DAVIVIENDA ANNOUNCES CONSOLIDATED RESULTS FOR THE THIRD QUARTER OF 2016

Bogotá, November 25, 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 third quarter of 2016 (3Q16) of the period ending on September 30, 2016.

- At the end of 3Q16, Davivienda reported a consolidated net profit of COP 363.2 billion, which represents a 9.0% increase compared to the third quarter of 2015 (3Q15). The accumulated income at the end of September 2016 totaled COP 1.2 trillion, up 29.7% from the same period of the previous year.
- Financial income increased 34.9% compared to 3Q15, explained by the higher placement volumes and good performance in investments. Accumulated financial income amounted to COP 6.5 trillion.
- The net financial margin ended 3Q16 at COP 887.4 billion, up 15.7% from 3Q15, achieving a net interest margin (NIM)[1] indicator of 6.6%, up 18 basis points from that recorded at the end of 3Q15. The accumulated net financial margin achieved an annual increase of 22.7%, closing at COP 2.8 trillion.
- The cost of risk[2] ended the quarter at 1.89% compared to 1.70% recorded in 3Q15, explained mainly by the 9.5% increase in provision expense compared to 3Q15. The accumulated provision expense increased by 21.2%, mainly due to the impairment in corporate banking and the impact on mortgage loans due to the variable update in the provision model.
- The efficiency indicator[3] in 3Q16 stood at 44.6%, a 390 basis-point improvement compared to the indicator recorded at the end of 3Q15 due to the moderate growth of operating expenses in 3Q16. Accumulated expenses as at September 2016 were COP 2.1 trillion, up 13.9% compared to September 2015.
- Tier I ended 3Q16 at 6.9%, so the solvency indicator stood at 11.6%, 257 basis points higher than the regulatory minimum.
- At the end of 3Q16, Davivienda was operating in six countries and had 8.6 million customers[4], 17,362 employees, 753 branches, and 2,226 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 - dividends + net exchange and derivatives + other net income and expenses).
[4] This includes 3.1 million DaviPlata customers and 1.1 million subsidiary customers.

SUMMARY OF FINANCIAL RESULTS

Consolidated Balance Sheet at September 2016
(COP billion)

ASSETS	Sep 15	Jun 16	Sep 16	Sep 16 / Jun 16	Sep 16 / Sep 15
Cash and interbank	**7,716**	**8,337**	**7,860**	**-5.7%**	**1.9%**
Investments	**8,712**	**8,628**	**9,172**	**6.3%**	**5.3%**
Portfolio	**59,658**	**66,562**	**68,678**	**3.2%**	**15.1%**
Commercial	32,686	36,603	37,746	3.1%	15.5%
Consumer	15,705	17,194	17,868	3.9%	13.8%
Mortgage	12,999	14,759	15,111	2.4%	16.2%
Provisions	(1,731)	(1,994)	(2,048)	2.7%	18.3%
Other assets	**4,785**	**4,950**	**5,025**	**1.5%**	**5.0%**
Total assets	**80,871**	**88,476**	**90,734**	**2.6%**	**12.2%**
LIABILITIES					
Deposits	**50,792**	**56,757**	**58,147**	**2.4%**	**14.5%**
Demand deposits	30,792	31,649	31,933	0.9%	3.7%
Term deposits	20,000	25,109	26,214	4.4%	31.1%
Bonds	**8,964**	**8,828**	**9,708**	**10.0%**	**8.3%**
Local	5,351	5,323	6,222	16.9%	16.3%
International	3,613	3,505	3,485	-0.6%	-3.5%
Institutional loans	**7,409**	**8,478**	**8,128**	**-4.1%**	**9.7%**
Other liabilities	**5,416**	**5,372**	**5,380**	**0.1%**	**-0.7%**
Total liabilities	**72,581**	**79,436**	**81,363**	**2.4%**	**12.1%**
EQUITY					
Total equity	**8,290**	**9,040**	**9,371**	**3.7%**	**13.0%**

Consolidated Statement of Income at September 2016

	3Q 15	2Q 16	3Q 16	3Q16 / 2Q16	3Q16 / 3Q15	Accum Sep 16	Accum Sep 16 / Accum Sep 15
Financial income	**1,624**	**2,195**	**2,192**	**-0.1%**	**34.9%**	**6,503**	**37.0%**
Portfolio	1,541	1,937	2,007	3.6%	30.2%	5,847	32.5%
Investments	75	242	169	-30.4%	126.1%	614	97.4%
Interbank and overnight funds	9	15	16	10.1%	79.4%	42	83.1%
Financial expenses	**578**	**886**	**998**	**12.7%**	**72.8%**	**2,669**	**65.8%**
Gross financial margin	**1,047**	**1,309**	**1,193**	**-8.8%**	**14.0%**	**3,834**	**22.3%**
Provisions	279	299	306	2.4%	9.5%	1,050	21.2%
Net financial margin	**767**	**1,010**	**887**	**-12.1%**	**15.7%**	**2,785**	**22.7%**
Operating income	245	284	285	0.6%	16.4%	883	22.7%
Operating expenses	610	697	697	0.1%	14.4%	2,072	13.9%
Net exchange and derivatives	62	11	49	343.7%	-21.7%	120	-14.2%
Other net income and expenses	-4	-8	0	-99.7%	-99.4%	-2	-36.3%
Profit before taxes	**461**	**600**	**524**	**-12.7%**	**13.7%**	**1,713**	**31.1%**
Taxes	128	197	161	-18.6%	25.9%	523	34.3%
Net profits	**333**	**403**	**363**	**-9.8%**	**9.0%**	**1,190**	**29.7%**

Main Consolidated Indicators			
	3Q15	2Q16	3Q16
Profitability and efficiency			
Net interest margin	6.45%	6.65%	6.63%
Portfolio NIM	5.86%	5.81%	5.71%
Investment NIM	0.59%	0.83%	0.92%
ROAA	1.31%	1.74%	1.73%
ROAE	12.5%	17.0%	16.8%
Fee ratio	16.7%	16.5%	15.7%
Efficiency	48.5%	44,4%	44,6%
Solvency ratio			
Tier I	7.1%	7.4%	6.9%
Tier II	5.0%	4.4%	4.6%
Solvency	12.1%	11.8%	11.6%
RWA/Total assets	84.6%	84.2%	86.8%
Quality and coverage			
Quality of loans > 90 days past due	**1.92%**	**1.89%**	**2.01%**
Commercial	1.63%	1.51%	1.74%
Consumer	2.45%	2.59%	2.52%
Mortgage	2.01%	2.00%	2.11%
Coverage of portfolio > 90 days	**146.9%**	**154.1%**	**143.8%**
Commercial	168.2%	188.9%	153.7%
Consumer	193.3%	187.7%	188.5%
Mortgage	35.0%	38.2%	60.4%
Quality of loans > 30 days past due	**4.08%**	**4.20%**	**4.21%**
Commercial	2.43%	2.37%	2.42%
Consumer	5.84%	6.07%	5.97%
Mortgage	6.07%	6.54%	6.57%
Coverage of portfolio > 30 days	**70.2%**	**70.6%**	**71.4%**
Commercial	112.6%	120.1%	110.0%
Consumer	81.1%	80.2%	79.5%
Mortgage	14.7%	15.6%	27.1%
Cost of risk	1.70%	1.91%	1.89%
Balance structure			
Net portfolio / Funding sources	88.8%	89.9%	90.4%
Net portfolio / Funding sources without bonds	102.5%	102.0%	103.6%
Net Portfolio / Deposits	117.5%	117.3%	118.1%
Stock			
Share price	23,980	26,880	29,500
Carrying amount of the share	1.28	1.36	1.49
COP - USD exchange rate			
Closing exchange rate	3,086.75	2,919.01	2,880.08
Average exchange rate	2,639.58	3,120.59	3,061.91

ECONOMIC CONTEXT

Colombia

The information known regarding economic activity worldwide, in the third quarter of the year, has provided a slightly more optimistic outlook on the behavior of the economy in general. The growth of the US economy recovered to 2.9% in 3Q16 from 1.4% in 2Q16, while growth in the Euro zone remained at 1.6%. In turn, although Brexit required monetary authorities to lower their interest rates, the UK economic indicators have been better than expected. Finally, although authorities are expected to increase their interest rates in December as a result of higher growth and inflation in the United States, capital flows to emerging countries continued, though at a slower pace than in the previous quarter.

Oil prices in the third quarter of the year fell by an average of USD 2.9 per barrel as a result of increased production in OPEC (Organization of the Petroleum Exporting Countries), particularly Iran, Nigeria and Libya. However, the volatility of the price decreased significantly, which contributed to provide greater stability to the price of the US dollar in Colombia, among other things. In fact, the average exchange rate of the US dollar in the third quarter of the year reached COP 2,946, even lower than the COP 2,994 average observed in the previous quarter. This improvement was encouraged by less international risk aversion and the return of capital flows to emerging countries.

Undoubtedly, the most important event in the country in economic terms was related to the downward spiral of the inflationary trend observed as of the month of August. In fact, annual inflation reached its highest level in July at 8.96%. As a result of the stabilization of the price of the US dollar, the settlement of the truckers' strike recorded in June and July and the normalization of rainfall, food inflation decreased drastically, which allowed inflation to end the month of September at 7.28%.

Regarding to economic activity, the accumulated Economic Tracking Indicator (ISE, for the Spanish original) corresponding to the months of July and August shows just 0.78% growth compared to the same period of the previous year. This figure, which is much more modest than the 2% of the second quarter of the year, is the result of the adjustment of the economy to the lower oil prices - reflected in low growth in consumption and public investment - as well as the acceleration of inflation in July, which decreased the purchasing power of salaries. It is important to stress that the truckers' strike had a significant impact on the transport activity itself and on food prices.

During the quarter, there was also a break point in the adjustment of the Central Bank's interest rate. In fact, as a result of the reduction in inflation and the slowdown in economic growth, the monetary authority made its last increase in interest rates to 7.75% at the end of July. In Central Bank’s meetings in August and September meetings, the rate remained unchanged, making it clear that a reduction in the rate would only be possible to the extent that new information available could provide a better understanding of the nature and magnitude of the economic slowdown process.

Central America

Economic growth accelerated in the second quarter of 2016 compared to the same period in 2015 for Honduras and El Salvador, while there were downturns in Panama and Costa Rica. Honduras' annual growth was 4.36%, up from 2.78% in June 2015. The sectors that drove this growth were financial intermediation and the manufacturing industry.

El Salvador, in turn, recorded an annual growth of 2.52%, up from the 2.34% of the same period of the previous year. The sectors that recorded the highest contributions to economic growth were sales, hotels and the manufacturing industry.

In turn, Panama's slowdown went from an annual growth of 6% in the second quarter of 2015 to 5.16% in the same period in 2016. The sectors with the most positive impact on the result were construction and sales. Finally, Costa Rica recorded an economic growth of 4.21%, down from the 4.61% in the second quarter of 2015. The sectors that had the most positive contribution to economic growth included insurance and financial activities.

For the months of July and August 2016, economic activity showed slowdowns measured through monthly activity indexes for Costa Rica, El Salvador and Honduras. By August, the annual increase in Costa Rica's Monthly Economic Activity Index (IMAE, for the Spanish original) was 4.54% and 4.17% for Honduras; in addition, the Volume Index by Economic Activity (IVAE, for the Spanish original) recorded a 1.61% increase for El Salvador.

As regards inflation, the figures recorded in the last few months have been higher than those of the beginning of the year for all the countries in the region, mainly due to the change in oil price trends. In Costa Rica, annual inflation at September was 0.38%, remain positive for three consecutive months, although it is below the Central Bank's target range (2%-4%). For El Salvador, annual inflation at September was 1.01% and 1.17% for Panama. Finally, Honduras recorded an annual inflation of 2.90% at September, which is also below the Central Bank's target (3.5%-5.5%).

In terms of the monetary policy rate (TPM, for the Spanish original) in Honduras and Costa Rica, at the end of the third quarter of 2016, there were no changes other than those recorded in June 2016 for Honduras and January 2016 for Costa Rica. The TPMs stood at 1.75% for Costa Rica and 5.50% for Honduras.

Finally, El Salvador's credit ratings were downgraded by Moody's, going from Ba3 to B1[5] and by S&P, going from B+ to B. In addition, these same rating agencies left El Salvador's rating under review for a possible downgrade. In turn, Honduras' credit rating was issued a positive outlook by S&P.

[5] At the close of this report, Moody's rating agency downgraded further from B3 to B1 on November 7, 2016.

CONSOLIDATED RESULTS OF 3Q16

BALANCE SHEET

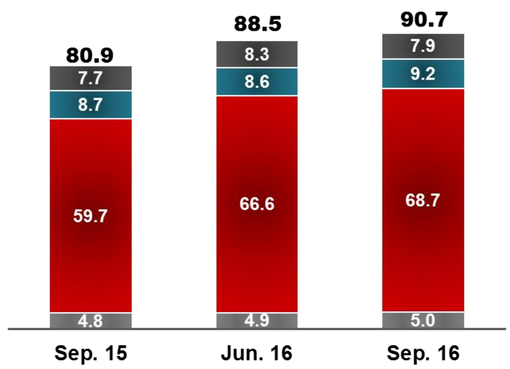
Assets

At September 30, 2016, consolidated assets amounted to COP 90.7 trillion, growing 2.6% quarterly and 12.2% annually, mainly due to the portfolio's performance. In addition, the investment portfolio increased 6.3% compared to 2Q16 and 5.3% compared to 3Q15, mainly due to greater volumes in debt securities in Colombia.

The consolidated ROAA[6] closed 3Q16 at 1.73%, maintaining levels similar to those of the end of 2Q16 and up 42 basis points from the end of 3Q15.

Evolution of Consolidated Assets (in COP trillions)

	3Q16/2Q16	3Q16/3Q15
Cash	-5.7%	1.9%
Investments, net	6.3%	5.3%
Loans, net	3.2%	15.1%
Other assets [7]	1.5%	5.0%
Assets	**2.6%**	**12.2%**



Assets	Sep. 15	Jun. 16	Sep. 16	3T16 / 2T16	3T16 / 3T15
Colombia	60.6	67.6	70.0	3.6%	15.5%
International[8]	21.4	22.0	21.9	-0.5%	2.4%
International USD$	6.9	7.5	7.6	0.8%	9.8%

Colombia's assets totaled COP 70 trillion, representing 76.1% of the consolidated assets. The growth is mainly due to the higher portfolio volumes, which represent 77.8% of the assets in Colombia, up 4.2% from 2Q16 and 19.8% from 3Q15.

Assets in foreign subsidiaries amounted to COP 7.6 billion, making up 23.9% of the consolidated assets, growing mainly due to the performance of the portfolio, which represents 65.2% of the total assets in foreign subsidiaries. In US dollars,[9] the net loan portfolio in foreign subsidiaries closed at USD 5 billion, up 0.9% compared to the previous quarter and 7.5% compared to 3Q15.

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[6] ROAA (12 months): accumulated profit / average annual assets.
[7] Other assets include: Acceptances and derivatives, accounts receivable, property, plant and equipment, other non-financial assets and goodwill and intangibles.
[8] Davivienda International includes: El Salvador, Costa Rica, Panama and Honduras.
[9] The official exchange rate of the US Dollar increased 1.3% compared to 2Q16 and 6.7% compared to 3Q15.

Cash and Interbank

In 3Q16, cash and interbank borrowings closed at COP 7.9 trillion, down 5.7% from 2Q16 and up 1.9% from 3Q15. In Colombia, cash and interbank borrowings decreased by 12.5% during the quarter and 5.4% compared to the previous year, closing at COP 3.9 trillion due to the reduction in repurchase agreements.

In foreign subsidiaries, cash totaled USD 1.4 billion, up 3.4% from 2Q16 and 18.0% from 3Q15, mainly in Panama due to deposits for around USD 34 million received at the end of 3Q16 allocated to cash.

Investments Portfolio

The consolidated investment portfolio increased by 6.3% compared to 2Q16 and 5.3% compared to 3Q15, closing at COP 9.2 trillion.

Investments in Colombia represent 86% of the consolidated portfolio. They grew 10.3% compared to 2Q16 due to the change in position of the structural portfolio of the liquidity reserve in response to the short-term interest rate expectations. In relation to 3Q15, the investment portfolio in Colombia increased by 5.1%, due to the natural growth trend of the liquidity reserve regarding the performance of the balance sheet.

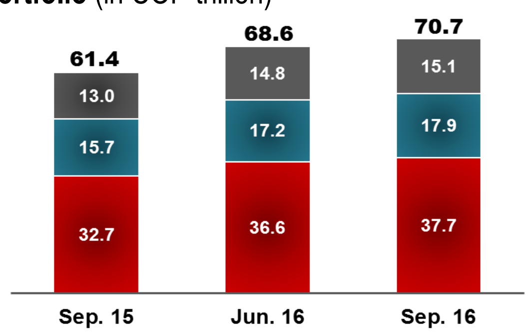
In foreign subsidiaries, investments closed at USD 1 billion, down 3.1% from 2Q16, mainly in Honduras due to the maturity of several securities. In comparison with 3Q15, investments in foreign subsidiaries increased by 12.5%.

Gross Loan Portfolio

The gross loans closed at COP 70.7 trillion, explained by the growth dynamic of the three lines of business detailed below.

Evolution of the Consolidated Gross Loan Portfolio (in COP trillion)

	3Q16/2Q16	3Q16/3Q15
Mortgage	2.4%	16.2%
Consumer	3.9%	13.8%
Commercial [10]	3.1%	15.5%
Gross Loans	**3.2%**	**15.2%**



Gross Loans	Sep. 15	Jun. 16	Sep. 16	3Q16/2Q16	3Q16/3Q15
Colombia	46.9	54.0	56.2	4.1%	19.7%
International	14.4	14.6	14.5	-0.1%	0.7%
International USD$	4.7	5.0	5.0	1.2%	7.9%

[10] The commercial loan portfolio includes microfinance loans.

In Colombia, the gross loan portfolio totaled COP 56.2 trillion. The fastest growing portfolio was the commercial loans, closing at COP 29.3 trillion (4.3% up from the previous quarter and 21.4% from 3Q15). The corporate segment, which makes up 64% of the commercial loans in Colombia, increased 3.6% compared to 2Q16 and 13.0% compared to 3Q15, mainly in the sectors of capital investment, construction, energy, telecommunications and major department stores. In turn, the Small and Medium Enterprise (SME) segment grew 5.4% during the quarter and 20.7% compared to the same period of the previous year, and the construction segment grew 4.0% during the quarter and 21.5% compared to 3Q15.

At the end of 3Q16, the consumer loan portfolio in Colombia grew 4.9% compared to 2Q16 and 16.6% compared to 3Q15, closing at COP 14.6 trillion, mainly due to greater use of credit cards with a 7.0% quarterly and 27.6% annual increase. Similarly, free investment loans recorded good results, achieving 6.3% quarterly and 23.8% annual growth rates.

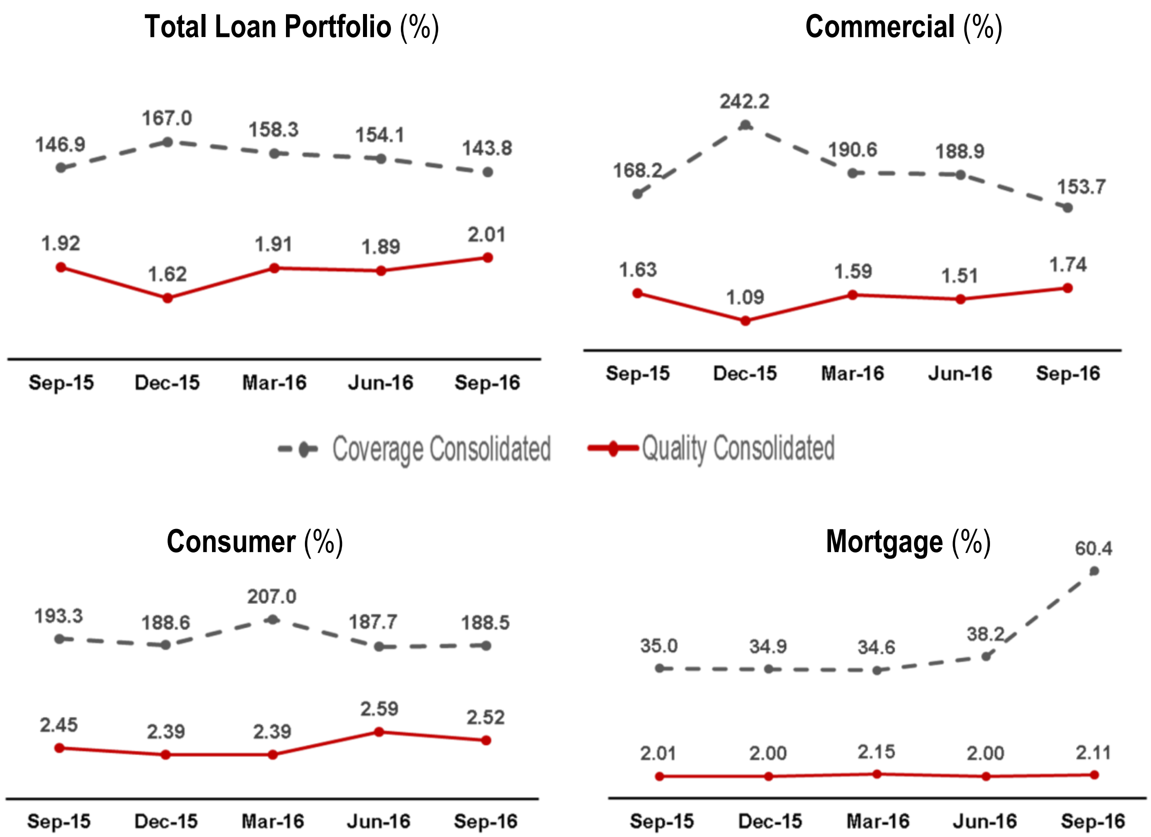
The mortgage loans in Colombia amounted to COP 12.3 trillion, up 2.6% from 2Q16 and 19.4% from 3Q15, where the increase of the residential leasing portfolio stood out at 3.6% compared to 2Q16 and 19.7% compared to 3Q15.

In foreign subsidiaries, the gross loan portfolio totaled USD 5 billion, increasing due to the good performance of the commercial loan portfolio (up 0.7% from 2Q16 and 5.9% from 3Q15) closing at USD 2.9 billion. This was the case mainly in Costa Rica, where the commercial loan portfolio grew 27.2% compared to 3Q15.

The consumer loan portfolio in foreign subsidiaries closed at USD 1.1 billion, up 1.2% from 2Q16 and 9.8% from 3Q15, mainly in Costa Rica with an annual growth of 26.9% in this portfolio.

Finally, the mortgage portfolio in foreign subsidiaries increased by 3.0% compared to 2Q16 and 11.8% with respect to 3Q15, closing at COP 1 billion, particularly in Costa Rica with a 22.1% annual increase.

Portfolio Quality by Type and Coverage



The consolidated loan portfolio quality indicator[11] was 2.01%, up 13 basis points from that recorded from the end of 2Q16, mainly due to the deterioration of the commercial loan portfolio in Colombia, whose indicator increased 28 basis points compared to the previous quarter, due to certain impairments of corporate clients as a result of the economic slowdown. It is also specifically due to the problems of certain actors of the integrated mass transportation system and the civil works engineering sector.

The consolidated mortgage portfolio indicator increased 11 basis points closing at 2.11%, explained by the securitization made on September 14, 2016 for COP 220 billion in Colombia, the impairment of several LIH mortgage loans disbursed in 2012 without interest rate coverage in Real Value Units (UVR, for the Spanish original), due to the increase in the UVR, particularly in the self-employed segment and the opening of Residential Leasing policies.

Finally, the consolidated consumer loan portfolio indicator improved 8 basis points closing at 2.52%, particularly in Colombia, mainly due to the loan portfolio that was normalized during the quarter.

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

The consolidated coverage level[12] at September 2016 was 143.8%, down from 2Q16, mainly explained by the drop in provisions during the quarter in the commercial loan portfolio in Colombia. In turn, in the mortgage portfolio in 3Q16, a larger provision was made as a result of the updating of variables to estimate the calculation of provisions, whose effect is expected to be more moderate for 4Q16.

In 3Q16, there were write-offs for COP 285.3 billion, 0.4% of the gross portfolio, which dropped 17.5% compared to 2Q16, mainly due to a lower level of write-offs in commercial loans in Colombia during the quarter. Accumulated write-offs at September 2016 comprise 1.24% of the gross loan portfolio, totaling COP 874.6 billion, up 43.5% mainly due to the write-offs so far in 2016 in the commercial loan portfolio, particularly in Colombia.

Other Assets[13]

The other assets closed at COP 5 trillion, up 1.5% from 2Q16 and 5.0% compared to 3Q15, explained mainly by the behavior of accounts receivable in Colombia, which increased by 27.6% compared to 2Q16 and 47.8% with relation to the same quarter of the previous year, due to the advance payment of income tax to the DIAN and advance payments on contracts to suppliers related with the merger with Leasing Bolívar.

Liabilities

As of September 30, 2016, consolidated liabilities totaled COP 81.4 trillion, up 2.4% from 2Q16 and 12.1% from 3Q15, mainly due to the performance of term deposits and the two bond issuances in Colombia during the quarter.

Liabilities in Colombia totaled COP 62 trillion, representing 76.2% of the consolidated liabilities, with quarterly and annual growth rates of 3.5% and 15.5%, respectively. The other 23.8% is represented by liabilities in foreign subsidiaries, which amounted to USD 6.7 billion, up 0.5% from 2Q16 and 9.8% from 3Q15.

Consolidated funding sources[14] totaled COP 76 trillion, reaching a net portfolio to funding source ratio of 90.4% compared to the 89.9% recorded at the end of 2Q16; without including bonds, this ratio would increase to 103.6%.

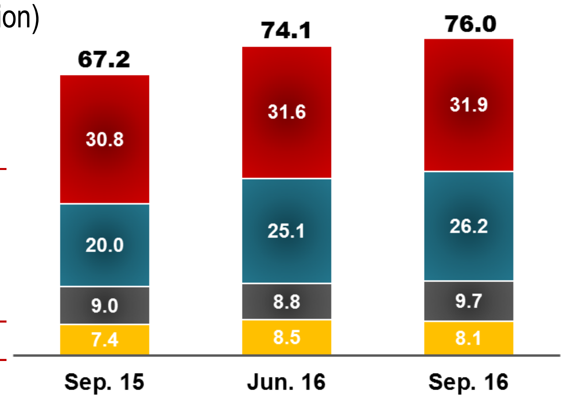
[12] Coverage: reserves / portfolio > 90 days.

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

[14] Funding sources: Deposits, bonds and credits.

Evolution of Funding Sources (in COP trillion)

	3Q16/2Q16	3Q16/3Q15
Demand Deposits	0.9%	3.7%
Term Deposits	4.4%	31.1%
Bonds	10.0%	8.3%
Credits	-4.1%	9.7%
Funding Sources	**2.6%**	**13.1%**



Funding Sources	Sep. 15	Jun. 16	Sep. 16	3T16 / 2T16	3T16 / 3T15
Colombia	48.9	55.3	57.3	3.5%	17.1%
International	18.2	18.7	18.7	-0.2%	2.5%
International USD$	5.9	6.4	6.5	1.1	9.8

Consolidated demand deposits totaled COP 31.9 trillion, growing mainly due to the increased volume in savings accounts in Colombia (growing 2.5% quarterly and 10.6% annually). Also, demand deposits in foreign subsidiaries increased 2.7% compared to 2Q16 and 3.1% compared to 3Q15, closing at USD 2.4 billion, particularly in Costa Rica, which recorded an annual increase of 12.3%.

Consolidated term deposits amounted to COP 26.2 trillion; this increase is explained by Colombia, which comprises 70.6% of the consolidated term deposits, up 6.3% from 2Q16 and 44% from 3Q15. In turn, term deposits in foreign subsidiaries grew 1.5% compared to 2Q16 and 15.5% compared to 3Q15, closing at USD 2.7 billion, mainly in Costa Rica.

Consolidated bonds totaled COP 9.7 trillion, increasing as a result of the two local bond issuances carried out in Colombia in 3Q16; the first of ordinary bonds for COP 600 billion in July and the second in subordinated bonds for COP 359 billion in September, even though bonds were also redeemed for COP 229.1 billion during the quarter. In foreign subsidiaries, bonds closed at USD 206 million, slightly lower than 2Q16 due to matured bonds for USD 10 million in El Salvador and 5.9% compared to 3Q15 due to the issuances of standardized bonds in Costa Rica for USD 18.9 million in February 2016 and USD 3.6 million in July 2016.

Consolidated rediscount loans and banking correspondent loans amounted to COP 8.1 trillion, down in Colombia compared to 2Q16 due to the effect of revaluation in the Colombian peso / US dollar exchange rate during the quarter (-4.8%) and foreign subsidiaries (-1.9%) due to the maturity of several short-term loans with multilateral entities in El Salvador. As of 3Q15, rediscount loans in Colombia increased 27% and banking correspondent loans increased 12.7% in foreign subsidiaries and 6.8% in Colombia.

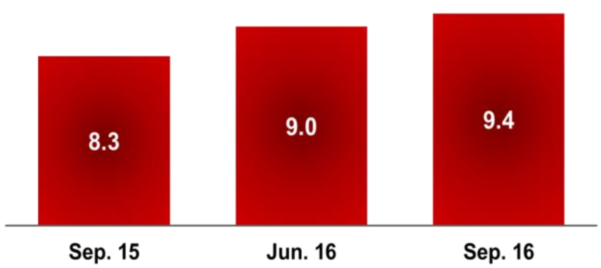
Regulatory Capital and Equity

Shareholder's equity closed at COP 9.4 trillion, up 3.7% from 2Q16 and 13% from 3Q15. Technical capital grew 2.4% compared to 2Q16, mainly due to the issuance of subordinated bonds in Colombia for COP 359 billion during the quarter.

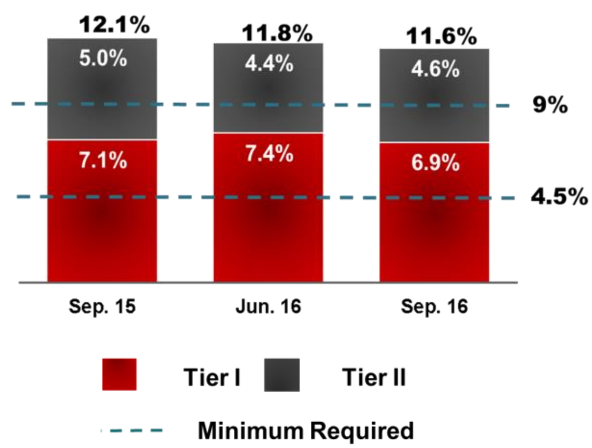
The solvency ratio stood at 257 basis points above the minimum solvency required in Colombia (9%), closing out at 11.6%. It dropped 0.2% compared to 2Q16, mainly due to the 0.5% decrease of *tier I*, mainly due to the 5.8% increase in risk weighted assets level, closing at COP 78.8 trillion.

The higher level of risk weighted assets level in 3Q16 is due to the increase in loans, financial lease transactions, fiduciary rights weighted at 100%, and the greater volume of contingencies due to the increase in bank guarantees.

Equity (COP trillion)



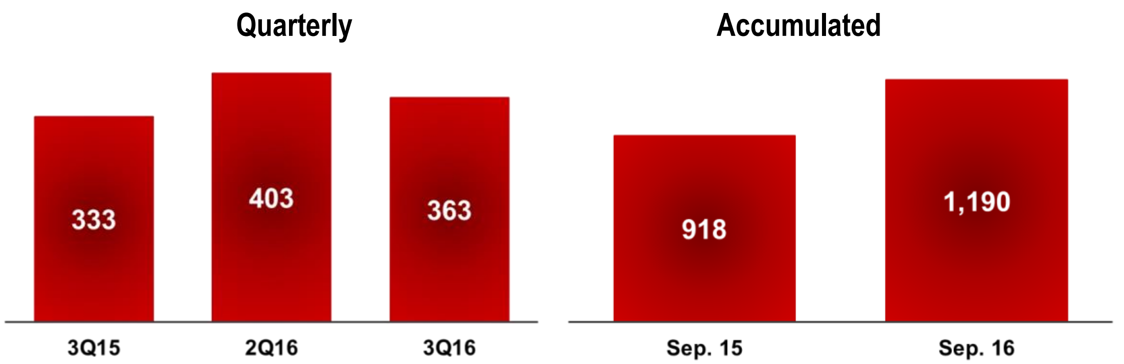
Solvency (%)



STATEMENT OF INCOME

Profits

(COP billion)



3Q16/2Q16 %	3Q16/3Q15 %		Sep. 16 / Sep. 15 %
-12.1	15.7	Financial Margin, Net	22.7
0.6	16.4	Operative Income	22.7
0.1	14.4	Operative Expenses	13.9
100	-16.2	FX Changes, Derivates and Others	-13.7
-12.7	**13.7**	**Income before Tax**	31.1
-18.6	25.9	Taxes	34.3
-9.8	**9.0**	**Net Income**[15]	**29.7**

Net profit of 3Q16 closed at COP 363.2 billion, down from 2Q16 due to the 12.7% increase in financial expenses, mainly due to the increased acquisition of term deposits. Compared to 3Q15, net profit grew as a result of greater portfolio revenue (30.2%) and the results obtained by the investment portfolio (126.1%).

Accumulated profit at September 2016 totaled COP 1.2 trillion, up 29.7% from the same period of the previous year as a result of the 22.7% increase in the net financial margin, mainly due to the 32.5% increase in loans portfolio revenue and the investment portfolio revenue of 97.4%.

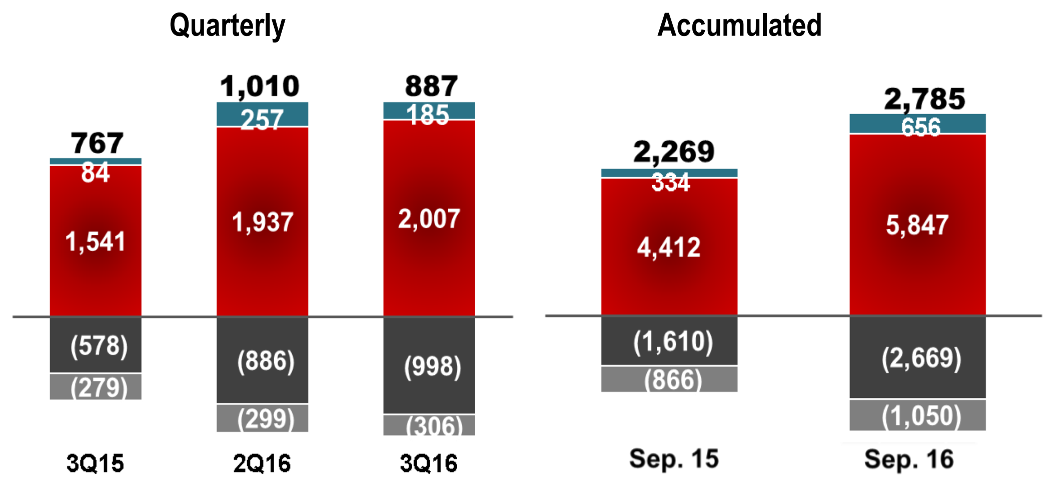
As a result, the Return on Average Equity (ROAE)[16] was 16.8% at the end of 3Q16, compared to the 17% reported in 2Q16 and 12.5% reached at the close of 3Q15.

[15] Profits after eliminations, standardizations and unifications.

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

Net Financial Margin

(billions of COP)



3Q16 / 2Q16 (%)	3Q16 / 3Q15 (%)		Sep. 16 / Sep. 15 (%)
3.6	30.2	Loan Income	32.5
-28.1	121.0	Investment Income, Overnight	96.4
-0.1	**34.9**	**Financial Income**	**37.0**
12.7	72.8	Financial Expenses	65.8
2.4	9.5	Allowances	21.2
-12.1	**15.7**	**Financial Margin, net**	**22.7**

The net financial margin ended the quarter at COP 887.4 billion, down from the previous quarter due to the lower level of revenue generated by the investment portfolio on account of the change in position of the debt securities and the increase in financial expenses, mainly due to the greater volume of term deposits and bonds issued in Colombia. In relation to 3Q15, the net financial margin increased due to the performance of the commercial and consumer loan portfolios, in addition to the results of the investment portfolio.

The accumulated net financial margin was COP 2.8 trillion, which increased due to the financial income generated particularly by the mortgage and commercial loan portfolios. As a result, the NIM[17] ended 3Q16 at 6.6%, standing at levels similar to those recorded in 2Q16 and up 15 basis points compared to 3Q15.

Income from Interest on Loans

Loans interest income for the quarter totaled COP 2 trillion, growing mainly due to the performance of the commercial and consumer loans. The balance of the average performing loans grew 3.2% compared to 2Q16 and 20.9% in relation to 3Q15 and the implicit rates increased 34 and 90 basis points, respectively.

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

In 3Q16, commercial loans interest income totaled COP 898.2 billion, up 6.1% from 2Q16 and 41.6% from 3Q15, due to the results in Colombia (with an 8.1% quarterly and 54.3% annual growth), mainly in the corporate segment. In foreign subsidiaries, the commercial loan portfolio generated USD 61.9 million in revenue, standing at levels similar to those recorded in the previous quarter and growing 6.6% compared to 3Q15, particularly in Costa Rica.

Consumer loans interest income reached COP 675.7 billion, up 6% from 2Q16 and 19.7% from 3Q15, mainly in Colombia, whose income grew 6.5% compared to 2Q16 and 20.5% compared to 3Q15, particularly in credit cards and free investment loans. In foreign subsidiaries, income from the consumer loan portfolio amounted to USD 24.6 million, up 3% from 2Q16 and 12.8% from 3Q15, the latter due to conditions in Costa Rica.

Quarterly mortgage interest income amounted to COP 432.8 billion, down 4.5% from 2Q16 due to the impairment in the quality of several low-income housing loans in Colombia, disbursed without the interest free benefit and in UVR in 2012. Compared to 3Q15, the income from this portfolio increased by 26.5%, particularly in Colombia, achieving an annual growth rate of 32.1%. In foreign subsidiaries, mortgage interest income amounted to USD 24.7 million, up 2.3% from 2Q16 and 4% from 3Q15, due to Costa Rica.

As a result, the accumulated loans interest income at the end of September 2016 totaled COP 5.8 trillion, up 32.5% from the accumulated amount at the same period of the previous year, where the 48.1% increase in commercial loans income stood out. Accumulated income from the mortgage and consumer portfolios grew 27.8% and 19.4%, respectively.

Income from Investments and Interbank Funds

Quarterly income from the investment portfolio and interbank funds totaled COP 184.9 billion, down from 2Q16 as a result of the decrease in the position of securities in UVR in Colombia. Compared to 3Q15, income from investments increased, mainly due to the indexing to UVR strategy, given the inflation expectations for the first half of 2016 in Colombia.

So far this year, the strategies implemented in the interbank and investment portfolio have resulted in a total accumulated income of COP 655.9 billion at the end of September 2016, up 96.4% compared to the same period of the previous year.

Financial Expenses

Financial expenses of 3Q16 closed at COP 998.3 billion, mainly due to the increased volume of term deposits, savings accounts and bond issuances in Colombia.

In Colombia, financial expenses totaled COP 857.9 billion, up 14.4% from the previous quarter and 87.4% from 3Q15, mainly due to the higher cost of term deposits (up 17.0%

from 2Q16 and 117.9% from 3Q15), mainly in long-term CDs. In addition, the cost of deposits in savings accounts increased by 16.3% compared to 2Q16 and 109.3% compared to 3Q15, closing at COP 214 billion. Finally, as a result of the two local bond issuances during the quarter, bond interests increased 12.4% compared to 2Q16 and 42.7% compared to 3Q15.

In foreign subsidiaries, financial expenses totaled USD 47.6 million, up 5% from 2Q16, due to the 4.8% increase in term deposit expenses, particularly in short-term CDs, and the 8.4% increase in rediscount and banking correspondent loan costs. Compared to 3Q15, financial expenses grew 15.8% due to the higher cost in savings accounts (102.2%) and greater bond issuances, generating a 404.7% increase in cost.

Accumulated financial expenses at the end of September 2016 totaled COP 2.7 trillion, up 65.8% from the same period of the previous year, mainly due to the performance of term deposits and savings accounts, which recorded growths of 70.3% and 92.6% in the accumulated cost, respectively.

Net Provision Expenses

Net provision expenses in 3Q16 totaled COP 306 billion, up 2.4% from 2Q16 and 9.5% from 3Q15, due to the 248% increase in international subsidiaries during the quarter and 86.1% compared to 3Q15, closing at USD 31.1 million, due to the updating of variables to estimate the calculation of portfolio provisions and the impairment of several customers in Panama and Costa Rica. In Colombia, the provision expense decreased 22.3% compared to 2Q16 and 8.1% compared to 3Q15, closing at COP 212.4 billion, mainly due to the lower provision expense in the commercial loan portfolio. As a result, the cost of risk[18] stood at 1.82%, down 2 basis points from that recorded at the end of 2Q16.

The accumulated net provision expenses at the end of September 2016 amounted to COP 1 trillion, up 21.2% from the end of the same period of the previous year, including the increase in the mortgage portfolio provisions due to the updated variables to estimate the calculation of provisions in September 2016.

Net Operating Income

Operating income in 3Q16 totaled COP 285.1 billion, standing at levels similar to those recorded in the previous quarter (0.6%) and up 16.4% from 3Q15, mainly due to the annual increase in income from net fees and commissions (14.7%) and income from insurance companies in foreign subsidiaries (115.5%).

Operating income in Colombia amounted to COP 218.1 billion, down 5.5% from 2Q16 due to extraordinary income for COP 14.2 billion recorded from the sale of 22,756 shares in the Financial Information Center (CIFIN, for the Spanish original) in 2Q16. Compared

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

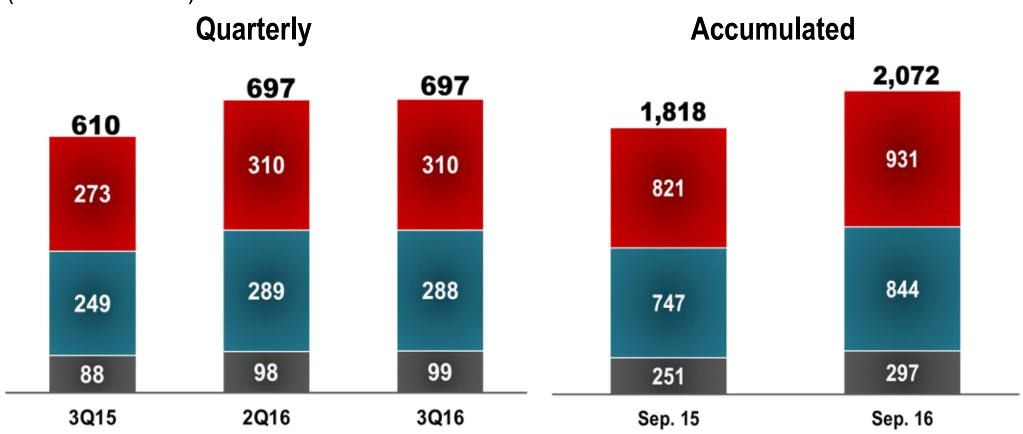
to 3Q15, operating income increased by 6.3% due to the level of income from commissions on collections in Insurance Banking (18.9%), the volume of affiliated establishments (8.5%) and the greater collection of credit card management fees (9.5%).

In foreign subsidiaries, operating income closed at USD 22.6 billion, up 27.9% from 2Q16 and 72.2% from 3Q15 as a result of freeing up reserves for reported claims that were not materialized.

Accumulated operating income totaled COP 882.6 billion, up 22.7% from September 2015. As a result, the fee and commission income indicator on total revenue[19] stood at 15.7%, down 81 basis points from that reported at the end of 2Q16.

Operating Expenses

(billions of COP)



3Q16/2Q16 (%)	3Q16/3Q15 (%)		Sep. 16 / Sep. 15 (%)
0.0	13.7	Personnel Expenses	13.5
-0.3	15.7	Operational Expenses	13.1
1.5	12.7	Other Expenses[20]	18.2
0.1	**14.4**	**Total Expenses**	**13.9**

Operating expenses in 3Q16 totaled COP 697.4 billion, standing at the same level recorded in 2Q16 and up 14.4% 3Q15, mainly due to the increase in employee benefit expenses (20.5%) and higher administrative expenses (12.8%).

In Colombia, operating expenses amounted to COP 510.7 billion, down 2.7% from 2Q16, mainly due to the 27.6% decrease in technology expenses on software development in accordance with the strategic projects for process efficiency. Compared to 3Q15, operating expenses in Colombia increased by 9.5%, mainly due to the higher employee benefit expenses (20.9%), particularly due to the COP 6.2 billion payment of seniority bonuses and the COP 7.1 billion payment of incentives.

[19] Fee ratio (12 months): Fee and commission income / total revenue.

[20] Other expenses include amortization and depreciation, intangible amortization, taxes and security deposit.

In foreign subsidiaries, operating expenses closed at USD 63.2 million, up 10% from 2Q16 and 32.4% from 3Q15, due to the higher expense on advertising campaigns, particularly in El Salvador and Costa Rica.

Therefore, accumulated operating expenses at September 2016 were COP 2.1 trillion, up 13.9% compared to the same period of the previous year, based on which Efficiency[21] closed at 44.6% compared to the 44.4% recorded at the end of 2Q16 and 48.5% from 3Q15.

Net Exchange and Derivatives

In 3Q16, COP 48.8 billion were generated in income from net exchange and derivatives, up 343.7% from 2Q16 and down 21.7% from 3Q15, the latter in Colombia due to the lower income from derivatives, given the volatility of the US dollar, accumulating a devaluation of 18,0% for the period.

Accumulated income from net exchange and derivatives at September 2016 amounted to COP 119.5 billion, down 14.2% from the end of the same period of the previous year.

Taxes

In 3Q16, Davivienda recorded COP 160.6 billion in taxes, down 18.6% from 2Q16, mainly due to the decrease in profit. Compared to 3Q15, taxes increased by 25.9% mainly due to the increase in profit and the decrease in the tax break on account of taxes paid abroad. Therefore, accumulated tax as at September 2016 totaled COP 522.9 billion, up 34.3% from the previous year.

[21] Efficiency (12 months): operating expenses / (gross financial margin + operating income + other net income and expenses).

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 September 30, 2016 will not necessarily be an indicator of the expected results for any other period.

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