part of Group 1 of preparers of financial information and on February 28, 2013 it presented its Plan for the Implementation of Financial Information Standards to the Superintendency.

In accordance with the Plan, on January 1, 2014 the Bank started its transition period and the issue of the first financial statements and the use of international standards for financial information will begin on 2015.

In compliance with Circular 112/2013 on January 30, 2014 the Bank sent the Superintendency a summary of preliminary principal policies proposed for the preparation of an opening statement of financial situation at January 1, 2014 also indicating exceptions and exemptions in the application of a regulatory technical framework and a preliminary calculation of the principal qualitative and quantitative impacts established.

The Circular states that by June 30, 2014 an opening statement of financial situation must be sent to the Superintendency, and that this will act as the starting-point for bookkeeping in accordance with international standards

39. Reclassifications

Some figures at December 31, 2013 and 2012, for the cash flow and statement of earnings were reclassified for presentation purposes.

BANCO DAVIVIENDA S.A.
The Financial Statements Homologation Effect Foreign Subsidiaries Davivienda Panamá
December 31 at 2013
(Amounts in millions of Colombian pesos)

BALANCE SHEET	Banco Davivienda Panamá	Standardisation	Banco Davivienda Panamá Homogeneizado
Assets			
Cash and due from banks	\$ 275,721.5	0.0	275,721.5
Interbank and overnight funds	19,268.3	0.0	19,268.3
Investment securities, net	612,316.3	987.7	613,304.0
Bankers' acceptances and derivatives	2,468.5	0.0	2,468.5
Loans and financial leases, net	1,362,573.6	(3,334.3)	1,359,239.3
Accrued interest receivable on loans and financial leases, net	8,252.0	(35.3)	8,216.7
Foreclosed assets, net	0.0	0.0	0.0
Premises and equipment, under operating leases, net	6,558.8	307.4	6,866.2
Other Assets, net	12,483.7	4,345.5	16,829.1
Total Assets	\$ 2,299,642.7	2,270.9	2,301,913.5
Liabilities and shareholders' equity			
Deposits	\$ (2,038,474.8)	0.0	(2,038,474.8)
Interbank and overnight borrowing	0.0	0.0	0.0
Bankers' acceptances and derivatives instruments	(2,468.5)	0.0	(2,468.5)
Borrowings from financial institutions	0.0	0.0	0.0
Accounts Payable	(15,130.4)	0.0	(15,130.4)
Long-term debt	0.0	0.0	0.0
Others liabilities	(678.0)	0.0	(678.0)
Accruals and expenses	(9,105.0)	0.0	(9,105.0)
Total Liabilities	(2,065,856.6)	0.0	(2,065,856.6)
Shareholders' equity	(233,786.1)	(2,270.9)	(236,056.9)
Total Liabilities and shareholders' equity	\$ (2,299,642.7)	(2,270.9)	(2,301,913.5)
Consolidated Statement of Earnings	Banco Davivienda Panamá	Standardisation	Banco Davivienda Panamá Homogeneizado
Interest income	\$ 81,321.0	83.1	81,404.0
Interest on loans	62,259.7	0.0	62,259.7
Interest on investment securities	16,519.0	83.1	16,602.1
Interbank and overnight funds	2,542.3	0.0	2,542.3
Financial leases	0.0	0.0	0.0
Interest expense	40,949.9	0.0	40,949.9
Checking accounts	0.0	0.0	0.0
Saving deposits	7,868.9	0.0	7,868.9
Time deposits	30,943.3	0.0	30,943.3
Borrowings from financial institutions	2,137.8	0.0	2,137.8
Long - term debt	0.0	0.0	0.0
Repo transaction	0.0	0.0	0.0
Interbank and overnight funds	0.0	0.0	0.0
Net interest income	40,371.0	83.1	40,454.1
Allowance, Net	1,017.1	(13,907.9)	(12,890.9)
Net financial margin	39,353.9	13,991.0	53,345.0
Operating income	3,035.9	0.0	3,035.9
Fees and commission	3,035.9	0.0	3,035.9
Services	0.0	0.0	0.0
Dividends income	0.0	0.0	0.0
Operating expenses	21,210.4	(153.3)	21,057.1
Payroll	9,489.2	0.0	9,489.2
Administrative and operating expenses	11,721.3	(153.3)	11,567.9
Other operating income and expenses net	2,362.6	(0.0)	2,362.6
For conversion income	878.1	(403.0)	475.1
For conversion expenses	0.0	0.0	0.0
Operating income	24,420.2	13,741.3	38,161.5
Allowance against other assets	0.0	0.0	0.0
Non-operating income and expenses, nets	8,474.4	0.0	8,474.4
Non-operating income	8,521.8	0.0	8,521.8
Non-operating expenses	47.4	0.0	47.4
Income before tax and non- controlling interest	32,894.6	13,741.3	46,635.9
Non- controlling interest	0.0	0.0	0.0
Income tax expense	3,585.8	0.0	3,585.8
Profit for the period	\$ 29,308.8	13,741.3	43,050.1

BANCO DAVIVIENDA S.A.
The Financial Statements Homologation Effect Foreign Subsidiaries Grupo del Istmo S.A.
December 31 at 2013
(Amounts in millions of Colombian pesos)

BALANCE SHEET	Costa Rica	Standardisation	Costa Rica Homogeneizado
Assets			
Cash and due from banks	\$ 576,983.5	0.0	576,983.5
Interbank and overnight funds	43,196.1	0.0	43,196.1
Investment securities, net	884,425.4	2,261.5	886,686.9
Bankers' acceptances and derivatives	174.0	0.0	174.0
Loans and financial leases, net	1,663,498.1	(49,007.9)	1,614,490.2
Accrued interest receivable on loans and financial leases, net	14,550.6	(1,350.2)	13,200.4
Foreclosed assets, net	8,137.4	7,164.9	15,302.4
Premises and equipment, under operating leases, net	9,960.7	11.5	9,972.2
Other Assets, net	363,500.3	29,954.3	393,454.6
Total Assets	\$ 3,564,426.2	(10,966.0)	3,553,460.3
Liabilities and shareholders' equity			
Deposits	\$ (1,917,870.4)	0.0	(1,917,870.4)
Interbank and overnight borrowing	(135,167.5)	0.0	(135,167.5)
Bankers' acceptances and derivatives instruments	(3.9)	0.0	(3.9)
Borrowings from financial institutions	(333,597.1)	0.0	(333,597.1)
Accounts Payable	(38,895.9)	0.0	(38,895.9)
Long-term debt	(19,045.7)	0.0	(19,045.7)
Others liabilities	(24,053.3)	310.7	(23,742.6)
Accruals and expenses	(41,685.7)	0.0	(41,685.7)
Total Liabilities	(2,510,319.6)	310.7	(2,510,008.9)
Shareholders' equity	(1,054,106.7)	10,655.3	(1,043,451.4)
Total Liabilities and shareholders' equity	\$ (3,564,426.2)	10,966.0	(3,553,460.3)
Consolidated Statement of Earnings			
Interest income	\$ 201,096.6	169.2	201,265.8
Interest on loans	160,984.8	0.0	160,984.8
Interest on investment securities	40,111.8	169.2	40,281.0
Interbank and overnight funds	0.0	0.0	0.0
Financial leases	0.0	0.0	0.0
Interest expense	67,499.7	0.0	67,499.7
Checking accounts	0.0	0.0	0.0
Saving deposits	4,571.5	0.0	4,571.5
Time deposits	52,772.4	0.0	52,772.4
Borrowings from financial institutions	7,552.4	0.0	7,552.4
Long - term debt	0.0	0.0	0.0
Repo transaction	2,603.4	0.0	2,603.4
Interbank and overnight funds	0.0	0.0	0.0
Net interest income	133,596.9	169.2	133,766.1
Allowance, Net	22,224.8	7,947.2	30,172.1
Net financial margin	111,372.1	(7,778.1)	103,594.0
Operating income	36,045.8	3,900.5	39,946.3
Fees and commission	34,067.6	0.0	34,067.6
Services	1,963.6	0.0	1,963.6
Dividends income	14.6	3,900.5	3,915.1
Operating expenses	124,530.2	171.8	124,702.0
Payroll	55,823.2	0.0	55,823.2
Administrative and operating expenses	68,707.0	171.8	68,878.8
Other operating income and expenses net	8,834.2	0.0	8,834.2
For conversion income	1,936.0	0.0	1,936.0
For conversion expenses	584.5	0.0	584.5
Operating income	33,073.4	(4,049.4)	29,024.0
Allowance against other assets	0.0	0.0	0.0
Non-operating income and expenses, nets	57,458.6	(52,020.7)	5,437.9
Non-operating income	64,304.5	(56,748.9)	7,555.6
Non-operating expenses	6,845.9	(4,728.2)	2,117.7
Income before tax and non- controlling interest	90,532.0	(56,070.1)	34,461.9
Non- controlling interest	0.0	0.0	0.0
Income tax expense	7,396.9	11.2	7,408.1
Profit for the period	\$ 83,135.1	(56,081.3)	27,053.8

BANCO DAVIVIENDA S.A.
The Financial Statements Homologation Effect Foreign Subsidiaries Inversiones Financiera Davivienda S.A.
December 31 at 2013
(Amounts in millions of Colombian pesos)

BALANCE SHEET	El Salvador	Standardisation	El Salvador Homogeneizado
Assets			
Cash and due from banks	\$ 574,066.6	(0.0)	574,066.6
Interbank and overnight funds	2,534.0	0.0	2,534.0
Investment securities, net	970,517.2	0.0	970,517.2
Bankers' acceptances and derivatives	0.0	0.0	0.0
Loans and financial leases, net	2,712,253.5	(52,852.4)	2,659,401.1
Accrued interest receivable on loans and financial leases, net	22,758.0	(368.6)	22,389.4
Foreclosed assets, net	24,155.4	925.9	25,081.4
Premises and equipment, under operating leases, net	84,880.9	(17,834.4)	67,046.5
Other Assets, net	196,332.3	112,431.4	308,763.7
Total Assets	\$ 4,587,498.0	42,301.9	4,629,799.9
Liabilities and shareholders' equity			
Deposits	\$ (2,584,259.8)	0.0	(2,584,259.8)
Interbank and overnight borrowing	(9,385.6)	0.0	(9,385.6)
Bankers' acceptances and derivatives instruments	0.0	0.0	0.0
Borrowings from financial institutions	(437,487.2)	0.0	(437,487.2)
Accounts Payable	(23,408.3)	0.0	(23,408.3)
Long-term debt	(285,845.2)	0.0	(285,845.2)
Others liabilities	(37,294.4)	(1,033.2)	(38,327.6)
Accruals and expenses	(49,253.1)	0.0	(49,253.1)
Total Liabilities	(3,426,933.6)	(1,033.2)	(3,427,966.8)
Shareholders' equity	(1,160,564.3)	(41,268.7)	(1,201,833.1)
Total Liabilities and shareholders' equity	\$ (4,587,498.0)	(42,301.9)	(4,629,799.9)
Consolidated Statement of Earnings	El Salvador	Standardisation	El Salvador Homogeneizado
Interest income	\$ 210,026.1	0.0	210,026.1
Interest on loans	199,034.3	0.0	199,034.3
Interest on investment securities	10,991.8	0.0	10,991.8
Interbank and overnight funds	0.0	0.0	0.0
Financial leases	0.0	0.0	0.0
Interest expense	51,577.5	0.0	51,577.5
Checking accounts	0.0	0.0	0.0
Saving deposits	6,079.4	0.0	6,079.4
Time deposits	31,545.4	0.0	31,545.4
Borrowings from financial institutions	13,952.7	0.0	13,952.7
Long - term debt	0.0	0.0	0.0
Repo transaction	0.0	0.0	0.0
Interbank and overnight funds	0.0	0.0	0.0
Net interest income	158,448.6	0.0	158,448.6
Allowance, Net	15,138.7	(12,234.6)	2,904.2
Net financial margin	143,309.8	12,234.6	155,544.4
Operating income	100,456.4	3,981.0	104,437.4
Fees and commission	55,748.9	0.0	55,748.9
Services	44,701.3	17.2	44,718.5
Dividends income	6.2	3,963.8	3,969.9
Operating expenses	182,126.3	(853.7)	181,272.6
Payroll	63,106.2	0.0	63,106.2
Administrative and operating expenses	119,020.1	(853.7)	118,166.3
Other operating income and expenses net	832.6	0.0	832.6
For conversion income	3,293.1	(1,624.4)	1,668.6
For conversion expenses	0.0	0.0	0.0
Operating income	65,765.5	15,444.9	81,210.4
Allowance against other assets	0.0	1,414.2	1,414.2
Non-operating income and expenses, nets	62,875.3	(52,936.6)	9,938.8
Non-operating income	66,403.8	(52,936.6)	13,467.2
Non-operating expenses	3,528.5	0.0	3,528.5
Income before tax and non- controlling interest	128,640.9	(38,905.9)	89,735.0
Non- controlling interest	0.0	0.0	0.0
Income tax expense	19,572.0	0.0	19,572.0
Profit for the period	\$ 109,068.9	(38,905.9)	70,163.0

BANCO DAVIVIENDA S.A.
The Financial Statements Homologation Effect Foreign Subsidiaries Banco Davivienda Honduras S.A.
December 31 at 2013
(Amounts in millions of Colombian pesos)

BALANCE SHEET	Banco Davivienda Honduras S.A.	Standardisation	Banco Davivienda Honduras S.A. Homogeneizado
Assets			
Cash and due from banks	\$ 310,430.7	0.0	310,430.7
Interbank and overnight funds	0.0	0.0	0.0
Investment securities, net	111,269.8	(1,068.2)	110,201.7
Bankers' acceptances and derivatives	0.0	0.0	0.0
Loans and financial leases, net	1,242,927.1	(13,514.9)	1,229,412.1
Accrued interest receivable on loans and financial leases, net	15,116.6	(158.7)	14,958.0
Foreclosed assets, net	19,488.9	(12,099.1)	7,389.8
Premises and equipment, under operating leases, net	26,851.6	(4,609.4)	22,242.2
Other Assets, net	34,047.3	48,757.0	82,804.3
Total Assets	\$ 1,760,132.0	17,306.7	1,777,438.8
Liabilities and shareholders' equity			
Deposits	\$ (1,282,975.2)	0.0	(1,282,975.2)
Interbank and overnight borrowing	0.0	0.0	0.0
Bankers' acceptances and derivatives instruments	0.0	0.0	0.0
Borrowings from financial institutions	(239,716.9)	0.0	(239,716.9)
Accounts Payable	(25,735.9)	(387.8)	(26,123.7)
Long-term debt	(2,256.2)	0.0	(2,256.2)
Others liabilities	(8,197.1)	0.0	(8,197.1)
Accruals and expenses	(7,591.9)	(459.0)	(8,050.8)
Total Liabilities	(1,566,473.1)	(846.8)	(1,567,319.8)
Shareholders' equity	(193,659.0)	(16,459.9)	(210,118.9)
Total Liabilities and shareholders' equity	\$ (1,760,132.0)	(17,306.7)	(1,777,438.8)
Consolidated Statement of Earnings	Banco Davivienda Honduras S.A.	Standardisation	Banco Davivienda Honduras S.A. Homogeneizado
Interest income	\$ 158,922.8	0.0	158,922.8
Interest on loans	143,592.5	0.0	143,592.5
Interest on investment securities	14,786.6	0.0	14,786.6
Interbank and overnight funds	543.6	0.0	543.6
Financial leases	0.0	0.0	0.0
Interest expense	60,092.5	0.0	60,092.5
Checking accounts	0.0	0.0	0.0
Saving deposits	14,766.6	0.0	14,766.6
Time deposits	32,112.2	0.0	32,112.2
Borrowings from financial institutions	13,213.7	0.0	13,213.7
Long - term debt	0.0	0.0	0.0
Repo transaction	0.0	0.0	0.0
Interbank and overnight funds	0.0	0.0	0.0
Net interest income	98,830.3	0.0	98,830.3
Allowance, Net	9,066.9	10,546.3	19,613.2
Net financial margin	89,763.4	(10,546.3)	79,217.1
Operating income	26,433.6	0.0	26,433.6
Fees and commission	23,724.4	0.0	23,724.4
Services	2,709.2	0.0	2,709.2
Dividends income	0.0	0.0	0.0
Operating expenses	95,474.2	295.9	95,770.1
Payroll	39,899.5	0.0	39,899.5
Administrative and operating expenses	55,574.8	295.9	55,870.7
Other operating income and expenses net	(2,347.9)	(0.0)	(2,347.9)
For conversion income	175.4	0.0	175.4
For conversion expenses	0.0	0.0	0.0
Operating income	18,550.3	(10,842.2)	7,708.1
Allowance against other assets	6.0	181.3	187.3
Non-operating income and expenses, nets	(4,266.7)	0.0	(4,266.7)
Non-operating income	3,951.3	0.0	3,951.3
Non-operating expenses	8,218.0	0.0	8,218.0
Income before tax and non- controlling interest	14,277.6	(11,023.5)	3,254.2
Non- controlling interest	0.0	0.0	0.0
Income tax expense	4,794.0	0.0	4,794.0
Profit for the period	\$ 9,483.6	(11,023.5)	(1,539.9)

BANCO DAVIVIENDA S.A.
The Financial Statements Homologation Effect Foreign Subsidiaries Seguros Bolívar Honduras S.A.

December 31 at 2013
(Amounts in millions of Colombian pesos)

BALANCE SHEET	Seguros Bolívar Honduras S.A.	Standardisation	Seguros Bolívar Honduras S.A. Homogeneizado
Assets			
Cash and due from banks	\$ 3,874.9	0.0	3,874.9
Interbank and overnight funds	0.0	0.0	0.0
Investment securities, net	118,972.7	(1,185.7)	117,786.9
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	27,908.9	(167.4)	27,741.5
Foreclosed assets, net	474.7	(160.5)	314.2
Premises and equipment, under operating leases, net	2,797.0	0.0	2,797.0
Other Assets, net	4,257.4	14,531.0	18,788.4
Total Assets	\$ 158,285.6	13,017.4	171,302.9
Liabilities and shareholders' equity			
Deposits	\$ 0.0	0.0	0.0
Interbank and overnight borrowing	0.0	0.0	0.0
Bankers' acceptances and derivatives instruments	0.0	0.0	0.0
Borrowings from financial institutions	0.0	0.0	0.0
Accounts Payable	(15,204.7)	0.0	(15,204.7)
Long-term debt	0.0	0.0	0.0
Others liabilities	(74,259.9)	699.0	(73,560.9)
Accruals and expenses	(708.5)	0.0	(708.5)
Total Liabilities	(90,173.1)	699.0	(89,474.1)
Shareholders' equity	(68,112.5)	(13,716.3)	(81,828.8)
Total Liabilities and shareholders' equity	\$ (158,285.6)	(13,017.4)	(171,302.9)
Consolidated Statement of Earnings	Seguros Bolívar Honduras S.A.	Standardisation	Seguros Bolívar Honduras S.A. Homogeneizado
Interest income	\$ 9,441.6	0.0	9,441.6
Interest on loans	0.0	0.0	0.0
Interest on investment securities	9,441.6	0.0	9,441.6
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
Long - term debt	0.0	0.0	0.0
Repo transaction	0.0	0.0	0.0
Interbank and overnight funds	0.0	0.0	0.0
Net interest income	9,441.6	0.0	9,441.6
Allowance, Net	616.8	1,287.2	1,903.9
Net financial margin	8,824.8	(1,287.2)	7,537.7
Operating income	104,014.4	513.9	104,528.3
Fees and commission	0.0	0.0	0.0
Services	103,990.3	513.9	104,504.2
Dividends income	24.1	0.0	24.1
Operating expenses	106,293.2	(589.0)	105,704.2
Payroll	6,948.9	0.0	6,948.9
Administrative and operating expenses	99,344.2	(589.0)	98,755.3
Other operating income and expenses net	869.6	0.0	869.6
For conversion income	0.0	0.0	0.0
For conversion expenses	0.0	0.0	0.0
Operating income	7,415.6	(184.3)	7,231.3
Allowance against other assets	0.0	0.0	0.0
Non-operating income and expenses, nets	586.1	0.0	586.1
Non-operating income	687.1	0.0	687.1
Non-operating expenses	101.0	0.0	101.0
Income before tax and non- controlling interest	8,001.7	(184.3)	7,817.4
Non- controlling interest	0.0	0.0	0.0
Income tax expense	834.8	0.0	834.8
Profit for the period	\$ 7,166.9	(184.3)	6,982.6



BANCO DAVIVIENDA S.A. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AND STATEMENTS OF INCOME
at December 31 at 2013
(Millions of Colombian pesos)

BALANCE GENERAL	Davivienda	Fiduciaria Davivienda	Davivalores	Davivienda 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	\$ 2,974,254.7	10,186.1	6,932.7	275,721.5	570,258.5	567,980.5	310,430.7	3,874.9	29,659.9	(198,795.1)	4,550,504.5
Interbank and overnight funds	380,854.3	0.0	0.0	19,268.3	43,196.1	2,534.0	0.0	468.7	0.0	0.0	446,321.3
Investment securities	7,175,603.1	111,137.4	7,127.6	612,316.3	501,772.6	531,949.2	111,269.8	118,972.7	98,365.7	(1,391,060.5)	7,877,454.1
Loans and financial leases	32,605,952.9	0.0	0.0	1,362,573.6	1,663,498.1	2,711,441.7	1,242,927.1	0.0	0.0	(159,021.7)	39,427,371.3
Bankers' acceptances and derivatives	75,509.3	0.0	0.0	2,468.5	174.0	0.0	0.0	0.0	0.0	0.0	78,151.8
Accrued interest receivable on loans and financial leases, net	390,270.7	1,920.6	42.1	8,252.0	14,550.6	22,653.5	15,116.6	27,908.9	4,951.6	(4,268.0)	481,398.6
Foreclosed assets, net	42,680.7	0.0	0.0	0.0	8,137.4	24,155.4	19,488.9	474.7	0.0	(4,168.7)	90,768.5
Premises and equipment, net	384,987.8	975.0	200.4	6,558.8	9,960.7	84,880.9	26,851.6	2,797.0	858.1	(22,125.0)	495,945.4
Other Assets	2,876,730.6	14,363.1	4,423.9	12,483.7	44,764.3	26,823.3	34,047.3	4,257.4	7,726.2	(99,058.1)	2,926,561.9
Total Assets	\$ 46,906,844.1	138,582.2	18,726.7	2,299,642.7	2,856,312.4	3,972,418.5	1,760,132.0	158,285.6	142,030.2	(1,878,497.0)	56,374,477.4
Liabilities and shareholders' equity											
Deposits	\$ 28,791,992.1	0.0	0.0	2,038,474.8	1,911,049.2	2,575,015.9	1,282,975.2	0.0	0.0	(313,387.1)	36,286,120.0
Interbank and overnight borrowing	1,001,309.7	0.0	0.0	0.0	135,167.5	9,385.6	0.0	0.0	89,383.3	0.0	1,235,246.2
Bankers' acceptances and derivatives instruments	60,095.0	0.0	0.0	2,468.5	3.9	0.0	0.0	0.0	0.0	0.0	62,567.3
Borrowings from financial institutions	3,125,387.6	0.0	10.5	0.0	333,597.1	436,675.3	239,716.9	0.0	119.1	(40,463.4)	4,095,043.1
Accounts Payable	962,200.2	9,785.8	893.8	15,130.4	38,886.9	23,388.7	25,735.9	15,204.7	4,733.3	(2,376.3)	1,093,583.5
Long-term debt	6,398,155.7	0.0	0.0	0.0	19,045.7	280,064.7	2,256.2	0.0	0.0	(48,170.8)	6,651,351.5
Others liabilities	507,168.1	4,202.7	203.5	678.0	24,053.3	37,294.4	8,197.1	74,259.9	1,439.0	23.5	657,519.6
Accruals and provisions	63,312.0	862.9	0.0	9,105.0	41,838.4	59,113.9	7,591.9	708.5	989.5	50,694.9	234,217.0
Total Liabilities	40,909,620.4	14,851.4	1,107.8	2,065,856.6	2,503,642.0	3,420,938.6	1,566,473.1	90,173.1	96,664.2	(353,679.1)	50,315,648.2
Shareholders' equity	5,997,223.6	123,730.7	17,619.0	233,786.1	352,670.4	551,479.8	193,659.0	68,112.5	45,366.0	(1,524,817.9)	6,058,829.2
Total Liabilities and shareholders' equity	\$ 46,906,844.1	138,582.2	18,726.7	2,299,642.7	2,856,312.4	3,972,418.5	1,760,132.0	158,285.6	142,030.2	(1,878,497.0)	56,374,477.4
Consolidated Statement of Earnings											
Interest income	\$ 3,887,449.0	3,834.9	2,405.3	81,321.0	200,463.1	209,442.7	158,922.8	9,441.6	1,501.8	(10,705.0)	4,544,077.1
Interest on loans	3,278,714.3	0.0	0.0	62,259.7	160,975.2	198,827.7	143,592.5	0.0	0.0	(3,294.6)	3,841,074.7
Interest on investment portfolio	293,568.1	3,834.9	2,405.3	16,519.0	39,487.9	10,614.9	14,786.6	9,441.6	1,482.0	(4,702.8)	387,437.5
Interbank and overnight funds	15,213.2	0.0	0.0	2,542.3	0.0	0.0	543.6	0.0	19.8	(2,707.6)	15,611.4
Financial leases	299,953.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	299,953.5
Interest expense	1,217,813.6	0.0	0.0	40,949.9	66,866.1	50,960.9	60,092.5	0.0	95.2	(8,847.1)	1,427,931.2
Checking accounts	22,525.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22,525.4
Time deposits	398,631.7	0.0	0.0	30,943.3	52,763.7	31,545.4	32,112.2	0.0	0.0	(3,483.9)	542,512.4
Saving deposits	289,031.5	0.0	0.0	7,868.9	3,956.3	5,846.9	14,766.6	0.0	0.0	(3,164.3)	318,305.8
Borrowings from financial institutions	136,880.9	0.0	0.0	2,137.8	7,542.8	13,568.6	13,213.7	0.0	0.0	(2,133.3)	171,210.5
Interbank and overnight funds	2,386.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(65.6)	2,320.5
Repo transaction	11,655.7	0.0	0.0	0.0	2,603.4	0.0	0.0	0.0	95.2	0.0	14,354.3
Long - term debt	356,702.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	356,702.3
Net interest income	2,669,635.4	3,834.9	2,405.3	40,371.0	133,596.9	158,481.7	98,830.3	9,441.6	1,406.6	(1,857.9)	3,116,145.9
Allowance, Net	771,666.1	819.6	0.0	1,017.1	22,224.8	15,138.7	9,066.9	616.8	1.2	(4,760.3)	815,790.9
Net financial margin	1,897,969.3	3,015.3	2,405.3	39,353.9	111,372.1	143,343.0	89,763.4	8,824.8	1,405.4	2,902.4	2,300,355.0
Operating incomes	840,567.7	72,749.8	6,271.2	3,035.9	34,731.2	88,330.9	26,433.6	104,014.4	10,805.6	(43,020.3)	1,143,920.1
Commission and fees	609,559.0	69,312.0	5,890.4	3,035.9	32,254.3	43,686.9	23,724.4	0.0	0.0	(2,351.0)	795,862.5
Services	169,580.7	3,423.8	242.0	0.0	2,462.2	44,637.9	2,709.2	103,990.3	37.2	(2,177.2)	324,906.1
Dividends income	61,427.9	14.0	138.8	0.0	14.6	6.2	0.0	24.1	17.9	(38,492.0)	23,151.5
Operating expenses	1,877,422.4	44,240.3	7,162.6	21,210.4	123,219.7	169,239.0	95,480.2	106,293.2	16,519.0	(12,600.9)	2,448,185.9
Payroll	663,463.7	13,078.3	4,663.0	9,489.2	55,256.9	63,104.2	39,899.5	6,948.9	9,355.8	0.0	865,259.5
Administrative and operating expenses	1,213,958.8	31,162.0	2,499.5	11,721.3	67,962.7	106,134.8	55,580.8	99,344.2	7,163.2	(12,600.9)	1,582,926.4
Other operating income and expenses net	25,714.2	98.2	584.9	3,240.7	9,532.9	2,593.9	(2,172.5)	869.6	3,375.1	(1,642.7)	42,194.3
Operating income	886,828.7	31,622.9	2,098.9	24,420.2	32,416.5	65,028.9	18,544.3	7,415.6	(932.9)	(29,159.7)	1,038,283.5
Non-operating income and expenses, nets	29,190.6	106.7	(511.2)	8,474.4	4,138.1	9,512.6	(4,266.7)	586.1	712.6	3,603.9	51,547.3
Non-operating income	108,749.4	1,360.2	106.9	8,521.8	6,255.8	13,041.1	3,951.3	687.1	1,060.7	3,509.5	147,243.9
Non-operating expenses	79,558.7	1,253.5	618.1	47.4	2,117.7	3,528.5	8,218.0	101.0	348.1	(94.4)	95,696.6
Income before tax and non- controlling interest	916,019.4	31,729.7	1,587.7	32,894.6	36,554.6	74,541.6	14,277.6	8,001.7	(220.3)	(25,555.8)	1,089,830.8
Income tax expense	186,339.4	10,629.3	131.5	3,585.8	7,176.1	19,572.0	4,794.0	834.8	0.0	11.2	233,074.0
Non- controlling interest	0.0	0.0	0.0	0.0	12.7	835.1	0.0	0.0	0.0	4,802.7	5,650.4
Profit for the period	\$ 729,680.0	21,100.4	1,456.2	29,308.8	29,365.9	54,134.5	9,483.6	7,166.9	(220.3)	(30,369.7)	851,106.3