DAVIVIENDA ANNOUNCES CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2017

Bogotá, Tuesday, May 30, 2017 - 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 first quarter of 2017 (1Q17) of the period ending on March 31, 2017.

- At the end of 1Q17, Davivienda reported a consolidated net profit of COP 325.9 billion, which represents a decrease of 39.0% compared to the fourth quarter of 2016 (4Q16) and 23.2% compared to 1Q16.

- The total solvency ratio at the end of 1Q17 closed at 12.3%, up 130 basis points from that reported in the fourth quarter of 2016 (4Q16) and up 14 basis points from that reported in 1Q16. At the end of 1Q17, Tier I closed at 8.12%, up 165 basis points from that reported in the fourth quarter of 2016 (4Q16) and 100 basis points from that reported in 1Q16.

- Financial income increased by 11.7% compared to 1Q17, explained by the higher placement rates in the consumer and commercial portfolios.

- The gross financial margin ended 1Q17 at COP 1.3 billion, up 19.1% from 4Q16, achieving a net interest margin (NIM)[1] indicator of 6.4%, which is similar to the levels recorded at the end of the previous year. The net financial margin had an annual reduction of 2.3%, closing at COP 867 billion.

- The cost of risk[2] ended the quarter at 1.74% compared to the 2.03% recorded in 1Q17, explained by the 5.3% decrease in the accumulated 12-month provision expense compared to 1Q16. The quarter's provision expense increased by 9.2% compared to 1Q16, mainly due to the impairment of the consumer portfolio.

- The efficiency indicator[3] in 1Q17 stood at 46.4%, a 69 basis-point improvement compared to that recorded at March 2016. The quarter's expenses amounted to COP 740 billion, up 9.1% from 1Q16.

- At the end of 1Q17, Davivienda was operating in six countries and had 9.1 million customers[4], 17,346 employees, 755 branches, and 2,285 ATMs.

[1] NIM (12 months): gross financial margin / average earning assets.
[2] Net provision expense (accumulated 12 months) / gross portfolio.
[3] Efficiency (12 months) = operating expenses / (gross financial margin + net operating income without including dividends + net exchange and derivatives + other net income and expenses).
[4] This includes 3.2 million DaviPlata customers and 1.1 million subsidiary customers.

SUMMARY OF FINANCIAL RESULTS

Balance Sheet at March 2017 (COP billion)					
ASSETS	Mar 16	Dec 16	Mar 17	Mar 17 / Dec 16	Mar 17 / Mar 16
Cash and interbank	**9,098**	**8,388**	**9,311**	**11.0%**	**2.3%**
Investments	**8,775**	**9,105**	**9,388**	**3.1%**	**7.0%**
Portfolio	**64,238**	**71,251**	**71,550**	**0.4%**	**11.4%**
Commercial	35,578	38,280	38,079	-0.5%	7.0%
Consumer	16,521	18,862	19,289	2.3%	16.8%
Mortgage	14,139	15,788	16,069	1.8%	13.6%
Provisions	-2,001	-1,678	-1,888	12.5%	-5.6%
Other assets	**4,854**	**4,803**	**4,823**	**0.4%**	**-0.6%**
Total assets	**86,965**	**93,548**	**95,073**	**1.6%**	**9.3%**
LIABILITIES					
Deposits	**55,759**	**59,645**	**61,604**	**3.3%**	**10.5%**
Demand deposits	33,146	33,980	34,468	1.4%	4.0%
Term deposits	22,613	25,665	27,135	5.7%	20.0%
Bonds	**8,885**	**9,587**	**9,683**	**1.0%**	**9.0%**
Local	5,566	5,932	6,193	4.4%	11.3%
International	3,320	3,655	3,490	-4.5%	5.1%
Institutional loans	**8,653**	**8,914**	**8,280**	**-7.1%**	**-4.3%**
Other liabilities	**4,960**	**5,358**	**5,660**	**5.6%**	**14.1%**
Total liabilities	**78,257**	**83,503**	**85,227**	**2.1%**	**8.9%**
EQUITY					
Total equity	**8,708**	**10,045**	**9,845**	**-2.0%**	**13.1%**

Statement of Income at March 2017 (COP billion)					
	1Q 16	4Q 16	1Q 17	1Q16 / 4Q16	1Q17 / 1Q16
Financial income	**2,117**	**2,172**	**2,364**	**8.9%**	**11.7%**
Portfolio	1,903	2,022	2,179	7.8%	14.5%
Investments	203	139	168	21.1%	-17.0%
Interbank and overnight funds	11	11	16	54.3%	46.1%
Financial expenses	**785**	**1,036**	**1,011**	**-2.4%**	**28.8%**
Gross financial margin	**1,332**	**1,136**	**1,353**	**19.1%**	**1.6%**
Provisions	445	185	486	162.6%	9.2%
Net financial margin	**887**	**951**	**867**	**-8.8%**	**-2.3%**
Operating income	314	251	289	15.2%	-8.0%
Operating expenses	678	863	740	-14.3%	9.1%
Net exchange and derivatives	60	59	26	-56.2%	-57.0%
Other net income and expenses	6	234	1	100.0%	-87.7%
Profit before taxes	**589**	**631**	**443**	**-29.8%**	**-24.8%**
Taxes	165	96	117	21.1%	-29.1%
Net profits	**424**	**535**	**326**	**-39.0%**	**-23.2%**

Main Consolidated Indicators	1Q16	4Q16	1Q17
Profitability and efficiency			
Net interest margin	6.54%	6.44%	6.40%
Portfolio NIM	5.79%	5.40%	5.40%
Investment NIM	0.75%	1.04%	1.00%
ROAA	1.6%	1.9%	1.8%
ROAE	15.4%	18.6%	17.0%
Fee ratio	17.2%	15.0%	14.2%
Efficiency	45.7%	45.1%	46.4%
Solvency ratio			
Tier I	7.1%	6.5%	8.1%
Tier II	5.1%	4.6%	4.2%
Solvency	12.2%	11.0%	12.3%
CRWA/Total assets	84.1%	88.4%	86.3%
Quality and coverage			
Quality of loans > 90 days past due	1.91%	1.93%	2.38%
Commercial	1.59%	1.36%	2.22%
Consumer	2.39%	2.58%	2.60%
Mortgage	2.15%	2.51%	2.50%
Coverage of portfolio > 90 days	158.27%	119.52%	108.10%
Commercial	190.57%	137.53%	105.49%
Consumer	206.99%	182.81%	184.63%
Mortgage	34.62%	18.02%	18.03%
Quality of loans > 30 days past due	3.93%	3.96%	5.01%
Commercial	2.19%	2.07%	3.29%
Consumer	6.02%	5.84%	6.40%
Mortgage	5.89%	6.29%	7.43%
Coverage of portfolio > 30 days	78.08%	59.14%	52.14%
Commercial	138.45%	90.46%	71.03%
Consumer	82.26%	80.92%	74.94%
Mortgage	16.66%	10.07%	8.69%
Cost of risk	2.03%	1.69%	1.74%
Balance structure			
Net portfolio / Funding sources	87.64%	91.18%	89.92%
Net portfolio / Funding sources without bonds	99.73%	103.93%	102.38%
Net Portfolio / Deposits	115.21%	119.46%	116.14%
Stock			
Share price	27,480	30,000	29,920
Carrying amount of the share	1.44	1.36	1.36
COP - USD exchange rate			
Closing exchange rate	3,000.63	3,000.71	2,885.57
Average exchange rate	3,247.40	3,050.57	2,921.19

ECONOMIC CONTEXT

Colombia

During the first quarter of the year, the international economy was characterized by a recovery in the performance indicators of China, Japan and Europe. The United States also registered higher growth; however, over the period, expectations regarding its dynamism diminished. The quarter was also characterized by the high uncertainty associated with the policies of the new American Administration and the barriers set up by the US judicial and legislative branches regarding the regulations approved by President Trump. The positive trend of the prices of raw materials continued and, as a result, the quarter ended with a more constructive environment for emerging countries.

In terms of capital flows to emerging countries, the quarter was characterized by significant inflows of foreign capital, which contrasted sharply with the outflows observed in the previous quarter as a result of the unexpected election of President Trump and the fear regarding the protectionist measures that his administration might take against emerging countries.

Regarding the price of oil, the quarter recorded higher levels compared to those observed in the previous quarter. In fact, the WTI benchmark went from USD 48.35 per barrel in the last quarter of the previous year to USD 51.84 in the first quarter this year. Something similar occurred with the Brent price, which increased a little more than USD 4 in the same period. However, the quarter ended with lower price levels as a result of the increase in oil inventories in the United States.

The domestic dimension was characterized by a sharp downturn in the economy as a result of the drop in consumer confidence and the poor performance of the mining sector. The tax reform and high real interest rates, as a result of greater disinflation than planned, affected consumption in a very significant manner. In February, official figures of actual sales showed the most marked reduction in 14 years. In the case of the mining sector, the drop in production in certain wells, in addition to attacks on the Caño Limon - Coveñas oil pipeline caused a sharp reduction in this activity.

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 3,015.4 in the last quarter of last year, dropped in the first quarter of this year to USD 2,923.8.

As we mentioned before, the deflationary trend that started in August last year, continued during the first three months of this year. In fact, the annual inflation rate, which at the end of the year stood at 5.75%, dropped to 4.60% at the end of March. The main source of this reduction was food inflation, which went from 7.22% in December to 3.65% at the end of the first quarter. The tax reform, particularly the VAT increase, had a significant impact on non-food inflation which, despite the drop in demand, remains above an annual 5%.

As a result of the improvement in inflation expectations and the fear of excessive deceleration, the monetary authorities, during the first month of the year, reduced their intervention interest rate on two occasions and announced the existence of space available for further reductions in the second quarter of the year.

Central America

The economic growth of El Salvador in 2016 accelerated compared to 2015, with an annual increase of 2.4%. Honduras, in turn, showed a 3.6% increase in the GDP, the same as the previous year, while Panama and Costa Rica exhibited slowdowns, with annual growth rates of 4.9% and 4.3%, respectively. The main activities that drove economic growth in the region were services, where financial brokerage stood out from the others. The construction sector contributed significantly to the growth of Panama, while the agricultural activity promoted the growth of El Salvador and Honduras.

On the other hand, economic activity in the first two months of 2017, measured through the Monthly Economic Activity Index (IMAE, for the Spanish original) in Costa Rica and Honduras, and through the Volume Index by Economic Activity (IVAE, for the Spanish original) in El Salvador, indicates a slowdown in activity in Costa Rica, compared to the same period last year, and an acceleration in Honduras and El Salvador. For the bimonthly period of January to February 2017, an annual increase of 4.25% was recorded in Costa Rica, 1.60% in El Salvador and 4.60% in Honduras.

The annual inflation in the region during the first quarter of 2017 recorded an increase, primarily caused by a recovery in fuel prices. In Costa Rica, the annual inflation rate in March was 1.58%, close to the target range of the Central Bank of Costa Rica (2%-4%). In the case of Honduras, the annual inflation in March was 3.94%, within the target inflation range of the Central Bank of Honduras (3.5%-5.5%). El Salvador's annual inflation in March was 0.54% and Panama's was 1.46%.

In response to the increase in inflation, the monetary policy rate (MPR) in Costa Rica recorded two increases in April from 1.75% to 2.25% and then up to 2.50%. The Central Bank of Costa Rica justified the new stance in the behavior of inflation expectations, which stood close to the ceiling of the target range. In turn, the MPR in Honduras remained at 5.50% in the first quarter of 2017; this value was achieved after a reduction in the rate in June 2016 from 5.75% to 5.50%.

Finally, the fiscal deficit as a proportion of GDP declined in Costa Rica, El Salvador and Honduras, whose figures at the end of 2016 were -5.2%, -2.5% and -2.8% respectively. Panama's fiscal deficit was -4.4%, compared to the figure at the end of 2015, due to higher investment in infrastructure. In Honduras, it is important to mention the continuation of the implementation of the standby agreement with the International Monetary Fund (IMF).

CONSOLIDATED RESULTS OF 1Q17

BALANCE SHEET

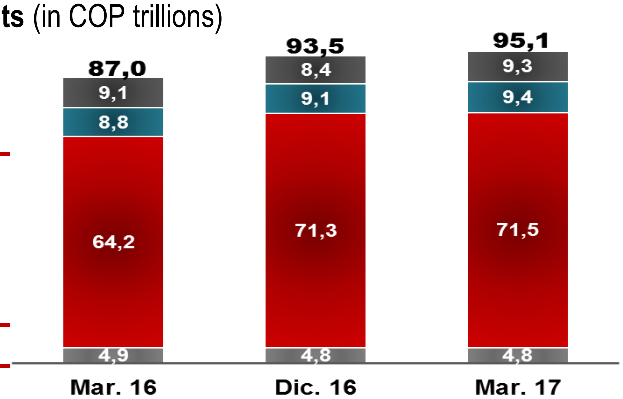
Assets

At March 31, 2017, consolidated assets amounted to COP 95.1 trillion, growing 1.6% quarterly and 9.3% annually, mainly due to the performance of the commercial and consumer loan portfolios.

The consolidated ROAA[5] closed 1Q17 at 1.77%, up 19 basis points from the end of 1Q16 and down 15 basis points from the end of 2016.

Evolution of Consolidated Assets (in COP trillions)

	1Q174Q16	1Q17/1Q16
Cash	11.0%	2.3%
Investments, net	3.1%	7.0%
Loans, net	0.4%	11.4%
Other assets (6)	0.4%	(0.6%)
Assets	**1.6%**	**9.3%**



Asset	Mar. 16	Dec. 16	Mar. 17	1Q17 / 4Q16	1Q17 / 1Q16
Colombia	65.5	72.0	73.3	1.8%	12.0%
International (7)	22.6	22.7	22.6	(0.2%)	0.1%
International USD$(8)	7.5	7.6	7.8	3.8%	4.1%

Colombia's assets account for 77.1% of the consolidated assets, closed at COP 73.3 trillion. They grew mainly due to the higher volumes of the commercial and consumer loan portfolios, with annual growths of 9.4% and 20.4%, respectively.

The assets of foreign subsidiaries account for 22.9% of the consolidated assets, closing at USD 7.8 billion, growing 3.8% compared to 4Q16 and 4.1% compared to the same period of the previous year, pointing out the performance of the net portfolio, which closed at USD 5.1 billion.

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[5] ROAA (12 months): accumulated profit / average annual assets.

[6] Other assets include: Acceptances and derivatives, accounts receivable, property, plant and equipment, other non-financial assets and goodwill and intangibles.

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

[8] (in billions of USD) The official exchange rate of the US Dollar increased 3.84% compared to 4Q16 and 3.83% compared to 1Q16.

Cash and Interbank

At the end of 1Q17, cash and interbank totaled COP 9.3 trillion, up 11.0% from 4Q16 and 2.3% from 1Q16. In Colombia, it closed at COP 4.9 trillion, up 7.5% compared to 4Q16 and 5.3% from 1Q16, explained by the increase in the balance of the Central Bank's accounts.

In foreign subsidiaries, cash and interbank totaled USD 1.5 billion, growing 19.9% compared to 4Q16 and 3.1% compared to 1Q16, explained mainly by an increase in Costa Rica and El Salvador.

Investments Portfolio

During the first quarter of 2017, the consolidated investment portfolio closed at COP 9.4 trillion, down 3.1% from 4Q16 and up 7.0% from 1Q16, driven mainly by the Liquidity Reserve Growth, which respond to the increase of The Balance Sheet of the Bank..

In Colombia the Investments Portfolio grew by 1.2% during the quarter and 7.3% above 1Q16, reaching $7.9 billion given the growth on the structural net liquidity needs of the Balance.

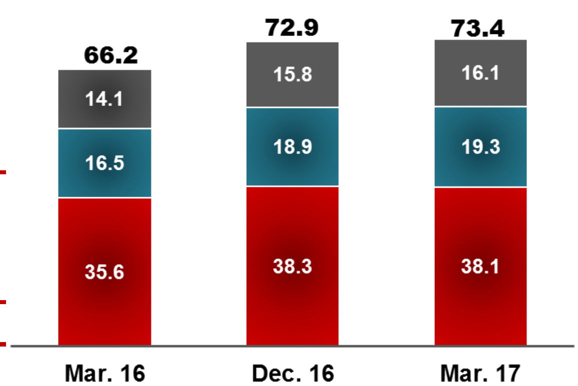
In foreign subsidiaries, investments closed at USD 1.0 billion, down 0.5% from 1Q16, explained mainly by the lower position of the portfolios of El Salvador and Honduras due to the sale of government-issued debt securities. Compared to 4Q16, investments increased by 1.4%.

Gross Loan Portfolio

The gross loan portfolio closed at COP 73.4 trillion, driven by the growth dynamic of the three lines of business detailed below.

Consolidated Gross Loan Portfolio Performance (in COP trillion)

	1Q174Q16	1Q17/1Q16
Mortgage	1.8%	13.6%
Consumer	2.3%	16.8%
Commercial [9]	(0.5%)	7.0%
Gross Loans	**0.7%**	**10.9%**



Gross Loans	Mar. 16	Dec. 16	Mar. 17	1Q17 / 4Q16	1Q17 / 1Q16
Colombia	51.5	57.4	58.4	1.8%	13.4%
International COP$	14.7	15.5	15.0	(3.3%)	1.9%
International USD$[10]	4.9	5.2	5.2	0.6%	6.0%

[9] The commercial portfolio includes microfinance loans.

[10] (in billions of USD)

In Colombia, the gross loan portfolio totaled COP 58.4 trillion, increasing 1.8% quarterly driven by the performance of the consumer portfolio that grew by 3.4%, highlighting secured and unsecured personal loans and payroll loans. Taking about mortgage loans , this portfolio grew 2.5% compared to 4Q16.

Compared to 1Q16, the increase of 13.4% was explained by the performance of the consumer portfolio, up 20.4%, mainly in credit cards, auto loans and unsecured personal loans, with growths of 27.9%, 32% and 26.5% respectively. On the Comercial portfolio, we highlight the growth , in the construction and SME sectors. .

In foreign subsidiaries, the gross loan portfolio totaled USD 5.2 billion, increasing mainly due to the mortgage portfolio by 2.5% compared to 4Q16 and 13.36% from 1Q16, closing at USD 1.0 billion. This performance is mainly explained by the dynamic in Costa Rica and El Salvador. It is also important to highlight the growth of the commercial loan portfolio , achieving a balance increase of 3.6% compared to 1Q16, mainly in Costa Rica and El Salvador.

Portfolio Quality by Type and Coverage

	NPL > 90 days		
	1Q16	4Q16	1Q17
Commercial	1.59%	1.36%	2.22%
Consumer	2.39%	2.58%	2.60%
Mortgage	2.15%	2.51%	2.50%
Total	**1.91%**	**1.93%**	**2.38%**

	Coverage		
	1Q16	4Q16	1Q17
Commercial	190.6%	137.5%	105.5%
Consumer	207.0%	182.8%	184.6%
Mortgage	34.6%	18.0%	18.0%
Total	**158.3%**	**119.5%**	**108.1%**

	Total Reserves Coverage		
	1Q16	4Q16	1Q17
Commercial	238.7%	237.5%	155.9%
Consumer	259.6%	255.4%	262.4%
Mortgage	107.2%	97.3%	91.0%
Total	**213.7%**	**204.2%**	**171.5%**

The consolidated loan portfolio quality indicator[11] was 2.38%, up 45 basis points from that recorded at the end of 4Q16, mainly due to the commercial loan portfolio in Colombia, which increased 107 basis points due to the increase in the balance of the loan portfolio more than 90 days past due of some individual customers. The consolidated commercial loan portfolio NPL indicator closed at 2.22%, up 86 basis points from 4Q16.

The consolidated consumer loan portfolio indicator closed at 2.60%, which is a slight increase compared to the 2.58% recorded at the end of 2016. This increase compared to the same period of the previous year is explained mainly by the portfolio in Colombia, the credit card and free investments portfolio, as a result of the economic situation observed in the country and the growth of these products during the last 12 months.

[11] Quality: portfolio > 90 days / gross portfolio.

Finally, the consolidated mortgage portfolio indicator closed at 2.50%, staying in line with the end of 2016, when it stood at 2.51%. The balance of the nonperforming mortgage loans dropped 1.7% compared to 4Q16. As regards the 35 basis point increase compared to 1Q16, this impairment is mainly due to the LIH and Residential Leasing products in Colombia, where there was an impairment of 49 basis points.

The consolidated coverage level[12] at March 2017 was 171.5%, down from the figure recorded in 4Q16, mainly driven by the increase in nonperforming commercial loans in the corporate segment in Colombia. Taking into account that portfolio coverage is calculated including just provision expenses under IFRS, the indicator for mortgage loans portfolio remained at 18.0%.

In turn, the coverage indicator based on incurred losses closed at 108.1%, which accounts for a 1.142 basis-point decrease compared to the end of 2016. This indicator includes the provisions generated between the models of expected losses and losses incurred, which are reflected in the account of Other Comprehensive Income under equity in the Consolidated Financial Statement; and includes the counter-cyclical provisions of the commercial and consumer loan portfolios constituted to recognize economic events and the general mortgage provision that are only constituted in the Individual Financial Statement.

In 1Q17, there were write-offs for COP 285.9 billion, 0.4% of the gross portfolio, which dropped 54.2% compared to the write-offs in 4Q16, mainly due to the lower level of write-offs during the quarter in the commercial loan portfolio in Colombia.

Other Assets[13]

Other assets closed at COP 4.8 trillion, up 0.4% from 4Q16 and down 0.6% from 1Q16. In Colombia, other assets closed at COP 3.6 trillion, in line with the levels reported in 1Q16 and up 2.3% from 4Q16, as a result of the increase in acceptances and derivatives, particularly in forward contracts and swaps. In foreign subsidiaries, Other Assets closed at USD 300 million, recording a 4% reduction compared to 4Q16 and 0.7% compared to 1Q16.

Liabilities

At March 31, 2017, consolidated liabilities totaled COP 85.2 trillion, up 2.1% from 4Q16 and 8.9% from 1Q16, mainly driven by the behavior of term deposits and savings accounts which were up 20% and 5.3% respectively. Additionally, there was a growth in bonds due to the bond issuances in 2016 and March of this year. Liabilities in Colombia totaled COP 65.1 trillion, representing 76.0% of the consolidated liabilities, with quarterly

[12] Coverage: reserves (includes the reserves recorded in the Statement of Income and reserves included in equity) / portfolio >90 days past due.

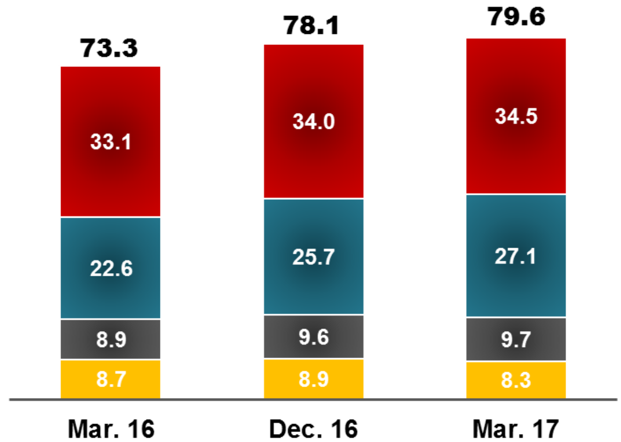
[13] Other assets include: Acceptances and derivatives, accounts receivable, property, plant and equipment, other non-financial assets and goodwill and intangibles.

and annual growth rates of 2.6% and 11.9%, respectively. The liabilities of foreign subsidiaries closed at USD 7.0 billion, up 4.4% from 4Q16 and up 4.2% from 1Q16.

Consolidated funding sources[14] totaled COP 79.6 trillion, reaching a net portfolio to funding source ratio of 89.9% compared to the 91.2% recorded at the end of 2016; without including bonds, this ratio would increase to 102.4%.

Evolution of Funding Sources (in COP trillion)

	1Q174Q16	1Q17/1Q16
Demand Deposits	1.4%	4.0%
Term Deposits	5.7%	20.0%
Bonds	1.0%	9.0%
Credits	(7.1%)	(4.3%)
Funding Sources	**1.8%**	**8.6%**



Funding Sources	Mar. 16	Dec. 16	Mar. 17	1Q17 / 4Q16	1Q17 / 1Q16
Colombia	54.0	59.0	60.3	2.3%	11.6%
International	19.3	19.2	19.3	0.5%	(0.0%)
International USD$	6.4	6.4	6.7	4.5%	4.0%

Consolidated demand deposits totaled COP 34.5 trillion, growing mainly due to the increased volume in savings accounts in Colombia of 7.6% in the quarter compared to 1Q16. Compared to 4Q16, the balance in savings accounts stood at similar levels. In foreign subsidiaries, demand deposits closed at USD 2.7 billion.

Consolidated term deposits amounted to COP 27.1 trillion, up 5.7% from 4Q16, driven mainly by the 9.7% increase in CDs in Colombia. Compared to 1Q16, consolidated term deposits increased by 20.0%, growing 30.6% in Colombia, while they decreased by 1.2% in subsidiaries, mainly in Panama and El Salvador.

Bonds totaled COP 9.6 trillion, up 1.0% from 4Q16. Compared to 1Q16, bonds grew 9.0% as a result of the two local bond issuances carried out in the second half of 2016 in Colombia, (the first in straight bonds for COP 600 billion in July and the second in subordinated bonds for COP 359 billion in September) and the issuance of subordinated bonds for COP 399 billion in March 2017. In foreign subsidiaries, bonds closed at USD 204 million, which is higher than 4Q16 due to the issuance of local bonds in Costa Rica for CRC 7 billion (US 12.6 millions). Compared to 1Q16, bonds decreased by 4.1% due to the USD 8.7 million bond redemptions in El Salvador and Honduras.

[14] Funding sources = total deposits + bonds + institutional loans.

Consolidated rediscount loans and banking correspondent loans amounted to COP 8.3 trillion, down 7.1% from 4Q16 and 4.3% from 1Q16, mainly due to the payment of financial obligations with banking correspondents.

Regulatory Capital and Equity

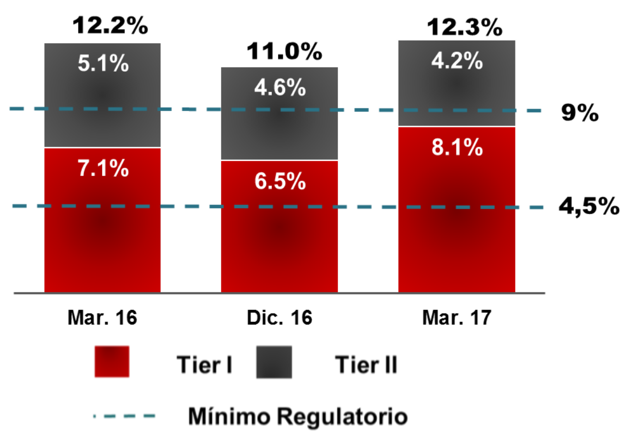
Equity closed at COP 9.8 trillion, down 2.0% from 4Q16 and up 13.1% from 1Q16. Technical equity increased by 11.6% during 1Q17, closing at COP 10.4 trillion, driven by the COP 1.4 trillion capitalization due to the results obtained in 2016, where the sale of fixed assets contributed COP 236.5 billion.

The solvency ratio stood at 332 basis points above the minimum solvency required in Colombia (9%), closing out at 12.3%. It grew 1.3% compared to 4Q16 as a result of the increase in *tier I*, going from 6.5% to 8.1%, driven by the capitalization for COP 1.4 trillion approved by the General Shareholders' Meeting in March 2017.

Weighted assets by risk level amounted to COP 82 trillion, down 0.8% compared to 4Q16 mainly due to lower value on bank guarantees and invetsments. Coompared to 1Q16 the growth is explained by the increase in loan portfolio, financial leasing operations and the higher contingency volumes by the increase on bank guarantees.

Equity (COP trillion)

Solvency (%)

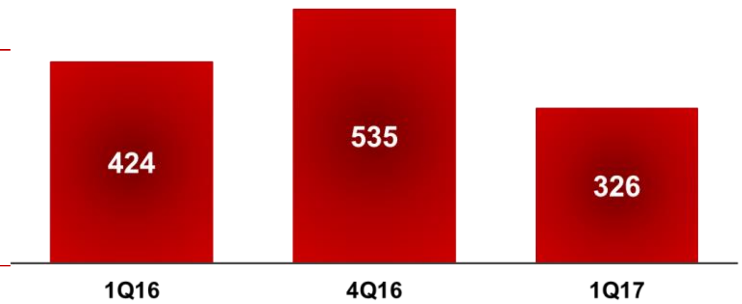


INCOME STATEMENT

Profits

(COP billion)

	1Q17	1Q17/4Q16	1Q17/1Q16
	$	%	%
Financial Margin, Net	867	(8.8)	(2.3)
Operative Income	289	15.2	(8.0)
Operative Expenses	(740)	(14.3)	9.1
FX Changes, Derivates and Others	26	(91.0)	(59.7)
Income before Tax	**443**	**(29.8)**	**(24.8)**
Taxes	(117)	21.1	(29.1)
Net Income[15]	**326**	**(39.0)**	**(23.2)**



Net profit in 1Q17 closed at COP 325.9 billion, 39.0% down from 4Q16, mainly due to the net provision expense of COP 485.8 billion as a result of the occurrence of specific risks in the commercial loan portfolio. Compared to 1Q16, profit decreased by 23.2% due to the lower dynamic in the investment portfolio revenue, which dropped 17.0%, and the 9.2% increase in the provision expense compared to the same period of the previous year.

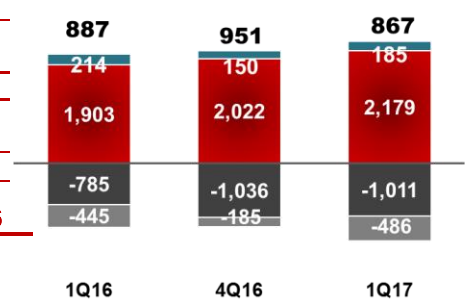
In view of the above, the Return on Average Equity (ROAE) [16] at the end of 1Q17 was 17.0%, compared to the 18.6% recorded in 4Q16 and 15.4% reached at the end of 1Q16.

Net financial margin

(billions of COP)

	1Q17	1Q17 / 4Q16	1Q17 / 1Q16
	$	(%)	(%)
Loan Income	2,179	7.8	14.5
Investment Income, Interbank	185	23.5	(13.6)
Financial Income	**2,364**	**8.9**	**11.7**
Financial Expenses	(1,011)	(2.4)	28.8
Allowances	(486)	162.6	9.2
Financial Margin, net	**867**	**(8.8)**	**(2.3)**

Financial Margin, net	1T16	4T16	1T17	1T17/4T16	1T17/1T16
Colombia	697	778	690	(11.2%)	(1.0%)
International	190	173	177	2.1%	(6.9%)
International USD$	58	57	61	5.4%	3.5%



The net financial margin ended the quarter at COP 867.2 billion, decreasing due to the higher level of impairment recorded during the quarter.

[15] Profits after eliminations, standardizations and unifications.

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

As a result of the above, the NIM[17] ended 1Q17 at 6.4%, down 4 basis points from 4Q16, managing to remain stable, where the lower financial cost stood out at a decrease of 2.4%, down 14 basis points from 1Q16.

Income from Interest on Loans

Income from interest on loans for the quarter totaled COP 2.2 trillion, growing mainly due to the performance of the mortgage and commercial loan portfolios. The balance of the average performing loan portfolio grew 1.0% compared to 4Q16 and 13.6% in relation to 1Q16 and the implicit rates increased 28 and 100 basis points, respectively.

In 1Q17, income from interest on commercial loans totaled COP 940.1 billion, up 3.1% from 4Q16 and 14.4% from 1Q16, due to the results in Colombia (with an 2.9% quarterly and 20.4% annual growth), mainly in the construction segment. In foreign subsidiaries, the commercial portfolio generated USD 67.5 million in revenue, up 7.0% from 4Q16 and 7.3% from 1Q16, particularly in Costa Rica and El Salvador.

Income from the consumer portfolio reached COP 743.8 billion, up 3.4% from 4Q16 and 20.6% from 1Q16, mainly in Colombia, whose income grew 4.6% compared to 4Q16 and 25.1% compared to 1Q16, particularly in credit cards and free investment loans. In foreign subsidiaries, income from the consumer portfolio amounted to USD 24.2 million, remaining at stable levels similar to those recorded in 1Q16.

Quarterly income from the mortgage portfolio showed a positive dynamic closing at COP 495.5 billion, up 26.7% from 4Q16 and 6.6% from 1Q16. In foreign subsidiaries, income from the mortgage portfolio amounted to USD 25.7 million, up 1.3% from 4Q16 and 8.8% from 1Q16, driven by Costa Rica and Panama.

Income from Investments and Interbank Funds

Quarterly income from the investment portfolio and interbank funds totaled COP 168.2 billion, up 21.1% from 4Q16 mainly in Colombia, as a result of lower inflation expectations since the end of 2016, as the Central Bank has been reducing its intervention rate, a much more active dynamic during the first quarter of 2017. In March, a reduction of 50 basis points generated the appreciation of local debt securities, particularly in fixed rate instruments in Colombian pesos.

Opposite to the first quarter of 2016, investment incomes decreased 17.0%, due to the expectation of a higher inflation figure and caused more concentration in UVR indexed instruments. As a result of higher level of prices in the economy, the appreciation of such type of such type of instruments increased.

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

Financial Expenses

Financial expenses of 1Q17 closed at COP 1.01 trillion, down 2.4% compared to 4Q16, driven mainly by the lower cost in demand deposits and bond redemptions in Colombia.

In Colombia, financial expenses totaled COP 865.4 billion, down 2.7% from the previous quarter and up 35.5% from 1Q16; in reference to the previous quarter, the decrease is mainly due to the lower cost in deposits in savings accounts, where were down 1.5% compared to 4Q16, closing at COP 252.4 billion.

In foreign subsidiaries, financial expenses totaled USD 49.9 million, up 2.5% from 4Q16 and 10.7% from 1Q16, due to the increase in the expenses of CDs in Costa Rica and El Salvador and loans with financial entities mainly in Costa Rica.

Net Provision Expenses

The net provision expense in 1Q17 totaled COP 485.8 billion, up 162.5% from 4Q16 and 9.2% from 1Q16, driven by the slowdown in the Colombian economy. In Colombia, the provision expense increased 219.3% during the quarter and 13.4% compared to 1Q16, closing at COP 428.3 billion, mainly due to the consumer and commercial loan portfolios.

As a result, the cost of risk[18] stood at 1.74%, up 4 basis points from that recorded at the end of 4Q16 and down 30 basis points from 1Q16.

Net Operating Income

Operating income in 1Q17 totaled COP 288.8 billion, up 15.2% from 4Q16 and down 8.0% from 1Q16, driven mainly by the reclassification of the sale of CIFIN for COP 57.4 billion to equity.

Operating income in Colombia totaled COP 230.3 billion, up 29.0% from 4Q16 and down 9.9% from 1Q16.

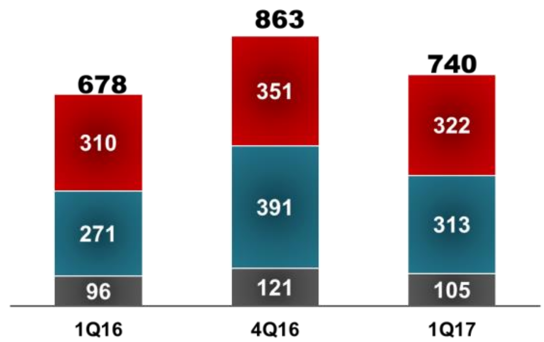
In foreign subsidiaries, operating income closed at COP 20.0 million, down 16.1% from 4Q16 and up 11.3% from 1Q16, driven by the decrease in commission expenses, mainly in Honduras and El Salvador.

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

Operating Expenses

(COP billion)

	1Q17 $	1Q17/4Q16 (%)	1Q17/1Q16 (%)
Personnel Expenses	322	(8.2)	3.9
Operational Expenses	313	(20.1)	15.1
Other Expenses[19]	105	(13.1)	9.0
Total Expenses	**740**	**(14.3)**	**9.1**



Operating expenses in 1Q17 totaled COP 739.5 billion, down 14.3% from 4Q16 and up 9.1% from 1Q16 explained by higher leases value 47% and offices adequacy 116%. When compared to 4Q16, the decrease was generated due to a lower tax value (25.8%) explained by non recurrent income that took place on December.

In Colombia, the quarter's operating expenses totaled COP 560.7 billion, down 15.4% from 4Q16, driven by the 31.2% decrease in administrative expenses, mainly in professional fees by 39.7%, advertising by 56% and office repairs by 43.1%. Compared to 1Q16, operating expenses in Colombia increased by 15.1%, mainly due to the 18.7% increase in administrative expenses; due to the increase of offices adequacy by 135% and a higher lease expenses of 70.05% given the real state made on December 2016.

In foreign subsidiaries, operating expenses ended at USD 61.2 million, down 7.8% from 4Q16 and up 4.3% from 1Q16 mainly explained by the higher advertising campaigns expenses in El Salvador and equipment maintainance and software expenses in Honduras and Panamá.

Net Exchange and Derivatives

In 1Q17, COP 25.6 billion were generated in income from net exchange and derivatives, down 56.2% from 4Q16 and 57.0% from 1Q16, given the short position maintained in foreign currency through derivatives, in line with the exchange coverage strategy of the consolidated balance sheet, which generated a lower income on the income statement due to the revaluation of the Colombian peso, at nearly 3.8%

[19] Other expenses include amortization and depreciation, intangible amortization, taxes and deposit insurance.

Taxes

In 1Q17, Davivienda recorded an income taxe for COP 116.8 billion, up 21.1% from 4Q16. Even though the quarter's profit was higher, tax expenses decreased as a result of special operations during 4Q16. In addition, during this quarter we recognize a higher tax due to the dividends received that were recognized in equity. Compared to 1Q16, taxes decreased by 29.1%, mainly due to a lower profit recorded during the period.

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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 ending on March 31, 2017 is not necessarily indicative of the results expected for any other period.

www.davivienda.com
atencionainversionistas@davivienda.com
Telephone +57 (1) 220-3495, Bogotá