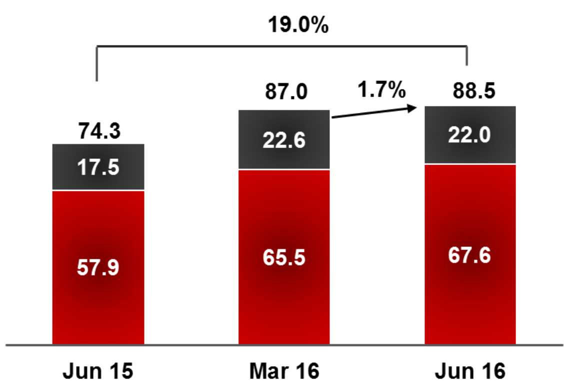
DAVIVIENDA ANNOUNCES CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2016

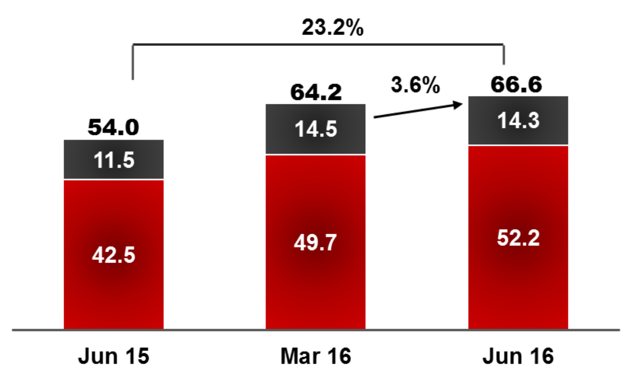
Bogotá, Tuesday, August 23, 2016 - Banco Davivienda (BVC: PFDAVVNDA), ("the Company", "Davivienda" or the "Bank"), a leading commercial bank in the Colombian financial market and a subsidiary of Grupo Bolivar, announced its consolidated results today for the second quarter of 2016 (2Q16) of the period ending on June 30, 2016. The results are provided in Colombian Pesos (COP), and were prepared based on the accounting and financial reporting standards accepted in Colombia and instructions from the Colombian Financial Superintendence, hereinafter CFRS, in accordance with the Spanish version of January 1, 2013 and instructions given by the Colombian Financial Superintendence.

KEY FINANCIAL DATA PERFORMANCE

Assets (COP trillion)[1]



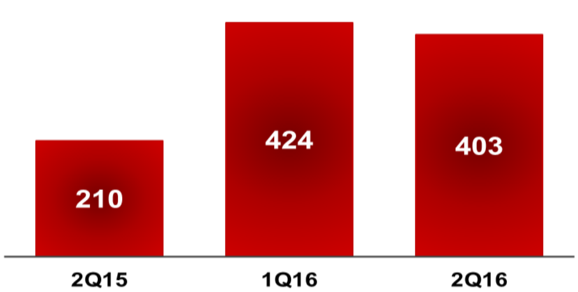
Net Portfolio (COP trillion)



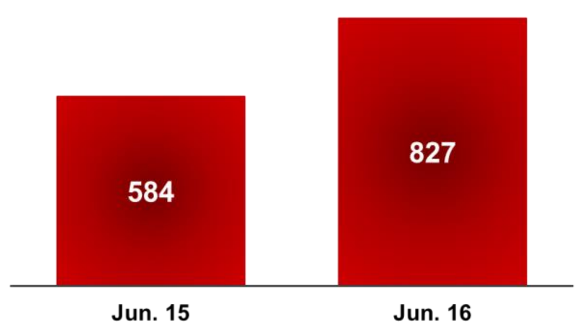
Colombia ■ Internacional

Consolidated Profits
(COP billion)

Quarterly



Accumulated



[1] Total assets include deletions and reclassifications on the foreign subsidiaries totaling COP 1.1 trillion for June 2015, March 2016 and June 2016.

SUMMARY OF CONSOLIDATED RESULTS SECOND QUARTER 2016 (2Q16)

- Financial income of 2Q16 grew 3.7% compared to 1Q16 and 40.5% compared to 2Q15, closing at COP 2.2 trillion. The revenue from the commercial loan portfolio stood out at COP 846.7 billion, up 3.0% compared to the previous quarter and 50.5% from 2Q15. In addition, the investment portfolio generated COP 242.3 billion in revenue, up 19.6% from 1Q16 and 176.3% from 2Q15. Accumulated financial income for the first half of the year totaled COP 4.3 trillion, up 38.1% from 1H15.

- Financial expenses amounted to COP 885.7 billion, up 12.8% from 1Q16 and 66.8% from 2Q15, mainly due to the increase in term deposits, savings accounts and bonds, based on which accumulated financial expenses of 1H16 totaled COP 1.7 trillion.

- The gross financial margin closed at COP 1.3 trillion, down 1.7% from 1Q16 and 27.0% more than 2Q15. The accumulated gross financial margin by the end of 1H16 was COP 2.6 trillion, achieving an NIM[2] of 6.65%, up 10 basis points from the NIM recorded at the end of 1Q16.

- The net provision expense in 2Q16 was COP 298.8 billion, down 32.8% from 1Q16 and 10.6% from 2Q15, mainly due to the higher level of provisions during the 1Q16on the commercial loan by the impairment of specific clients. Also, in foreign subsidiaries, the provision expense decreased by 56.7% during the quarter and 46.8% in the year.

- The efficiency indicator[3] in 2Q16 stood at 44.4%, a 128 basis-point improvement in the level of efficiency recorded at the end of 1Q16, and 527 basis points lower than 2Q15. Operating expenses of 2Q16 amounted to COP 696.7 billion, up 2.8% from 1Q16 and 10.2% from 2Q15, mainly due to the annual increase in administrative expenses by 14.1% and the 7.4% increase in personnel expenses. Accumulated expenses as at 1H16 were COP 1.4 trillion, up 13.7% compared to the accumulated expenses as at June 2015.

- Net profit in 2Q16 was COP 402.6 billion, down 5.1% from 1Q16 and another 91.4% compared to 2Q15. The accumulated profit at the end of the first half of the year was COP 826.8 billion, up 41.5% from 1H15.

- At the close of June 2016, assets totaled COP 88.5 trillion, up 1.7% from the assets at the end of 1Q16 and another 19.0% compared to 2Q15, consisting mainly of the net portfolio representing 75.2% of the total assets, followed by the investment portfolio with a share of 9.8% and cash and interbank loans at 9.4%. The remaining 5.6% is represented in other assets.

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

[3] Efficiency (12 months): operating expenses / (gross financial margin + net operating income - dividends + net exchange and derivatives + other net income and expenses).

- Profitability measured based on average assets[4] was 1.74%, 16 basis points above the ROAA at the end of 1Q16 and 48 basis points compared to 2Q15.

- The gross loan portfolio closed at COP 68.6 trillion, achieving increases of 3.5% compared to 1Q16 and 23.2% compared to 2Q15, with emphasis on the performance of the commercial loan portfolio, which grew 2.9% compared to 1Q16 and 26.7% compared to 2Q15. In Colombia, the gross loan portfolio grew 22.8% compared to 2Q15, closing at COP 54 trillion.

- The delinquent portfolio indicator[5] stood at 1.89%, down 2 basis points from 1Q16 and 5 basis points compared to the indicator recorded in 2Q15. In 2Q16, the portfolio provision of COP 2 trillion reached a level of coverage of 154.1%, up 310 basis points from 2Q15.

- Funding sources[6] were COP 74.1 trillion, up 1.0% from 1Q16 and another 20.9% from 2Q15, reaching a portfolio to funding source ratio[7] of 89.9%, up 223 basis points from that recorded in 1Q16 and 164 basis points compared to 2Q15.

- Equity ended June 2016 at COP 9 trillion, up 3.8% from 1Q16 and 16.9% from 2Q15. Return on average equity (ROAE)[8] was 17.0%, compared to 15.4% in 1Q16. The net translation adjustment of taxes was COP 383 billion, down COP 58 billion from 1Q16 and up COP 27 billion from 2Q15, as a result of the 12.3% devaluation of the official Colombian peso/US dollar exchange rate compared to 2Q15 and the 2.7% revaluation compared to 1Q16.

- Tier 1 closed 2Q16 at 7.4%, up 28 basis points from 1Q16. The solvency indicator closed at 11.8%, down 34 basis points from the previous quarter.

- At the end of June 2016, Davivienda was operating in six countries and had 8.4 million customers[9], 17,195 employees, 752 branches and 2,215 ATMs.

[4] ROAA (12 months): accumulated net profit / average assets.
[5] Nonperforming loans > 90 days.
[6] Funding sources: Total deposits + bonds + institutional loans.
[7] Ratio: net loan portfolio / (Total deposits + bonds + institutional loans).
[8] ROAE (12 months): accumulated net profit / average equity.
[9] This includes 2.9 million DaviPlata customers and 1.1 million subsidiary customers.

Most Significant Events this Quarter

Subsequent Events

Capitalization of Fiduciaria Davivienda

On June 30, Banco Davivienda took part in the capitalization of Fiduciaria Davivienda for a total of COP 33 billion to strengthen the entity's solvency and support an ambition growth plan in managed assets for the coming years.

Debt Issuance

On July 27, Davivienda carried out a successful straight bond issue on the local market for COP 600 billion at 3, 7 and 12 years at an average effective rate of 10.93%. It received a demand of 3.2 times the amount initially offered.

Capitalization of Grupo del Istmo (Costa Rica) S.A.

On July 11, 2016 Banco Davivienda S.A. capitalized Banco Davivienda Internacional (Panama) S.A., for a total of USD 20 million, with the authorization of the Financial Superintendence, Davivienda.

ECONOMIC CONTEXT

Colombia

During the first half of the year, the market situation was marked by tremendous international instability as a result of the pessimism regarding the performance of the global economy in general. As a result of the impairment of global growth indicators, monetary authorities in the United States refrained from increasing their interest rates. In addition, the results of the Brexit referendum opened the possibility of reductions in UK interest rates, which again generated expectations of adjustment of the monetary policy in developed countries. Consequently, the semester closed with a more constructive setting for emerging countries.

As a result of the devaluation of the US dollar and certain particular events on the oil market (such as the shortage due to fires in Canada and problems with the supply in Libya), the price of the fuel improved significantly in the second quarter of the year compared to the first (during the first three months, the average price was barely USD 33). 22 in the WTI benchmark, which is lower than the USD 45.68 in the second quarter of the year).

The improvement in oil prices, along with the lower international risk aversion and the return of capital flows to developing countries, exerted downward pressure on the exchange rate of the US dollar. In fact, the US dollar, which had reached an average value of COP 3,249 in the first quarter, dropped to COP 2,994 on average in the second quarter.

As mentioned before, the increase in the value of the US dollar, which made tradable goods more expenses, was added to the acute lack of rain caused by the El Niño phenomenon, such that total inflation continued to rise throughout the quarter, shocking analysts and even the monetary authority itself. The total inflation of 6.77% at the end of December rose to 8.6% by the end of June.

The monetary authorities have explicitly stated their concern over the possibility that the inflation target in 2017 will be affected as a result of the out-of-control inflation and its effects on the price indexation and expectations. As occurred in the first quarter of the year, during the second quarter, it was clear that the risk of higher inflation was much worse than a sudden slowdown in the economy, so the Central Bank continued raising the interest rate. The one-day repo transaction rate went from 6.5% at the end of the first quarter to 7.5% by the end of June.

It is clear that the drop in oil prices has caused a significant adjustment in government revenue and, consequently, its levels of spending must be adjusted. The low dynamic of public spending, along with the drop in investment during the first quarter of the year have reduced the growth of the economy, which dropped to 2.5% in the first quarter of the year, compared to 3.1% in the last quarter of 2015. Another factor that has continued contributing to the lower dynamic of the economy is the performance of oil production, which dropped to 902 thousand barrels per day in the second quarter of the year, with a 5.2% decline compared to the previous quarter.

Central America

Economic activity measured based on the quarterly Gross Domestic Product (GDP) at the end of the first quarter of 2016 showed faster growth for Costa Rica and El Salvador, while there were downturns in Honduras and Panama. Annual growth in Costa Rica, which amounted to 4.76% compared to 2.49% of 1Q15 was driven by a recovery of the manufacturing industry, with greater dynamism in the production of equipment and medical supplies.

The growth in El Salvador in the first quarter of the year was 2.53%, up from the same period of last year at 2.16%. The sectors that contributed most to the increase were sales, hotels and the manufacturing industry. In Honduras, the GDP increased 3.82%, down from the 4.03% recorded in 1Q15, driven by the financial intermediation due to the increase in net interest on loans and deposits in commercial banks and financial companies, as well as commissions generated by the increased use of credit cards.

The annual increase in the GDP for Panama was 4.58%, a downturn compared to the 6.16% of the same period one year ago. The sector that recorded the highest positive contribution to growth is still construction, thanks to the execution of investments in infrastructure works.

As regards economic activity after the first quarter, the monthly economic activity indexes (IMAE and IVAE, for the Spanish originals) suggest that growth has accelerated in Costa Rica and Honduras: the annual increase in the IMAE in the first quarter was 5.40% and 4.05% in the second quarter. On the contrary, economic activity in El Salvador had grown only 1.75% as at May.

In terms of annual inflation, Costa Rica recorded a negative figure of -0.88% by June, thus adding up to 12 months of negative variations. This inflation stands below the target set by the Central Bank of Costa Rica (between 2% and 4%). In Panama, annual inflation was reported at 0.10% in June, continuing the downward trend seen since February 2016. For El Salvador, annual inflation was at 0.92% in June and 2.45% for Honduras.

Performance by inflation items shows increases in transport, due to adjustments in fuel prices in Honduras and Panama. In Costa Rica, the negative contribution to the annual inflation of transport decreased, while this item continues to be the main factor explaining the drop in inflation in El Salvador.

Finally, the Monetary Policy Rate (TPM, for the Spanish original) in Honduras recorded a reduction, going from 5.75% to 5.50% on June 20, continuing the expansionist trend that began in January 2015. In Costa Rica, the TPM stood at 1.75% in 2Q16.

MAIN BUSINESS RESULTS

Consumer

At the end of June 2016, the consumer loan portfolio totaled COP 17.2 trillion, up 4.1% from 1Q16 and 16.1% from 2Q15, in which the free investment loans stood out with an annual increase of 17%.

In Colombia, this portfolio grew 5.1% compared to the previous quarter and 14.1% compared to 2Q15, where the performance of the free investment loans stood out, closing at COP 3.7 trillion, up 6.1% from 1Q16 and 20.9% from 2Q15. In addition, we highlighted the growth of credit cards by 8.6% during the quarter and 19% compared to the same quarter of last year, closing at COP 2.9 trillion.

The consumer loan portfolio in foreign subsidiaries increased 2.5% compared to 1Q16 and 11.6% compared to 2Q15 in US dollars, mainly in the Costa Rica and Honduras subsidiaries, achieving annual increases in this portfolio of 34.0% and 17.4%, respectively.

Mortgage

The mortgage loan portfolio closed 2Q16 at COP 14.8 trillion, up 4.4% compared to 1Q16, and 23.5% compared to 2Q15. In Colombia, mortgage loans grew 5.2% compared to 1Q16 and 23.2% in relation to the same period last year, mainly in low-income housing, which represents 33% of the total mortgage portfolio.

In foreign subsidiaries, this portfolio grew 3.7% compared to 1Q16 and 11.1% compared to 2Q15 in US dollars, where the performance of this loan portfolio stood out in the Costa Rica and Panama subsidiaries with annual growths of 20.2% and 75.5%, respectively.

Commercial

In 2Q16, the commercial loan portfolio closed at COP 36.6 trillion, up 2.9% from 1Q16 and 26.7% compared to 2Q15. The integration with Leasing Bolívar contributed to the annual growth of 4.3%.

The performance of the corporate loan portfolio in Colombia stood out, closing at COP 17.8 trillion, up 3.1% from 1Q16 and 21.1% from 2Q15.

In turn, the SME loan portfolio in Colombia closed at COP 5.2 trillion, up 6.8% from 1Q16 and 19.6% from 2Q15, without including the effect of Leasing Bolívar. In addition, the balance of the construction portfolio in Colombia was COP 3.3 trillion, up 8.1% from the previous quarter and 27.1% from 2Q15.

The commercial loan portfolio in foreign subsidiaries grew 0.5% compared to 1Q16 and 10.2% compared to the same quarter of the previous year in US dollars, where the annual growth in Costa Rica stood out from the rest (23.9%).

BALANCE SHEET

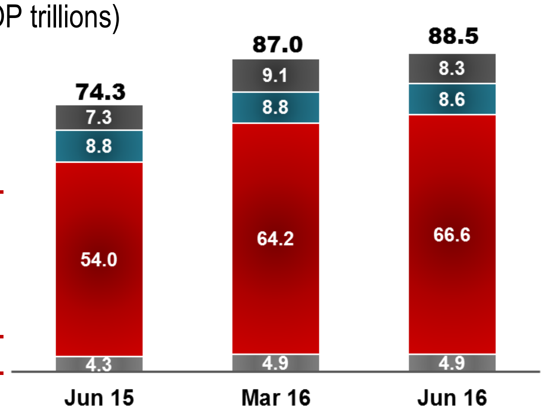
Assets

At June 2016, assets totaled COP 88.5 trillion, growing 1.7% with respect to 1Q16, and 19% compared to the same quarter of the previous year, explained by the performance of the net loan portfolio, which represents 75.2% of the total assets, and grew 3.6% from 1Q16 and 23.2% from 2Q15. In addition, cash and interbank loans grew by 14.7% compared to 2Q15, reaching a 9.4% share in total assets, down 104 basis points from 1Q16. In turn, the investment portfolio declined 1.6% compared to 1Q16 and 1.5% compared to 2Q15, explained by the decrease in TES in the negotiable securities portfolio in Colombia and the sale of 22,756 shares in CIFIN.

The consolidated ROAA[10] closed 2Q16 at 1.74%, up 16 basis points from the 1.58% obtained at the end of 1Q16 and 48 basis points from 2Q15.

Evolution of Consolidated Assets (in COP trillions)

	2Q16/1Q16	2Q16/2Q15
Cash	-8,4%	14,7%
Investments, net	-1,6%	-1,5%
Loans, net	3,6%	23,2%
Other assets [11]	1,9%	15,8%
Assets	**1,7%**	**19,0%**



Assets	Jun 15	Mar 16	Jun 16	2Q16 / 1Q16	2Q16 / 2Q15
Colombia	57.9	65.5	67.6	3.2%	16.7%
International	17.5	22.6	22.0	-2.7%	25.4%
International USD$[12]	6.7	7.5	7.5	0.1%	11.7%

Assets in foreign subsidiaries amounted to COP 22 trillion, growing mainly due to the performance of the net loan portfolio, which represents 65.1% of the total assets in foreign subsidiaries. In US dollars,[13] the net loan portfolio grew 1.6% compared to the previous quarter, and 10.6% compared to 2Q15, mainly in the commercial loan portfolio, which represents 58.6% of the total portfolio in foreign subsidiaries.

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[10] ROAA (12 months): accumulated profit / average annual assets.
[11] Other assets include: Property, plant and equipment; goods received in net payment; prepaid expenses and deferred charges; goodwill; and others.
[12] Davivienda International includes: El Salvador, Costa Rica, Panama and Honduras.
[13] The official exchange rate of the US Dollar increased 12.3% compared to 2Q15. In relation to 1Q15, it decreased 2.7%.

Cash and Interbank

In June 2016, cash and interbank loans amounted to COP 8.3 trillion, down 8.4% form 1Q16, mainly due to the USD 175 million decrease in cash in the Banco Davivienda Panama General License, due to the 10.1% increase in the investment portfolio, 4.7% growth in the loan portfolio and the 8.4% decrease in deposits. Also, cash in Colombia decreased 5.6% as a result of the decrease mainly due to Banco Davivienda S.A. in accounts in the Central Bank for COP 497 billion, explained by the growth of loans.

Compared to 2Q15, cash and interbank loans grew 14.7%, mainly due to the performance of foreign subsidiaries because of the effect of the 12.3% Colombian peso - US dollar devaluation compared to the end of 2Q15 and the results of Costa Rica, achieving an annual increase in cash of 20.9% in the Central Bank and 50% in Panama for deposits received from corporate customers. In Colombia, cash and interbank loans increased by 5.8%, closing at COP 4.4 trillion.

Investments Portfolio

The consolidated investment portfolio closed at COP 8.6 trillion, down 1.6% from 1Q16 and 1.5% from 2Q15, explained by the performance of the investment portfolio in Colombia, which declined 3.2% during the quarter and 10.7% from the same period of the previous year, mainly due to the COP 214 billion reduction in negotiable debt securities, particularly in TES as part of the liquidity strategy and and the need for bank funding. Additionally, the COP 6.9 billion decrease in equity securities, mainly due to the sale of CIFIN shares.

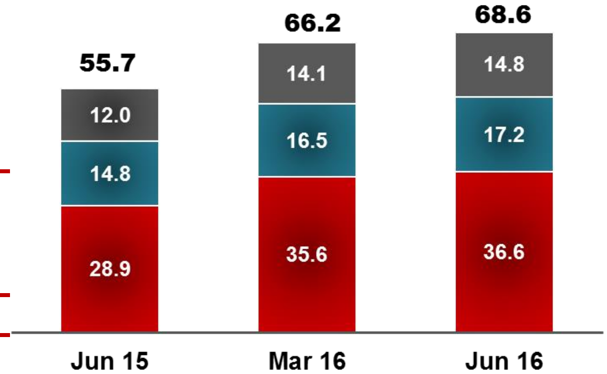
The consolidated investment portfolio consists mainly of debt securities, which represent 96.7% of the total investments and 9.4% of the total assets.

Gross Loan Portfolio

The gross loan portfolio closed at COP 68.6 trillion, up 3.5% compared to 1Q16 and 23.2% compared to 2Q15, emphasizing commercial loan performance, which reached an annual increase of 27%, while the mortgage and consumer loan portfolios grew 23% and 16%, respectively.

Evolution of Consolidated Gross Loan Portfolio (in COP trillions)[14]

	2Q16/1Q16	2Q16/2Q15
Mortgage	4,4%	23,5%
Consumer	4,1%	16,1%
Commercial (14)	2,9%	26,7%
Gross Loans	**3,5%**	**23,2%**



Gross Loans	Jun 15	Mar 16	Jun 16	2Q16 / 1Q16	2Q16 / 2Q15
Colombia	44.0	51.5	54.0	4.9%	22.8%
International	11.7	14.7	14.6	-1.3%	24.4%
International USD$ (15)	4.5	4.9	5.0	1.5%	10.7%

In Colombia, the gross portfolio totaled COP 54 trillion, up 4.9% from 1Q16, and 22.8% with respect to 2Q15, mainly due to the commercial loan portfolio's performance, which grew 4.6% with respect to 1Q16, and 27.5% compared to the same quarter of the previous year, closing at COP 28.1 trillion, particularly in the corporate segment with quarterly and annual growths of 3.1% and 21.3% respectively.

The consumer loan portfolio in Colombia closed at COP 14 trillion, up 5.1% from 1Q16 and 14.1% compared to 2Q15, which is mainly explained by the free investment loans which grew 6.1% compared to 1Q16, and 20.9% compared to 2Q15. In addition, the credit card balance increased 8.6% compared to 1Q16 and 19% compared to the same quarter of the previous year.

Finally, as at June 2016, the mortgage portfolio in Colombia closed at COP 12 trillion, which represents a 5.2% increase compared to 1Q16 and 23.2% compared to the same period of the previous year, where the performance of low-income housing loans stood out, with disbursements that increased 67.2% compared to 2Q15.

In foreign subsidiaries, the gross loan portfolio totaled COP 14.6 trillion. In US dollars, the loan portfolio increased by 1.5% compared to 1Q16 and 10.7% compared to 2Q15, mainly due to the performance of the commercial loan portfolio and an improved growth dynamic of the consumer loan portfolio.

The commercial loan portfolio in foreign subsidiaries grew 0.5% compared to 1Q16 and 10.2% in relation to the same period of the previous year in US dollars, mainly in Costa Rica, where the commercial loan portfolio grew 23.9% compared to 2Q15.

[14] The commercial loan portfolio includes micro-loans.

[15] Davivienda International includes: El Salvador, Costa Rica, Panama and Honduras.

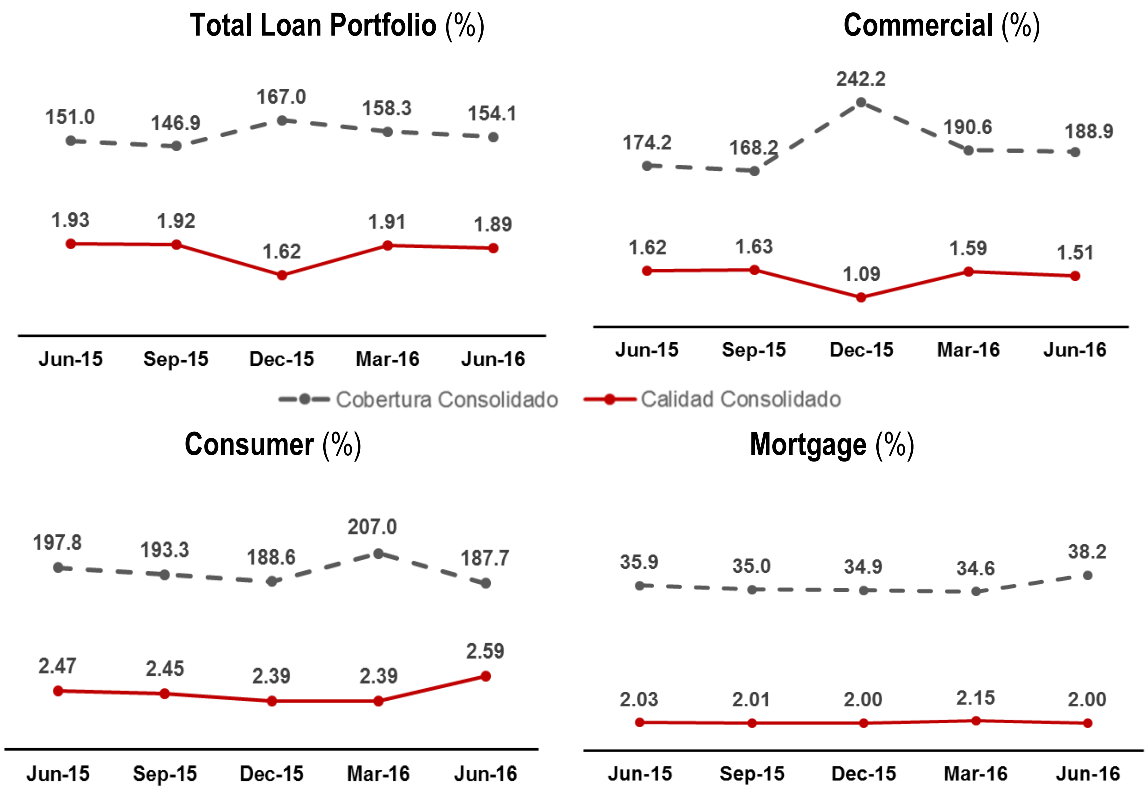
The consumer loan portfolio in foreign subsidiaries grew 2.5% compared to 1Q16 and 11.6% in relation to the same period of the previous year in US dollars, mainly in Costa Rica and Honduras, with annual increases of 34.0% and 17.4%, respectively.

Finally, the mortgage portfolio in foreign subsidiaries increased by 3.7% compared to 1Q16, and 11.1% with respect to 2Q15 in US Dollars, mainly in Costa Rica and Panama with an annual growth of 20.2% and 75.5%, respectively.

Portfolio Quality by Type and Coverage

The loan portfolio indicator[16] at the end of 2Q16 was 1.89%, down 2 basis points from the end of 1Q16, mainly explained by the improvement in the mortgage portfolio indicator by 14 basis points with respect to the previous quarter, mainly in Colombia. In addition, the commercial loan portfolio improved by 8 basis points, closing 2Q16 at 1.51%. IN turn, the consumer loan portfolio indicated increased by 20 basis points, closing at 2.59%.

The consolidated coverage level[17] at June 2016 was 154.1%, down from 1Q16, mainly explained by the drop in provisions during the quarter in the commercial loan portfolio.



[16] Quality: portfolio > 90 days / gross portfolio.
[17] Coverage: reserves / portfolio > 90 days.

In 2Q16, there were net write-offs for COP 155.4 billion, down 36.6% compared to 1Q16, mainly in Colombia due to the decrease in consumer loan write-offs during the quarter.

Compared to 2Q15, there was a COP 120.4 billion increase in, mainly due to the performance of commercial loan portfolio write-offs in Colombia, with a COP 108,6 billion increase, mainly in oil sector clients. Write-offs in 2Q16 reached a share of 0.2% of the total gross loan portfolio.

Goodwill and Intangibles

At the end of 2Q16, Davivienda's consolidated goodwill closed at COP 1.6 trillion, maintaining the same levels as those recorded in 1Q16.

Intangible assets for 2Q16 closed at COP 130.8 billion, up 1.2% compared to 1Q16 and 18.5% from 2Q15, mainly in foreign subsidiaries with a 48.8% increase, particularly in Costa Rica, because of the acquisition of software and applications due to change the core banking. In addition, the devaluation of the official Colombian peso/US dollar exchange rate was 12.3% compared to that of 2Q15. The amortization of intangible assets in 2Q16 was COP 8.2 billion, down 19.1% from 1Q16 and up 51.4% from 2Q15, mainly in Costa Rica.

Other Assets

Property, plant and equipment closed at COP 1.3 trillion, which is slightly lower than the levels reported in 1Q16 and 5.2% higher than the same quarter of the previous year, mainly in Colombia due to the acquisition of new office equipment. In foreign subsidiaries, property, plant and equipment grew 12.5%, mainly due to the effect of the devaluation of the US dollar.

In turn, accounts receivable grew 19.4% compared to 1Q16 and 39.2% compared to 2Q15, closing at COP 915 billion, due to the increase in accounts receivable in Banco Davivienda Colombia on account of balances in its favor for current taxes from the DIAN and advance payments on supplier contracts due to the merger with Leasing Bolívar.

Finally, derivatives and cash transactions totaled COP 462.8 billion, down 9.6% from 1Q16 and up 96.8% from 2Q15; the latter is explained mainly by the performance of Swaps in Colombia, which increased 835.9% compared to the same quarter of the previous year and forward contracts with an annual growth of 22.7%.

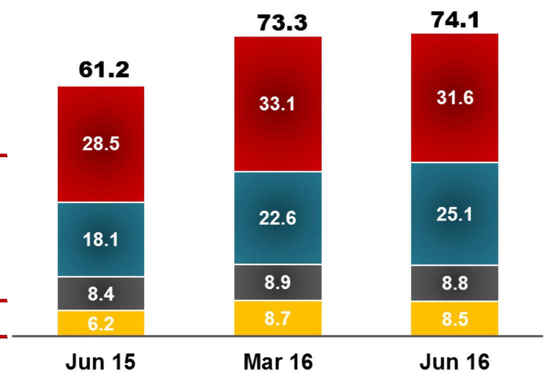
Liabilities

At the end of June 2016, consolidated liabilities totaled COP 79.4 trillion, up 1.5% from 1Q16 and 19.3% from 2Q15, mainly explained by the performance of deposits, which represented 71.5% of total liabilities and grew 1.8% and 21.8%, respectively. In addition, rediscount loans and banking correspondent loans grew 36.3% compared to 2Q15.

Deposits, bonds, rediscount loans and loans to foreign consolidated banking correspondents totaled COP 74.1 trillion, reaching a net portfolio to funding source ratio[18] of 89.9% compared to the 87.6% recorded at the close of 1Q16; without including bonds, this ratio would increase to 102.0%.

Evolution of Funding Sources (in COP trillions)

	2Q16/1Q16	2Q16/2Q15
Demand Deposits	-4,5%	11,0%
Term Deposits	11,0%	38,7%
Bonds	-0,6%	4,9%
Credits	-2,0%	36,3%
Funding Sources	**1,0%**	**20,9%**



Funding Sources	Jun 15	Mar 16	Jun 16	2Q16 / 1Q16	2Q16 / 2Q15
Colombia	46.3	54.0	55.3	2.5%	19.5%
International	14.9	19.3	18.7	-2.9%	25.5%
International USD$ (19)	5.7	6.4	6.4	-0.2%	11.7%

In Colombia, liabilities were COP 59.9 trillion, up 3.0% from 1Q16 and 17.2% compared to 2Q15. In foreign subsidiaries, liabilities totaled COP 19.5 trillion, maintaining the same levels as those recorded in 1Q16 and up 12.1% from 2Q15 in US dollars.

Consolidated demand deposits totaled COP 31.6 trillion, down 4.5% from 1Q16 and up 11.0% compared to 2Q15. In Colombia, demand deposits declined 3.7% compared to 1Q16, due to the 16.4% decrease in checking accounts in the corporate segment. Compared to 2Q15, demand deposits in Colombia were up 10.2%, mainly due to the 13.8% increase savings accounts. In foreign subsidiaries, demand deposits in US dollars declined 4.7% compared to 1Q16 and increased 1.5% compared to the same quarter of the previous year, mainly in Costa Rica, which achieved an annual increase of 5.8%.

Consolidated term deposits were COP 25.1 trillion, up 11% from 1Q16 and 38.7% from 2Q15. Term deposits in Colombia grew 15.4% compared to 1Q16 and 42.1% in relation to 2Q15, closing at COP 17.4 trillion. In turn, term deposits in foreign subsidiaries were up 5.2% compared to 1Q16 and 17.0% compared to 2Q15 in US dollars, mainly due to the performance of CDs in Costa Rica and Panama.

Bonds totaled COP 8.8 trillion, down 0.6% from 1Q16 as a result of the 2.7% revaluation of the Colombian peso/US dollar exchange rate during the quarter. Bonds increased 4.9% from 2Q15, due to the bond issuance of COP 600 billion in November 2015. In Colombia, there was a 0.5% decrease in bonds compared to 1Q16, and an 2.4%

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[18] Fuentes de fondeo: total depósitos + bonos+ créditos con entidades.
[19] Davivienda International includes: El Salvador, Costa Rica, Panama and Honduras.

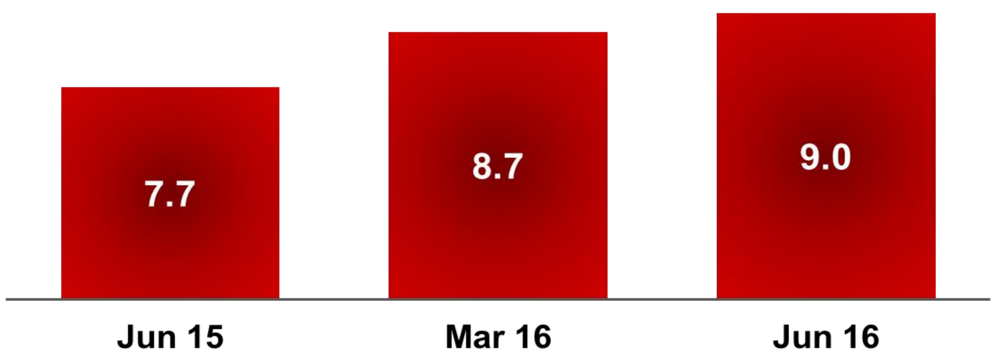
increase compared to 2Q15; the latter is explained mainly by the effect of devaluation on bonds abroad issued in US dollars for a total of USD 1,000 million and the bond issuance for COP 600 billion in November 2016. In foreign subsidiaries, the balance of bonds in US dollars stood at levels similar to 1Q16 and increased 37.9% in relation to 2Q15.

Consolidated rediscount loans and banking correspondent loans were COP 8.5 trillion, down 2.0% from 1Q16 and up 36.3% from 2Q15. In Colombia, they closed at COP 4.9 trillion, at the same levels as those recorded in 1Q16 and up 38.2% from 2Q15, explained by the increase in the use of loans with banking correspondents and the effect of devaluation on the balance. In foreign subsidiaries, institutional loans in US Dollars decreased by 2.3% compared to 1Q16 and 19.1% compared to 2Q15, due to borrowings of USD 175 million in El Salvador in July 2015 and the loans disbursed to Costa Rica for an amount of USD 25 million.

Equity

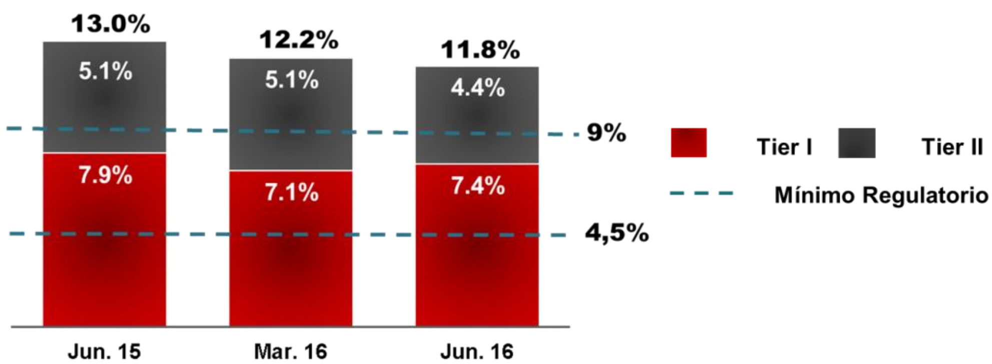
Equity closed at COP 9 trillion, up 3.8% from 1Q16 and 16.9% form 2Q15.

Equity (COP trillions)



At the end of 2Q16, solvency stood 284 basis points above the minimum solvency required in Colombia (9%), closing at 11.8%; technical equity closed at COP 9.2 trillion, down 2% from 1Q16. Assets weighted by risk level increased 1.8%, closing at 74.5 trillion. The ratio of core capital to assets weighted by risk level was 7.4%, 290 basis points above the required minimum (4.5%) and up 28 basis points from 1Q16, explained by the the increase of share placement premium due to the payment of shares as dividends for a total of COP 425 billion.

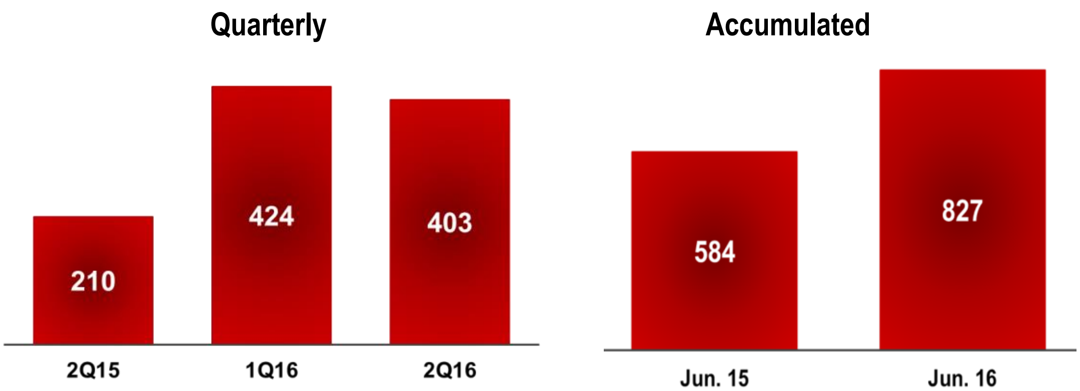
Solvency (%)



STATEMENT OF INCOME

Profits

(billions of COP)[20]



2Q16 $	2Q16 / 1Q16 %	2Q16 / 2Q15 %		Jun. 16 $	Jun 16 / Jun 15 %
1,010	13.8	45.0	Financial Margin, Net	1,897	26.3
284	-9.7	19.3	Operative Income	598	25.9
(697)	2.8	10.2	Operative Expenses	-1,375	13.7
3	-95.1	-78.2	FX Changes, Derivates and Others	69	-11.8
600	**1.9**	**89.7**	**Income before Tax**	1,189	40.5
(197)	19.9	86.3	Taxes	-362	38.4
403	**-5.1**	**91.4**	**Net Income**	**827**	**41.5**

Net profit of 2Q16 closed at 402.6 billion, down 5.1% from 1Q16, due to the 12.8% increase in financial expenses, mainly in term deposits (18.3%), in addition to the 2.8% increase in operating expenses and the 9.7% decrease in operating income.

Compared to 2Q15, net profit increased 91.4%, mainly because in 2Q15, profit was lower as a result of the lower level of income generated by the investment portfolio as a result of the lower valuation of debt securities at fair value in Colombia due to the devaluation of TES (treasury securities) UVR (Real Value Unit) in all terms and the payment of a special bonus for COP 22.6 billion in Colombia due to the renewal of the collective agreement for 3 years.

Accumulated profit from the first half of the year closed at COP 826.8 billion, up 41.5% from 1H15, as a result of the 26.3% increase in the net financial margin. As a result, the Return on Average Equity (ROAE)[21] closed 2Q16 at 17% , compared to the 15.4% reported in 1Q16 and 11.8% of 2Q15.

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[20] Profits after eliminations, standardizations and unifications.

[21] ROAE (12 months): accumulated net profit / average equity.

Income from Interest on Loans

Income from interest on loans increased 1.8% compared to 1Q16 and 32.1% compared to 2Q15 closing at COP 1.9 trillion, mainly due to the performance of the commercial and mortgage loan portfolios; the balance of average performing loans increased 5.2% compared to 1Q16 and 24.4% compared to 2Q15.

Consolidated interest of the commercial loan portfolio totaled COP 841.3 billion in 2Q16, up 3.0% from 1Q16 and 50.8% from 2Q15 due to the 2.9% growth of the portfolio balance compared to 1Q16 and 26.7% compared to 2Q15. During the quarter, foreign subsidiaries generated COP 184.8 billion in income from the commercial loan portfolio, down 9.5% from 1Q16 and 32% from 2Q15[22].

The income from the consumer loan portfolio in 2Q16 closed at COP 637.7 billion, up 3.4% from 1Q16 and 19.2% from 2Q15 as a result of the 4.1% increase in the balance of the consumer loan portfolio compared to 1Q16 and 16.1% compared to 2Q15, particularly in free investment loans and credit cards in Colombia. In foreign subsidiaries, income from the consumer loan portfolio was COP 71.4 billion, down 8.7% from 1Q16 and 37.3% from 2Q15[23].

Quarterly income of the mortgage portfolio amounted to COP 453 billion, down 2.5% from 1Q16 and 24.9% from 2Q15, the latter explained by the increase in mortgage loans, mainly in Colombia.

Therefore, accumulated income of the loan portfolio for the first half of 2016 was COP 3.8 billion, up 33.8% from 1H15, where the income of the commercial loan portfolio stood out with a growth of 51.9%.

Investment Portfolio Income

Quarterly income of the investment portfolio at the end of 2Q16 totaled COP 242.3 billion, up 19.6% from 1Q16 and 176.3% from 2Q15, due to the higher valuation of investments in debt securities at fair value.

Accumulated investment income of the first half of the year totaled COP 444.9 billion, up 88.3% from 1H15, mainly due to the performance of debt securities

[22] The annual increase in income from the commercial loan portfolio in foreign subsidiaries was 17.6% in US dollars.
[23] Income from the consumer loan portfolio in foreign subsidiaries grew 22.3% compared to 2Q15 in US dollars

Financial Expenses

Financial expenses for 2Q16 closed at COP 885.7 billion, up 12.8% from 1Q16 and 66.8% from 2Q15, mainly due to the increase in the balance of term deposits, generating a 18.3% increase in cost compared to 1Q16 and 73.2% compared to 2Q15. In addition, the expenses generated by demand deposits grew 14.1% compared to 1Q16 and 95.7% compared to 2Q15, mainly due to the performance of savings accounts in Colombia, which grew 20.9% compared to 1Q16 and 91.9% compared to 2Q15.

IN turn, expenses for debt issuances were up 7.2% from 1Q16 and 41.5% from 2Q15, mainly in Colombia due to local debt issuances for COP 600 billion in November 2015 and the 12.3% devaluation of the Colombian peso/US dollar exchange rate compared to 2Q15.

Finally, the greater use of loans with banking correspondents in foreign subsidiaries, generated an increase in interest on this account of 18.6% compared to 2Q15 in US dollars, mainly in El Salvador on the USD 175 million loan disbursed in July 2015 and in Costa Rica on a loan of USD 25 million on at December 2015. In Colombia, loan expenses with banking correspondents and other entities were up 8.2% from 1Q16 and 57.8% from 2Q15.

Accumulated financial expenses for the first half of the year totaled COP 1.7 trillion, up 61.9% from 1H15, mainly due to the performance of term deposits.

Net Provision Expenses

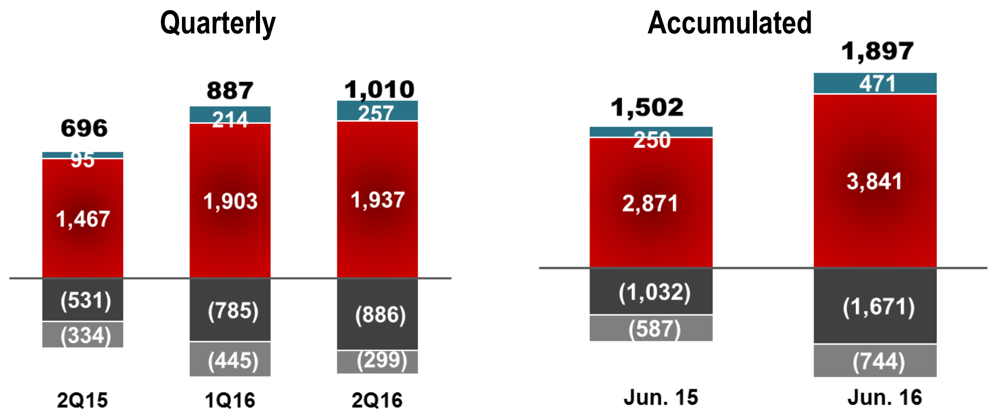
The net provision expense in 2Q16 totaled COP 298.8 billion, down 32.8% from 1Q16 and 10.6% from 2Q15, mainly in the commercial loan portfolio because greater provisions were made in 1Q16 due to the impairment of particular clients in Colombia. In foreign subsidiaries, the provision expense was COP 25.3 billion, down 62.3% from 1Q16 and 39.7% from 2Q15 mainly explained by a decrease in corporate loans balance in Costa Rica.

Accumulated net provision expenses amounted to COP 743.7 billion, up 26.7% from 1H15, based on which the net provision expense over the loan portfolio[24] stood at 1.91%, down 12 basis points from that recorded at the end of 1Q16

[24] Provision expense (accumulated 12 months) / gross portfolio.

Net Financial Margin

(billions of COP)



2Q16	2Q16 / 1Q16	2Q16 / 2Q15		Jun. 16	Jun 16 / Jun 15
$	(%)	(%)		$	(%)
1,937	1.8	32.1	Loan Income	3,841	33.8
257	20.2	171.2	Investment Income, Overnight	471	88.2
2,195	**3.7**	**40.5**	**Financial Income**	**4,312**	**38.1**
(886)	12.8	66.8	Financial Expenses	-1,671	61.9
(299)	-32.8	-10.6	Allowances	-744	26.7
1,010	**13.8**	**45.0**	**Financial Margin, net**	**1,897**	**26.3**

The net financial margin of 2Q16 closed at 1 trillion, up 13.8% from 1Q16 and 45% from 2Q15, mainly explained by the increase in the income from the commercial and consumer loan portfolios in Colombia and foreign subsidiaries. In addition, the portfolio of investments in debt securities in Colombia contributed to a 280.5% annual growth.

The accumulated net financial margin was COP 1.9 trillion, up 26.3% from 1H15, explained by the 33.8% increase in portfolio revenue. As a result, the NIM[25] ended 2Q16 at 6.6%, up 10 basis points from the NIM reported in 1Q16.

Net Operating Income

Operating income in 2Q16 totaled COP 283.5 billion, down 9.7% from 1Q16 as a result of the lower income in sale of investments income COP $29 billion.

Compared to 2Q15, operating income increased 19.3% due to the performance of net income from fees and commissions, which grew 13.1%. In Colombia, the net income from fees and commissions increased 7.9% compared to 2Q15, closing at COP 159.6 billion, explained by handling fees and purchases using credit and debit cards. In foreign subsidiaries, net income from fees and commissions were COP 31.7 billion, up 49.6%

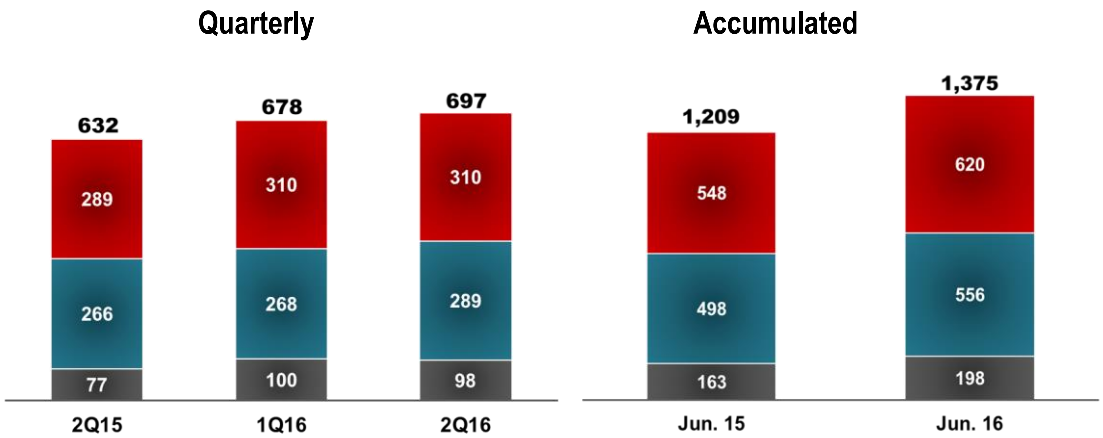
[25] NIM (12 months): Accumulated gross financial margin / average earning assets.

in US dollars compared to the same quarter of the previous year, mainly in El Salvador and Honduras.

Accumulated operating income totaled COP 597.5 billion, up 25.9% from 1H16, based on which the indicator of commissions and services over total income[26] stood at 16.5%, 62 basis points lower than recorded at the end of 1Q16.

Operating expenses

(billions of COP)



2Q16 $	2Q16/1Q16 (%)	2Q16/2Q15 (%)		Jun. 16 $	Jun 16 / Jun 15 (%)
310	0.2	7.4	Personnel Expenses	620	13.3
289	7.9	8.4	Operational Expenses	556	11.7
98	-2.8	26.4	Other Expenses	198	21.1
697	**2.8**	**10.2**	**Total Expenses**	**1,375**	**13.7**

Operating expenses in 2Q16 totaled COP 696.7 billion, up 2.8% from 1Q16, mainly due to the 21.4% increase in administrative expenses in Colombia because of the higher advertising, computer, IT and software maintenance expenses. Personnel expenses, in turn, remained at levels similar to those recorded in 1Q16.

Compared to 2Q15, operating expenses increased by 10.2%, explained mainly for the administrative expenses increased 14.1%, explained by the increase in subscriptions and maintenance expenses in Colombia. Additionally, other expenses increased due to the increase in amortization of licenses and software in Colombia and the increase in depreciations in Central America.

Therefore, accumulated operating expenses for the first half of 2016 were COP 1.4 billion, 13.7% compared to 1H15, based on which Efficiency[27] closed at 44.4% compared to the 45.7% recorded at the end of 1Q16 and 49.7% of 2Q15.

[26] Fee ratio (12 months): Fee and commission income / total revenue.
Nonperforming loans > 90 days.
[27] Efficiency (12 months): operating expenses / (gross financial margin + operating income + other net income and expenses).

Net Exchange and Derivatives

In 2Q16, COP 11 billion in income was generated by net derivatives and exchange, down 81.6% from 1Q16 and 48.1% from 2Q15, explained in Colombia by the lower income from derivatives as a result of the liquidation of forwards and futures in foreign currency, along with the valuation of options, in addition to the effect of the 2.7% revaluation of the Colombian peso/US dollar exchange rate during the quarter.

Accumulated income from net exchange and derivatives at June 2016 amounted to COP 70.7 billion, down 8.1% from 1H15.

Other Net Income and Expenses

In 2Q16, other net expenses were generated for Cop 7.8 billion, up 19.5% from 2Q15, explained by the increase due to the impairment of the value of other assets in foreign subsidiaries, which grew COP 18.4 billion compared to 1Q16 and COP 24.4 billion compared to 2Q15, mainly in Costa Rica.

At the end of June 2016, other accumulated net expenses were COP 2 billion, compared to other net income for COP 2.9 billion recorded in 1H15.

Taxes

In 2Q16, Davivienda recorded taxes for COP 197.5 billion, up 19.9% from 1Q16 and 86.3% from 2Q15, explained mainly by the COP 16.4 billion increase in non-tax-deductible expenses in Banco Davivienda S.A. with an impact of COP 6.5 billion on taxes. Therefore, accumulated tax as at June 2016 was COP 362.2 billion, up 38.4% from 1H15.

Balance Sheet as of June 2016 (COP Billion)							
	Consolidated					Colombia	
ASSETS	**Jun 15**	**Mar 16**	**Jun 16**	**Jun 16 / Mar 16**	**Jun 16 / Jun 15**	**Jun 16 / Mar 16**	**Jun 16 / Jun 15**
Cash and interbank funds	**7.270**	**9.098**	**8.337**	**-8,4%**	**14,7%**	**-5,6%**	**5,8%**
Investments	**8.762**	**8.772**	**8.628**	**-1,6%**	**-1,5%**	**-3,2%**	**-10,7%**
Loans	**54.036**	**64.238**	**66.562**	**3,6%**	**23,2%**	**5,0%**	**22,9%**
Commercial	28.898	35.578	36.603	2,9%	26,7%	4,6%	27,5%
Consumer	14.809	16.521	17.194	4,1%	16,1%	5,1%	14,1%
Mortgage	11.954	14.139	14.759	4,4%	23,5%	5,2%	23,2%
Allowances	-1.625	-2.001	-1.994	-0,4%	22,7%	0,2%	21,6%
Fixed assets	**1.189**	**1.262**	**1.251**	**-0,8%**	**5,2%**	**0,0%**	**3,6%**
Other assets	**3.085**	**3.596**	**3.699**	**2,9%**	**19,9%**	**4,4%**	**24,0%**
Total assets	**74.343**	**86.965**	**88.476**	**1,7%**	**19,0%**	**3,2%**	**16,7%**
LIABILITIES							
Deposits	**46.608**	**55.759**	**56.757**	**1,8%**	**21,8%**	**3,3%**	**21,5%**
Saving accounts	20.815	24.228	23.675	-2,3%	13,7%	-0,9%	13,8%
Checking accounts	7.169	8.258	7.287	-11,8%	1,6%	-16,4%	-7,3%
Time deposits	18.108	22.613	25.109	11,0%	38,7%	15,4%	42,1%
Other	516	661	687	4,0%	33,2%	3,2%	40,5%
Long term debt	**8.418**	**8.885**	**8.828**	**-0,6%**	**4,9%**	**-0,5%**	**2,4%**
Local	5.438	5.301	5.310	0,2%	-2,3%	0,2%	-2,3%
International	2.980	3.584	3.518	-1,8%	18,1%	-1,6%	12,3%
Development fund borrowings	**6.218**	**8.653**	**8.478**	**-2,0%**	**36,3%**	**0,2%**	**38,2%**
Other liabilities	**5.363**	**4.960**	**5.372**	**8,3%**	**0,2%**	**9,9%**	**-4,5%**
Total liabilities	**66.608**	**78.257**	**79.436**	**1,5%**	**19,3%**	**3,0%**	**17,2%**
EQUITY							
Total stockholders' equity	**7.735**	**8.708**	**9.040**	**3,8%**	**16,9%**	**5,0%**	**12,9%**
Total liabilities & stockholders	**74.343**	**86.965**	**88.476**	**1,7%**	**19,0%**	**3,2%**	**16,7%**

DAVIVIENDA

P&L as of June 2016 (COP Billion)	Consolidated					Colombia		Consolidated			Colombia
	2Q15	1Q 16	2Q 16	2Q16 / 1Q16	2Q16 / 2Q15	2Q16 / 1Q16	2Q16 / 2Q15	Accum Jun 15	Accum Jun 16	Accum Jun 16 / Accum Jun 15	Accum Jun 16 / Accum Jun 15
Total income	**1.562**	**2.117**	**2.195**	**3,7%**	**40,5%**	**6,4%**	**43,1%**	**3.121**	**4.312**	**38,1%**	**38,0%**
Loans	1.467	1.903	1.937	1,8%	32,1%	4,2%	32,1%	2.871	3.841	33,8%	32,5%
Commercial	562	822	847	3,0%	50,5%	7,2%	56,7%	1.098	1.669	51,9%	55,3%
Consumer	535	617	638	3,4%	19,2%	5,2%	17,3%	1.052	1.254	19,3%	16,3%
Mortgage	363	465	453	-2,5%	24,9%	-1,8%	24,7%	715	918	28,4%	28,0%
Securitization of mortgages porfolio	7	0	0	0,0%	-100,0%	0,0%	-100,0%	6	0	-100,0%	-100,0%
Inversiones	88	203	242	19,6%	176,3%	24,6%	292,0%	236	445	88,3%	110,9%
Overnaght funds	7	11	15	31,7%	108,9%	60,4%	143,0%	14	26	85,5%	102,1%
Financial expenses	**531**	**785**	**886**	**12,8%**	**66,8%**	**17,4%**	**72,3%**	**1.032**	**1.671**	**61,9%**	**64,3%**
Deposits in checking accounts	7	11	11	2,8%	53,0%	2,8%	53,0%	15	22	44,1%	44,1%
Deposits in saving accounts	108	187	215	14,8%	98,6%	20,9%	91,9%	219	402	84,0%	72,5%
Deposits in certificates	214	314	372	18,3%	73,2%	23,5%	101,1%	416	686	64,8%	88,4%
Credits with entities	51	85	77	-9,7%	50,9%	8,2%	57,8%	101	161	59,1%	50,0%
Bonds	129	171	183	7,2%	41,5%	1,9%	32,6%	246	354	43,9%	38,2%
Repos	21	17	28	65,2%	35,4%	95,3%	45,0%	34	45	30,2%	31,9%
Gross financial margin	**1.031**	**1.332**	**1.309**	**-1,7%**	**27,0%**	**-0,2%**	**27,9%**	**2.089**	**2.641**	**26,4%**	**25,1%**
Net allowances	334	445	299	-32,8%	-10,6%	-27,6%	-6,4%	587	744	26,7%	25,6%
Net interest margin	**696**	**887**	**1.010**	**13,8%**	**45,0%**	**14,6%**	**46,3%**	**1.502**	**1.897**	**26,3%**	**24,8%**
Operating income	238	314	284	-9,7%	19,3%	-9,7%	16,8%	475	598	25,9%	24,0%
Operating expenses	632	678	697	2,8%	10,2%	7,7%	5,6%	1.209	1.375	13,7%	9,3%
Exchange and derivatives	21	60	11	-81,6%	-48,1%	-88,7%	-82,0%	77	71	8,1%	36,4%
Other income and expenses, net	-7	6	-8	-234,9%	19,5%	-7,0%	-1500,6%	1	-2	-314,3%	-217,3%
Income before taxes and minority interest	**316**	**589**	**600**	**1,9%**	**89,7%**	**1,3%**	**89,6%**	**846**	**1.189**	**40,5%**	**40,1%**
Taxes	106	165	197	19,9%	86,3%	14,5%	83,1%	262	362	38,4%	38,0%
Net income	**210**	**424**	**403**	**-5,1%**	**91,4%**	**-4,2%**	**93,0%**	**584**	**827**	**41,5%**	**41,1%**

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These financial statements have been prepared in accordance with generally accepted accounting principles in Colombia, and are presented in nominal terms. The statement of income for the quarter ended at June 30, 2016 will not necessarily be an indicator of the expected results for any other period.

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