

MAIN RESULTS

The adversity in the economic scenario that the country faced in the last three years forced monetary authority to raise its intervention rate to control inflation. The interest that was 3,25 basic points at the beginning of 2013 exceeded the barrier of 7 points by the end of 2016.

The first impact affected the volume of placements, that in the case of Santander, its increase was only 3,7% in the balances as of September, when figures grew two years ago near to 20%.

Construction is one of the sectors, which is related with the financial system. Housing credits increase 14% in 2016, but at the end of 2015 its rate was 57,8 in comparison with 2014. This indicates that although this activity counts with some subsidy from the national government, it reduced its credit operations.

In relation with the deposit-taking resources, results show a decrease of 3,7% in comparison with 2015, specially the saving deposits and current accounts.

It is not difficult to conclude that measures taken to control the escalating price of basic consumer goods caused a less dynamic in the flow of financial resources to population in the last two years.

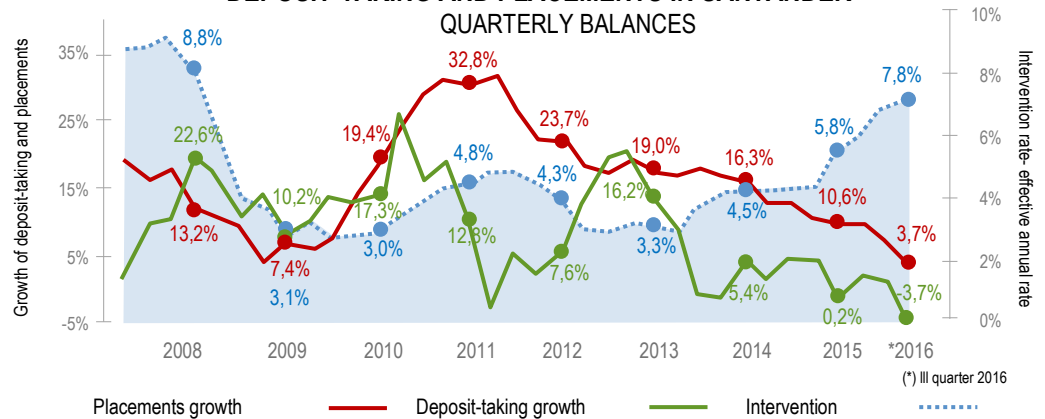
It seems to indicate that inflation turned back on and with this we hope that the central bank of Colombia starts to adjust the low rates of interest in 2017 activating again the placement of resources.

Source:
Financial Superintendence-DANE-National Bank.

Note:
- Growths are calculated between IV quarter 2015 and III quarter 2016.

- Main departments in Colombia (Antioquia, Atlántico, Bogotá, Valle and Santander).

DEPOSIT-TAKING AND PLACEMENTS IN SANTANDER
QUARTERLY BALANCES



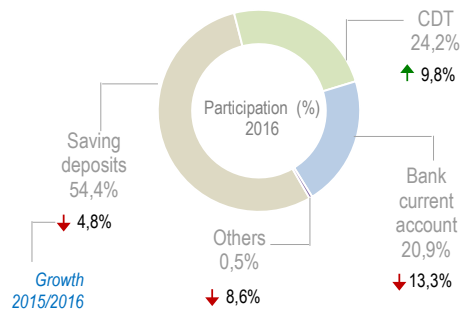
DEPOSIT-TAKING



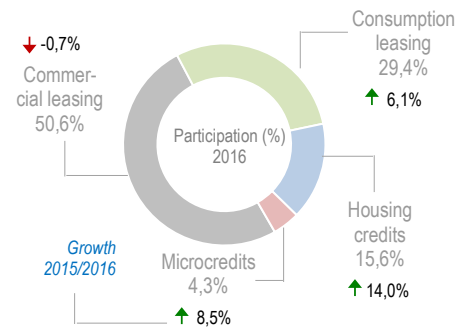
PLACEMENTS



Deposit-taking classification



Placements classification



MORTGAGE PORTFOLIO IN SANTANDER

