Banco de Bogotá

Un Banco hecho entre dos

SOMOS GRUPO AVAL

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ADVISOR TO THE BOARD OF DIRECTORS

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KPMG LTDA.

Delegate:

MARÍA LIGIA CIFUENTES ZAPATA

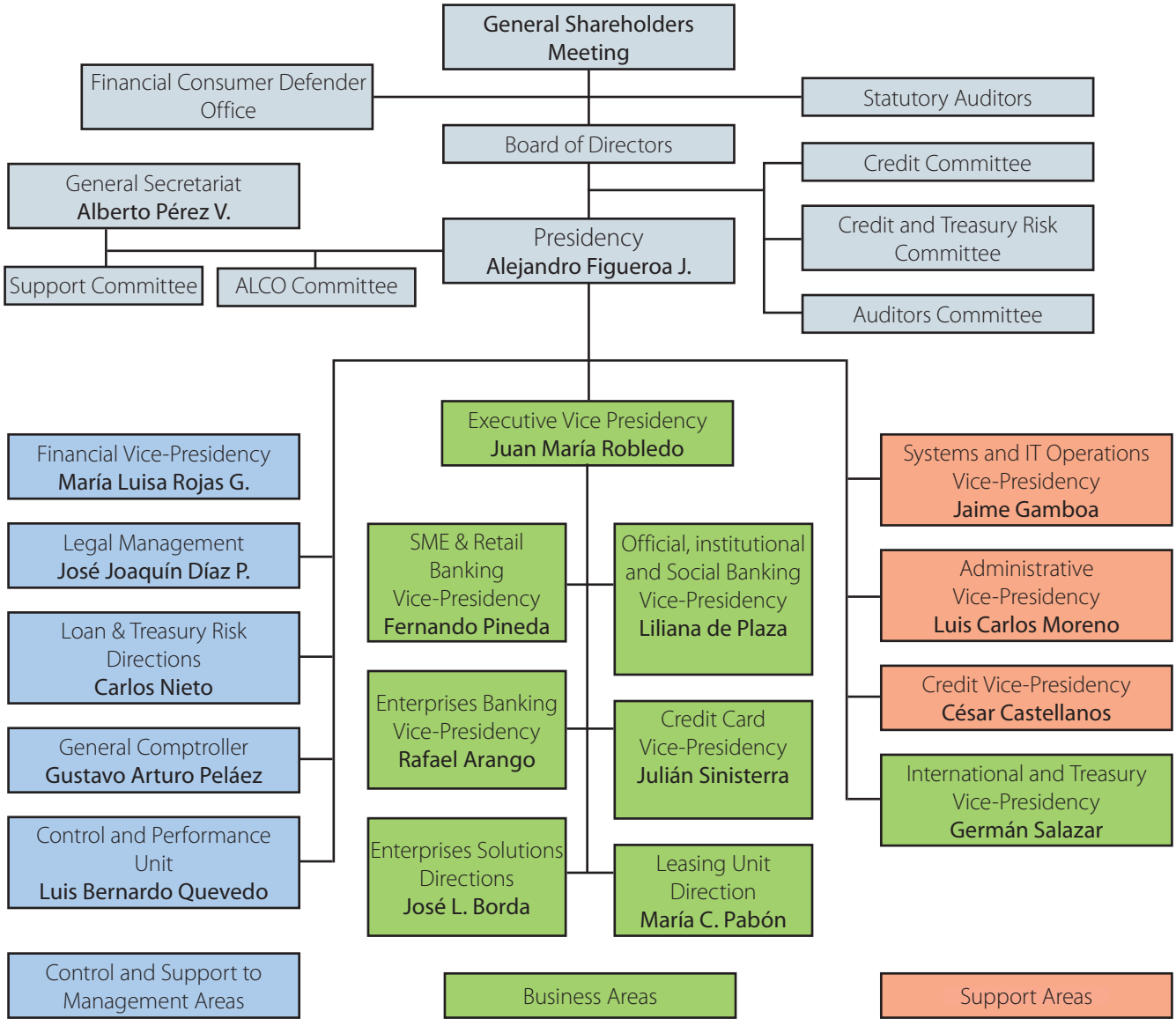
T.P. 30070-T

FINANCIAL CONSUMER DEFENDER

OCTAVIO GUTIÉRREZ DÍAZ

Table of Contents

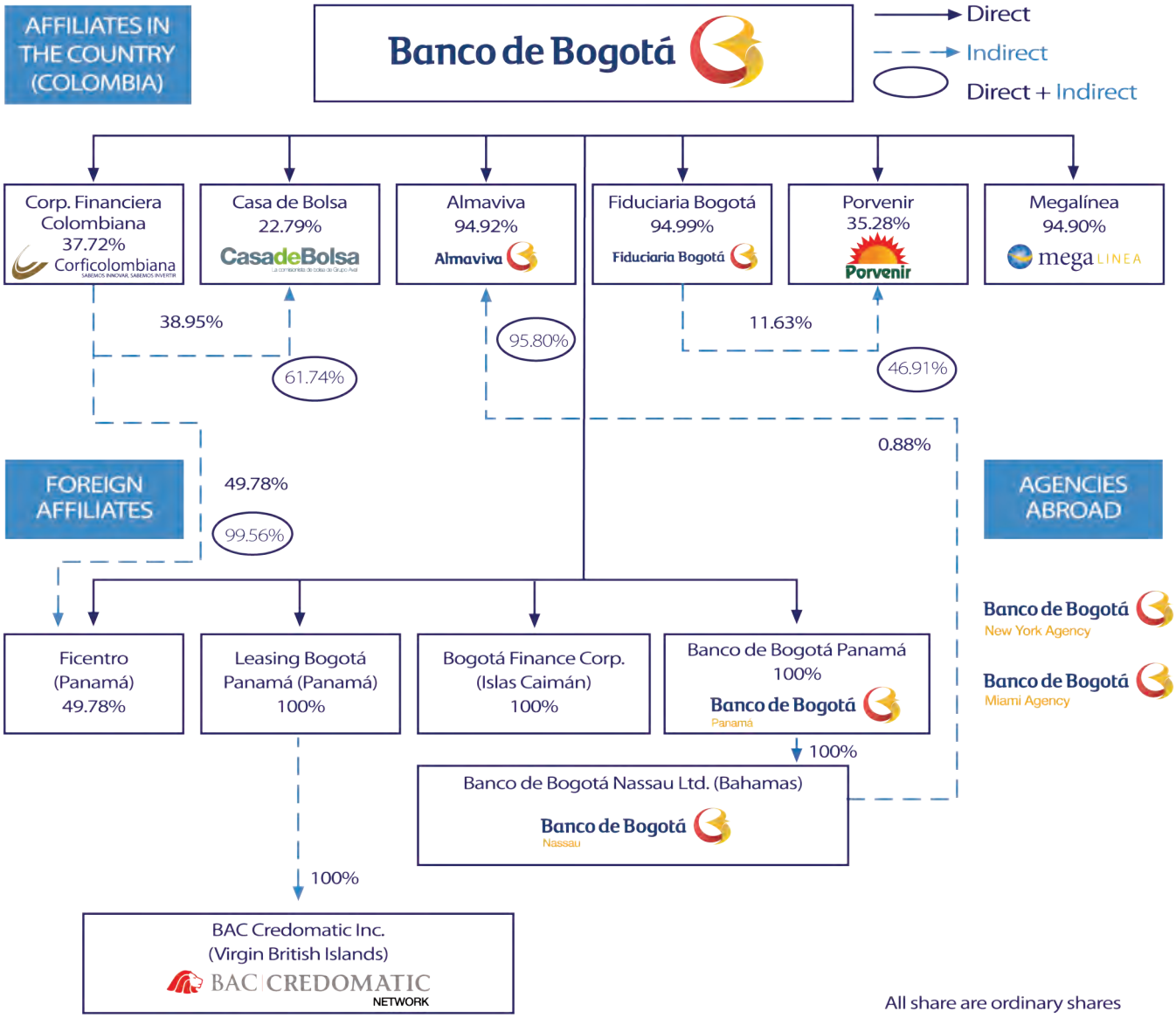
Organizational Structure – General Management



Organizational Structure – The Bank and Affiliates

Banco de Bogotá *Un Banco hecho entre dos* Alejandro Figueroa - President	Universal bank with a wide portfolio of products and services present throughout the national territory.
BAC|CREDOMATIC Ernesto Castegnaro - President	Financial Centro American Group with Banking and Credit Cards operations
Corficolombiana SABEMOS INNOVAR, SABEMOS INVERTIR José E. Melo - President	Financial Corporation with a wide portfolio of products specialized in Private and Investment Banking, Treasury and Equity Securities Investments
Porvenir Miguel Largacha - President	Pensions and Severance Fund Manager
Fiduciaria Bogotá Cesar Prado Villegas - President	Execution of Contracts on Mercantile Trust and Trust funds
CasadeBolsa La comisionista de bolsa de Grupo Aval Daniel H. Gómez - President	Stock Brokerage Company (securities trading intermediation and management of securities funds).
Almaviva Pedro Echeverría - President	General Warehouse, Customs Agent and Integral Logistics Operator
mega LINEA Nubia Inés Sanabria - General Manager	Technical and Administrative Services Company, serving internal and external customers.
Banco de Bogotá Panamá José A. Santana - President Banco de Bogotá Nassau María F. Blanco - President	General and International License to execute banking business
Finance Corporation Germán Salazar, Luis C. Sarmiento Jr. y John Kennedy - Representatives	Entity with license to operate as a Financial Corporation
Ficentro José A. Santana - Representative	Financial Corporation authorized to place money but not to raise money and overseen by The Finance Ministry of Panama

Banco de Bogota and Affiliates – Direct and Indirect Involvement

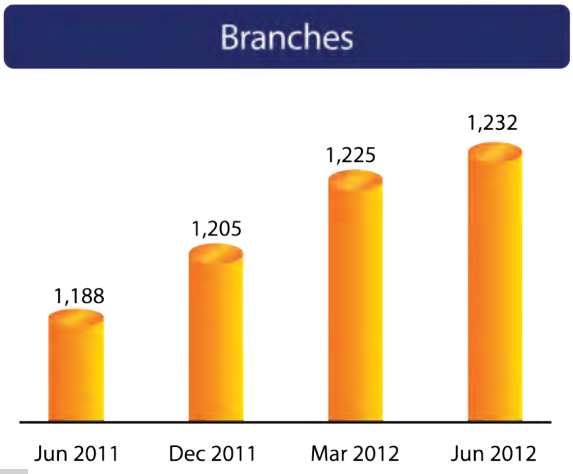


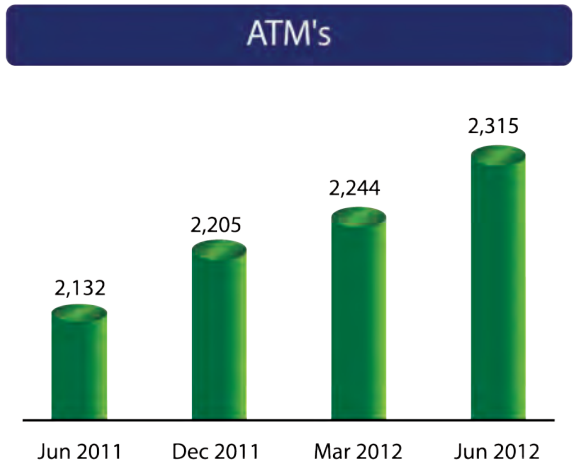
With its expansion overseas, Grupo Banco de Bogotá undertakes operations in Colombia, Panamá, The Bahamas, Cayman Islands and Central America, allowing it to consolidate as one of the soundest conglomerates in the Colombian financial sector.


Regional Presence - Countries
11


Customers (million)
9.4
9.7
10.1
10.3
Jun 2011
Dec 2011
Mar 2012
Jun 2012


Employees
32,449
32,763
32,213
33,554
Jun 2011
Dec 2011
Mar 2012
Jun 2012


Branches
1,188
1,205
1,225
1,232
Jun 2011
Dec 2011
Mar 2012
Jun 2012


ATM's
2,132
2,205
2,244
2,315
Jun 2011
Dec 2011
Mar 2012
Jun 2012

1. Colombian Economy and Central American Economy

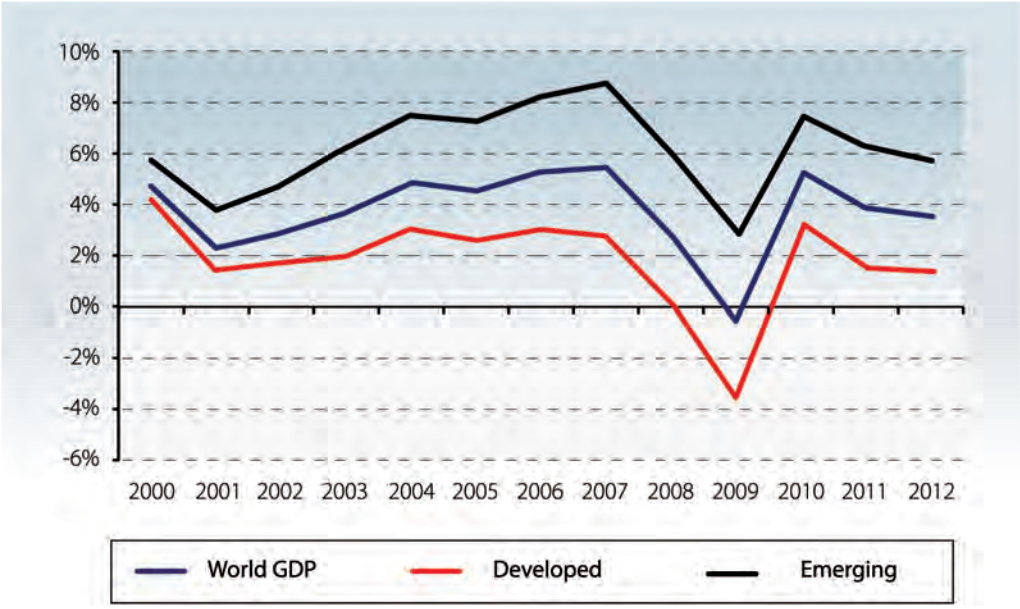
International Context

Lower world growth fosters Central Bank's activities

The first half of the year was characterized by the slowing-down of the world economy, the worsening of the European crisis and the weakening of the Old Continent's banking system. The lower dynamic of growth brought about a price drop of commodities, a decrease of inflation, new waves of monetary drive in developed countries and the end of the bullish cycle in interest rates at emerging economies.

As far as economic growth, history seems to repeat itself; after the great optimism on the performance of the economy during the early part of the year, the latest information confirms a slowing down of the world growth, similar to that of 2011. Concerning of the United States, the first quarter of 2012 had a 2% growth and one of 1.7% in the second quarter.Economic activity in this country continues to be affected by a weak dynamic of the labor market which restricts household consumption, while the expectations of businessmen have received the impact of the current uncertainty in international markets.

Graph 1: World Economic Growth (Annual % Var.)

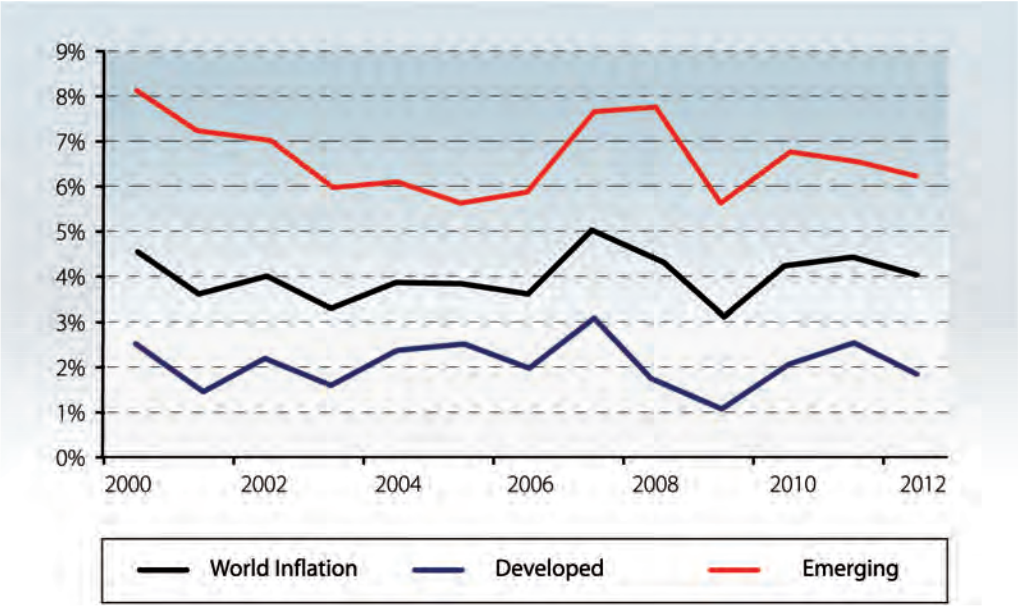


Source: IMF

The Eurozone's economy shrunk in the second semester. Data show a 0% and -0.5% growth per year during the first and second halves of 2012, showing that the growth of the German and French economies is not able to offset the lower dynamic in the rest of the Continent. Furthermore, the uncertainty of the Greek elections and nervousness on the situation of the Spanish banks, which ended with a bail-out for Spain, had a repercussion on investment and consumption behavior.

The lack of concrete solutions for the problems of the Euro Zone and the deceleration of growth, even in countries such as China, favored devaluations in stock markets, increases in risk premiums and strong drops in commodity prices.

Graph 2: World inflation (Annual % Var.)



Source: IMF

Lower prices of raw materials favored an overall drop of world inflation, with major adjustments in emerging economies. The reduction of price pressures gave way to central bankers in developed countries to expand monetary boosts and in the case of emerging countries for them to end or reverse their rate rise cycle. In the United States, the Federal Reserve extended the twist operation to the long term bond purchase with resources from the sale of short term securities. In England, the Central Banks expanded the amount of quantitative leniency and in the Euro zone interest rates were brought to a historical minimum.

In turn, the interest rate and reserves were cutoff continuously in China. Brazil reduced its interest rate to a new historical minimum and other economies ended their rate increase cycles in advance.

Hence, the world economic scenario at the closing of the first semester is less favorable than the weighted one in the early year and while price pressures remain contained, the monetary boost by Central Banks will continue.

There are two major risks in the remaining part of the year: the financial difficult standing in the Euro Zone and the complexity of what could be a disproportionate fiscal adjustment in the United States. Likewise, economic policies that emerging economies may implement are relevant, as the world economy dynamics will once again depend on them.

Economic Environment in Central America

At the closing of the first half of 2012, the Monthly Index on Economic Activity, cycle trend, shows that Central American economies have remained dynamic in general, Panama being the country with the biggest activity with an inter-annual growth of economic activity of 10.4%. Costa Rica, Nicaragua and Honduras have inter-annual growths as far as this indicator of around 5%, Guatemala 3.7%, while El Salvador grows a 0.6%.

At the closing of 2012, it is expected that the region's GDP will grow 4.4%, unemployment will be 5.2% and inflation will reach 4.7%. The current account deficit of the regional balance of payments and the fiscal deficit are expected to reach levels similar to those of the previous year, ranging between 7.1% and 3.4% of the GDP (7.0% and 3.5% of the GDP in 2011).

Likewise, as of June 2012, inflation has remained controlled, Nicaragua being the country with the highest level, 6.5%, followed by Panama Panamá (5.8%), Honduras (4.7%), Costa Rica (4.6%), Guatemala (3.5%) and lastly El Salvador (0.6%).

The main macroeconomic indicators by country on June 2012 and forecast for the closing of 2012 are shown below:

Indicators 2012 py	Guatemala	Honduras	El Salvador	Nicaragua	Costa Rica	Panamá
Nominal GDP (US$BM)	50.6	18.3	23.8	7.7	45.1	35.2
Real GDP (% Var.)	3.1%	3.3%	1.4%	4.1%	4.6%	8.5%
Per capita GDP (US$)	3,355	2,187	3,803	1,298	9,664	9,965
Current Account Deficit (% GDP)	-3.3%	-8.0%	-6.0%	-20.6%	-5.0%	-12.6%
Fiscal Deficit (% GDP)	-2.4%	-4.2%	-3.7%	1.4%	-4.3%	-3.9%
Inflation (%)	4.9%	5.5%	2.0%	6.2%	4.8%	5.5%

Indicators June 2012	Guatemala	El Salvador	Honduras	Nicaragua	Costa Rica	Panamá
Reserves	6,812	2,601	2,784	1,673	4,870	na
Inflation	3.5%	0.6%	4.7%	6.5%	4.6%	5.8%
Exchange rate (Annual Var.)	1.7%	Na	3.9%	5.0%	-2.6%	na
IMAE	3.7%	0.6%	4.6%	5.2%	5.3%	10.4%

Source: Central Banks and Statistics Authorities

Economic Activity in Colombia

The Economy moderates dynamic

Outdoing the expectations of analysts, the Colombian economy grew 4.9% during the second quarter of the year, the same amount shown during the same period for 2011. From the previous quarter, the GDP increased by 1.6%.

Graph 3: GDP Growth (Quarterly and Annual % Var. on June)

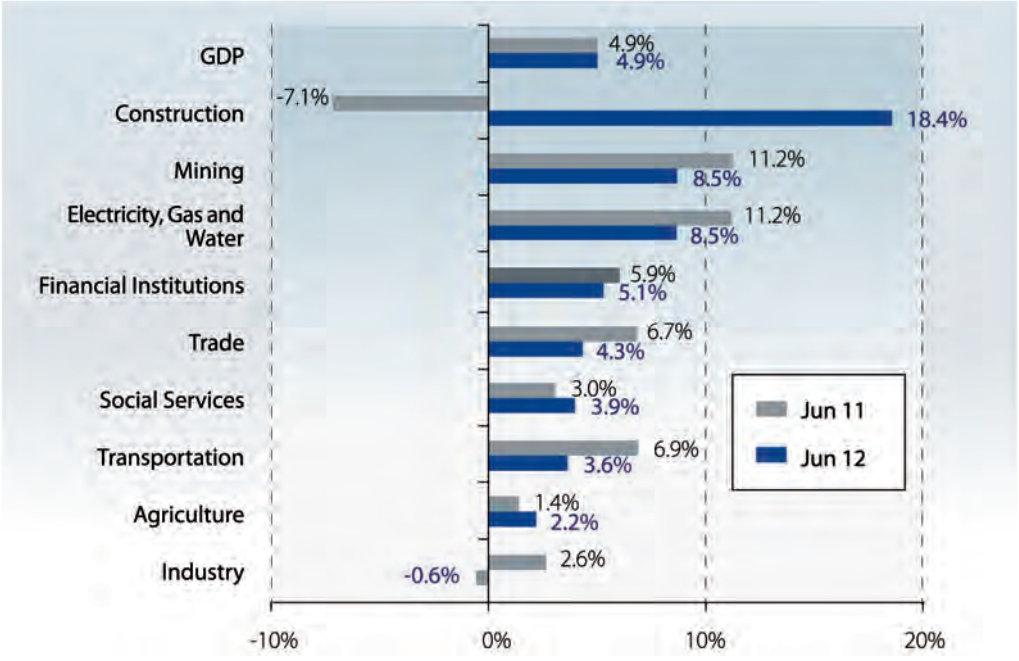
Source: Colombian Statistics Department - DANE.

The construction sector which represents 6% of the GDP had the biggest growth with an anual variation of 18.4%. Both private construction and civil works made a positive contribution in this outcome: the former grew 16.2%, while the latter grew by 20.9% per year.

Mining, which continues to be the sector that typically drives the economy, reached an 8.5% annual growth. This sound performance may be explained by the growth in coal production that is 15%, while oil production grew by 4.4%.

Furthermore, the electricity, gas, water and financial institutions sectors must be highlighted, as they reached 8.5% and 5.1% growth rates per year, respectively. In the case of the electricity sector, the growth occurred mainly from the distribution of electric power (3.8% per year) and household gas (4.2% per year), although its contribution was lower but with good dinamyc. In the case of the financial sector, the growth originated mainly in the increase in financial intermediation services (9.9%) as a result of the good behavior of loans.

Graph 4: Economic growth by sectors (Annual % Var. on June)



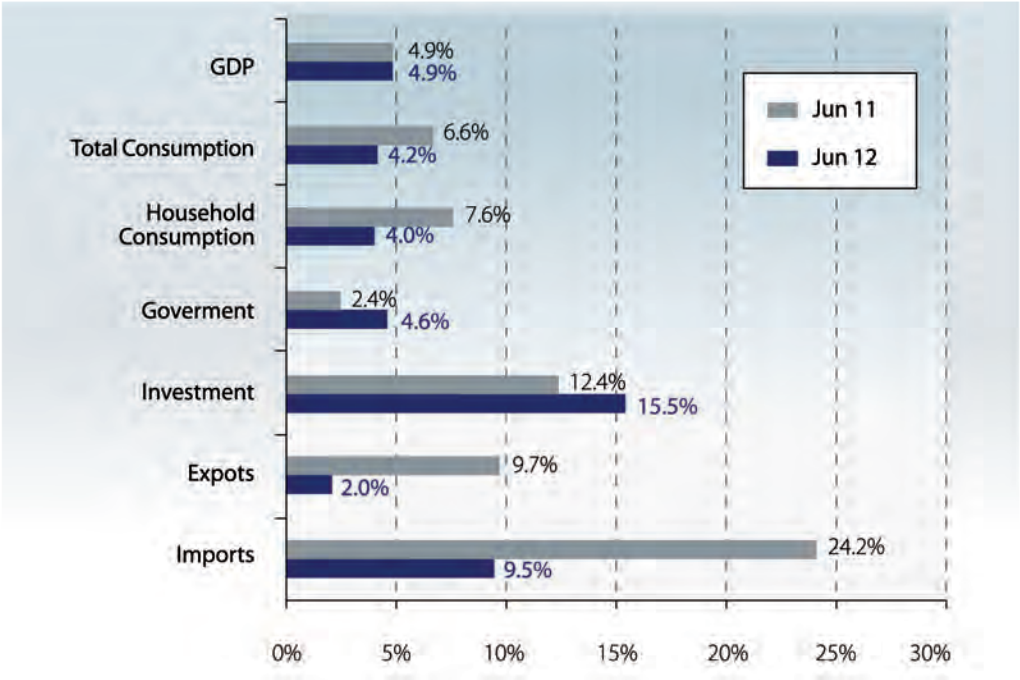
Source: Colombian Statistics Department

In turn, industry kept its decreasing trend and in the second semester of the year dropped by 0.6%, being the only sector with negative growth. This behavior was due for the most part to the decrease in the manufacture of chemical substances and products (-6.5%) and the manufacture of oil refinery products (-6.3%). It is possible that the revaluation in the exchange rate may be the reason for the drop in manufactured goods, given the high sensitivity of such sector to fluctuations in foreign currency.

The agricultural sector grew by 2.2%, a figure higher than the one for prior quarters. According to the data of this sector, recovery in coffee production grew by 18.7%, which it explains by the recovery in the growth of this sector.

On the demand side, total consumption had a 4.2% growth, stepping back 250 basis points compared to the same quarter in the previous year. This outcome was driven by government consumption which grew by 4.6%, while household consumption grew by 4.0%, despite positive results in the labor market and favorable expectations in consumers trust.

Graph 5: Economic growth by components of the demand
(Annual % Var. % on June)



Source: Colombian Statistics Department

On the other hand, investment grew by 15.5%, 370 basis points above growth during the second quarter of 2011. This time, while most of the components had a sound performance, the civil works sector is worth noting as it had a 20.4% annual increase. This result confirms that the country continues to gain ground in capital deepening, investment as a percentage of the GDP reaching a 29% level.

With these investment and consumption results, internal demand grew by 6.9%. On the foreign side, imports grew 9.5% and exports 2.0% in both cases moderating its expansion ratio.

The performance of some significant indicators enables one to see several signs of moderation in the local economic dynamics: 1. A growth of 4% in retail sales in June and 1.3% real in July. 2. A growth of 2.8% in industrial production in June and 1.5% in July. 3. Deceleration of exports (-1.9% growth in total exports in June 2012) due to the effect of lower external demand and lower prices of basic products.

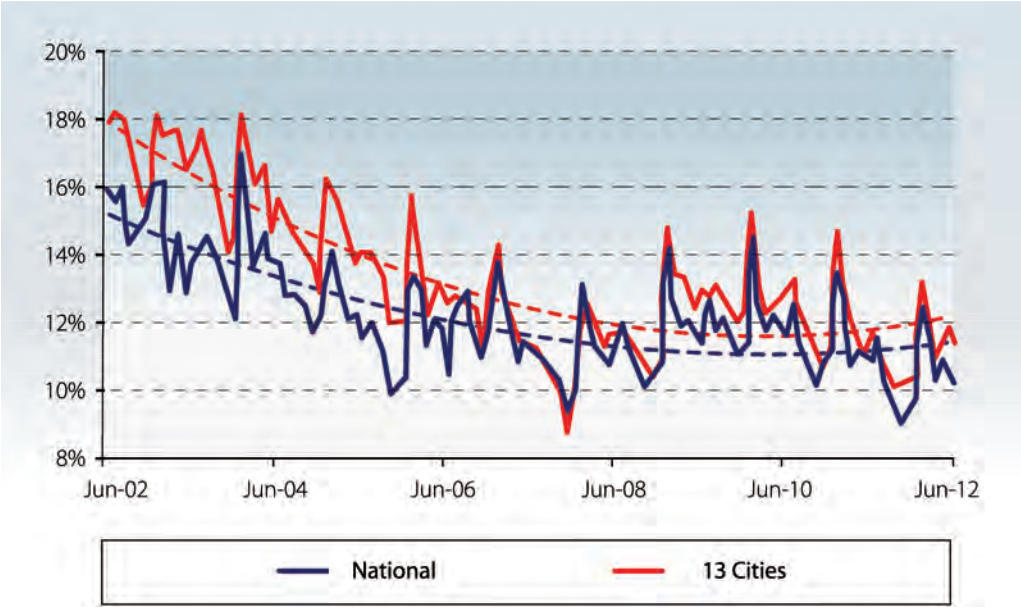
In this context, Banco de Bogota recently reviewed its growth forecast for 2012, estimated at 4.5%, which includes an infrastructure investment increase at the closing at year end.

Labor market with good results

In June, the unemployment rate of the thirteen largest urban centers in the country dropped 0.4pp per year (ending in 11.3%). This shows a faster pace in the creation of new jobs. During the first semester, average urban unemployment was 11.9% dropping 0.6pp respect to the same period in 2011.

The analysis by sectors at the national level shows that in the mobile quarter April-June, the greater annual job creation resulted again from the trade sector which had a 30% contribution. Likewise, the services and industry sectors which made 23% and 17% contributions respectively are worth mentioning.

Graph 6: Unemployment Rate Domestic and Cities on June 2012* (%)



Source: Colombian Statistics Department – DANE * Data not seasonalized.

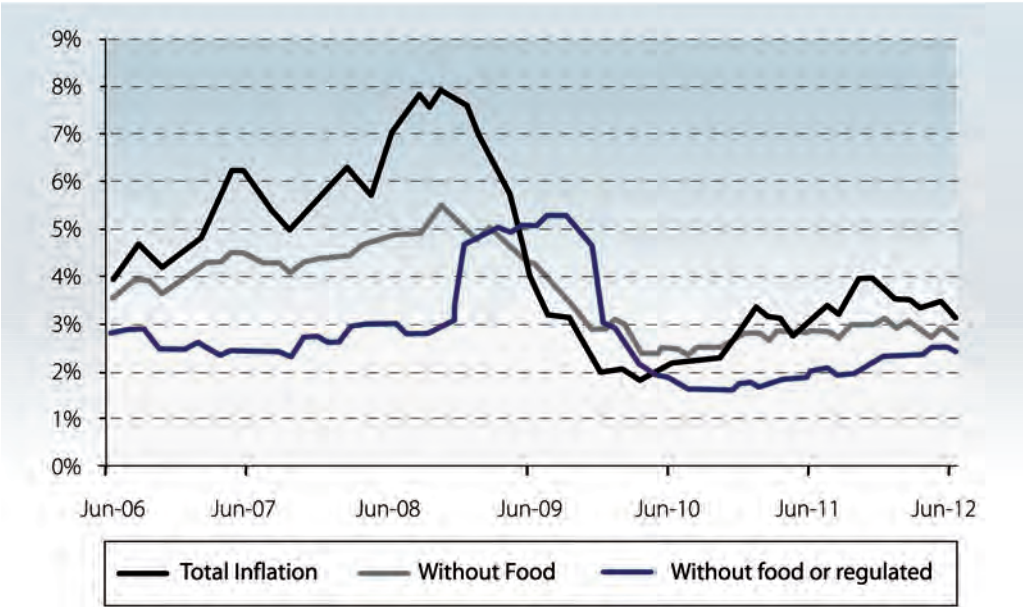
Inflation with favorable performance

In June 2012 inflation surprisingly dropped showing an 0.08% monthly variation with regard to the 0.20% consensus, the anual CPI variation was 3.20%. Measurements for basic inflation also dropped and took a stronghold in the lower part of the target range of Banco de la Republica (3%±1%). By groups, housing and entertainment accounted for most of the month's increase, while transportation offset part of the increase.

The result is good and still does not reflect the effect of the drop in commodity prices and the lower growth of the world economy. Global inflation indicators, China's inflation and the combined index for oil and food (proxy of inflation in commodities), which together allow to anticipate inflation in Colombia, suggest that new downward adjustments in local prices could appear in the next three to six months.

Lastly, the behavior of market inflation expectations (breakeven inflation) is quite favorable and it is very likely that analysts and Banco de la República (Central Bank) itself will revise their inflation forecast downward for the closing of the year (3.3% and 3.1% respectively). Banco de Bogota revised its inflation forecast downward at 2.85%.

Graph 7: Inflation at June (Annual % Var.)



Source: Colombian Statistics Department – DANE

Monetary policy and change in the economic cycle

Changes in the economic cycle and reduction of inflationary pressures have seted the tone in the monetary policy evolution. Since the beginning of the year, the Issuer has expressed its continuous concern for the situation abroad, particularly, the European crisis and the weakness of economic activity in the United States. However, this threat only has materialized in the later part of the semester.

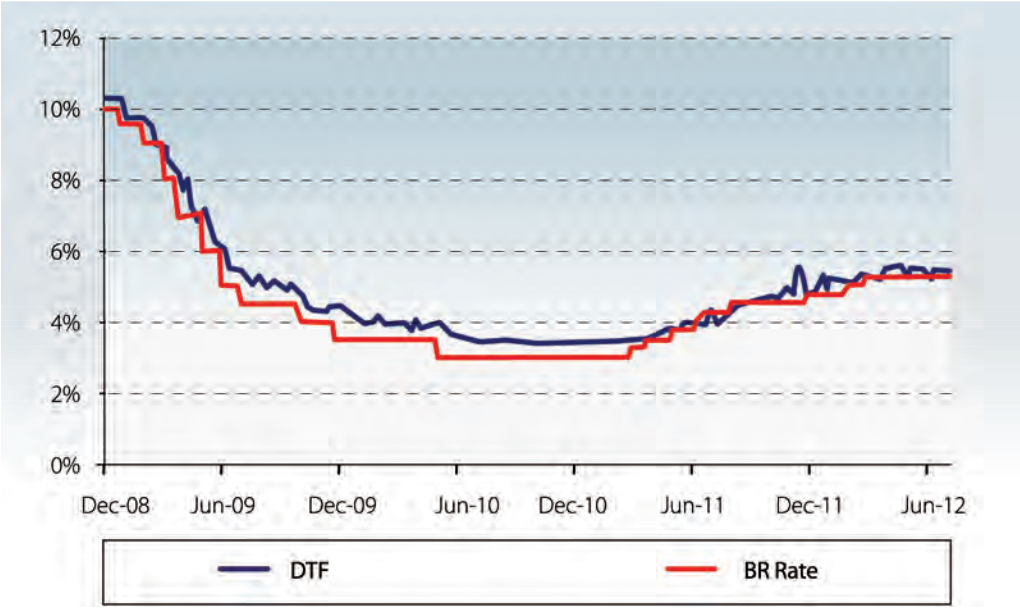
On the other hand, as far as inflation is concerned, 2012 has been quiet, annual inflation which at January was 3.6%, is at 3.1% levels at August. Something similar has happened with expectations according to Banco de la Republica´s survey, dropping from 3.6% to 3.1%.

The year began with the concern for inflationary pressures brought about by the effects of credit growth on prices and the good performance of domestic demand. In its January and February meetings, the Issuer decided to increase its intervention rate, raising it from 4.75% to 5.25%. Starting in March, uncertainty on the world economy forced a pause in the movements of such rate, keeping it at such level to the end of the first semester of the year.

In its June meeting, Banco de la Republica showed greater concern for the growth in the first quarter, the result of which was lower than expected and according to the published press release again decided to maintain its rate but this time by majority and not unanimously. In September, Banco de la Republica decided to lower its intervention rate to 4.75%.

During the first part of 2012, the Issuer adopted several impact measures on the market. First, the expansion of liquidity available through the expansion quota which has shifted from levels around $2 trillion to $15 trillion during the semester. Second, the decision in March to implement the purchase of the dollar program for USD20 million per day, announced inititally up to August and later extended to November; and finally, the regulation of the issue of own securities which although not carried through, raised expectations among brokers because of the effect on the fixed income market.

Graph 8: Interest Rate Banco de la República and DTF E.A. (%)



Source: Colombian Statistics Department - DANE.

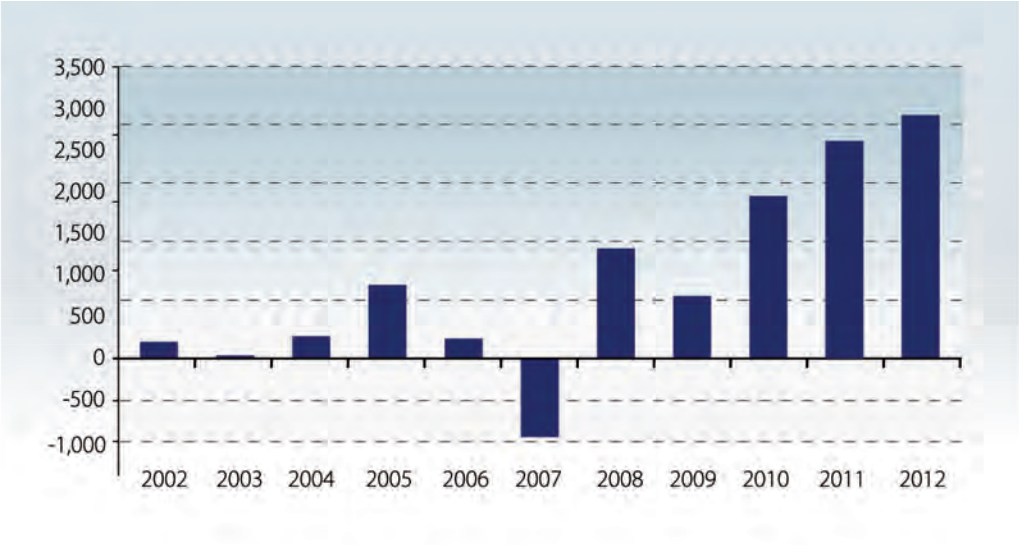
Foreign accounts confirm soundness of Colombian economy

Current Account[1]

During the first quarter of 2012, the current account deficit dropped by 5.3% per year to US$1,761 million or 2% of the GDP, in line with the average of the last five years.

On the one hand, the surplus of goods and services expanded significantly in annual terms (US$1,328 million in the first quarter of 2012 vs. US$254 million in the first quarter of 2011). This was mainly the result of the increase in foreign sales of oil which amounted to US$8,051 million vs.US$5,932 million in the same period of 2011, this variation being attributed mainly to a price effect. In the international market, the quote for Brent oil per barrel, with which a significant part of the crude extracted in Colombia is negotiated, averaged US$116 (compared to US$104 previously).

Graph 9: Commercial Balance January - June (USD million)



Source: Colombian Statistics Department - DANE.

The result of net exports of goods and services managed to offset the deficit in the net income of factors, which increased 30% to US$4,185 million due to the increase in expenses on account of profits and dividends (+41.6% to US$3,998 million). Expenses for profit remittances of oil companies having a direct investment in Colombia (+57% to US$1,793 million) are worth highlighting.

1 Current Account includes non-factor goods and services, factor income (capital and work) and current transfers (remittances and other transfers).

Lastly, it must be underlined that for the first quarter of the year the remittance income of workers overseas were us$ 961 million that compared to the same quarter last year registered a decrease of us$ 38 million.

Capital account [2]

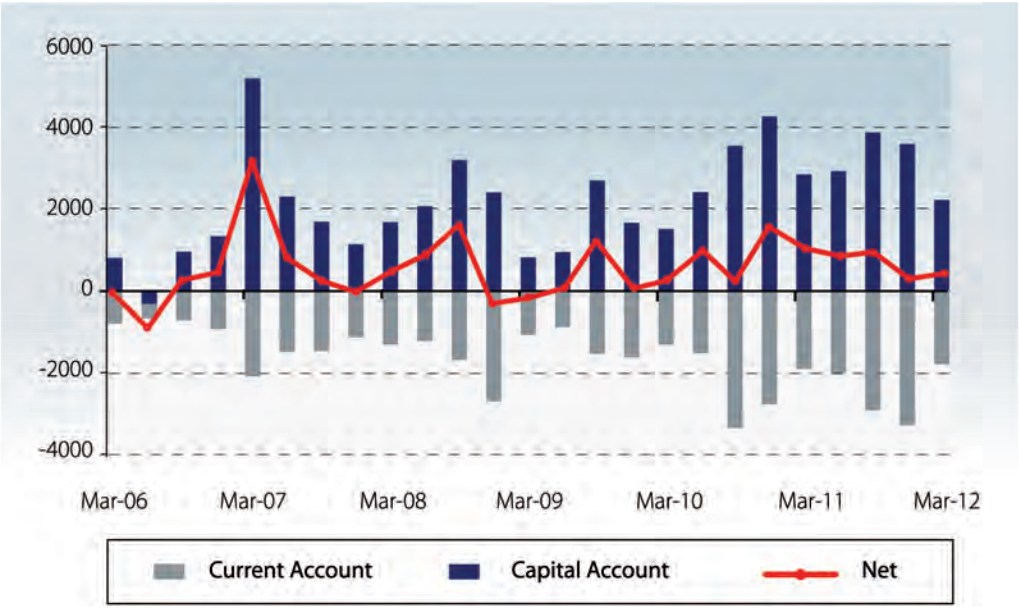
The surplus of the capital account dropped by 23% per year to US$2,237 million or 2.6% of the GDP, the lowest proportion since the first quarter of 2010.

Concerning Direct Foreign Investment it must be stressed that it continued to show favorable results, reaching even a level above the quarterly average for 2012 (US$3,657 million vs. US$3,523 million in 2011). By investment destinations, the oil sector continued its leadership, although investment in this sector dropped by 17% per year and amounted to US$1,049 million.

In turn, capital revenues related to foreign investment loan decreased to almost half the figure recorded one year ago, reaching US$1,279 million.

As reported by Banco de la República (Central Bank of Colombia), loan investment resources in Colombia were allocated to the stock market mostly, followed by the TES market. On the other hand, as far as loan investment by residents abroad had an 81% expansion, US$2,662 million; the highest level for a quarter during the decade.

Graph 10: Balance of payments, quarterly (US$ million)



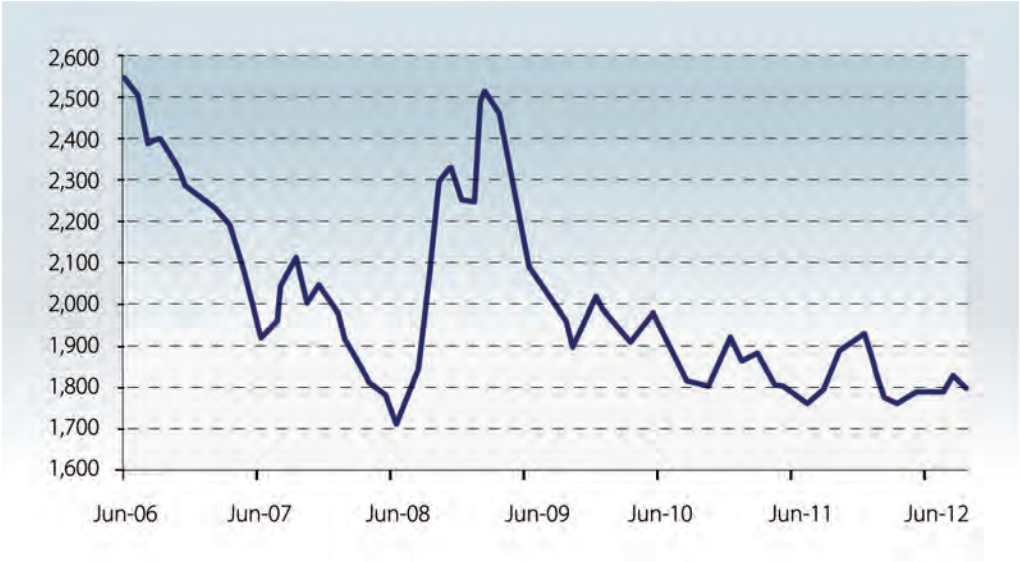
Source: Banco de la República

2 Includes short and long term financial flows. Specifically, Direct Foreign Investment (DFI) and Loans (investments in stock, bonds and other tradable securities in stock exchange)

Market Exchange Rate

In the first half of 2012, the exchange rate dollar / peso closed at $ 1,784.6, that is $158 lower than the recorded at the end of the year 2011 ($ 1942.7). This revaluation of the currency occurred in the first months of the year and was the result of both the impact of domestic and external factors.

Graph 11: Market Exchange Rate (US$/COP Monthly Average)



Source: Colombian Financial Superintendency.

Banco de la Republica (Central Bank) raised the policy rate by 50 basis points (bps) up to 5.25% during the first two months of the year, in an environment in which the major advanced economies decided to expand monetary stimulus and some emerging countries decreased or remained interest rate stable taking into account the possible impact of the debt crisis in Europe. In particular, the U.S. Federal Reserve decided to keep interest rates steady until the end of 2014. Hence, interest rate differential widened and this measure probably accentuated the Colombian Peso revaluation, which was ranked as the Latina currency with the best performance in the region in the early months of the year.

On the other hand, it is to be highlighted that the Colombian Economy had significant flow of dollars from two sources: Direct Foreign Investment (DFI) and monetization of resources for tax Payments.

In the case of DFI should be mentioned that this reached U.S. $ 9,329 million in the first half of the year, this is US$1,980 million (+27%) more than the comparable record of 2011. The oil sector remained the largest recipient of U.S. dollars flow to about 82% (US$7,684 million), however it should be noted that the dynamics slowed down shifting from a 59% annual growth in 2011 to 23% in 2012.

On taxation, it is outstanding that during the first six months of the year the payment of the three installments of the income tax for large taxpayers was materialized. Through this the country received a considerable flow of dollars, from the monetization of resources to fulfill the obligation, which kept the exchange rate strong despite the increase in international nervousness that influenced at that time the devaluation of other currencies in the region.

With this, the purchases dollar programme was extended by the issuer of at least $ 20 million daily in the currency market twice during the first six months of the year. Hence, the half ended with the objective of the Central Bank to buy at least $ 20 million until November 2.

Banco de Bogota expects that at the end of the year the dollar/peso Market Exchange Rate dollar/peso will close at $1,780. On 18 September 2012 this rate was $1,799.8.

Favorable Fiscal scenario for 2012

Tax results at July 2012 were positive. According to the Tax Authority-DIAN (Department of national taxes and customs of Colombia) the country has managed to collect a cumulative of $ 66.2 trillion, which compares favorably with the previous year's figure of $ 54.2 trillion. The 22.2% tax growth was supported not only on the performance of the economy, but also on the tax reform implemented in late 2010 to increase the formalization of the economy and collection for the economic, social and ecological emergency, generated by the rainy wave. With this favorable performance tax collection growth for 2012 exceeded the government's target, 14.2% growth.

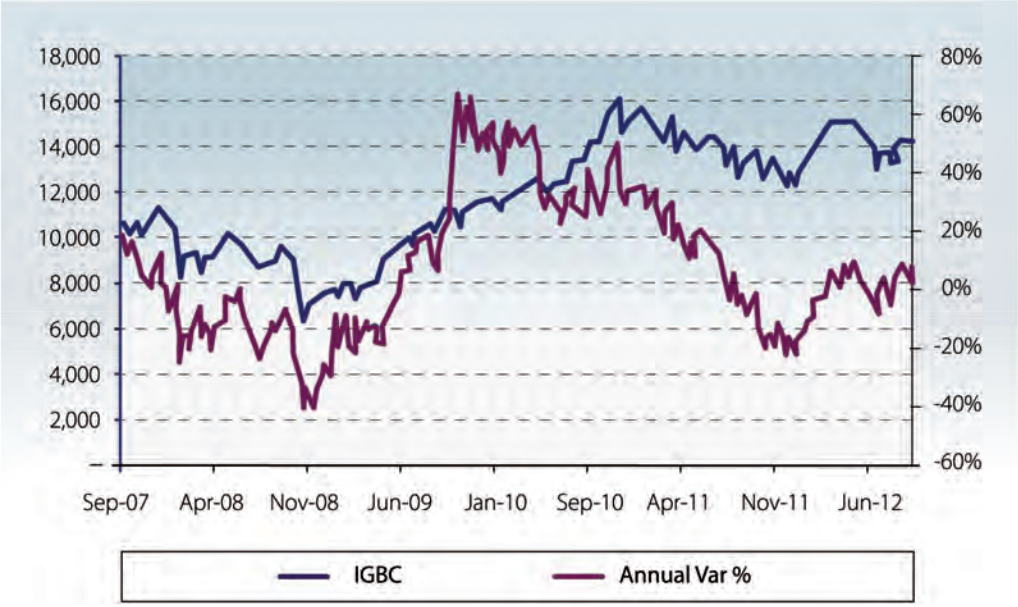
The year goal is $90.2 trillion, but the Tax Authority - DIAN expected to reach de amount of $ 103 trillion. According to Government forecast, the deficit of CNG would drop from 2.8% in 2011 to 2.4% and the Consolidated Public sector from 2.0% to 1.2%.

IGBC (General Colombian Stock Exchange Index) shows a slight growth in the first semester of 2012

In the first half of 2012, the IGBC closed with a slight increase of 6% to 13,417.5 despite a significant increase occurred in the first two months of the year (+20% to 15,152), this as a result of increased nervousness in the external markets and the consequent falling in the price of oil, an important factor for major companies listed on the Colombian stock exchange.

In the following months the index continued to progress and closed in August 2012 with a growth of 11.23% compared to December last year. On September 18th, the index is at 14,259.7.

Graph 12: IGBC (Índex July 2001=1,000, Annual % Var.)



Source: Colombian Stock Exchange.

2. The Bank and Affiliates – Consolidated Results as of June 2012

At the end of the first half of 2012, the Bank´s total consolidated assets amount to $73,747 billion with annual increase of $10,013 billion (15.7%) compared to the figure at the end of June 2011. Of total assets, 55.1% corresponds to the net loan portfolio, 18.8% to net investments, 12.7% to Cash and Cash Equivalents and 13.4% other assets.

Banco de Bogotá - Consolidated Balance Sheet

			June 2011 / June 2012	
(Millions of Colombian Pesos)	June 2011	June 2012	Abs. Growth	% Growth
Assets				
Total Cash & Cash Equivalents	**7,849,165**	**9,393,437**	**1,544,272**	**19.7**
Investments:				
Debt Securities	9,051,564	11,029,683	1,978,119	21.9
Equity Securities	3,172,657	2,855,131	-317,526	-10.0
Provisions	-180,460	-6,023	174,437	-96.7
Total Net Investments	**12,043,761**	**13,878,791**	**1,835,030**	**15.2**
Loans and Leasing:				
Commercial Loans	23,097,285	26,593,281	3,495,996	15.1
Consumer Loans	8,131,640	9,689,575	1,557,935	19.2
Mortgage Loans	3,030,560	3,256,888	226,328	7.5
Microcredit	206,449	242,475	36,026	17.5
Financial Leases	1,225,977	1,963,212	737,235	60.1
Provisions for Loans & Leases	-1,031,920	-1,112,819	-80,899	7.8
Total Loans & Leases, Net	**34,659,991**	**40,632,612**	**5,972,621**	**17.2**
Property, Plant & Equipment, Net	1,173,066	1,238,032	64,966	5.5
Goodwill	2,509,578	2,458,489	-51,089	-2.0
Reappraisal of Assets	1,453,810	1,638,484	184,674	12.7
Other Assets, Net (1)	4,044,918	4,507,214	462,296	11.4
Total Assets	**63,734,289**	**73,747,059**	**10,012,770**	**15.7**

Continues

(Millions of Colombian Pesos)	June 2011	June 2012	June 2011 / June 2012 Abs. Growth	% Growth
Liabilities and Equity				
Deposits:				
Term Deposits	12,688,306	17,806,275	5,117,969	40.3
Savings Deposits	15,473,520	15,468,132	-5,388	0.0
Checking Accounts	10,623,753	12,812,143	2,188,390	20.6
Other	390,222	422,288	32,066	8.2
Total Deposits	**39,175,801**	**46,508,838**	**7,333,037**	**18.7**
Interbank Borrowings and Overnight Operations	4,466,665	5,217,983	751,318	16.8
Bank Loans and Others	6,804,656	6,469,194	-335,462	-4.9
Bonds	995,418	2,051,178	1,055,760	106.1
Non-controlling interest	2,583,502	2,647,620	64,118	2.5
Other Liabilities	3,254,471	3,579,765	325,294	10.0
Total Liabilities	**57,280,513**	**66,474,578**	**9,194,065**	**16.1**
Equity	**6,453,776**	**7,272,481**	**818,705**	**12.7**
Total Liabilities and Equity	**63,734,289**	**73,747,059**	**10,012,770**	**15.7**

1/ Other Assets, Net, includes: Acceptances and Derivatives, net Accounts Receivable, net Operational Leasing, Foreclosed Assets, Prepaid Expenses and Deferred Charges, others.

Investments

Banco de Bogota´s Investments totaled $13,879 billion. This portfolio is primarily comprised of fixed income investments (Debt securities), which represent 79.5% of the total. The remaining 20.5% corresponds to Consolidated Banco de Bogota equity instruments, made through the Corporación Financiera Colombiana (Corficolombiana).

Investments in fixed income are mostly of Banco de Bogota Colombia and Corficolombiana in treasury securities, TES local currency issued by the Colombian government ($ 6,930 billion).

Loan Portfolio

Net loan portfolio increased by $5,973 billion between June 2011 and June 2012 (17.2%), reaching a total of $40,633 billion pesos. This growth showed similar dynamics in all types of loan portfolio, highlighting the increase in Commercial loans (15.1%), Consumer loans (19.2%) and Leasing operations (60.1%). Mortgage Loans portfolio has a minor variation, 7.5% in the year, in line with the strategy of this portfolio in Central America operations.

As for the structure of the loan portfolio of Banco de Bogota Consolidated by type of product at June 30, 2012, Commercial Portfolio maintains a share near to 64%, followed by Consumer loans (23.2%), Mortgage loans (7.8%) and Leasing operations (4.7%).

Consolidated Bank continues to show healthy Loan Portfolio indicators:

- Past Due loans grow slower than the gross Loans Portfolio. Between June 30, 2011 and June 30, 2012, past due loans showed an increase of 1.3%, totaling $814 billion, while the Gross Loan Portfolio grows at 17.0%.
- The quality loan indicator (Past Due Loans / Gross Loans) improved by 40 basis points from 2.3% in June 2011 to 1.9% in June 2012.
- Loans Provisions grew 7.8% annually to June 2012, totaling $ 1,113 billion, representing a loan coverage index of 2.7% on total Loans Portfolio.
- The ratio of loan provisions on total past due loans improved, shifting from 128.4% in June 2011 to 136.7% in June 2012.

A breakdown of Past due loan by type shown below:

Past due Loan by type

			June 2011 / June 2012	
(Million of $COP)	June 2011	June 2012	Growth Abs.	Growth %
Commercial				
General Purpose Loans	256,889	226,313	-30,576	-11.9
Loans funded by development banks	23,135	20,901	-2,234	-9.7
Working Capital Loans	61,937	36,378	-25,559	-41.3
Credit Cards	10,662	8,460	-2,202	-20.7
Overdrafts	6,891	46,430	39,538	573.7
Total Commercial	**359,513**	**338,481**	**-21,032**	**-5.9**

Continues

(Million of $COP)	June 2011	June 2012	June 2011 / June 2012 Growth Abs.	Growth %
Consumer				
Credit Cards	176,145	164,121	-12,023	-6.8
Personal Loans	113,783	131,127	17,343	15.2
Automobile and vehicle loans	28,417	34,643	6,225	21.9
Overdrafts	5,989	6,967	978	16.3
Working Capital Loans	501	0	-501	-100
Total Consumer	**324,835**	**336,857**	**12,022**	**3.7**
Microcredit Loans	**10,415**	**21,320**	**10,904**	**104.7**
Financial Leasing	**17,820**	**30,534**	**12,714**	**71.3**
Mortgage	**91,228**	**86,794**	**-4,494**	**-4.9**
Total Past due Loan	**803,871**	**813,986**	**10,114**	**1.3**

The chart below shows the distribution of the loans and leasing operations portfolio, according to its risk rating.

Risk Rating of Consolidated Loan and Financial Leasing Portfolio

(Millions of $COP)	June 2011	June 2012	June 2011 / June 2012 Growth Abs.	Growth %
"A" Normal	33,336,232	39,298,405	5,962,174	17.9
"B" Acceptable	1,170,911	1,221,643	50,732	4.3
"C" Deficient	598,162	656,786	58,624	9.8
"D" Significant	389,198	347,371	-41,827	-10.7
"E" Unrecoverable	197,408	221,226	23,818	12.1
Total Loans and Financial Leasing Portfolio	**35,691,911**	**41,745,431**	**6,053,521**	**17.0**
Rating Loans "C", "D" and "E" as a percentage of total portfolio	3.3%	2.9%		

Deposits

As of June 30, 2012, the total consolidated liabilities at Banco de Bogotá amounted to $66,475 billion with an annual increase of 16.1%

Deposits represent 70.0% of the liabilities, showing an annual increase of 18.7% amounting to $46,509 billion at the close of June 2012. The funding mix is balanced between the three main modalities: checking accounts (27.5%), saving accounts (33.3%), and term deposits (38.3%).

The increase in term deposits and checking accounts stands out, increasing 40.3% and 20.6% per year, respectively, due to the strategy of having longer term resources in the funding mix.

Equity and Solvency Ratio

As of June 30, 2012, the consolidated equity of Banco de Bogotá was $7,272 billion, showing an annual increase of $819 billion. At the end of the first half of 2012 the consolidated solvency ratio was 13.3%; higher than the minimum 9% required by the Colombian regulations, as can be seen in the table below:

Consolidated Capital Ratio

(Million of $COP)	June 2011	June 2012
Computable Capital	**8,028,460**	**8,531,185**
Tier I	7,121,498	7,780,972
Tier II	906,962	750,213
Risk - Weighted Assets	**55,235,487**	**64,098,905**
Risk Weighted Assets - Credit Risk	48,757,958	56,281,145
Risk Weighted Assets - Market Risk	6,477,529	7,817,760
Solvency Ratio 1/	**14.53%**	**13.31%**
Ratio Tier I / Risk Weighted Assets	12.89%	12.14%
Ratio Tier II / Risk Weighted Assets	1.64%	1.17%
Ratio Risk Weighted Assets / Computable Capital	6.88	7.51

1/ Computable Capital / Risk Weighted Assets.

Profits

In the first half of 2012, the consolidated Banco de Bogotá, shows net profits of $665 billion, with an annual increase of 14.5%. This outcome is mainly derived from the net interest income, that increased 13.8% during the year.

Total interest income in the first half of 2012, $2,729 billion, increased 25.9% vs. the same period of 2011. That increase is explained by the interest on loan portfolio, $2,144 billion, which grow 26.7% per year according to the dynamics of the loan portfolio mentioned earlier.

On the other hand, total consolidated interest expense, $1,013 billion as of June 30, 2012, increased 53.5% during the year. The higher financial cost of the bank is explained by its leverage in the issue of bonds and long term debt.

Expenses from provisions increased from $73 billion to $207 billion, with an annual increase of 185.6% due to a lower recovery of provisions for foreclosed assets.

Total net fees and income from services totaled $902 billion in the first half of 2012. In the total, stands out the growth from the management of pensions (10.0%), from fiduciary activities (17.7%), and from credit card (5.7%).

Furthermore, the increase in net non operational income is explained by the effect of loan portfolio recoveries and other provisions.

The Consolidated Statement of Income for Banco de Bogotá Consolidated appears below:

Banco de Bogotá - Consolidated Statement of Income

	Acumulated		June 2011 / June 2012	
(Millions of Colombian Pesos)	Jan-Jun 2011	Jan-Jun 2012	Abs. Growth	Growth %
Interest income:				
Interest on loans	1,692,168	2,144,190	452,022	26.7
Interest on investment securities	374,531	429,105	54,574	14.6
Interbank and overnight funds	46,942	60,766	13,824	29.4
Financial Leasing	54,010	94,482	40,472	74.9
Total interest income	**2,167,651**	**2,728,543**	**560,892**	**25.9**
Interest expense:				
Checking accounts	28,974	57,965	28,991	100.1
Time deposits	253,278	428,314	175,036	69.1
Saving deposits	186,252	261,004	74,752	40.1
Total interest expense on deposits	**468,504**	**747,283**	**278,779**	**59.5**

Continues

(Millions of Colombian Pesos)	Acumulated Jan-Jun 2011	Acumulated Jan-Jun 2012	June 2011 / June 2012 Abs. Growth	June 2011 / June 2012 Growth %
Interbank borrowings expense:				
Borrowing from financial entities	91,418	126,420	35,002	38.3
Interbank and overnight funds	50,638	76,065	25,427	50.2
Bonds	49,480	63,515	14,035	28.4
Total interest expense	**660,040**	**1,013,283**	**353,243**	**53.5**
Net interest income	**1,507,611**	**1,715,260**	**207,649**	**13.8**
Provisions:				
Provision for loan, accrued interest losses and other receivables, net	233,471	218,126	-15,345	-6.6
Recovery of charge-offs	-21,423	-22,180	-757	3.5
Provision for foreclosed assets and other assets	18,675	15,967	-2,708	-14.5
Recovery of provisions for foreclosed assets and other assets	-158,188	-4,773	153,415	-97.0
Total net provisions	**72,535**	**207,140**	**134,605**	**185.6**
Net interest income after provisions for loans and accrued interest losses	**1,435,076**	**1,508,120**	**73,044**	**5.1**
Fees and other services income:				
Commissions from banking services	471,776	476,093	4,317	0.9
Branch network services	11,841	13,948	2,107	17.8
Credit card merchant fees	112,886	119,340	6,454	5.7
Checking fees	21,060	19,745	-1,315	-6.2
Warehouse services	52,627	55,099	2,472	4.7
Fiduciary activities	48,700	57,315	8,615	17.7
Pension plan administration	218,944	240,914	21,970	10.0
Others	48,362	45,326	-3,036	-6.3
Total fees and other service income	**986,197**	**1,027,780**	**41,583**	**4.2**
Fees and other service expenses	**124,376**	**125,783**	**1,407**	**1.1**
Total fees and income from services, net	**861,821**	**901,997**	**40,176**	**4.7**

Continues

(Millions of Colombian Pesos)	Acumulated Jan-Jun 2011	Acumulated Jan-Jun 2012	June 2011 / June 2012 Abs. Growth	June 2011 / June 2012 Growth %
Other operating income:				
Net foreign exchange gains (expenses)	-62,456	-107,217	-44,761	71.7
Gain (Losses) on derivative operations, net	102,882	156,947	54,065	52.6
Gains on sales of investments on equity securities, net	12,744	6,668	-6,076	-47.7
Dividend Income	76,991	89,967	12,976	16.9
Income from non-financial sector, net	170,761	193,436	22,675	13.3
Others	34,366	21,108	-13,258	-38.6
Total other operating income	**335,288**	**360,909**	**25,621**	**7.6**
Total operating income	**2,632,185**	**2,771,025**	**138,840**	**5.3**
Operating expenses:				
Salaries and employee benefits	523,057	565,025	41,968	8.0
Bonus plan payments	36,947	40,079	3,132	8.5
Termination benefits	9,804	7,805	-1,999	-20.4
Administrative and other expenses	726,840	744,302	17,462	2.4
Deposit security, net	41,187	48,262	7,075	17.2
Donation expenses	3,297	2,387	-910	-27.6
Depreciation	57,753	57,739	-14	0.0
Goodwill amortization	40,047	37,556	-2,491	-6.2
Total operating expenses	**1,438,932**	**1,503,154**	**64,222**	**4.5**
Net operating income	**1,193,253**	**1,267,871**	**74,618**	**6.3**
Other income	82,466	128,396	45,930	55.7
Other expense	-48,340	-55,266	-6,926	14.3
Total non-operating (expense) income	**34,126**	**73,130**	**39,004**	**114.3**
Income before income taxes	**1,227,379**	**1,341,001**	**113,622**	**9.3**
Income tax expense	-335,018	-446,740	-111,722	33.3
Net income	**892,361**	**894,261**	**1,900**	**0.2**
Minority interest	311,937	229,479	-82,458	-26.4
Net Income attributable to shareholders	**580,424**	**664,782**	**84,358**	**14.5**

Indicators

The consolidated management efficiency indicator at Banco de Bogotá Consolidated improved by decreasing from 49.6% in June 30, 2011 to 47.3% in June 30, 2012. The profitability ratios were 2.5% for the ROAA and 18.8% for the ROAE as of June 30, 2012.

Banco de Bogotá - Main Indicators		
	June 2011	June 2012
Profitability Ratios		
Net Interest Margin 1/	6.2%	6.3%
ROAA 2/	2.9%	2.5%
ROAE 3/	22.4%	18.8%
Efficiency Ratio		
Operating Expenses before Depreciation & Amortization / Total Operating Income before Provisions	49.6%	47.3%
Capital Adequacy		
Solvency Ratio (Computable Capital / Risk Weighted Assets)	14.5%	13.3%
Loan Quality		
Non-performing Loans/ Gross Loans 4/	1.8%	1.4%
Delinquency Ratio 5/	2.3%	1.9%
C, D & E Loans / Gross Loans	3.3%	2.9%
Loan Provision / Non-performing Loans	159.1%	185.3%
Loan Provision / Past-due Loans	128.4%	136.7%
Loan Provision / C, D & E Loans	87.1%	90.8%
Loan Provision / Gross Loans	2.9%	2.7%
USD Exchange Rate	**1,772.32**	**1,784.60**

1/ Net Interest Income, annualized / Monthly Average Performing Assets (interest earning assets)
2/ Net Profit for the period, annualized / Average Assets for the present period and the immediately previous period
3/ Net Profit Attributable to Shareholders for the period, annualized / Average Equity for the present period and the immediately previous period
4/ Non-performing loans: microcredit 31 or more days overdue, mortgage and consumer loans 61 or more days overdue, commercial loans 91 or more days overdue.
5/ Past-due loans: 31 or more days overdue.

The Banco de Bogotá´s Group, with its international expansion, has operations in Colombia, Panama, the Bahamas, the Cayman Islands and Central America, which have allowed it to consolidate as one of the soundest conglomerates in the Colombian financial sector. Below are the financial results and achievements of the affiliates of the Group for the first half of 2012.

3. Banco de Bogota - Non Consolidated (Operation In Colombia)

Colombian Banking System

The Figures confirm the soundness of the Colombian Banking System

As of June 2012, the Colombian Banking System shows a good dynamics in the development of credit accompanied by adequate levels of profitability, risk and solvency.

The net loan showed a significant increase of 17.8%, in the wholesale and retail banking modes of 15.1% and 20.9%. This increase took place under adequate risk management, the quality of the loan portfolio was 2.8%, and the level of coverage for loan was at 160.5%.

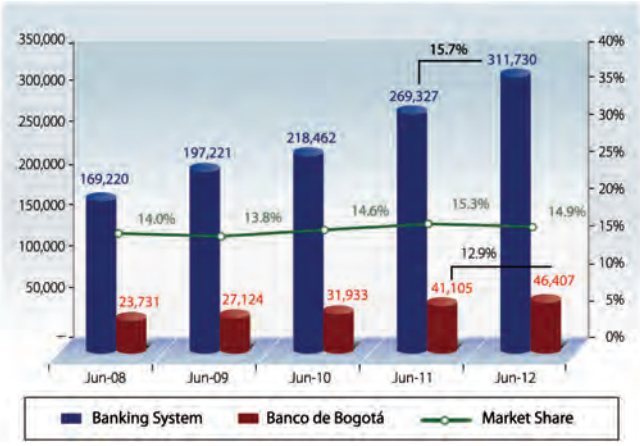
On the other hand, total financial investments were $58.8 trillion, with an annual growth of 6.1%. Furthermore, deposits increased by 15.6% totaling $197.5 trillion, being the TDs the ones showing the strongest dynamics increasing by 30.1%.

The banking system´s accumulated profits as of June amounted to $3.4 trillion, 16.8% more than accumulated profits for the same period in the previous year. In relation to financial ratios, in June the average ROA for the system was 2.3% and the ROE was 16.9%. In general, even if the profitability ratios show a slight slowdown, the level of profits and equity confirm the soundness of the system.

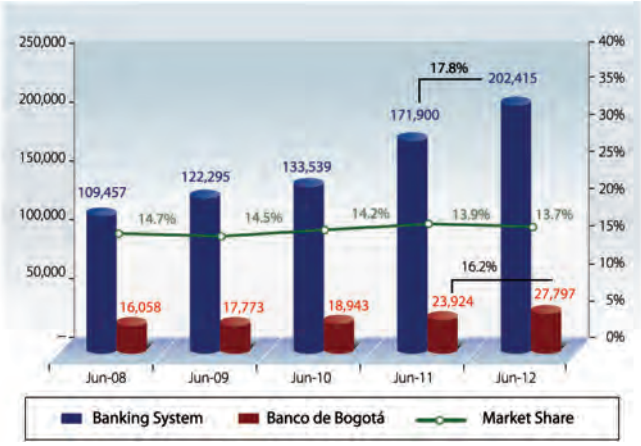
Market Share of Banco de Bogotá in the Colombian Banking System

In June 2012 the operations of the Bank in Colombia maintained their natural market position in Loan Portfolio and increased their market share in Deposits and Accumulated Profits.

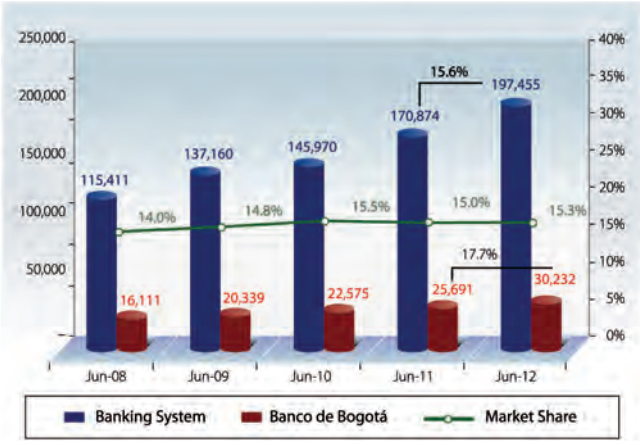
Total Assets
Billion of $ COP



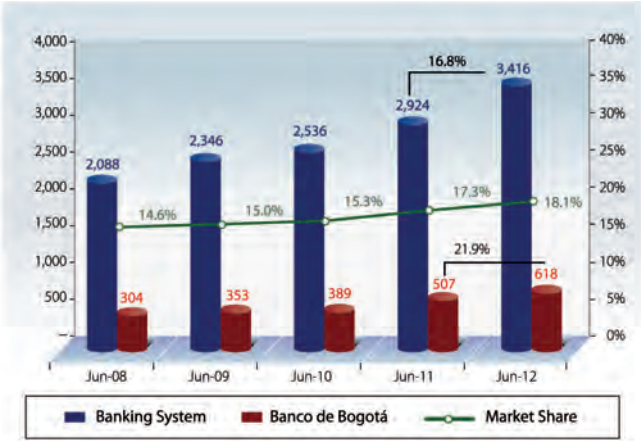
Net Loan Portfolio
Billion of $ COP



Deposits and Demand Accounts
Billion of $ COP



Net Income, Semester
Billion of $ COP



Banco de Bogotá - Non Consolidated

At the close of the first half of 2012, the Assets of the bank were $46,407 billion, with an annual increase of 12.9%.

Of the total Assets, 60.0% corresponds to the Net Loan Portfolio, 23.2% to Net Investments, 9.6% to Cash and Cash equivalents, and 7.2% to other assets.

Banco de Bogotá - Non Consolidated Balance Sheet
(Operation in Colombia)

(Millions of Colombian Pesos)	June 2011	June 2012	June 2011 / June 2012 Abs. Growth	June 2011 / June 2012 % Growth
Assets				
Total Cash & Cash Equivalents	**3,263,727**	**4,433,657**	**1,169,930**	**35.8**
Investments:				
Debt Securities	5,023,823	4,975,649	-48,174	-1.0
Equity Securities	5,695,681	5,780,280	84,599	1.5
Provisions	-719	-707	12	-1.7
Total Net Investments	**10,718,785**	**10,755,222**	**36,437**	**0.3**
Loans and Leasing				
Commercial Loans	19,438,226	21,822,180	2,383,954	12.3
Consumer Loans	4,515,519	5,477,889	962,370	21.3
Microcredit	206,449	242,475	36,026	17.5
Mortgage Loans	56,319	80,509	24,190	43.0
Financial Leases	562,660	1,127,296	564,636	100.4
Provisions for Loans & Leases	-801,745	-894,421	-92,676	11.6
Total Loans & Leases, Net	**23,977,428**	**27,855,928**	**3,878,500**	**16.2**
Property, Plant & Equipment, Net	423,491	309,640	-113,851	-26.9
Goodwill	521,267	500,290	-20,977	-4.0
Reappraisal of Assets	868,255	942,271	74,016	8.5
Other Assets, Net 1/	1,331,604	1,610,267	278,663	20.9
Total Assets	**41,104,557**	**46,407,275**	**5,302,718**	**12.9**
Liabilities and Equity				
Deposits				
Term Deposits	6,208,898	9,511,816	3,302,918	53.2
Savings Deposits	13,272,162	12,952,630	-319,532	-2.4
Checking Accounts	5,949,638	7,535,024	1,585,386	26.6
Other	260,294	232,110	-28,184	-10.8
Total Deposits	**25,690,992**	**30,231,580**	**4,540,588**	**17.7**
Interbank Borrowings and Overnight Operations	1,700,729	2,016,836	316,107	18.6
Bank Loans and Others	3,964,404	2,551,775	-1,412,629	-35.6
Bonds	479,819	1,491,598	1,011,779	210.9
Other Liabilities	1,555,044	1,764,451	209,407	13.5
Total Liabilities	**33,390,988**	**38,056,240**	**4,665,252**	**14.0**
Equity	**7,713,570**	**8,351,035**	**637,465**	**8.3**
Total Liabilities and Equity	**41,104,557**	**46,407,275**	**5,302,718**	**12.9**

1/ Other Assets, Net, includes: Acceptances and Derivatives, net Accounts Receivable, Net Operational Leasing, Foreclosed Assets, Prepaid Expenses and Deferred Charges, others.

Equity Securities

In the Non Consolidated Financial Statements as of June 30, 2012, the Bank shows Equity securities in financial and technical service institutions for a net amount of $5,780 billion, as can be seen in the following table. Equity securities constitute 12.5% of the total assets of the Bank.

Equity Securities		
Million of $COP	June 2011	June 2012
Corporación Financiera Colombiana	2,375,582	2,207,147
Adm. Fondos Pensiones y Cesantías Porvenir	175,375	204,223
Almaviva	29,741	87,955
Fiduciaria Bogotá	80,567	29,741
Pizano S. A.	11,592	23,244
Casa de Bolsa	3,940	3,940
Megalínea	1,476	1,476
Others 1/	3,535	3,600
Total Legal Currency	**2,681,806**	**2,561,327**
Banco de Bogotá Panamá	87,544	3,130,022
Leasing Bogotá Panamá	2,925,555	88,151
Others 2/	775	781
Total Foreign Currency	**3,013,874**	**3,218,953**
Available for sale Investments Provision	**-703**	**-707**
Total Equity Securities	**5,694,978**	**5,779,573**

1/ ATH S.A., ACH Colombia S.A., Deceval S.A., Cámara de Compensación de Divisas de Colombia S.A., Cámara de Riesgo Central de Contraparte de Colombia S.A., Redeban Multicolor S.A., Gestión y Contacto S.A.
2/ Bogotá Finance Corporation y Ficentro.

Investment in Debt Securities (Fixed Income)

As of June 30, 2012, the Fixed Income Investment Portfolio amounted to $4,976 billion, with a 10.7% share in the Bank´s assets. As of June 2011 this same portfolio represented 12.2% of the Bank´s assets. From the Fixed Income Portfolio, $4,871 billion (97.9%) are represented by securities of the operations in Colombia; $26 billion (0.5%) correspond to the Miami Agency and $78 billion (1.6%) to the New York Agency.

In the first half of 2012, Fixed Income Investment Portfolio of the Bank in Colombia, is mainly concentrated in securities issued by the Colombian Government (TES) (69.0%) and in securities issued by other institutions of the Colombian Government (Finagro, Findeter and EPM) (26.8%), maintaining a stable mix in relation to the first half of 2011.

In relation to the maturity of the investment portfolio, 55.6% is concentrated in short and medium term securities and 38.4% in long term securities.

Loan Portfolio and Leasing Operations

As of June 2012, the net loan and leasing portfolio at the Bank amounted to $27,856 billion, recording an increase with respect to the same month in 2011 of 16.2%, equivalent to $3,879 billion.

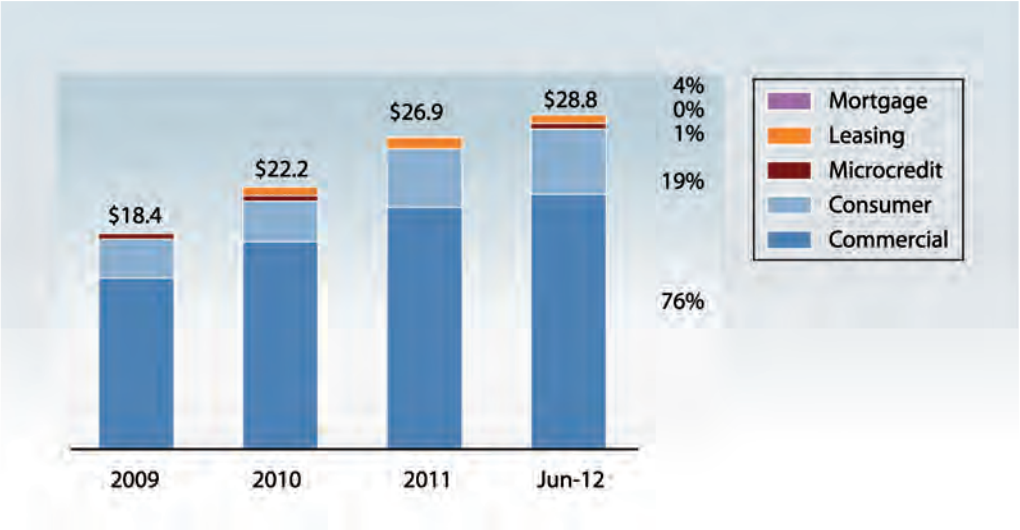
Banco de Bogotá has maintained a sustained growth throughout time in the Loan Portfolio and provides services to the different market segments.

The Bank is the leader in the market of Commercial Loan Portfolio, as reflected by its balance sheet structure, where the share of this portfolio over the total gross loan portfolio is higher by 15.5 percentage points than the one recorded by the Banking System (60.4%).

Gross Loan and Leasing Portfolio

Billion $COP	June 2011		June 2012		June 12/June 11
Type	Volume	Part. %	Volume	Part. %	GR %
Commercial Loans	19,438	78.4	21,822	75.9	12.3
Consumer Loans	4,516	18.2	5,478	19.1	21.3
Microcredit	206	0.8	242	0.8	17.5
Mortgage Loans	56	0.2	81	0.3	43.0
Financial Leases	563	2.3	1,127	3.9	100.4
Total Gross Loan and Leasing	**24,779**	**100.0**	**28,750**	**100.0**	**16.0**

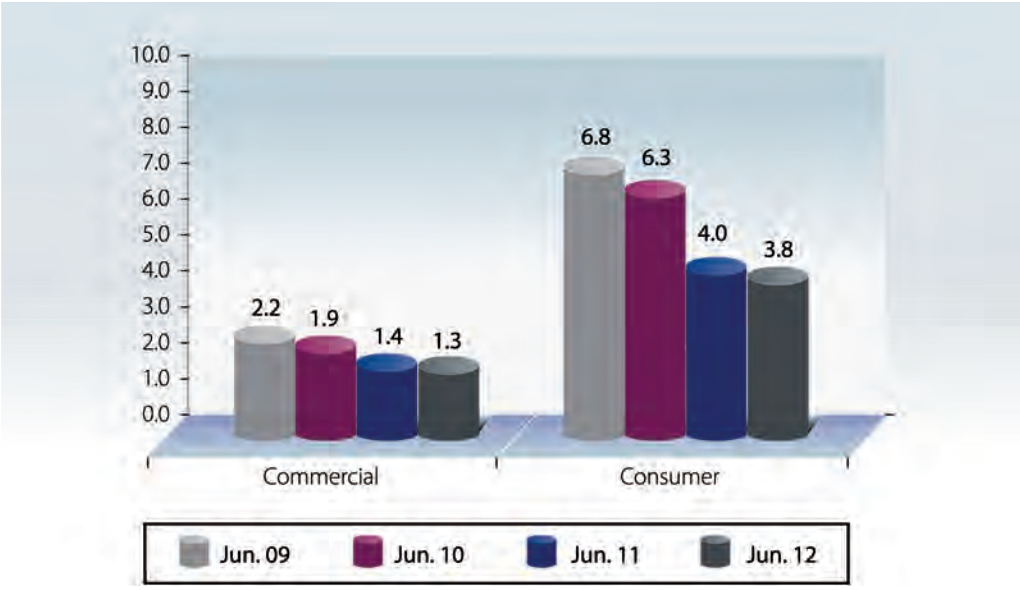
Loan and Leasing Portfolio by Type Evolution (Trillion of $ COP)



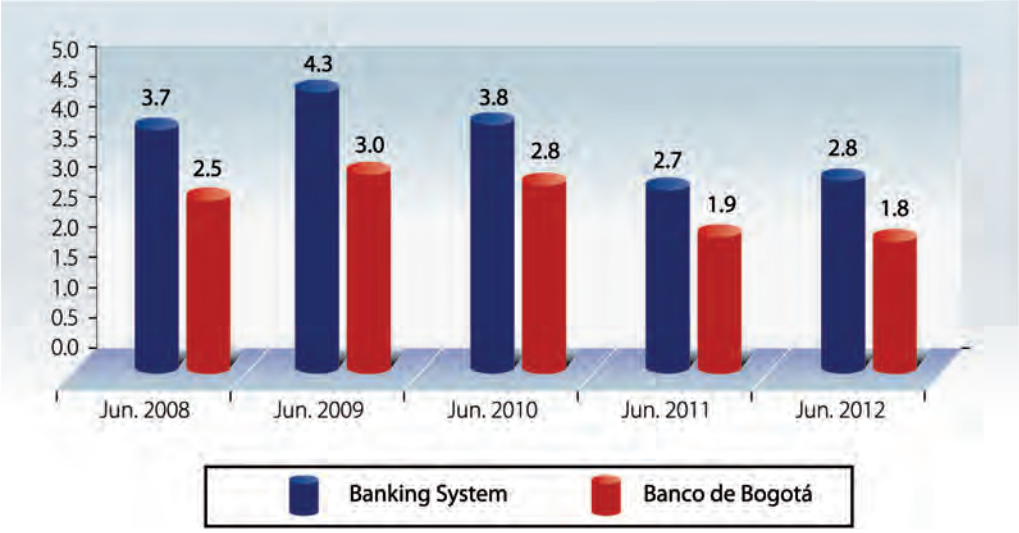
Quality of the Loan Portfolio

As of June 2012, the **traditional indicator for the quality of the loan portfolio** at the Bank, defined as total of past-due loans over total gross loans was 1.8% ($525 billion in past-due loans), better by 102 basic points than the one recorded by the Banking System (2.8%).

Banco de Bogotá Performance - Quality of Loan Portfolio (Figures in %)



Quality of Loan Portfolio [1/] (Figures in %)

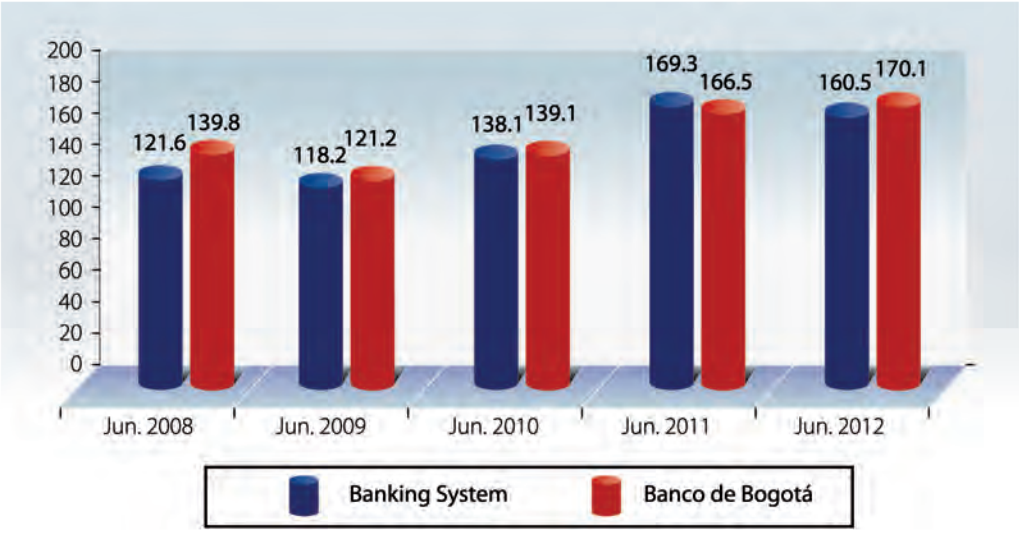


1/ Quality of Loan Portfolio: Past Due Loans and Leasing Portfolio / Gross Loans Portfolio.

Provisions and Coverage of the Loan Portfolio

As of June 30, 2012, Banco de Bogotá records a strong coverage for the Past due loans with an indicator of 170.1%. The provisions established in the Balance Sheet for possible losses of the Bank, $894 billion, showed an increase of 11.6% vs the ones recorded for the same period in 2011 of $801 billion.

Coverage Loan Portfolio [2/] (Figures in %)

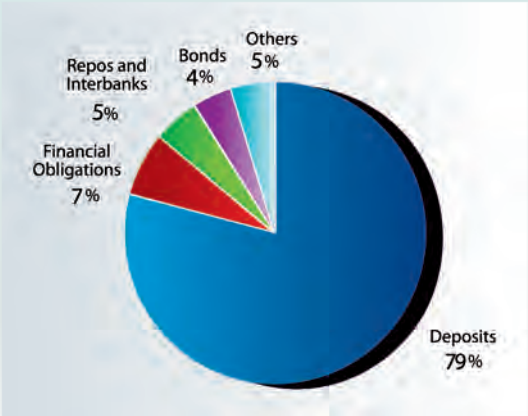


2/ Coverage Loan Portfolio: Provisions for Loans and Leasing Portfolio / Past Due loans and leasing portfolio..

External Liabilities

As of June 30, 2012, the external liabilities of the Bank, $38,056 billion, increased by 14.0% vs. the same period of 2011, mainly due to the increase in Deposits amounting to $4,541 billion and Subordinated debt (bonds) amounting to $1,012 billion.

Funding Mix

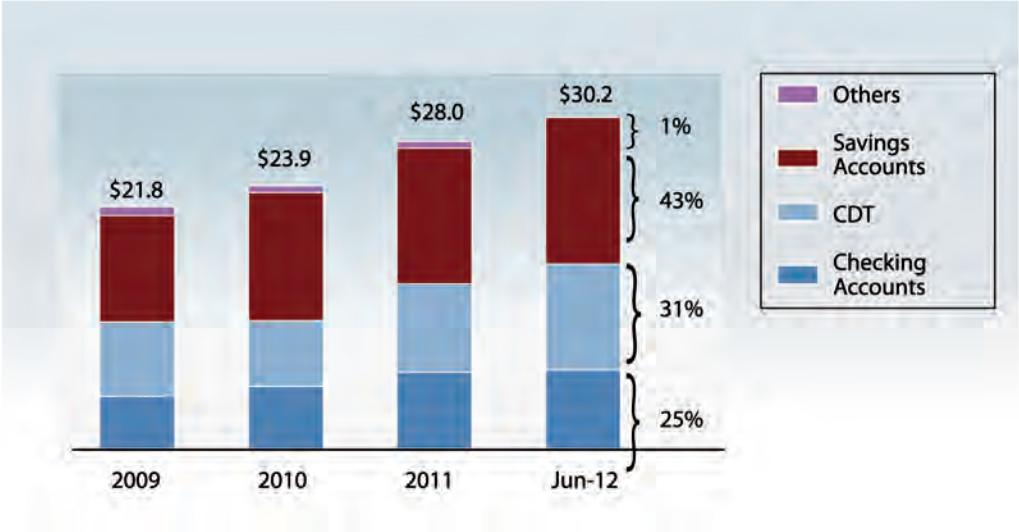


Deposits

As of June 30, 2012, the bank continues to optimize its funding mix, which shows the following composition: savings deposits, 42.8%; term deposits, 31.5%; checking accounts, 24.9% and other deposits and collections bank services, 0.8%.

Given the strategy of funding the operation with longer term resources, the increase of 53.2% in term deposits stands out.

Deposits Evolution ($ COP Trillion)



Equity and Solvency Ratio

As of June 2012, the equity of the Bank was $8,351 billion, it had a $637 billion increase compared to June 2011, a variation that can mainly be explained by the appropriation of profits in a voluntary reserves of $606 billion from the period.

As of June 30, 2012, the non consolidated solvency ratio for Banco de Bogotá was 15.4%, above the minimum (9%) required, according to the Colombian standards.

Non - Consolidated Capital Ratios

	Individual	
Million of $COP	June 2011	June 2012
Computable Capital	**6,547,666**	**6,844,961**
Tier 1	4,811,615	5,285,324
Tier 2	1,736,051	1,559,637
Risk Weighted Assets	**39,644,670**	**44,329,750**
Risk Weighted Assets - Credit Risk	35,930,606	40,980,524
Risk Weighted Assets - Market Risk	3,714,064	3,349,226
Growth Capacity	**33,107,173**	**31,725,376**

Continues

Million of $COP	Individual June 2011	Individual June 2012
Solvency Ratio	**16.52%**	**15.44%**
Tier I / Risk Weighted Assets	12.14%	11.92%
Risk Weighted Assets / Computable Capital	6.1	6.5

Net Profits

As of June 30, 2012, Banco de Bogotá individual, showed net profits of $618 billion, with an annual increase of 21.9%. This result is derived from the behavior of the net interest income, which increased 21.5% in the year, and the increase in net gain on derivative operations (78.7%), which were generated by a decrease in the exchange rate during the period, which over a short position in derivatives, generates revenues from their restatement.

Total interest income during the first half of 2012, $1,683 billion, increased 35.0% during the year. This increase is explained by the interest income on loans of $1,433 billion which increase annually by 38.1% according to the dynamics of the loan portfolio of the bank.

Total interest expenses show an annual increase of (63.3%), explained by the higher financial costs of the bank due to its leverage in bond issue and in long term debt issues.

Total fees and income from services, net amounted to $254 billion in the first half of 2012, increasing by $9 billion pesos in relation to the same period of the last year. It is worthwhile to highlight the performance of the fees from bank services and from the network of channels, which increased by $6 billion and $2 billion respectively.

Operating expenses amount to $702 billion and increased by 11.9% vs. June 2011, in accordance to the development and expansion of the business.

Below is the Non Consolidated Statement of Income from Banco de Bogotá.

Banco de Bogotá - Non Consolidated Statement of Income (Operation in Colombia)

(Millions of Colombian Pesos)	Acummulated June 2011	Acummulated June 2012	June 2011/ June 2012 Abs.	June 2011/ June 2012 Crec. %
Interest income:				
Interest on loans	1,037,490	1,432,931	395,441	38.1
Interest on investment securities	174,861	167,725	-7,136	-4.1
Interbank and overnight funds	13,389	30,998	17,609	131.5
Financial Leasing	20,729	51,503	30,774	148.5
Total interest income	**1,246,469**	**1,683,157**	**436,688**	**35.0**
Interest expense:				
Checking accounts	13,590	42,267	28,677	211.0
Time deposits	120,032	251,827	131,795	109.8
Saving deposits	175,723	252,223	76,500	43.5
Total interest expense on deposits	**309,345**	**546,317**	**236,972**	**76.6**
Interbank borrowings expense:				
Borrowing from financial entities	37,116	45,914	8,798	23.7
Interbank and overnight funds	19,290	16,778	-2,512	-13.0
Bonds	37,091	48,897	11,806	31.8
Total interest expense	**402,842**	**657,906**	**255,064**	**63.3**
Net interest income	**843,627**	**1,025,251**	**181,624**	**21.5**
Provisions:				
Provision for loan, accrued interest losses and other receivables, net	141,303	165,536	24,233	17.1
Recovery of charge-offs	-19,752	-19,874	-122	0.6
Provision for foreclosed assets and other assets	8,633	7,887	-746	-8.6
Recovery of provisions for foreclosed assets and other assets	-2,819	-611	2,208	-78.3
Total net provisions	**127,365**	**152,938**	**25,573**	**20.1**
Net interest income after provisions for loans and accrued interest losses	**716,262**	**872,313**	**156,051**	**21.8**
Fees and other services income:				
Bank services fees	251,804	257,746	5,942	2.4
Branch network services	12,208	14,477	2,269	18.6

Continues

(Millions of Colombian Pesos)	Acummulated June 2011	Acummulated June 2012	June 2011/ June 2012 Abs.	June 2011/ June 2012 Crec. %
Credit card merchant fees	25,611	27,806	2,195	8.6
Checking fees	20,936	19,619	-1,317	-6.3
Other	2,413	2,215	-197	-8.2
Total fees and other service income	**312,972**	**321,863**	**8,891**	**2.8**
Fees and other service expenses	67,538	67,811	273	0.4
Total fees and income from services, net	**245,434**	**254,052**	**8,618**	**3.5**
Other operating income:				
Net foreign exchange gains (expenses)	-86,844	-121,304	-34,460	39.7
Gain (Losses) on derivative operations, net	86,525	154,647	68,122	78.7
Dividend Income	295,165	323,854	28,689	9.7
Ohers	1,116	1,350	234	20.9
Total other operating income	**295,962**	**358,547**	**62,585**	**21.1**
Total operating income	**1,257,658**	**1,484,912**	**227,254**	**18.1**
Operating expenses:				
Salaries and employee benefits	205,478	226,360	20,881	10.2
Bonus plan payments	4,578	5,481	903	19.7
Termination benefits	415	785	370	89.1
Administrative and other expenses	349,687	394,803	45,116	12.9
Deposit security, net	34,143	39,894	5,752	16.8
Donation expenses	1,497	1,387	-110	-7.4
Depreciation	21,178	22,391	1,213	5.7
Goodwill amortization	9,831	10,509	678	6.9
Total operating expenses	**626,807**	**701,610**	**74,803**	**11.9**
Net operating income	**630,851**	**783,302**	**152,452**	**24.2**
Other income	45,120	47,463	2,343	5.2
Other expense	-11,481	-10,847	634	-5.5
Total non-operating (expense) income	**33,639**	**36,616**	**2,977**	**8.8**
Income before income taxes	**664,490**	**819,918**	**155,428**	**23.4**
Income tax expense	-157,833	-202,226	-44,393	28.1
Net income	**506,657**	**617,692**	**111,035**	**21.9**

The non consolidated efficiency ratio for Banco de Bogotá improved by going from 43.0% in June 30, 2011 to 40.8%, in June 30, 2012.

The profitability ratios had a favorable evolution, going from 2.6% to 2.8% for the ROAA and from 15.7% to 15.0% for the ROAE as of June 30, 2012.

Banco De Bogotá - Non Consolidated - Key Indicators		
	June 2011	June 2012
Profitability Ratios		
Net Interest Margin 1/	4.9%	5.3%
ROAA 2/	2.6%	2.8%
ROAE 3/	15.7%	15.0%
Efficiency Ratio		
Operating Expenses before Depreciation & Amortization / Total Operating Income before Provisions	43.0%	40.8%
Capital Adequacy		
Solvency ratio	16.5%	15.4%
Loan Quality		
Non-performing Loans/ Gross Loans 4/	1.6%	1.3%
Delinquency Ratio 5/	1.9%	1.8%
C, D & E Loans / Gross Loans	3.2%	3.1%
Loan Provision / Non-performing Loans	200.7%	236.2%
Loan Provision / Past-due Loans	166.5%	170.1%
Loan Provision / C, D & E Loans	101.2%	100.5%
Loan Provision / Gross Loans	3.2%	3.1%

1/ Net Interest Income, annualized / Monthly Average Performing Assets (interest earning assets)
2/ Net Profit for the period, annualized / Average Assets for the present period and the immediately previous period
3/ Net Profit Attributable to Shareholders for the period, annualized / Average Equity for the present period and the immediately previous period.
4/ Non-performing loans: microcredit 31 or more days overdue, mortgage and consumer loans 61 or more days overdue, commercial loans 91 or more days overdue.
5/ Past-due loans: 31 or more days overdue.

4. BAC Credomatic (Central America Operation)

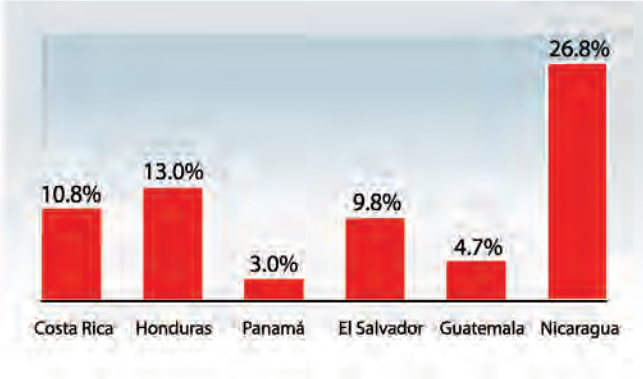
BAC Credomatic in the Central American Financial Market

As of June 2012, BAC Credomatic maintained its leadership position in the Central American financial market as follows: second in net profits and third in loan portfolio and deposits.

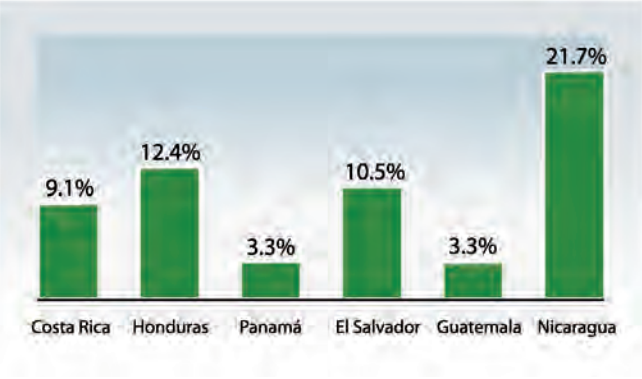
Figures as of June 2012

Assets

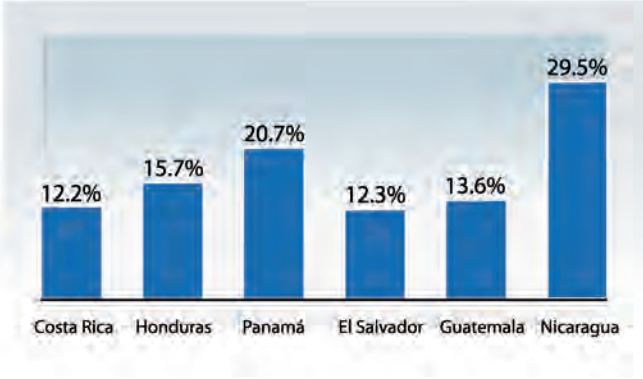
Gross Loan Portfolio



Deposits



Net Profit



As of June 2012, BAC Credomatic had $17,532 billion in assets, showing a 17.3% increase from June 2011. The net loan portfolio of $11,284 billion represents 64.3% of its total assets, with a variation of 18.1% vs. June 2011.

Bac Credomatic - Balance Sheet

(Millions of Colombian Pesos)	June 2011	June 2012	June 2011 / June 2012 Abs. Growth	June 2011 / June 2012 % Growth
Assets				
Total Cash & Cash Equivalents	**3,216,232**	**3,827,865**	**611,633**	**19.0**
Investments:				
Debt Securities	1,215,822	1,455,773	239,951	19.7
Equity Securities	19	19	0	0.0
Total Net Investments	**1,215,841**	**1,455,792**	**239,951**	**19.7**
Loans and Leasing:	9,701,791	11,449,363	1,747,572	18.0
Commercial Loans	2,911,151	3,824,998	913,847	31.4
Consumer Loans	3,609,461	4,205,592	596,131	16.5
Mortgage Loans	2,975,319	3,175,102	199,783	6.7
Financial Leases	205,860	243,671	37,811	18.4
Provisions for Loans & Leases	-149,226	-165,604	-16,378	11.0
Total Loans & Leases, Net	**9,552,565**	**11,283,759**	**1,731,194**	**18.1**
Property, Plant & Equipment, Net	295,108	301,641	6,533	2.2
Goodwill	158,180	158,195	15	0.0
Reappraisal of Assets	0	0	0	NA
Other Assets, Net (1)	505,810	504,612	-1,198	-0.2
Total Assets	**14,943,736**	**17,531,864**	**2,588,128**	**17.3**
Liabilities and Equity				
Deposits:				
Term Deposits	3,845,625	4,605,926	760,301	19.8
Savings Deposits	2,154,758	2,370,469	215,711	10.0
Checking Accounts	4,608,243	5,176,613	568,370	12.3
Other	127,339	162,007	34,668	27.2
Total Deposits	**10,735,965**	**12,315,015**	**1,579,050**	**14.7**
Interbank Borrowings and Overnight Operations	158,526	81,672	-76,854	-48.5
Bank Loans and Others	1,546,919	2,369,579	822,660	53.2
Bonds	275,155	309,706	34,551	12.6
Other Liabilities	522,335	518,130	-4,205	-0.8
Total Liabilities	**13,238,900**	**15,594,102**	**2,355,202**	**17.8**
Equity	**1,704,836**	**1,937,762**	**232,926**	**13.7**
Total Liabilities and Equity	**14,943,736**	**17,531,864**	**2,588,128**	**17.3**

1/ Other Assets, Net, includes: Acceptances and Derivatives, Net Accounts Receivable, Net Operational Leasing, Foreclosed Assets, Prepaid Expenses and Deferred Charges, others.

Liabilities amount to $15.6 trillion, having an increase of 17.8% vs. June 2011. Funding is mainly done through deposits, which make up 79% ($12.3 trillion) of total liabilities. As of June 2012 deposits increased by 14.7%, an increase caused by higher fund raisings via the checking accounts and TDs during the period analyzed.

The equity of $1.9 trillion, showed a variation of 13.7% in relation to the former year.

BAC Credomatic - Statement of Income				
	Accumulated		June 2011 / June 2012	
(Millions of Colombian Pesos)	Jan-June 2011	Jan-June 2012	Abs. Growth	% Growth
Total Interest Income	663,529	741,585	78,056	11.8
Total Interest Expense	152,275	175,007	22,732	14.9
Net Interest Income	**511,254**	**566,578**	**55,324**	**10.8**
Total Net Provisions	71,806	73,304	1,498	2.1
Net interest income after provisions for loans and accrued interest losses	**439,448**	**493,274**	**53,826**	**12.2**
Total fees and income from services, net	280,006	299,478	19,472	7.0
Total Other Operating Income	24,114	39,262	15,148	62.8
Total Operating Income	**743,568**	**832,014**	**88,446**	**11.9**
Operating expenses	490,285	527,322	37,037	7.6
Total non-operating (expense) income	-3,169	-4,841	-1,672	52.8
Income tax expense	72,269	86,404	14,135	19.6
Net income	**177,845**	**213,447**	**35,602**	**20.0**
Minority Interest	100	42	-58	-58.0
Net Income attributable to shareholders	**177,745**	**213,405**	**35,660**	**20.1**

Net Income as of June 2012 was $213,447 million, increasing by 20% in comparison to the same month of the last year. The increase in net income is due to higher interest income, which went from $663,529 million to $741,585 million (an 11.8% increase) during the period analyzed.

BAC Credomatic - Main Indicators

	June 2011	June 2012
Profitability Ratios		
Net Interest Margin [1/]	6.6%	6.6%
ROAA [2/]	2.3%	2.4%
ROAE [3/]	20.4%	21.5%
Efficiency Ratio		
Operating Expenses before Depreciation & Amortization / Total Operating Income before Provisions	56.1%	55.1%
Capital Adequacy		
Solvency Ratio (Technical Capital / Risk Weighted Assets)	13.2%	12.7%
Loan Quality		
Non-performing Loans/ Gross Loans [4/]	2.1%	1.3%
Delinquency Ratio [5/]	3.2%	2.5%
C, D & E Loans / Gross Loans	3.8%	2.9%
Loan Provision / Non-performing Loans	73.3%	113.8%
Loan Provision / Past-due Loans	47.6%	57.2%
Loan Provision / C, D & E Loans	40.1%	49.3%
Loan Provision / Gross Loans	1.5%	1.4%

1/ Net Interest Income, annualized / Monthly Average Performing Assets (interest earning assets)
2/ Net Profit for the period, annualized / Average Assets for the present period and the immediately previous period
3/ Net Profit Attributable to Shareholders for the period, annualized / Average Equity for the present period and the immediately previous period
4/ Non-performing loans: microcredit 31 or more days overdue, mortgage and consumer loans 61 or more days overdue, commercial loans 91 or more days overdue.
5/ Past-due loans: 31 or more days overdue.

5. Corporación Financiera Colombiana (Consolidated)

During the first half of 2012 Corficolombiana, a company specialized in the portfolio investment and banking investment continued to strengthen its capital investment in five sectors of the economy which are defined as strategic: energy and gas (58.9%) infrastructure (10.6%), the financial sector (9.9%), agribusiness (8.8%), hotels (5.7%) and others (6.1%).

In the sector of energy and gas, Corficolombiana continued to analyze and develop new projects for self generation of power, and gas treatment, transportation and distribution. It holds an interest in the equity of important companies such as Promigas, a Company that transports approximately 43.0% of natural gas in Colombia, in Empresa de Energía de Bogotá and in Gas Natural.

In infrastructure, a leading sector in the Colombian economy, it is worthwhile to highlight the incorporation of the partnership Proyectos de Ingeniería y Desarrollo S.A.S, a consulting and engineering project design company seeking to consolidate a strong team with the aim of structuring roadway infrastructure and transportation projects and to satisfy the great needs of infrastructure of the country and transform them into investment opportunities.

In agribusiness, Corficolombiana participates actively in the production of lumber, palm oil, rubber, rice and cotton. To do so, it acquired 6,179 hectares in the municipality of Puerto Gaitán, Meta, through Valora S.A.S. This land will be used to expand the agribusiness project of natural rubber that Corficolombiana is developing through its companies.

In the hotel sector, Corficolombiana also holds 84.9% of the Estelar hotel chain. This chain is a leader in the corporate and convention sector. It has over 2,951 hotel rooms distributed in 24 hotels in the main cities of Colombia and Peru. In April 2012 the Hotel Estelar Parque 93 opened, located in one of the most important sectors of Bogotá given its commercial and touristic development as well as Estelar Apartamentos Aeropuerto (Estelar Apartments Airport) close to the International Center for Business and Trade Shows – Corferias.

According to the above, the capital investment business generated incomes for $184,716 million, of which $88,789 million correspond to dividends received from the companies where Corficolombiana has interests, $90,088 million from investment appraisals, and $5,840 million from profits in the sale of shares.

In the fixed income portfolio ($4.2 trillion as of June 2012), Corficolombiana has increased its investments in available-for-sale government securities exploiting the market conditions.

Corficolombiana - Balance Sheet

(Millions of Colombian Pesos)	June 2011	June 2012	June 2011 / June 2012 Abs. Growth	June 2011 / June 2012 % Growth
Assets				
Total Cash & Cash Equivalents	**1,232,156**	**1,173,993**	**-58,163**	**-4.7**
Investments:				
Debt Securities	2,337,511	4,246,619	1,909,108	81.7
Equity Securities	2,838,223	2,474,428	-363,795	-12.8
Provisions	-179,590	-5,559	174,031	-96.9
Total Net Investments	**4,996,144**	**6,715,487**	**1,719,343**	**34.4**
Loans and Leasing:	590,296	762,420	172,124	29.2
Commercial Loans	124,838	183,963	59,125	47.4
Consumer Loans	4,766	4,236	-530	-11.1
Microcredit	0	0	0	NA
Mortgage Loans	0	755	755	NA
Financial Leases	460,692	573,466	112,774	24.5
Provisions for Loans & Leases	-20,926	-21,384	-458	2.2
Total Loans & Leases, Net	**569,370**	**741,036**	**171,666**	**30.2**
Property, Plant & Equipment, Net	359,859	539,879	180,019	50.0
Goodwill	124,447	130,188	5,741	4.6
Reappraisal of Assets	646,698	798,561	151,864	23.5
Other Assets, Net (1)	2,033,341	2,182,295	148,954	7.3
Total Assets	**9,962,015**	**12,281,439**	**2,319,424**	**23.3**
Liabilities and Equity				
Deposits:				
Term Deposits	1,771,334	2,888,693	1,117,358	63.1
Savings Deposits	112,765	460,819	348,054	308.7
Checking Accounts	0	0	0	NA
Other	882	23,271	22,389	2,538.7
Total Deposits	**1,884,981**	**3,372,783**	**1,487,802**	**78.9**
Interbank Borrowings and Overnight Operations	2,545,903	3,014,158	468,255	18.4
Bank Loans and Others	830,695	1,090,950	260,255	31.3
Bonds	240,443	254,646	14,203	5.9
Other Liabilities	1,418,883	1,458,332	39,449	2.8
Total Liabilities	**6,920,906**	**9,190,869**	**2,269,963**	**32.8**
Equity	**3,041,109**	**3,090,570**	**49,460**	**1.6**
Total Liabilities and Equity	**9,962,015**	**12,281,439**	**2,319,424**	**23.3**

1/ Other Assets, Net, includes: Acceptances and Derivatives, net Accounts Receivable, net Operational Leasing, Foreclosed Assets, Prepaid Expenses and Deferred Charges, others.

As of June 2012, Corficolombiana recorded $12.3 trillion in assets, with an annual increase of 23.3%. Liabilities of $9.2 trillion are distributed between deposits, $3.4 trillion, operations in the monetary market, $3.0 trillion, and Banks loans and other liabilities, $1.1 trillion.

Equity had an annual growth of 1.6%, reaching $3.1 trillion.

Corficolombiana - Statement of Income

	Accumulated		June 2011 / June 2012	
(Millions of Colombian Pesos)	Jan-Jun 2011	Jan-Jun 2012	Abs. Growth	% Growth
Total Interest Income	208,679	255,655	46,976	22.5
Total Interest Expense	86,112	168,219	82,107	95.3
Net Interest Income	122,567	87,437	-35,130	-28.7
Total Provisions, Net	-137,461	5,168	142,629	-103.8
Net Interest Income after Net Provisions	260,028	82,268	-177,759	-68.4
Total Fees and Income from other Services, Net	22,090	20,581	-1,509	-6.8
Total Other Operating Income	274,159	270,040	-4,119	-1.5
Total Operating Income	**556,277**	**372,890**	**-183,387**	**-33.0**
Total Operating Expenses	82,222	71,240	-10,982	-13.4
Total Non-Operating Income, Net	887	26,632	25,745	2,902.4
Income Tax Expense	61,693	78,808	17,115	27.7
Net Profit	**413,249**	**249,473**	**-163,776**	**-39.6**
Non-controlling interest	39,615	40,287	672	1.7
Net Profit Attributable to Shareholders	**373,634**	**209,187**	**-164,448**	**-44.0**

In turn, net profits for the first half of 2012 was $209,187 million, showing a decrease of 44.0% vs. the results of June 2011. This result is mainly attributed to the recovery of provisions of $123,138 million and to the generation of greater incomes derived from the capital investment business ($260,634 million) during the first semester of 2011.

Corficolombiana - Main Indicators		
	June 2011	June 2012
Profitability Ratios		
Net Interest Margin 1/	4.0%	2.6%
ROAA 2/	9.1%	4.4%
ROAE 3/	25.6%	13.9%
Efficiency Ratio		
Operating Expenses before Depreciation & Amortization / Total Operating Income before Provisions	19.1%	18.3%
Capital Adequacy		
Solvency Ratio	33.4%	29.8%
Loan Quality		
Non-performing Loans/ Gross Loans 4/	1.4%	0.8%
Delinquency Ratio 5/	1.7%	1.4%
C, D & E Loans / Gross Loans	3.4%	1.5%
Loan Provision / Non-performing Loans	255.1%	347.0%
Loan Provision / Past-due Loans	209.7%	200.5%
Loan Provision / C, D & E Loans	104.1%	184.3%
Loan Provision / Gross Loans	3.5%	2.8%

1/ Net Interest Income, annualized / Monthly Average Performing Assets (interest earning assets)
2/ Net Profit for the period, annualized / Average Assets for the present period and the immediately previous period
3/ Net Profit Attributable to Shareholders for the period, annualized / Average Equity for the present period and the immediately previous period
4/ Non-performing loans: microcredit 31 or more days overdue, mortgage and consumer loans 61 or more days overdue, commercial loans 91 or more days overdue.
5/ Past-due loans: 31 or more days overdue.

6. Porvenir S.A.

Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.

(Pension and Severance Funds Management Company - Consolidated)

At the close of the first half of 2012 Porvenir continued to lead the market of pension and severance funds in Colombia, having a 33.0% market share in severance funds and a 29.3% share in mandatory pensions.

As a result of what was mentioned above, in mandatory pensions, Porvenir performed with its main commercial goals of affiliations, income and collections. For Severance payments, it deepened the leadership of the results of the 2012 Campaign

in terms of collections for an amount of $1,071 million, which has been the highest of the industry. Lastly, in the case of voluntary pensions, the launching of the investment platform stands out.

The total funds managed by the institution as of June 30, 2012 amounted to $42.5 trillion, with an annual growth of 17.1%.

Porvenir Consolidated - Key Figures Financial Statements				
			June 2011 / June 2012	
(Millions of Colombian Pesos)	June 2011	June 2012	Abs. Growth	% Growth
Assets	764,935	932,625	167,690	21.9
Liabilities	201,656	241,960	40,304	20.0
Equity	563,279	690,666	127,387	22.6
Net Profit (Jan-Jun)	75,853	105,694	29,841	39.3
Profitability Ratios				
ROA	20.4%	24.4%		
ROE	28.0%	32.2%		

Net profits as of June 2012 were $105,694 million, with an annual growth of 39.3%. This is derived from the good performance in terms of absolute profits obtained for the funds managed year to date, highlighting the first place in Fonpet and the voluntary pension fund.

7. Other Domestic and Abroad Affiliates

Fiduciaria Bogotá S.A.

In the first half of 2012 Fiduciaria Bogotá continued to confirm its Leadership in the fiduciary sector, mainly in the fiduciary management, real state and collective portfolio.

At the close of 2012, Fidubogotá recorded $21.4 trillion in managed assets, ranked in third place in the sector, and recording an annualized equity profitability of 38.8%, above the System's, when the consolidated sector had a profitability of 25.4%.

For the management of collective portfolios in the fiduciary sector, the investment funds managed by the entire system to of June 30, 2012 were equal to $30.4 trillion; Fidubogotá´s share was 12.5% ($3.8 trillion), ranking second in this segment of the business.

In the commercial management of collective portfolios, Fidubogotá has been developing the "Integrados" (Integreted) project with Banco de Bogota since 2011, working jointly in an integral service model for customers that has raised $2.5 trillion in Collective Portfolios.

The fiduciary management business generated $31,582 million in incomes from fees for Fidubogotá over a volume of managed resources of $3.6 trillion in the first half of 2012. It is worthwhile to mention that in relation to the incomes from fees of this item in the first half of 2011 ($25,144 million) there was a 26% growth, mainly explained by the increase in pension management trusts that increased by 46%.

In the Fiducia Inmobiliaria (fiduciary duties on property), Fidubogotá shows a growth in revenues of 51.0% with incomes from fees of $12,643 million. In this business the award it was granted to manage the program "Ciudad y Territorio" (City and Territory) by the Ministry of Housing within its free housing program stands out.

Fidubogotá - Key Data Financial Statements

			June 2011 / June 2012	
(Millions of Colombian Pesos)	June 2011	June 2012	Abs. Growth	% Growth
Assets	175,366	194,312	18,946	10.8
Liabilities	46,075	46,760	685	1.5
Equity	129,291	147,552	18,261	14.1
Net Profit (Jan-Jun)	22,712	28,659	5,947	26.2
Profitability Indicators				
ROA	26.3%	30.3%		
ROE	35.3%	40.6%		
Assets in Trust	**16,590,362**	**21,408,337**	**4,817,975**	**29.0**
Collective Portafolio	2,747,599	3,817,408	1,069,809	38.9
Pension Funds Trusts [1]	6,946,298	8,262,149	1,315,851	18.9
Real State Trusts	2,581,425	3,246,599	665,174	25.8
Managment Trusts	2,477,260	3,555,811	1,078,551	43.5
Other Trust (Guarantee Trust)	1,601,963	1,740,516	138,553	8.6
Investment Trust	235,818	785,854	550,037	233.2

1/ FONPET Y Ecopetrol

In the first half of 2012 the net profits amounted to $28,659 million, showing an annual increase of 26.2%. In the outcome, operational incomes amounted to $64,799 million as of June 2012, of which $40,419 million were generated by fees from the collective investment portfolio and fiduciary business; $13,384 million from its participation in joint ventures, and $8,868 million from dividends received from Porvenir.

Almaviva S.A. (Consolidated)

In the first half of 2012 Almaviva`s dynamic performance stands out, showing a larger demand from its customers due to the improvement of the business climate that the entity has been experiencing since 2010.

The goods entrusted to Almaviva amounted to $1,196,211 million as of June 2012. The revenues generated by this business were: revenues from storage in the warehouses and goods in transit $18,638 million, recording an increase of 12.7% vs. the first half of 2011. In the business of handling and distribution, revenues were $16,937 million in the first half of 2012, with an annual increase of 14.3%.

As of June 2012 the foreign trade operations at Almaviva showed a 6.7% increase, going from 18,884 import operations registered in the first half of 2011 to 20,146. A 9.6% increase was also seen in the number of import declarations associated to operations, going from 60,146 to 65,904 declarations.

The warehousing company showed profits of $7,435 million to June 2012, with an annual increase of 49.9%, mainly as a result of the higher levels of the business in warehousing and associated services such as sale of inventories, handling and distribution, and mobilization and transportation of goods.

Almaviva Consolidated - Key Data Financial Statements

			June 2011 / June 2012	
(Millions of Colombian Pesos)	June 2011	June 2012	Abs. Growth	% Growth
Assets	197,114	205,534	8,420	4.3
Liabilities	54,750	55,518	768	1.4
Equity	142,364	150,016	7,652	5.4
Net Profit (Jan-Jun)	4,959	7,435	2,476	49.9
Profitability Indicators				
ROA	5.2%	7.3%		
ROE	6.9%	10.0%		

Banco de Bogotá S.A. Panamá & Subsidiary

As of June 2012 Banco de Bogotá Panamá had US$737 million in assets, showing a 9.1% increase over June 2011 (US$676 million).

Of the total assets, US$462 million corresponds to the gross loan portfolio. For the first half of 2012, the performance of the portfolio responded to the Bank's strategy that focused on improving the returns of its assets by increasing its portfolio.

Banco de Bogotá Panamá				
			June 2011 / June 2012	
(US$ Millions)	June 2011	June 2012	Abs. Growth	% Growth
Assets	676	737	61	9.1
Gross Loan	374	462	89	23.8
Investment	147	142	-6	-3.8
Liabilities	617	680	63	10.1
Equity	58	57	-1	-2.6
Net Profit (Jan-Jun)	3	4	1	40.5
Profitability Indicators				
ROA	0.8%	1.1%		
ROE	9.8%	14.1%		

In June 2012, Banco de Bogotá Panamá`s liabilities were US$680 million, an increase of 10.1% vs. the same month of the former year ($617 million). Deposits represented 99.1% of the total liabilities. Banco de Bogotá S.A. Panamá has equity of US$57 million.

The net profits for the first half of the year amounted to US$4 million, with an increase of 40.5% over June of the former year, due to higher interest income on loans and bank services, especially from financial instruments and currency exchange.

8. Business Segments

Our Universal banking model offers our customers the most complete portfolio of financial products and services, having a share in all the segments of the market

CORPORATE BANKING

The Enterprises Banking Vice Presidency for Wholesale Banking was established in February to face the challenge of corporate business and potentiate the performance of the bank in this significant segment. It reports to the Executive Vice president, and its main objective is to strengthen the commercial management and the presence of the bank in the various directorates at the national levels that serve the regions of Antioquia and the Coffee Growing Area, Atlantic Coast, Western and Central Eastern Sections, and, of course, Bogotá.

Among the actions implemented by the new Vice Presidency the strengthening and consolidation of the wholesale banking strategy around a Structured Financing Unit stands out, not only as a source to increase the portfolio, but also as a generator of value and revenues from structuring fees and/or participation. This unit groups an interdisciplinary team of financial and legal professionals from the bank and for affiliates such as Fidubogotá y Corporación Financiera Colombiana, experts in structured loans, syndicated and infrastructure leasing and fiduciary and credit support mechanisms, syndicated loans which has allowed the bank to be actively involved and to lead important structured credit operations in various sectors of the economic activity such as the transportation of hydrocarbons, industrial facilities, hotel developments, roads, ports, hydro electrical power generating plants, thermal power generating plants, and gas pipelines. These operations were able to achieve closings for an amount surpassing $1.2 trillion pesos in the first half of the year. In addition to impacting the placement volume, this unit has been an important source of fee generation, with revenues above $5,000 million pesos.

The steps taken during the first half of 2012 in the wholesale banking segment has allowed 113 new customers to join the bank (to close in 7,603 companies) and important growth in the average portfolio balances (16% increase in the total LC and FC loan portfolios, first half of 2011 vs. first half of 2012). The total loan portfolio of LC and FC banking with affiliates and agencies reached a balance of $17.7 trillion Colombian Pesos at the close of the period, and the performance of loans in foreign currency stand out by reaching a share of 19.44% over the total loan portfolio. Such growth has allowed Banco de Bogotá to maintain its market share in the wholesale banking loan portfolio in figures close to 18%. These results have implied intense commercial work with our customers that are reflected in closing more than 9100 loan operations during the semester that represented disbursements of over $7.8 trillion pesos including revolving and triangulation credit lines. In terms of quality, the loan portfolio quality is excellent showing a reduction in the overdue loans of 21 base points, totaling 0.70%.

The bank continues to work in updating its wholesale banking model through specialized service teams to make the integrated service offer more robust, complementing the existing portfolio by developing new options to facilitate collections and conciliation processes in high invoicing customers. During the first semester assessment work was done on the way the customer service teams are operating in the different Regional Offices with the purpose of making a diagnosis, identifying the best practices in the country and proposing improvements to the successful wholesale banking model.

Lastly, and following the same line, progress has been done in the design of information proposals focused on achieving a high ranking for Banca de Empresas Banco de Bogotá (wholesale banking at Banco de Bogota) as the best option to finance their projects and manage the treasuries of the business and corporate customers throughout the country.

OFFICIAL AND INSTITUTIONAL BANKING

Given the significance of this Banking segment for the institution, the service model was strengthened during the first semester of the year by establishing the Government and Institutional Banking Vice Presidency.

The specialized service team was expanded, with personalized advisory services in financing solutions that allow them to leverage their short and long term projects, and by providing them with collections and payment solutions to optimize their cash flow and conciliation processes.

During the first semester of 2012 Banco de Bogotá contributed to the development of projects in different regions of the country by disbursing loans to municipalities, departamentos (states) and decentralized institutions.

SOCIAL BANKING

Banco de Bogotá is leading solutions to provide services to the cooperative and solidarity sectors in the Colombian economy. Among our customers we have the cooperatives of the various economic sectors. With a specialized product, service and channel portfolio, and a commercial team that has ample knowledge and experience in providing services to customers from the solidary economic sector, the social banking segment drives the growth of those institutions facilitating access to their customers to modern and efficient financial services.

During the first semester of the year, the bank injected resources to the cooperatives and employee funds through loan operations for that segment.

One of the main contributions of the Bank towards financial inclusion through the cooperatives is the affinity debit card, an effective financial mechanism that allows

the members of cooperatives and funds Access to multiple electronic channels of the bank.

Banco de Bogotá is committed to the development and sustainability of the coffee growers of the country through initiatives linked to the Cédula Cafetera Inteligente Project, an important proposal for the financial inclusion of Colombian coffee growers.

At the close of the first half of 2012, the Cédula Cafetera Inteligente program has issued more than 400,000 cedulas, with a growth rate of 15% over the same period of the former year.

SME BANKING

As of June 2012, Banco de Bogota continued with the marketing strategy for the SME sector, increasing its coverage to 30 areas, having presence in new cities such as Arauca, Sincelejo and Girardot. This specialized service model allows the Bank to provide a better service and adequate solutions to the needs of the customers. It was strengthened by establishing two Regional Directorates at the national level and 28 Specialized Management areas covering 124 SME Managers.

The Business Debit Card was created as a payment option allowing the customer access to its resources and allowing them to manage the minor cash of their company in an agile, safe and organized manner, providing them with the possibility of linking more than one Debit Card to the same account, facilitating the delegation of responsibilities in the management of their resources. This card also offers benefits to the customer through alliances of commercial institutions with the Bank.

In addition, the Bank developed and launched new payment options and transaction solutions such as Visa Vale (for the partial payment of salaries) and the Electronic Payment Portal (the customer makes electronic collections from its users, without technological developments and through the payment portal of the Bank).

As part of the customer support and loyalty building actions for SME customers, the Bank continued to host training programs developed according to the needs of the customers, identified by region.

RETAIL BANKING

During the first half of 2012 the Bank continued to strengthen its services and value offer to the retail segment with portfolio options that included products and services tailored to the needs of each sub segment of retail, complementing that portfolio with housing loans, housing leasing and AFC accounts (savings accounts to promote construction).

Housing Loans

In relation to housing loans, in the first half of 2012 the commercial offer was expanded to all the segments (Premium, Preferential and Persons) broadening its coverage nationwide.

The value offer in housing is supported by effective tailored service, where the Bank provides advice and accompanies the customer throughout the entire real state acquisition process. To do so it created a specialized housing unit and specialized centers located in Bogotá, Cali, Medellin, Barranquilla and Bucaramanga.

Insurance

The Bank expanded its insurance portfolio during this semester, offering its customers new types of insurance for events such as unemployment, serious illnesses, fraud, "fleteo" (a modality of theft) and other coverage. As of June, over 218,000 customers had purchased a product from the Insurance portfolio.

Credit Cards

The Credit Card Vice Presidency was established given the importance of the credit cards in the portfolio of products of the Bank in order to position the card according to its natural market share.

At the close of June 2012 there were 633,707 active credit cards that billed close to $1.5 trillion in the semester, with an annual growth of 26.3%. The funding of the Bank through credit cards grew by 26.4% amounting to $1.2 trillion.

Debit Cards

As the main access means of people to transactional channels, as of June 2012 the Bank had 1,680,061 Debit Cards, ranking third in the industry with a 9.6% share.

Debit Card billings in purchases were $ 664,109 million, a figure 15.6% higher than the figure for the same period of the former year. With this result the Bank ranks third in the sector.

The evolution of the Debit Card with access to mass transportation services has been positive in its implementation in Bogota and Cali, the service of providing access to mass transportation systems through the Banco de Bogotá Debit Card has become an added value to customers.

We expect to provide this product in other cities that have a mass transport System during the second half of 2012.

To offer safer Debit Cards to customers, we continue with the strategy of migrating to cards with a chip. As of June 30, the bank had 537.300 cards that incorporated that technology, equivalent to 31.9% of the total Debit Card holders of Banco de Bogotá.

The third Alliance Catalogue was launched, strengthening regional alliances and improving the coverage of the program. Al the close of the first semester, the Bank was working with over 100 allied businesses. Total invoicing in POS increased by 23%.

A new type of specialized office was established during the first half of 2012 to provide service to the retail customers who worked with government institutions that had agreements with the Bank of loan that paid from payroll deductions (libranza).

TREASURY AND FOREIGN CURRENCY

Operations In The Exchange Market And Operations With Derivates

USDCOP and Spot Currency

During the first half of 2012 the US dollar continued upwards following the trend it had shown in the second half of 2011. The Dollar Index (DXY) that computes the quotation of the dollar vs. a basket of currencies from developed economies reached levels not seen since June 2010.

Dollar Index (DXY) - Monthly.

Source: Bloomberg

The upward trend of the dollar was mainly associated to a marked global deceleration and to the recession in Europe, given the tensions in Spain and Greece.

The crisis of the Eurozone deepened significantly during the second quarter of 2012. The uncertainty generated by the two rounds of parliamentary elections in Greece and the speculation about a possible departure of this country from the Euro zone consolidated as the first triggers of the fall in the quotation of the sole currency. That movement consolidated with the large losses suffered by the banks in Spain and by the bailout package process which led the 10 year bond rate to 7%, historically high levels.

The reaction by the European Central Bank has been much more decisive than what was initially expected in the market, and in the European Central Bank´s last meeting it cut the reference rate to a historical minimum of 0.75%. The FED on the other hand has not announced any additional monetary stimuli even though the figures of the US economy have shown a gradual deterioration, especially the ones in the labor market.

For the end of the year the direction to be taken by the quotation of the dollar vs. the main currencies will depend on the results of diverse events on both sides of the Atlantic. The bailout of the Spanish Banks, the implementation of tax reforms and the stabilization of growth in Greece and Italy, as well as the profound political debate about the viability of a centralized bank authority (European Bank Union) and the tax implications of the monetary union will dominate the scene during the remainder of 2012.

Euro Vs US$ (EUR) Weekly

Source: Bloomberg

The domino effect with the European situation on the Latin-American market, has affected almost all the currencies of the region as shown by the drop of the LACI indicator which provides a weighted average of its behavior.

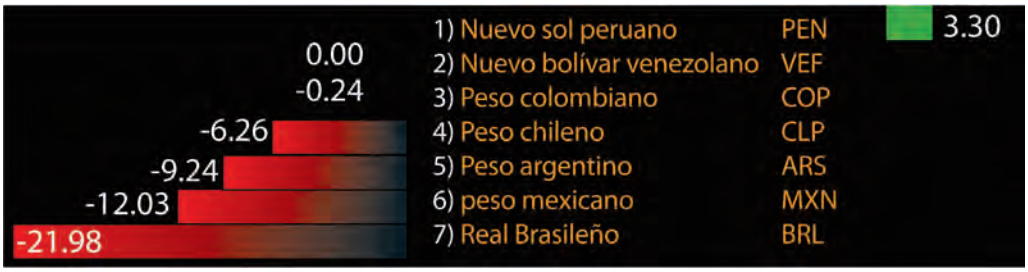
Index of Latin-American Currencies (LACI) –Weekly

Source: Bloomberg

The currencies that were affected the most by this current situation were undoubtedly the Mexican Peso MXN and the Brazilian Real– BRL, with an annual devaluation of 12% and 22% respectively. Brazil´s Central Bank which had been intervening the market to contain the appraisal of the Real, had to sell US Dollars during the first months of 2012; while the Mexican Central Bank operated through the auctions that are activated whenever the MXN depreciates more than 2% on a given day.

Another factor that has motivated the loss of value in the currencies of the region vs. the USD has been the deceleration of the Chinese economy, which will impose new challenges as to the FDI and the Exchange terms.

Ranking of Latin-American Currencies (Var % June 2012 vs. June 2011)



Source: Bloomberg

The Colombian Peso was also affected by the tension in the external markets, even though it closed the semester with an appreciation of 8.75% vs. the close of 2011 and with a slight variation vs. the same period of the former year. 2012 started with a marked revaluation of the peso, going from $1,950 reaching minimum values of $1,755 at the end of March. To curb this movement, the Central Bank of Colombia (Banco de la República) increased its US dollar purchasing program through an auction mechanism purchasing USD$20 million per day, draining USD$1,960 from the System between February and the end of June 2012.

The trend changed at the beginning of May, when the high nervousness in the external markets took the US dollar to levels of $1,850. Likewise, deals such as the sale of the HSBC Colombia, Perú and Paraguay to the Gilinski Colombian Group for USD$400 million generated a dollar outflow expectation which also gave the quotation temporary support.

But these levels induced important drawbacks from hydrocarbon exporters in spot, which, together with the increasing direct foreign investment flows, and hedges of dollar sales by flower growers and customers of the oil chain drove to a correction that led the dollar to $1,784 at the close of the semester.

Colombian Pesos per US$ (COFX).

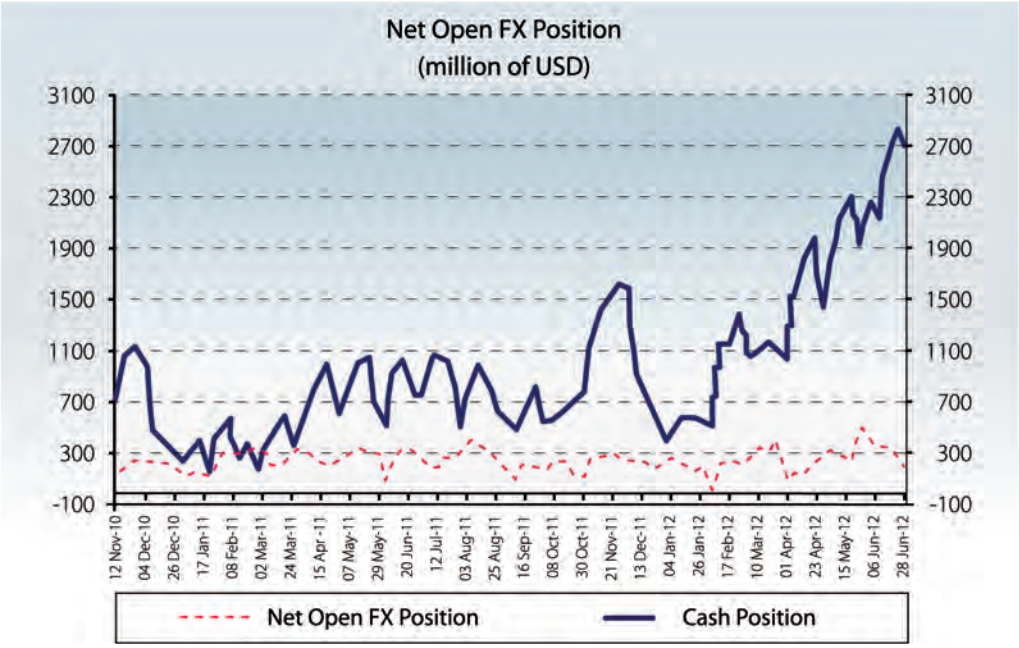
Source: Bloomberg

Operations with Derivatives

Forwards

During the first half of 2012 the devaluation curve reverted, showing a strong comeback in the short term vs. the levels seen at the beginning of the year, period when the market´s cash continued to be affected by the outflow of dollars originated in the purchase of ING Latin-American by the Suramericana Group. This deal led to a fall in the market´s own position from USD$1,500 to USD$400, encouraging negative devaluations of 1.7% at one month in the FWD curve.

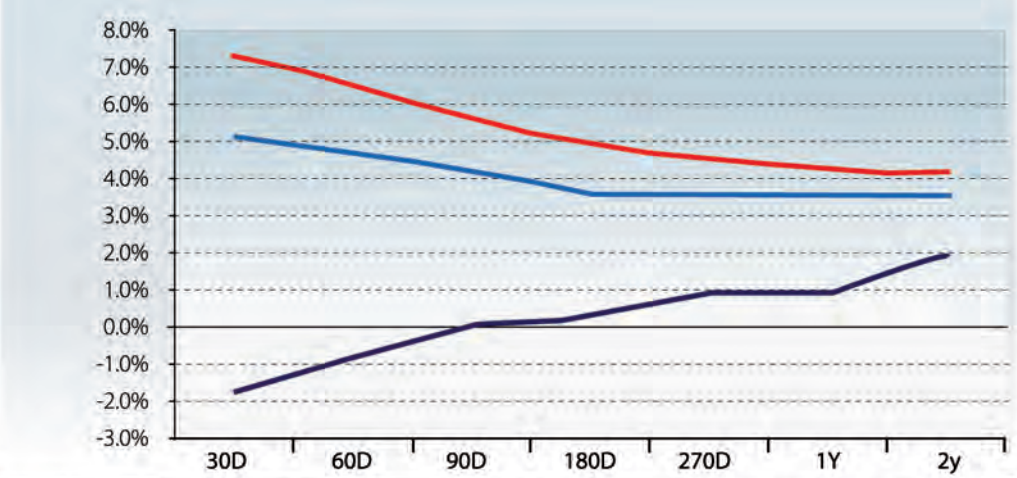
Own Cash Position



Source: Central Bank of Colombia (Banco de la Republica).

Later, during 2012, the entry of capital flows from foreign investment and other private inflows allowed the own cash position of the market to come back to maximum historic levels of US$2,800 million in June, and for the devaluation rates in forward to increase above 7.0% in the short term, far from the theoretical levels found from the local and external interest rate spreads.

Curve of Devaluations



	30D	60D	90D	180D	270D	1Y	2y
06-Jul-12	7.34%	6.52%	5.55%	4.95%	4.53%	4.21%	4.19%
30-Mar-12	5.10%	4.64%	4.16%	3.60%	3.60%	3.66%	3.61%
02-Jan-12	-1.73%	-0.66%	0.00%	0.42%	0.93%	0.94%	1.98%

Source: Central Bank of Colombia and Banco de Bogotá.

The purchases of dollars by the Central Bank of Colombia (Banco de la República) were not able to contain this movement, since the foreign currency inflows have consistently been higher than the amounts bought by the Central Bank.

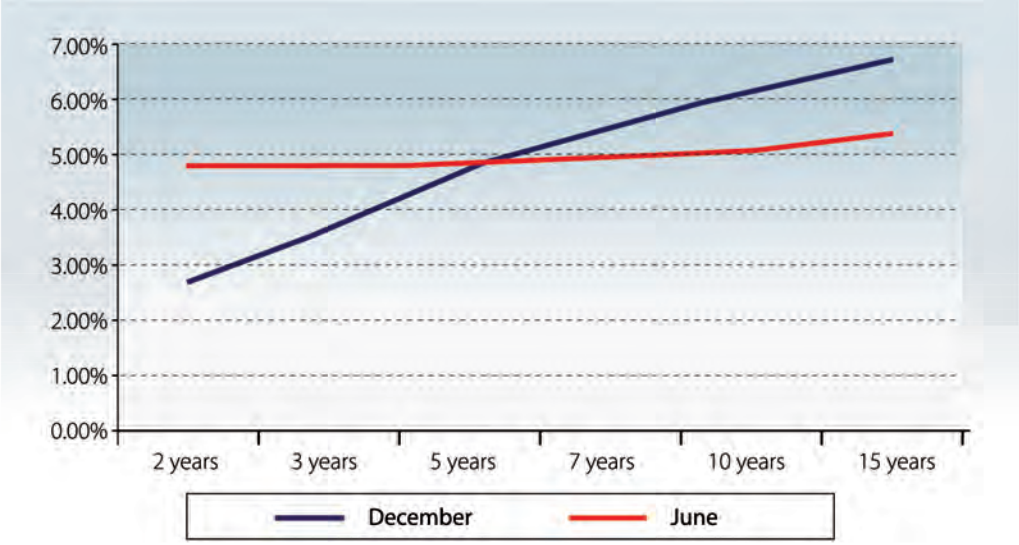
Banco de Bogotá has been an active stakeholder in the program of Market Openers for the future TRMs negotiated through the Colombian Stock Exchange and continues to expand the number of counterparts with whom it has subscribed novation agreements, allowing to mitigate the counterpart risk for the OTC forward operations, in such a way that the main counterpart of the financial System with whom there are forward operations in effect is the Central Counterparty Risk Clearing House.

Swaps

During the first half of 2012 there was a flattening of the Cross Currency Swap Curve, that is, the curve at which the market is willing to change Libor for a fixed rate in pesos, derived from a drop in the long tranch and an increase in the short term. The short part of the swap curve (2 and 3 years) followed the behavior seen in the forwards curve, while the long part dropped by approx 12 bps, joining the expectation of lower returns and lower economic growth for the next semesters.

This environment increased the customer's interest to use swaps, not only as a hedge, but to synthetically access more favorable financing rates vs. traditional debt. In the first half of the year there were CCS and interest rate swaps for a par value higher than $123,000 million, amount that is 28% higher than the one seen in the second half of 2011.

Swaps Curve Libor Vs Fixed COP (Term vs. Fixed annual effective rate in COP)



Source: Bloomberg.

Options

The peso-dollar options market showed a considerable decline in Colombia during the first months of the year over the volumes seen during the second half of 2011. According to the data of the Central Bank of Colombia (Banco de la República), an average of US$626 millions in options were traded per month by local intermediaries and customers, equivalent to a 33% reduction over . the average operated during the second semester of the former year. This behavior is a result of the low volatility seen in the exchange rate, which reduced the interest for hedges both in simple options, and in structures composed, by options such as collars, seagulls and forwards extra.

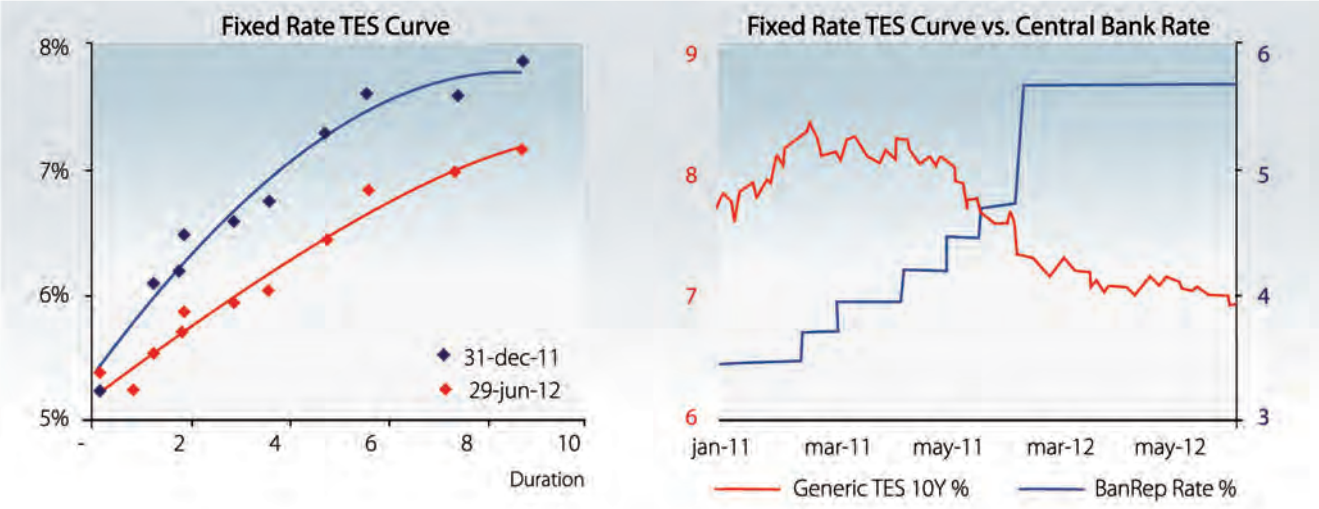
Banco de Bogotá had a 20% drop in the volume of options openings with customers, accounting for the 16% decrease in the gross revenues of the first half of the year to $2,054 million. A reduction in the profits margin per operation was also observed during the same period, not only due to the lower volatility but because of the entrance of new competitors.

Financial Investments

Between December and the end of June of this year, the fixed rate TES (Treasury Securities issued by Colombia´s Treasury) registered consecutive price increases, mainly due to positive results in tax matters and better expectations for inflation. As well, the rally registered by the treasury securities of the US also contributed to the reappraisal of these instruments.

During the first quarter there was a continuous appraisal of the fixed rate TES along the entire curve. Two consecutive increases in the reference rate by the Central Bank of Colombia (Banco de la República) up to 5.25% gave some volatility to the market, generating upward corrections in the short term rates, to then continue with the downward trend that prevailed during the semester.

Curve Evolution Fixed Rate TES and Central Bank Rate



Securities maturing in April 2013, which were negotiated at levels of 5.83% by the end of December, closed at 5.23% in June, falling 60 bps during the period. The middle part of the curve had a slightly higher valuation, where the TES of June 2016 went from 6.73% in December to 6.04% at the end of June. Lastly, the fixed rate TES of July 2024 went from 7.60% to 7.00%, also showing a correction of 60 bps.

In relation to liquidity, during the period analyzed, the fixed rate TES having the highest liquidity were the ones of 2014, 2015 and 2018 in the short and middle part, while the fixed rate TES of 2024 continued showing the highest liquidity in the long part. It is worthwhile to mention that from May 9 onwards a new security was issued with maturity date in May 2022 replacing the securities of 2018 in the primary auctions of fixed rate TES.

On their part, the UVR TES securities for the short, medium and long term increased their rates between 50 and 80 bps, due to the lower inflation expectations following the low monthly variations of the CPI during the first semester. The securities affected the most were the TES UVR 2013 which went from 2.0% to 2.81%.

Lastly, the Colombian sovereign and corporate securities denominated in dollars had a positive performance, recording a decrease of approximately 120 bps in the middle portion of their trading curve. This behavior was possible thanks to the downward movement of the Treasury Securities rate, which were appraised given the lower risk appetite generated by the current situation of the European market. Further, the market has been discounting the announcement of new treasury security purchases and received a confirmation from the FED that there would only be an increase in the rates of reference by the end of 2014. In addition, the solid fundamentals both in Colombia and in the other emerging countries would also have increased the appetite for Colombian assets, improving their prices even more.

The Bank´s Total Financial Investments In Debt Securities

As of June 30, 2012, the total value of the fixed income investment portfolio amounted to $4.97 trillion, decreasing by $48,158 million vs. the balance shown in June 2011. Of the total of the $4.87 trillion portfolios (97.90%) correspond to the securities of the operation in Colombia, while the other $104,331 million remain in the agencies of Miami and New York.

Financial Investment in Debt Instruments

Balance in millions of $COP	I Semester 2011	I Semester 2012	I Sem. 2012/ I Sem. 2011 Growth %	Abs. Growth
Trading Investments	260,320	387,257	48.8	126,936
Investments available for sale	3,202,587	3,047,861	-4.8	-154,726
Investment held to maturity	1,334,094	1,436,201	7.7	102,106
TOTAL INVESTMENT IN DEBT INSTRUMENTS L/C	**4,797,001**	**4,871,319**	**1.5**	**74,317**
Trading Investments	-	-	0	0
Investments available for sale	-	-	0	0
Investment held to maturity	9,228	-	-100	-9,228
TOTAL INVESTMENT IN DEBT SECURITIES L/C	**9,228**	**-**	**-100**	**-9,228**

Continues

Balance in millions of $COP	I Semester 2011	I Semester 2012	I Sem. 2012/ I Sem. 2011 Growth %	Abs. Growth
TOTAL OPERATION PORTFOLIO IN COLOMBIA	4,806,230	4,871,319	1.4	65,089
Total Portfolio Miami Agency	90,851	26,020	-71.4	-64,831
Total Portfolio New York Agency	126,727	78,311	-38.2	-48,416
TOTAL BANK	5,023,807	4,975,649	-1.0	-48,158

The fixed income investment portfolio of Banco de Bogotá Colombia increased between June 2011 and June 2012 by $65,089 million. This movement is the result of a $74,317 million increase in local currency securities and a reduction of $9,228 in Foreign Currency Investments. In turn, the higher value of the legal currency portfolio is the product of an increase of $229,043 million in trading investments and in investments held to maturity, and a reduction of $154,726 million in Investments Available for Sale.

As to Foreign Currency bonds in Colombia, the strategy continued to be to take a position in Corporate bonds payable in dollars and denominated in pesos (global) which showed significant appraisals, with drops of up to 80 bps in their trading rates.

In the Miami and New York agencies positions were taken in corporate bonds from emerging and multilateral countries, with better returns than the ones offered by sovereign bonds, but with lower amounts compared to the first half of 2011 because in these books the priority was given to the placement of loans.

Public and Private Debt Portfolios

As of June 2012 the balance in TES and Yankees (public debt denominated in dollars) securities was $3.5 trillion, an amount that was 3.97% lower than the one in the same period in 2011. This is mainly due to the lower value of $164,814 million in the portfolio classified as Available for Sale. The share of the public debt instruments in TES and Yankees in the total assets went from 7.6% in June 2011 to 8.9% in the same period of 2012.

The balance of the other debt instruments was $1.46 trillion, represented mostly by mandatory Investments. In addition, Investments were made in TRD, TDA, TIPS. Thus as in other private bonds and securities.

Public and Private Debt Portfolios				
Balance in million of $ COP	I Semester 2011	I Semester 2012	I Sem. 2012/ I Sem. 2011 Growth %	Abs-Growth
Trading	276,024	291,041	5.4	15.017
Available for sale	3,117,991	2,953,177	-5.3	-164,814
Held at Maturity	262,952	267,520	1.7	4.568
TOTAL PUBLIC DEBT TES AND YANKEE 1/	3,656,968	3,511,739	-4.0	-145,229
Trading	192,872	186,142	-3.5	-6,730
Available for sale	84,596	94,684	11.9	10,088
Held at Maturity	1,089,373	1,183,085	8.6	93,712
OTHER SECURITIES DEBT	1,366,840	1,463,910	7.1	97,071
TOTAL FIXED RATE PORTAFOLIO	5,023,807	4,975,649	-1.0	-48,158
TOTAL ASSETS	41,063,166	46,407,275	13.0	5,344,110
Public Debt TES and Yankee / Total Assets	8.9%	7.6%		
Other Debt Securities / Total Assets	3.3%	3.2%		
Total Debt Securities portafolio / Total Assets	12.2%	10.7%		

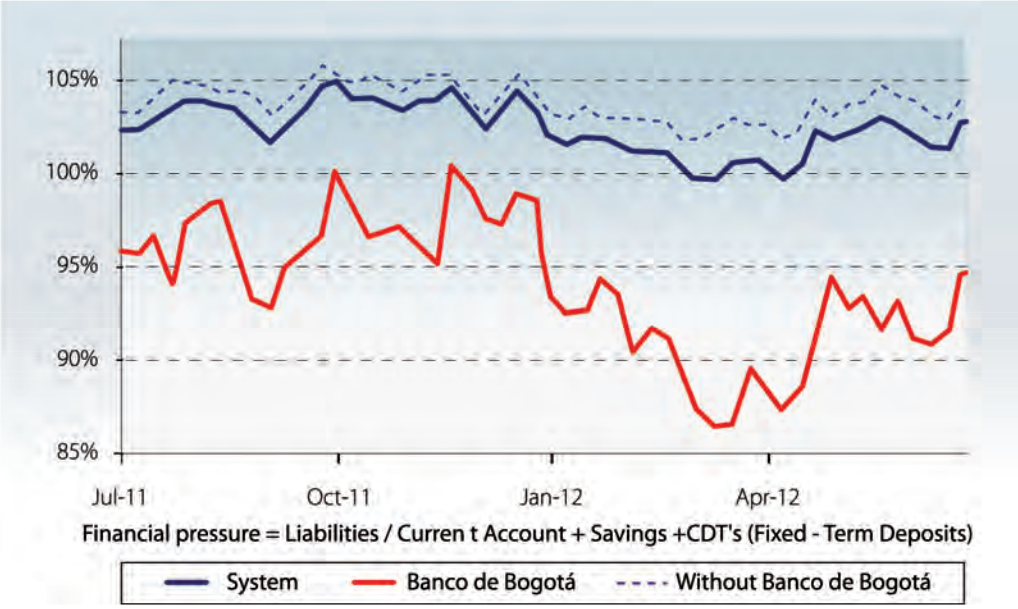
1/ Included TRDs and Peace Bonds

Treasury Operations

Local Currency

During the first half of the year, the portfolio in legal Currency continued to lose dynamism, and recording a growth that stabilized at levels close to 18%, while the aggregates grew at a slightly lower pace of 17%. According to this the financial pressure indicator of the System fluctuated between 100% and 103% during this semester.

Financial Pressure



Source: Superintendencia Financiera.

During the first half of 2012 the activity of the Treasury continued to focus on long term fund raising in CDT´s (term deposit certificates) seeking a greater funding stability. Investors have shown a greater interest for instruments indexed to the DTF and IBR, and less appetite than in the past for securities in CPI given the downward trend of inflation. During the first semester, funds were raised amounting to $2.7 trillion as follows; 37% in DTF, 26% in CPI, 19% in a fixed rate, and 19% in the IBR. The balance of those instruments increased from $3.7 trillion to $6.5 trillion between June 2011 and June 2012

Balances in Treasury TDs (CDTs)

$ COP Million	June 2011	June 2012	Var %	Budget	% Goal
> 1.5 years	432	705	63%	397	178%
1.5 - 3 years	3,273	4,521	38%	4,293	105%
> 3 years	10	1,268	>100%	1,393	91%
Total	**3,715**	**6,493**	**75%**	**6,083**	**107%**

High liquidity was recorded in the monetary market during the first quarter of the year, resulting from the drafts made by the government at the end of 2011. However, in the second quarter the governmental balances at the Central Bank increased up to $23.2 trillion, with an effect in the liquidity available at the market that was not fully offset with the increase in the quota of OMAs of the Central Bank. During the first months of the year the rates in the monetary market picked up the last two increases of 25 bps in the intervention rate of the Central bank, up to 5.25%, with which the upward cycle that had started in February 2011 was stopped. The DTF went from 4.98% EA at the close of 2011 to 5.43% EA at the end of the semester.

Better liquidity conditions are expected in the second semester because of the drafts scheduled by the government to service the debt of the TES that is very concentrated in August, and also because of the Budget execution which traditionally concentrates on the last quarter of the year.

In the monetary market the activity was maintained, not only to manage the Bank´s liquidity but also as a tool to cover shorts through simultaneous operations. During the first semester of 2011 when the liquidity situation was more comfortable and there was access to resources at competitive rates, the Bank maintained an average passive position of $308,799 million and an active one of $85,356 million. This year, given the liquidity situation described above, the active position was increased to $361,599 million vs. a passive one of $107,576 million with more intermediation operations.

Foreign Currency

During the first half of 2012, the demand of receivables in foreign currency has been channeled through the Agencies and Affiliates of Banco de Bogotá abroad, which have substantially increased their fund raising with customers, reducing the existing balances of funding with foreign correspondent banks. At the close of the first half of 2011, the financings amounted to $657 million vs. $543 million this year.

As part of the Treasury´s strategy, we continue to explore new at term fundraising possibilities given a latent credit demand to finance infrastructure projects in the country. There is an increasing appetite for Latin American risk in the large dollar liquidity managers, which represents a significant reduction in the credit spreads notwithstanding the volatility and nervousness persisting in the markets due to the European economic situation. This environment could be exploited through new fundraising instruments that are being studied at present.

Foreign Currency Portfolio

At the close of June 2012, the foreign currency portfolio at Banco de Bogotá amounted to US$1,637 million, recording a 23.5% growth with respect to the same period in 2011, equivalent to US$312 million.

Of the foreign currency loans 46% are in the Colombian accounting and the remaining 54% in the agencies in Miami (28%, US$462 million) and New York (26%, US$419 million). The accelerated growth in the balances of the loan portfolio in the agencies is explained by the increase of the deposits at the agencies and a permanent demand for foreign currency debt among the customers.

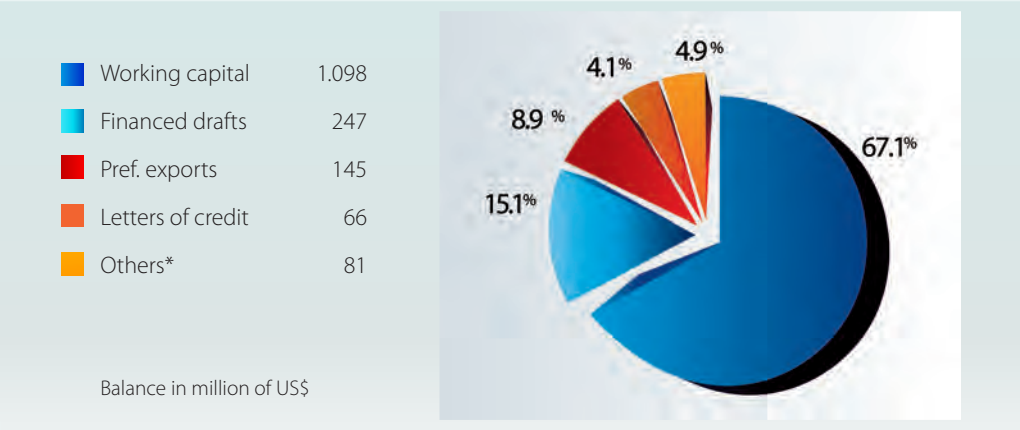
Foreign Currency Loan Portfolio

Balance in USD MIllions	June 2011	June 2012	June 12/11 Gr Rate %	June 12/11 Abs. Gr.
F/C Colombia	**753**	**756**	**0.4**	**3**
Agencies Abroad	**572**	**881**	**54.0**	**309**
Miami	324	462	42.4	137
Nueva York	248	419	69.3	172
Total Receivables in F/C	**1,325**	**1,637**	**23.5**	**312**

By type of credit, most of the disbursements (67.1%) correspond to working capital, which at the close of the semester amounted to US$1,098 million. It´s percentage share is higher than the one in June 2011, when it accounted for 63% of the total. The highest growth was in funded drafts, where there are current operations for US$247 million, over 40% higher than the balance of the past year. The balance for the pre-financing of exports is US$145 million (8.9%), followed by US$66 million (4.1%) in covered letters of credit. Other loans include leasing operations for US$26 million.

During this period 4,000 disbursements took place, which amounted to US$1,700 million, at an average rate of 2.7%. They include operations with 253 new customers and customers from reactivated account.

Gross receivables in F/C by typed of Product - June 2011



Revenues for $8,148 million were received in Foreign Currency fees during the first quarter of 2012, an amount that was 6.3% lower than the one received in 2011. The drop in fees charged for letters of credit is due to a lower volume of new operations, and also to a decrease in their use or to their gradual exemption in certain customer segments. During 2011 revenues were received from business with the Corporate and business sector in endorsements and guarantees in amounts that were not repeated in 2012. On the contrary, the number of direct draft operations increased by 3.3% (+1,300) supporting the growth of revenues.

Fees received

Balance in million $ COP	June 2011	June 2012	June 12/11 Gr. Rate%	June 12/11 Abs. Var.
Letters of credit imports. (Opening, confirmation and payment)	2,197	1,440	-34.4%	-756
Endorsements and guarantees (granting and reimbursement)	2,635	2,497	-5.3%	-138
Direct drafts, Collections	1,998	2,346	17.4%	348
Other fees 1/	1,869	1,865	-0.2%	-3
Fees Received in F/C	**8,699**	**8,148**	**-6.3%**	**-551**

1/ Fees generated by currencies diferents of dollar, swift messages and others in F/C

9. Channels

Colombia

In Colombia Banco de Bogotá has a large network of personalized and electronic service channels with close to 2,000 own points. In addition, our customers can access the largest automatic teller network of the country ATH and the largest network of offices made up by the Banks of Grupo Aval without any additional cost.

The table below shows the evolution and composition of these channels during the last 5 years.

	June 08	June 09	June 10	June 11	June 12
Offices in Colombia	557	589	587	584	588
Remote Tellers	12	12	12	12	12
Service Centers Corporate and SME	5	5	6	8	8
Advisory offices for entrepreneurs	17	18	16	18	18
Payroll based loans service centers	0	0	0	0	7
Total Personalized service offices	**591**	**624**	**621**	**622**	**633**
Payment centers	30	43	44	45	46
Bank correspondents	9	18	23	83	231
Total transaction points	**39**	**61**	**67**	**128**	**277**
Automatic teller machines	878	942	960	985	1,088
Total Channels	**1,508**	**1,627**	**1,648**	**1,735**	**1,998**

Between June 2012 and June 2011 the Bank grew, increasing the number of personalized and electronic service channels by 263.That increase is basically due to the opening of 148 Bank Correspondents, 103 ATMs and 12 new branch offices and service centers.

The expansion of the channels corresponds to the strategy of the Bank that aims to offer more and better access to products and services in a safe and timely manner and to continue expanding its geographic coverage. The Bank is now present in more than 400 municipalities and 33 states.

The graph below shows the geographic distribution of the various service points (Offices, Automatic Teller Machine, Other's points of service and the Total of service points) as of June 2012:

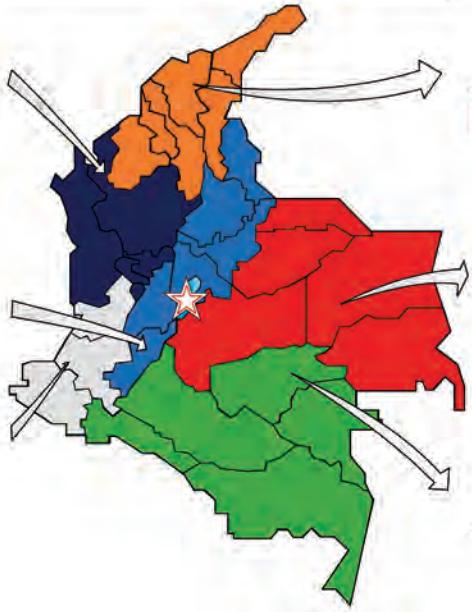
REGION	NORTH WEST	
	june-11	june-12
Offices	111	111
ATMs	181	221
Other Service Points	22	39
Total Service Points	314	371

REGION	CENTRAL	
	june-11	june-12
Offices	310	312
ATMs	495	542
Other Service Points	71	168
Total Service Points	876	1,022

REGION	BOGOTÁ ★	
	june-11	june-12
Offices	173	175
ATMs	266	321
Other Service Points	58	116
Total Service Points	497	612

REGION	SOUTH WEST	
	june-11	june-12
Offices	89	90
ATMs	143	153
Other Service Points	16	30
Total Service Points	248	273

REGION	COLOMBIA	
	june-11	june-12
Offices	622	630
ATMs	985	1,088
Other Service Points	128	280
Total Service Points	1,735	1,998



REGION (Including San Andrés Island)	NORTH	
	june-11	june-12
Offices	76	80
ATMs	117	118
Other Service Points	16	26
Total Service Points	209	224

REGION	EAST	
	june-11	june-12
Offices	29	30
ATMs	40	46
Other Service Points	3	14
Total Service Points	72	90

REGION	SOUTH	
	june-11	june-12
Offices	7	7
ATMs	9	8
Other Service Points	-	-
Total Service Points	16	15

Oficinas incluye: Oficinas tradicionales, extensiones de oficina, extensiones de caja, centros de asesoría empresarial, centros de servicio corporativos y PYME.
Colombia incluye: Banco de Bogotá Matriz.
Otros puntos de servicios incluyen: Corresponsales Bancarios, Centros de Pago y Centros de Atención Libranzas.

In relation to transactions performed in physical and electronic channels: 54% of these were done in Electronic Channels and the remaining 46% at the offices, as shown in the following table:

Number of Transactions				
Channel	I Sem 2011	Part. %	I Sem 2012	Part. %
Internet	26,751,488	36%	32,401,710	39%
ATM	29,174,371	39%	30,522,980	37%
IVR	6,101,855	8%	5,712,288	7%
Mobile banking	2,128,300	3%	2,665,730	3%
POS	9,609,097	13%	10,958,189	13%
Depositarios (check deposit services)	1,276,788	2%	862,293	1%
Agilizadores (electronic pin pad terminals)	126,203	0%	109,115	0%
Total electronic means	75,168,102	53%	83,232,305	54%
Branch officers	67,192,545	47%	69,574,432	46%
Total Operations	**142,360,647**	**100%**	**152,806,737**	**100%**

Between January and June 2012, 152 million transactions were done through the branch offices and electronic channels, showing a 7% increase vs. the same semester of the former year (10,446,090 additional transactions).

As part of the service strategy and to benefit our customers, in the first half of 2012 we developed new transactions in the electronic channels such as Payroll advances through the servilinea (telephone service line), Mobile payments, service that allows the companies to collect their sales through text messages and expanded the Mobile Banking services, generating an increase in transactions.

To provide a better service to the customers from government agencies, we established a new type of office: Payroll backed loan Service Centers (Centros de Atención Libranza: CAN) to provide services to the people who work in the government sector companies that have entered into a payroll backed loan agreement with the Bank.

Central America

In Central America, the Bank, through its branch office BAC Credomatic, Group that serves its customers with a diversified distribution network, has more than 487 branch offices and 1,227 ATMs (largest network in the Central American region) located in 6 countries.

BAC has continued to work in offering new and better services to its customers covering with one same network of products and channels all the Central American operation through a robust technological platform that allows it to provide service to its 2.2 million customers.

Given the above, BAC decided to launch Mobile Banking for Android devices, an application that allows customers to consult and do transactions in their accounts. This, together with the launch of iBAC done in the second half of 2011, complements the integrated value proposal that includes the Electronic Branch Office web site.

The following graph shows the geographic distribution of the various BAC Credomatic channels in June 2012:

TOTAL BAC Credomatic	
Full service branches	227
In-Store branches	40
On-site tellers	192
Auto/drive thru branches	28
Total Branches	**487**
ATMs	**1,227**

GUATEMALA	
Full service branches	44
In-Store branches	6
On-site tellers	7
Auto/drive thru branches	2
Total Branches	**59**
ATMs	**125**

EL SALVADOR	
Full service branches	36
In-Store branches	2
On-site tellers	49
Auto/drive thru branches	1
Total Branches	**88**
ATMs	**241**

NICARAGUA	
Full service branches	30
In-Store branches	-
On-site tellers	47
Auto/drive thru branches	2
Total Branches	**79**
ATMs	**120**

HONDURAS	
Full service branches	58
In-Store branches	17
On-site tellers	32
Auto/drive thru branches	14
Total Branches	**121**
ATMs	**321**

COSTA RICA	
Full service branches	36
In-Store branches	11
On-site tellers	47
Auto/drive thru branches	6
Total Branches	**100**
ATMs	**281**

PANAMA	
Full service branches	23
In-Store branches	4
On-site tellers	10
Auto/drive thru branches	3
Total Branches	**40**
ATMs	**139**

During the first half of 2012, BAC Credomatic recorded 251 million transactions through electronic channels (87%) and full service offices and Kiosks (booths) (13%). The number of transactions increased by 14.4% (32 million of additional transactions), mainly due to the increase of transactions through electronic channels such as the Internet, Mobile Banking and POS.

Number of Transactions - BAC Credomatic				
	I Sem 2011	Share %	I Sem 2012	Share %
Internet and mobile banking	63,413,340	29%	75,375,193	30%
ATM (own)	31,358,345	14%	34,391,301	14%
ATM (not owned)	1,396,057	1%	1,467,737	1%
IVR	2,730,338	1%	2,481,960	1%
POS	82,149,455	37%	99,270,583	39%
CAT	5,287,648	2%	5,252,216	2%
Web Chat	128,052	0%	160,371	0%
Total Electronic Means	**186,463,235**	**85%**	**218,399,361**	**87%**
Branch offices and agencies	28,994,497	13%	27,666,420	11%
Kiosks (booths)	4,417,968	2%	5,368,911	2%
Total Main Transactions	**219,875,700**	**100%**	**251,434,692**	**100%**

10. Ratings

During the first half of 2012 Banco de Bogotá kept an Investment Grade Rating for its main instruments from three international rating agencies: Moody´s Investor Services, Fitch Ratings and Standard & Poor´s and from the local agency BRC Investor Services.

	International Scale						Local Scale
	Moody's Investors Service		Fitch Ratings		Standard & Poor's Ratings Services		BRC Investor Services S.A. SCV Sociedad Calificadora de Valores
Issuer	**May-12**	**Outlook**	**Dec-11**	**Outlook**	**Aug-12**	**Outlook**	**Dec-11**
Foreign currency – Long term	Baa3	Stable	BBB-	Stable	BBB-	Positive	
Foreign currency – Short term	P-3	Stable	F3		A-3		
Local Currency- Long term	Baa1	Stable	BBB-	Stable	BBB-	Positive	AAA
Local Currency – Short Term	P-2	Stable	F3		A-3		BRC1+
Financial strength	C-	Stable					
Bonds	**May-12**	**Outlook**	**Dec-11**		**Aug-12**		**Dec-11**
Subordinated Bonds – Second Issue 2008							AA+
Process of multiple and successive issues - Subordinated Bonds 2010							AA+
Senior Unsecured Notes (due 2017)	Baa2	Stable	BBB-		BBB-		

All ratings are Investment Grade

The good performance shown by the Bank in its main indicators, its strong position (the second largest bank in Colombia), its expansion strategy, the successful integration of BAC Credomatic, the backing by Grupo Aval (the largest financial conglomerate of the country), its adequate risk management, diversified funding, and the investment grade held by Colombia were some of the observations highlighted by the rating agencies to base their opinions.

On May 22, 2012, **Moody´s Investors Service** confirmed the investment grade for the Bank keeping a Baa1 rating for long term currency deposits and a Prime-2 rating for short term local currency deposits; a C- rating for financial strength, and a Baa2 rating for the issue of bonds in foreign currency, all with a stable outlook placing the Bank a step over the Baa3 rating for debt (bonds) issued by the Colombian Government.

The ratings above are the product of a methodological revision made by Moody´s after evaluating the correlation between the credit risk of the sovereign governments and financial institutions at the global level. The revision mainly considered the following aspects: (i) the extent on which the business of the entities depended on the macroeconomic and local financial environment, (ii) the dependency on market funding, and (iii) direct and indirect exposure to local sovereign debt.

According to Moody´s the ratings awarded to the Bank reflect its international diversification in matters of credit, deposits and profits in Central America and Colombia, the low exposure to debt from the Central American and Colombian governments, and its broad deposit base in all the markets where it operates.

On the other hand, Moody´s did not revise the Baa3 /Prime-3 ratings for foreign long term and short term currency deposits.

During the first half of 2012, Fitch Ratings, Standard & Poor´s y BRC Investor Services agencies did not revise the ratings issued in December 2011.

However, in August 2012, the rating agency Standard and Poor's revised the outlook of the ratings for Banco de Bogotá, changing them from stable to positive, following the revision it did in the outlook of the Colombian Government´s rating.

11. Banco de Bogota's Share

The shares of Banco de Bogotá report a market price of $50,460 in September 20, 2012. At present the Bank has 286,836,113 issued shares that generate a stock market valuation of $14,474 billion.

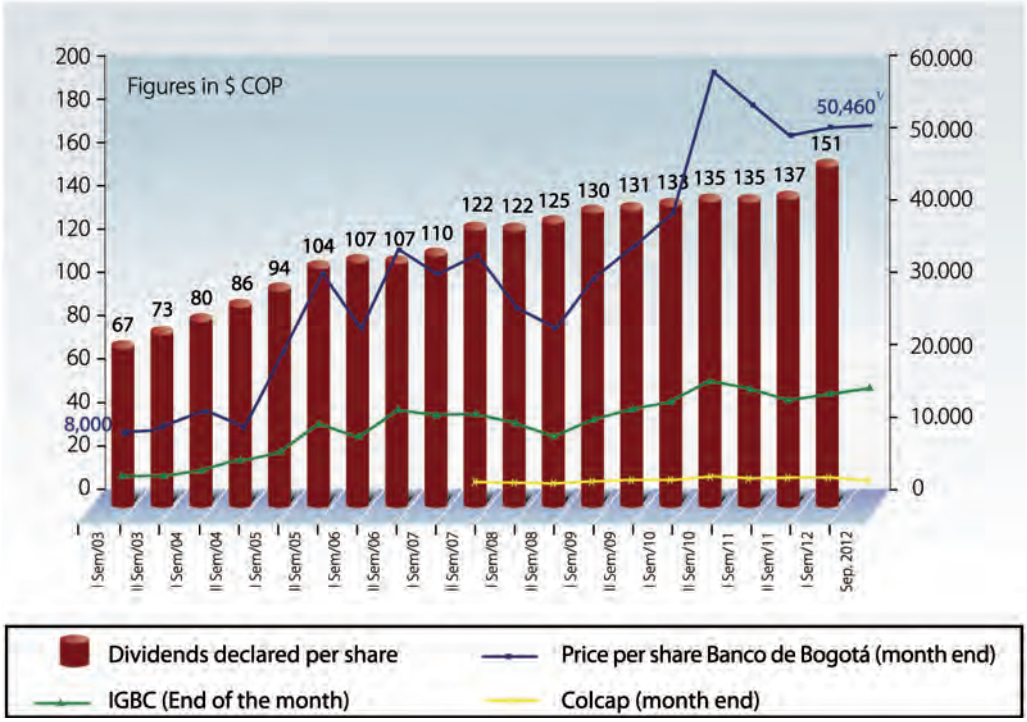
Tradability Indicators						
	June 08	June 09	June 10	June 11	June 12	August 12
Number of shares (in thousands)	238,230	238,230	238,230	285,443	286,836	286,836
Intrinsic value (end of period in pesos $)	10,969	14,279	19,116	27,023	29,114	30,600
Market price (end of month in pesos $)	25,000	29,300	38,500	53,260	50,300	50,460 1/
Stock market valuation (trillion $)	5,956	6,980	9,172	15,203	14,428	14,474 2/
Tobin's Q	2.9	2.1	2.0	2.0	1.7	1.6
Tradability Indicator Shares (IBA)	6.4	6.4	6.6	7.0	6.8	6.5
Profits per share 3/ In pesos $	1,278	1,482	1,631	1,775	2,153	2,614

1/ Price of Banco de Bogotá´s share at the close of September 20, 2012.
2/ Stock market valuation of Banco de Bogotá´s share for September 20, 2012.
3/ Computed on the accumulated net profits at the end of the corresponding period.
Source: Bolsa de Valores de Colombia, Superintendencia Financiera de Colombia and Banco de Bogotá.

Evolution of the Price per Share

The price of Banco de Bogotá shares has followed the IGBC (General Index of the Colombian Stock Exchange) stabilizing around $50,000 during the first half of 2012. The sound financial results of Banco de Bogotá have generated favorable opinions from the market analysts, who have maintained their recommendation to buy its shares, considering them a good investment option.

Evolution of the Share



1/ Price of the Banco de Bogotá's share at the closing in Sept. 20, 2012.

Relationship with the Investor

In May 2012 Banco de Bogotá established the Investor Relations Management Office, setting up a channel to facilitate communications with investors, shareholders and analysts based on a relationship of credibility and transparency. This office reports directly to the Financial Vice Presidency and interacts with all the areas of the Bank to generate the pertinent information for the interested audience.

In addition to the direct services provided to investors by the Investor Relations Office, the Bank´s web site (www.bancodebogota.com) has become an essential channel to achieve the communication objectives mentioned above. At the website investors find a specific link to Investor Relations, with the following contents:

- Financial Results (monthly, quarterly, annual)
- Notes to the financial statements (individual, consolidated)
- Management Report
- Social Responsibility Report
- Corporate Governance

- Current Dividends
- General Shareholder´s Meeting
- Directors and Managers
- Current issues
- Ratings.

In the Financial Results section we have published the first consolidated annual (2011) and quarterly reports (June 2012) of Banco de Bogotá. The monthly reports presenting the financial results on the operations of the Bank in Colombia were published for the months of June, July and August 2012. These reports were also published in English at the Investor Relations link.

With the establishment of the Investor Relations Management Office the relationships with analysts and investors in Colombia and abroad have been strengthened through telephone conferences and personal service calls.

This new function will strengthen Banco de Bogotá´s positioning in the local and international markets.

12. Corporate Social Responsibility (CSR)

Financial Education

During the first half of 2012, Banco de Bogotá launched its program "*Educación Financiera para la Vida*" (financial education for life). Its objective is to **provide knowledge and tools to financial consumers with the purpose of fostering among them a more responsible use of financial instruments.**

Below is the logo that identifies the actions that have been developed in the program.

The proposal of this "Education for life" program of Banco de Bogotá is based on the needs of the Colombian population to know about financial services and products during all stages of life and their use for the various types of business the customers have to manage their finances. Therefore the following will be taken into consideration when carrying out the program.

- Generate value for customers by hosting financial education (FE) initiatives in each one of the business segments, according to their needs and the requirements of knowledge in the topic.
- Generate social and financial inclusion initiatives with the stakeholders accessible to the bank: small suppliers, children, youngsters, vulnerated population, public sector employees, etc.

Complying with the objectives and the development of the strategy, the following activities were done during the first half of 2012.

Campaigns	Description
Mobile classrooms SENA – Banco de Bogotá (public –private partnership)	With an investment amounting to 3.000 million pesos, Banco de Bogotá set up an Alliance with the Service Nacional de Aprendizaje (SENA) to facilitate access to financial information to all segments of the population. The main objectives of this activity is to promote a responsible use of financial instruments by the individuals and to act as a preventive action against overdue payments, high debt and an inappropriate use of financial resources. This is dictated in training sessions carried out in three (3) mobile classrooms that visit different towns of the country. The capacity of the classrooms is for 25 people, and their training sessions are designed to educate approx. 100 people per municipality. They are endowed with up-to- date technology for academic education (computers, television sets, video beam, among other multimedia tools that facilitate teaching and learning processes.) The audiences attending the training sessions are: - Young people – education on savings - Non bancarized people – educating on personal finance - Employees of government territorial agencies – education in public accounting - Very small companies (Microfinance and SMEs) – education in finance to formalize and expand the business The regions of the country where classrooms travel to are: the central region, the Atlantic region and the western region to complement the face to face training. To date the consolidated results reported by SENA from the start of the program in the month of April are the following: *Municipalities visited:* 16 municipalities plus the Military Base of Tolemaida *People trained:* 1600 people have been certified by SENA (Attendance certificate)

Continues

Campaigns	Description
Mini Site of financial education in the external website of Banco de Bogotá	An internet site was designed in the external website of Banco de Bogota as a complement to the face to face training where useful content and tips on how to manage personal finances are presented: - Family economics - Savings and investments - Credit and debt - Financial security - Personal Budget The contents are directed to the financial consumer who requires information on how to make good use of the products and services of the financial System..
Training in tools for good public management oriented to officers who work in territorial agencies.	Training in tools for good public management oriented to officers who work in territorial agencies. Within in its objective to strengthen the knowledge in public finance for employees of the territorial agencies, in February 2012 Banco de Bogotá led a series of conferences focused on providing tools for good public management. The talks were given by specialized speakers from the Chamber of Commerce of Bogotá. A booklet was also designed and its contents were prepared by a specialized team from Universidad Javeriana. These series of talks become an essential tool for the Mayors, Governors and government officers given that they contribute to an adequate fiscal and financial management of public resources. *Cities visited:* 19 Colombian cities *Number of people trained:* Approximately 1000 people

Social Investment

The Bank is aware that in addition to its role as an economic actor in the country, it plays a critical part where it helps to build a social and cultural environment.

In the first half of 2012 **Corporación Banco de Bogotá para el Fomento de la Educación** (Education Promotion) contributed to 61 social objectives donating different amounts for the development of various projects designed for the underpriviledged population.

These grants amount to $1,310,728,683

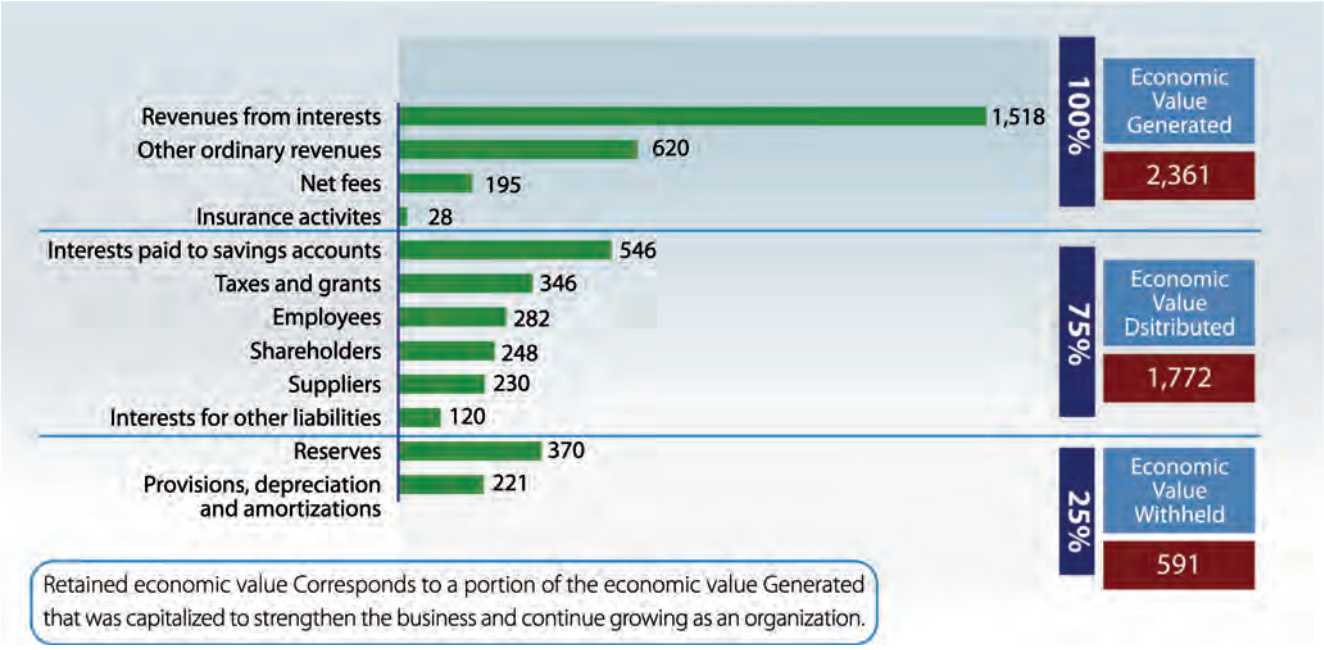
Some of the objectives the Bank contributed to are projects for:

- Improving education facilities.
- Developing educational material (books)
- Strengthening study and training programs
- Support to rehab and disability programs
- Support to health and nutrition programs

The graph below shows the economic value distributed and withheld:

Economic value generated, distributed and withheld

First Semester of 2012
(Billion of pesos)
During the past years Banco de Bogotá has shown a dynamic and sustainable growth, allowing it to generate and distribute an economic value constantly into the national economy.



13. Management of Internal Processes

During the first half of the year the Bank continued to make improvements in its technological infrastructure to keep it up to date and duly supported, and to the processes to optimize sales and services. In this line of thought, technological improvements were made to the processes of customer services and transactions in each segment, product and channel with the respective safety controls and information quality controls.

Changes in the Technological Infrastructure and Operational Processes

In electronic channels improvements were done on the processes based on the changes in the services of the call center platform for sales and services; in the platform of bank correspondents, services were enabled with mobile technology and through data phones with Redeban and Visa technology, the business and corporate website was updated, security was tightened with the use of a dynamic token password for the transactions done through the website, and the new services are undergoing quality assurance; the image of the international website (PBIT) was changed, and a new website was developed for services to the SME segment.

The Bank installed data releases in the physical channels with changes and improvements for the teller services, platform, and collections services among which we can highlight the new service for GMF collections, a customer biometric validation system , and the incorporation of an electronic pin pad, cash conciliation and control at the teller´s booth. In relation to equipment, the Bank implemented multifunctionals throughout the country that integrate 4 devices: fax, printer, photocopier and scanner and in some offices it implemented machines that recycle cash.

The Bank implemented biometrics at the branch offices to improve the information and operation process projects; it implemented improvements in business productivity with the progress done in the development of the transaction support module for deposit accounts, savings, collections, withholding at the source certificates, and GMF, and the optimization of procedures for agreements, packages, overdrafts, fee collections, clearance process, remittances, token management, and implemented the sale of unemployment and personal accident insurance.

An assessment was performed on the level of maturity in information security at the Bank, which led to implement improvements in the IT processes mentioned in the official letter CE014 from the Financial Authorities, developing procedures and policies.

Strategic business process assurance was done, among which it is worthwhile to mention the BBS channel platforms, mobile banking and the processes that are being certified by the Bank under the recommendations of the ISO 9001: 2008 standards (web service and mass credit).

Changes were implemented to generate and deliver an annual report that includes all the charges made to customers associated to services in order comply with Decree 4809.

In preparation of the business continuity plan the Bank updated those critical processes that have a higher quantitative and qualitative impact, including the plan to recover and implement the technological infrastructure, and it tested the management plans and the plans for communicating during a crisis.

In the area of technology management the Bank implemented and adapted a processes seeking to align with the international standards (ISO 20.000) and good practices in incident management, requirements and requests, improving the scaling levels, the life cycles of calls, analysis of times and loads.

Internal Control System

Banco de Bogotá permanently focuses on strengthening and optimizing its internal control and risk management systems through a process led by the senior management, implemented at all management area levels and performed by all the staff.

This process is aimed at obtaining greater effectiveness and efficiency in activities; protecting assets and resources properly ; preventing and mitigating the occurrence of fraud; guaranteeing reliability, completeness and timeliness of financial and managerial information reports; using appropriate mechanisms for prevention and control of asset laundering and financing of terrorist activities; ensuring enforcement of applicable laws and legal standards, and enabling an appropriate risk management.

A basic principle of the Bank is to achieve institutional goals within reasonable risk levels and within the framework of regulations in force :

Control Environment: The express policies defined by the highest levels of the corporate government, a code of ethics and conduct published and promoted within the Bank, the procedures available to the whole staff; the organizational culture operating throughout the Bank; the ongoing work so that employees may access the knowledge, skills, attitudes and values required; the culture and tools available to implement self-control.

Risk management: By setting goals, identifying events, assessing risk and responding there to, within the framework of the different risk management systems: (SARO, SARC, SARM, SARL, SARLAFT).

Control activities: Policies and procedures to control risks, among which function segregation, dual control, limits, quotas and level of attributions/powers are especially relevant, as well as those related to accounting and technological

management. Control activities are chosen and developed depending on their reasonableness, their cost-benefit ratio and their potential effectiveness to mitigate risks that may materially affect the achievement of goals.

Information and communication: There are specific policies, procedures and controls in place to ensure the security, quality, and compliance by the information generated, as well as an adequate communication of relevant information within and outside the institution.

Monitoring: Every superior, the senior management and the internal control divisions undertake established supervisory control activities through mechanisms such as indicators, alerts, control figures, direct observation and work meetings.

Independent evaluation: The internal auditing function evaluated the internal control system separately from the people responsible for the processes; it rated the system and each element deeming them to be effective to meet the organization's objectives and did not find material flaws. Furthermore, it verified that the institutions in the financial sector that consolidate with Banco de Bogotá had conducted their respective evaluation and had adopted appropriate actions to have a reliable internal control system also.

The Bank and its affiliates continue to strengthen a culture that involves the management of internal control in every day activities as well as in all the levels of the organization, in such a way that the results are reflected on customer service and value generation.

Internal Auditing

As part of the Internal Control System, the auditing area performs its activities complying with the benchmarks for standards and best international practices. It also has sufficient resources and autonomy to fulfill its mission in an appropriate and independent manner. The management guidelines of the Bank state that corrective actions must be undertaken with regard to findings reported by auditing.

According to the conclusions drawn from the evaluations conducted during the past semester, risks related to credit, market, operations, liquidity, asset laundering and financing of terrorism been reasonably dealt with, given the compliance with legal regulations, the enforcement of policies defined by the Board of Directors and senior management, and the implementation of procedures within an adequate internal control framework that works.

The Bank's auditing department is present in the BAC Credomatic group through a team domiciled in San José, Costa Rica, focusing in the evaluation of automated alarms, risk management and corporate instructions.

Security

Security management is an important task at the Bank and is aimed at protecting both people and the property of customers, its own goods and property and those of the community in general. Within this objective, activities related to complying with the information security model were undertaken, investigations and management of fraudulent situations, under an integrated conceptual scheme for the prevention and management of fraud; continuous improvements to the monitoring of systems and transactions; strengthening of logical and physical security and safety schemes.

For the prevention or mitigation of losses resulting from the occurrence of fraud, work has been done as a prioritary activity to provide advisory services and information on risks and controls and to provide institutional training to the Bank staff and its customers. This is all done in combination with the cooperation of the authorities and other institutions of the sector.

14. Operations with Partners and Managers

The operations done by the Bank with its partners and managers comply with the general policies of the institution. Those operations are duly specified in note 25 to the financial statements.

The Bank states that pursuant to what is provided for in article 57 of Decree 2649/1993 the information and statements that make up the financial statements have been duly verified and have been taken from the accounting records of the institution and have been prepared according to the accounting standards and principles established in Colombia.

15. Intellectual Property and Copyright

Pursuant to the requirements of section 4, Article 47 of Law 603/2000, the Bank established policies several years back to comply with the rules on intellectual property and copyrights, in relation to the various products and services required by or appropriate to perform its work, as needed. The areas of Systems (IT) and Marketing, and the Comptroller´s office carry out verification checks across the country to control compliance with these policies and legal provisions. Further, Banco de Bogotá, where applicable, maintains the registries of its name, brands, products, services and publications in force.

16. Disclosure and Control of Financial Information

In compliance with Article 47 of Law 964/2005, during the first half of 2012, the Legal Representatives of Banco de Bogotá took on the responsibility of establishing and maintaining appropriate systems of disclosure, follow-up and control of financial information, for which they effectively relied on systems of control and follow-up, and on the specialized risk areas, to ensure that the financial information conveyed to the various organizations is relevant. The Legal Representatives, in keeping with the responsibility that entails the management of different risks in the banking business are fully aware of how they fulfill the general strategy of the Bank, and are informed about the processes, the structure of the business, and the nature of the activities.

The Legal Representatives provide permanent support and follow-up the Bank's business, issuing guidelines for granting credit, defining policies and setting limits on activities by type of market, product or business unit; define the risk profile of the Bank; undertake actions as required to face new financial risks; establish the organizational structure required, and evaluate the methods used for risk management, using modern technological infrastructure, and clear, concise and timely information tools, to exercise permanent control on 1- Credit and Counterpart Risk. 2- Market Risk, 3 – Liquidity Risk, 4 - Operating and Legal Risk, and 5 - Money-laundering Risk inherent in the Banking business, as recorded in note 32 to the Financial Statements.

Further, the Legal Representatives constantly validate all activities, transactions and operations of the Bank, to ensure they are within the parameters permitted by current regulations and authorized by the Board and senior management.

Furthermore, the Legal Representatives conduct evaluations on operations and internal controls before the Audit Committee, the External Auditor and the Board of Directors, enabling the Bank to record, process, summarize and appropriately present financial information. At the same time, they analyze cases which may affect the quality of the financial information, and any methodological changes when evaluating it.

17. Foreseeable Evolution for the Institution

During the second half of 2012, the Bank will continue to consolidate the objectives and goals defined in its strategic plan. This will enable it to continue to commit itself in an increasing manner to the process of bankarization, to matters of social responsibility and to the development of Colombia, as a solid, efficient and leading member of the financial system. As part of this, the Bank will deepen its relations with its customers increasing its profitability, improving the value offer it makes available to them, and increasing its presence and coverage in Colombia and abroad through optimum channels, specialized models, qualified staff, and its range of subsidiaries, its technological and physical infrastructure, and its collective strategy for inorganic growth.

Board of Directors and President

The Directors and President thank all of the Bank's staff for their collaboration, which has been paramount in obtaining the results presented in this report.

PRINCIPAL MEMBERS	ALTERNATE MEMBERS
Luis Carlos Sarmiento Gutiérrez	Guillermo Perry Rubio
Sergio Uribe Arboleda	Jorge Iván Villegas Montoya
Alfonso de la Espriella Ossio	Ana María Cuéllar de Jaramillo
Carlos Arcesio Paz Bautista	Sergio Arboleda Casas
José Fernando Isaza Delgado	Álvaro Velásquez Cock

PRESIDENT

Alejandro Figueroa Jaramillo

Annex 1
Risk

Below is a summary of the management of risk carried out by the Bank during the first half of 2012.

Credit Risk

The process to grant mass credit is developed in an automatic tool (INNOVA) where the decision engine (New Business Strategy Manager) is integrated with a flow tool (BPM Mantiz). In this engine we have set the system´s parameters for the rules of the business and the credit policies and have also parameterized credit decision making and approval strategies. The follow up of INNOVA and of the behavior of the credits originated through this media allow us to assess the placement strategies, which are then adjusted according to the objectives of the Bank, and the results are observed.

In the first half of 2012 a new flow was developed for housing loans. It automates the process for granting housing loans, allowing to expedite the filing of the request, and to generate an attractive commercial offer for the customer. It also provides support to the credit analysts in the calculations, analysis and approval of housing loans. This flow was created by integrating the Workflow of Mantiz with the Approval engine from Experian-NBSM (New Business Strategy Manager). The housing loan approval flow will be implemented at the branch offices in the second half of 2012.

In the second half of 2011 we started to develop the VIP Card flow. The purpose of this flow is to reduce the pre approval times and to evaluate the policies automatically in the decision engine, according to the profile of the customer and to the requirements of the manager. It was implemented in February 2012, and it provides the CEOIS managers an agile tool to generate credit card approvals specifically adapted to the profile of the customers they manage in their day to day operations.

In relation to the strategies that were defined to manage the existing customers of commercial loans, the operational process to evaluate risk continues to be optimized through mass credit campaigns, which allows achieve greater standardization, automation and control of the process. This allows continue developing with increasing efficiency the activities to deepen customer penetration to do cross selling of product offerings, increase or update credit quotas and replenish products.

During the first half of the year the flow of preapprovals started to be implemented for the placement of the Multiproduct campaigns. This flow facilitates the control of pre approved customers and the integration of the various flows allowing the commercial officer to check if the customer has a preapproved loan from the campaign in effect when the loan is filed through INNOVA, it also allows to generate a data base of approved customers, validate the amounts and transfers authorized, and to automatically disburse the products placed according to the parameters set for the campaigns in the Operational Flow.

As part of the loan originating process in the commercial collections portfolio, there are strategies that combine the internal scores with the Acierta M bureau score according to customer type. If dealing with an existing customer, the decisions of approval and of the amount approved are taken combining the customer behavior score with the Acierta M score, however, if the customer doesn´t have an active obligation with the Bank, the origination score is used in combination with the Acierta M score. During the first half of 2012 the score Acierta M was revised to Acierta +, the new generation of scores from Datacrédito, as part of the process to improve how credit risk is measured.

The strategic department of the Bank aims to increase the penetration of the credit card product starting in 2012. This product is one of the most profitable products in the entire portfolio and the Bank sees significant growth opportunities.

Along this line, the risk department modified its organizational structure during the first half of 2012, creating the credit card risk management area whose main duties will be to control, identify and mitigate the credit risk levels associated to this product. This management area will work together with the other risk management areas and with the other areas of the Bank to promote a healthy growth of the credit card portfolio with a portfolio growth approach.

One of the most important reasons behind this change is to continue providing timely services in the processes that originate the loans through campaigns which at present represents approximately 70% of what is originated in credit cards. This management area will also do continuous improvement to credit card approvals policies and processes through originating tools at the branch offices.

In relation to commercial portfolios, the monthly evaluation and follow up process of the portfolio was continued, taking into account the statistical models that include the customer´s financial information and payment behavior.

The early warnings system for A and B rated customers also continues to be improved. This system identifies customers who show operational losses and/or high debt levels in their most recent financial statements, or who show a negative equity, or who are rated in a higher risk level at other financial institutions, or customer whose financial indicators are significantly different from the general behavior of the customers in the economic sector they belong to.

In this semester warnings were added for the territorial institutions aimed at doing a follow up to self financing, solvency and sustainability indicators.

Likewise, alerts based on information supplied by risk centrals related to payment habits and debt level of the customers were also generated for those customers who don´t have financial information or whose financial statements are not updated.

In June 2012 we held 24 Portfolio Evaluation Committees to review the cases identified. All the Commercial Regions and Segments of the Bank were covered. The committees reviewed the customers identified and checked whether they presented a higher risk level than the one perceived using the statistic models, considering the specifics of each customer. Risk situations that could affect the performance of the customers were identified when doing this follow up and an action plan was generated to manage that risk.

Work was continued to be done on the commodities monitor, consisting in preparing technical specification sheets which become a tool aimed at characterizing the behavior of a raw material from the analysis of the technical and fundamental factors that have an incidence on their quotation in the international markets.

A follow up was performed every quarter on the commercial loan portfolio by economic segment. Twenty five macro sectors were evaluated to monitor the risk levels and the concentration level of the commercial loan portfolio. This evaluation allows to verify if the macro sectors evaluated don't present risk levels above 10% for the Bank, and to establish action plans in case any sector presents a change in those risk levels.

Treasury Risk

An integral management of the various risks taken by the Bank's in its treasury operations is essential, not only to make decisions based on the expectation of future benefits weighting the possibility of unexpected losses, but also to control how the decisions are implemented and to assess their results according to a structure of policies and constraints determined by the Board of Directors.

The areas of the Bank that participate in the treasury activities are duly segregated (front-middle-back) and the procedures have been established according to that philosophy.

The definition and approval of strategies and policies is a duty of the Senior Management and there are information protocols in place that communicate all the relevant aspects of the execution of strategies and the implementation of policies that allow to control and evaluate the existing risks and to make decisions related to those risks.

The risks the Bank is willing to assume are determined through a structure of restrictions for the various projects being managed, and quantified taking into consideration their impact on equity.

The Bank has in place product valuation methodologies and aggregated indexes such as the Value under Risk -VaR, and sensitivities to specific risk factors approved by the Board of Directors.

The internal VaR model is based on the Risk Metrics methodology of JP Morgan. The volatility of each risk factor is measured (standard deviation) and then it is correlated to the other factors. Later, all positions are broken down into their flows, which are then distributed into various risk factors using a "mapping" process. Later, the positions are totaled by risk factor and multiplied by their corresponding volatility to obtain the Risk Value for each factor. Statistical adjustments that allow to incorporate the most recent events that condition risk levels assumed borne are implemented (EWMA Exponentially weighted moving average) to calculate volatility, co-variance and correlations.

A historic simulation model based on the behavior observed in the market prices is used to complement this, which allows to calculate the VaR with a 99% reliability level and a one day time horizon, using samples that have 101, 205 and 1,250 observations per day.

An additional control measure is to perform a daily control of the sensitivities to the movements of the underlying price or of the risk factor associated to the different positions: Exchange Rates (Delta), volatilities (Vega), interest rates (Rho), and even the time that elapses. (Theta)

These methodologies are periodically evaluated and subjected to back-testing to determine effectiveness. The Bank also has tools to conduct portfolio stress or sensitization tests, under simulation of extreme scenarios.

On the other hand the Bank manages credit risk in treasury operations allocating counterpart quotas by product, the use of which is monitored on a daily basis by the Treasury Risk Management Area. The Bank, starting this year, is also conducting an ongoing follow up on the credit conditions of the issuers who are part of the investment portfolios with the objective of identifying the eventual risks that might be generated.

Likewise, the Bank also uses liquidity indicators and gap analysis. It is worth mentioning that during the first half of 2012, and following its philosophy of continuous improvement, the Bank has started a project to strengthen the liquidity alert and a project to formalize the preventive actions to manage this type of risks.

The Bank has also strengthened the monitoring mechanisms for the treasury operations, setting up protocols to select the operations that are to be subject to a specific follow-up, and training the personnel assigned to those tasks in order to expand their coverage and also to optimize and increase the effectiveness of the process.

Lastly, the Bank has continued to provide support to the treasury business unit, maintaining the independence of the risk function, and encouraging the use of forefront tools and services to maintain the quality of the risk measurement and risk analysis function. Under these guidelines, the Treasury Risk Management Area has

been backing the implementation of the new release of the Summit FT treasury application.

Production of the Core of the platform upon which all of the processes and the 4 treasury instruments (swaps, futures TRM, Money market, Nostro transferences) are run is estimated to start in August.

Before the products mentioned start running, work was done to revise the policies and procedures in the respective manuals and to redefine the limits for some portfolios to the extent that the new release of the application allows to improve the measurement of risks assumed in the derivative operations.

Liquidity Risk

During the second half of 2012, the Bank continued to manage the liquidity risk according to the standard model provided by Chapter VI of Basic Accounting and Finance Circular Letter of the Financial Surveillance Agency, and in accordance with the rules concerning liquidity risk management using the basic principles of the liquidity risk management system (SARL), including the minimum prudential parameters that financial institutions must observe in their operation to efficiently handle the liquidity risk they are exposed to.

Risk Liquidity Indicators (RLI) are constructed every week for 7, 15, and 30 days to measure the liquidity risk. They only consider the contractual flows adjusted by the overdue collections quality indicator and by a forecast of withdrawals of deposits that don´t have a defined contract expiration date.

The Liquid Assets also include available assets plus investments (tradeable, available or at maturity) adjusted by a 33 day liquidity "haircut" that is calculated every month by the Banco de la República (Central Bank) and reflects the premium a financial institution must pay for conducting repo, interbank, or buy-back transactions. Likewise, it provided that institutions must maintain a high quality liquid asset level – understood as available assets and those liquid assets the central bank receives for its monetary expansion and contraction operations, equivalent at least to 70% of the total liquid assets.

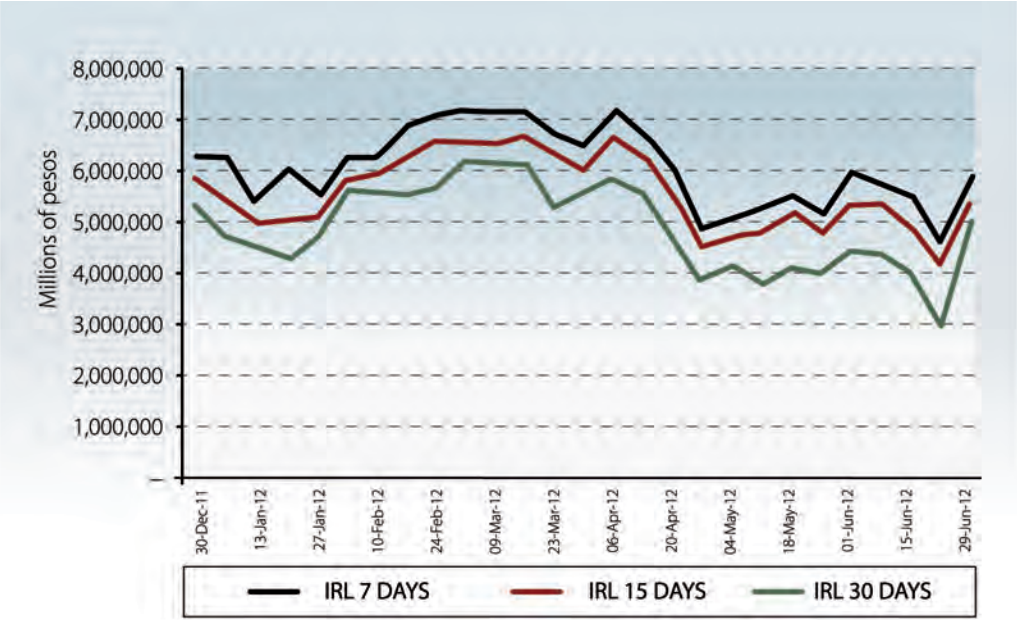
In this sense, a positive LRI at 7 and/or 30 days reflects appropriate liquidity conditions; while a negative one involves an exposure to the liquidity risk which activates a rigorous protocol with the Financial Superintendency to restore the LRI to its minimum level. Under serious and/or imminent situations this could force the Bank to implement adjustment or recovery plans related to liquidity matters, or even to be intervened by the Financial Superintendency.

The liquidity indicators at 7, 15 and 30 days the Bank had during the first half of 2012, are summarized below:

Liquidity Risk Indicators				
Figures in millions of $COP	Average	Minimum	Maximum	Latest
LRS 7 days	6,105,151	4,661,977	7,203,616	5,835,059
LRS 15 days	5,612,761	4,230,032	6,714,409	5,393,104
LRS 30 days	4,900,617	3,001,779	6,226,506	4,964,051
Liquid Assets	6,956,275	5,882,882	8,059,394	6,576,521
Liquidity Ratio 7 days	1063%	413%	2357%	887%
Liquidity Ratio 15 days	568%	320%	876%	556%
Liquidity Ratio 30 days	368%	195%	592%	408%

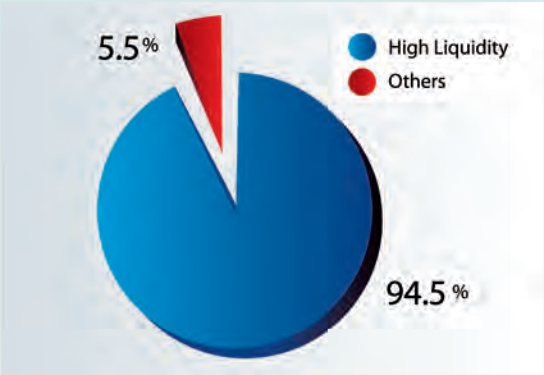
During the first half of 2011 Banco de Bogotá had sufficient funds for its operations, meeting the requirement of positive Liquidity Risk Indicators (LRI) at 7, 15 and 30 days.

Evolution of the short term liquidity risk indicators



Lastly, of the $6.6 trillion the Bank had in Liquid Assets at the close of the first half of 2012, 94.5% was made up by High Liquidity Assets, represented in available assets: TES, TRD and TDA.

Liquid Assets Composition



Market Risk

Market risk must be understood as the possibility for the Bank to sustain losses as a result of changes in the market prices of financial instruments where it has exposures wither inside or outside of the balance sheet. The standard model, indicated in Chapter XXI of the Accounting Basic Newsletter from the Financial Superintendency, considers the risk of changes in the interest rates, in exchange rates, and in the price of shares, measured through the volatility of each one of the factors to which the loan and investment portfolios are exposed to, following the general guidelines of the Basel Agreement, concentrating in the book of Treasury, excluding investments classed at maturity and investments in affiliates that consolidate, and incorporating the net balance sheet of the bank´s operations in foreign currency only for the purpose of exchange rate risk exposure.

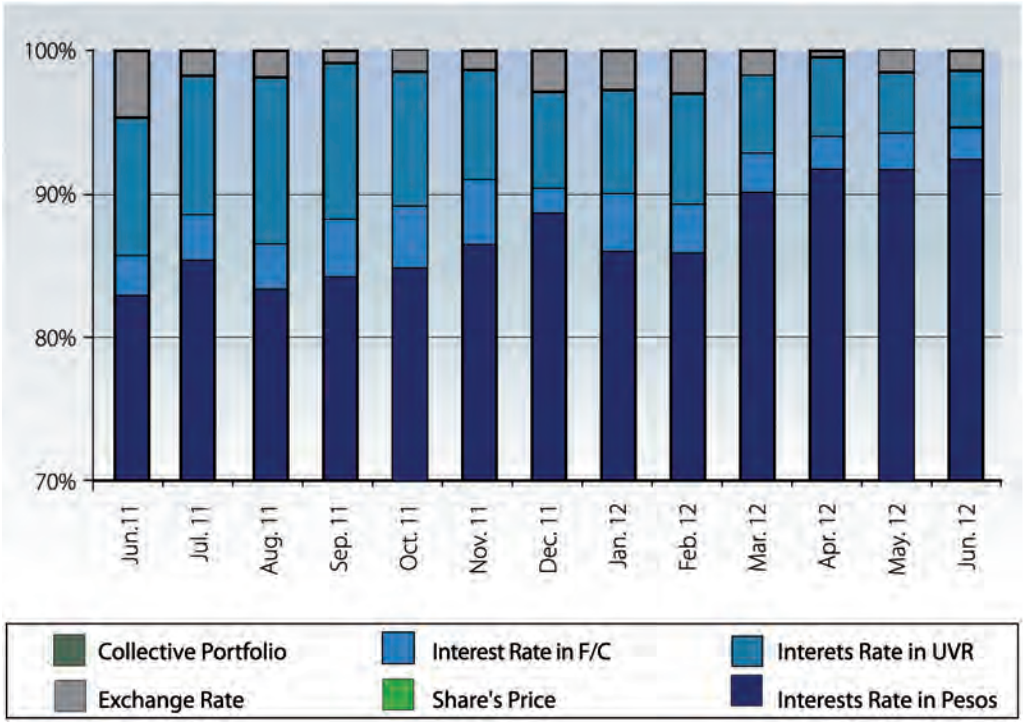
Under this approach, the market risk value (VaR) on June 2012, was $301,430 million, having an impact on the solvency ratio of 126 basis points; that is, $16,808 million more than the value seen in December 2011 ($284,623 million). The VaR indicators Banco de Bogotá showed in the first half of 2012 are summarized below:

Maximum, Minimum and average VaR

Figures on millon of $ COP	Minimum	Average	Maximum	Last
Interest Rate in COP	239,599	265,883	281,289	278,534
interest Rate in F/C	7,306	8,667	12,004	7,328
Interest Rate in UVR	12,477	17,123	22,188	12,591
Exchange Rate	392	4,258	7,654	2,689
Shares	271	282	288	288
Total VaR	**278,632**	**296,213**	**306,407**	**301,430**

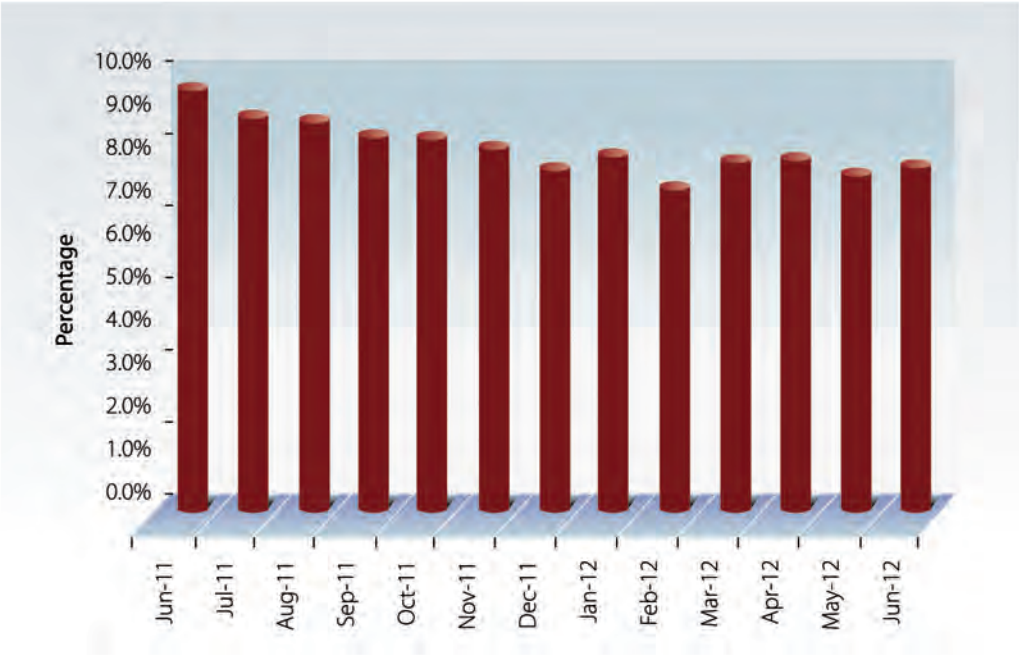
In turn, the positions that had the greatest impact on the VaR are associated to interest rate factors in Colombian Pesos and UVR. If we aggregate the share of the interest rate factors in pesos, foreign currency and UVRs, we would reach average levels of 98.5% during the period analyzed.

Porcentual Share of the Market Value at Risk



Lastly, and as a consequence of the behavior in the VaR, the Weighted Assets by Market Risk as a percentage of the Total Weighted Assets by Risk (AWR) had an average of 7.5% of the total AWR.

Weighted Assets by Market Risk
/ Total Weighted Assets by Risk



RISK FROM OPERATIONS

Stages of SARO

In June 30, 2012, the operational risk profile of the Bank had risks and controls in place for 171 processes. Monitoring is done by recording and performing an accounting conciliation of the profit and loss accounts assigned, as well as by performing a follow up to the actions plans for risk mitigation. To improve this stage, from December 2011 onwards we have in place a board with risk indicators that started with those processes that have statistics available for their calculations.

Review of the Risk Profile

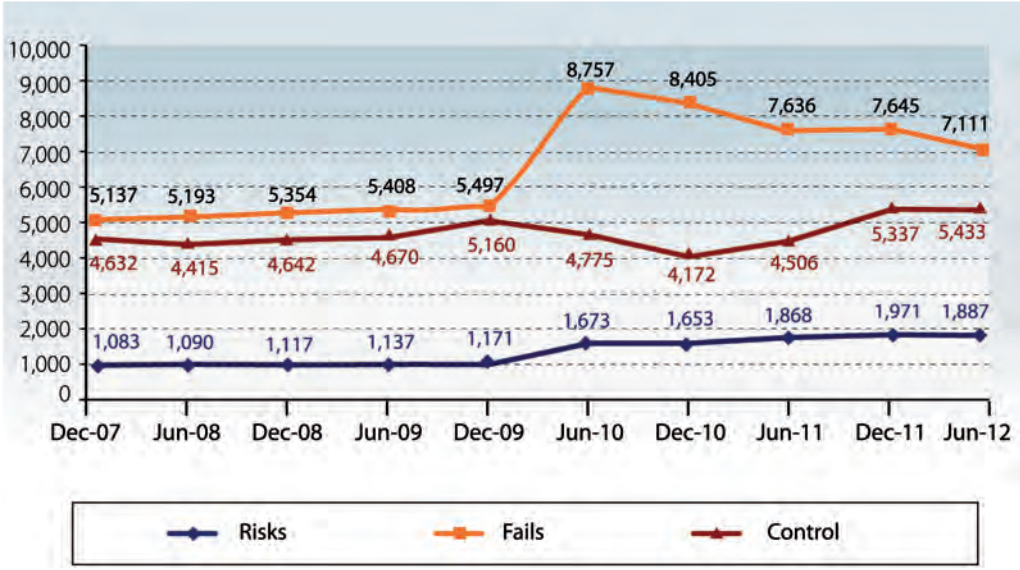
From December 31, 2007 onwards the Bank´s risk profiles have been updated at the close of each half year period. The following was taken into account when

calculating the risk profile for June 30, 2012: took into account the process reviews performed with the Risk Managers, the tests performed on the effectiveness of the controls conducted during the first semester by the Operational Risk Management Area (169), and the findings of the auditing reports presented by the External Auditor and the Bank´s comptroller´s office, and the changes in the risks generated by the redesign and improvement of the processes created by the Division of Systems (IT) and Operations (attention to requirements, development and implementation of new projects, new structures, new products and services, etc.).

The figures evolution of the risk profile is shown below:

	Dec-07	Jun-08	Dec-08	Jun-09	Dec-09	Jun-10	Dec-10	Jun-11	Dec-11	Jun-12
Processes	193	196	199	200	200	194	170	170	171	171
Risks	1,083	1,090	1,117	1,137	1,171	1,673	1,653	1,868	1,971	1,887
Fails	5,137	5,193	5,354	5,408	5,497	8,757	8,405	7,636	7,645	7,111
Controls	4,632	4,415	4,642	4,670	5,160	4,775	4,172	4,506	5,337	5,433

Historical Behavior

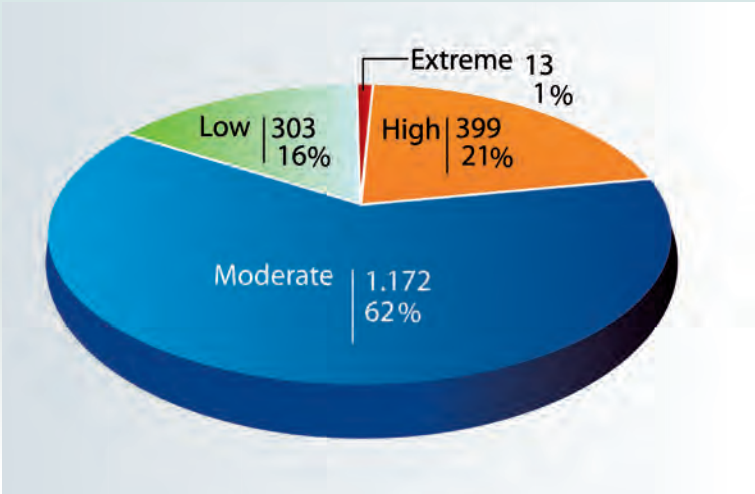


According to the classification of risks, the residual risk profile of the Bank as of June 30, 2012 is the following:

Probability of ocurrency	Inferior	Lower	Important	Higher	Top
Very High	1	1	0	1	0
High	0	8	49	19	2
Moderate	27	135	646	153	3
Low	9	18	45	29	5
Very Low	91	157	337	149	2

Impact

The percentage distribution of risks can be seen in the following graph:



The reduction of external risk is highlighted, it went from 33 to 31 in December 2011 to 13 at the close of June 30, 2012. It is the result of the process reviews performed with the Risk Managers and their redesign created by the Division of Systems (IT) and Operations as a result of the implementation of projects and requirements.

Risk of Operational Risk Events

Losses recorded from operational risk events in the first half of 2012 amounted to $6,864 million. The 81.7% ($5,606 million) of which were recorded in six accounts: Losses from claims in savings accounts (20.1%) , Lawsuits in Administrative, Judicial or Arbitration Proceedings (15.5%), losses from Fraud in Credit Cards in legal currency (14.9%), Losses in Current Accounts Claims (13.0%), Losses in Cash and Clearing (9.6%), and Flaws in Operational Processes in Product Placements in legal currency (8.5%).

Classification According to Type of Event (Basel)

According to the Basel Classification of Risks, 90.7% of the events resulted from External Fraud (54.2% $3,719 million), (26.4%, $1,813 million) resulted from the Execution and Management of Proceedings, and (10.1%, $696 million) from internal fraud.

The trend of losses from External Fraud has remained unchanged during the past three semesters. The contrary was seen in the Execution and Management of Proceedings where the actions to improve each process of the Bank allowed to reduce losses.

Legal Risks

With regards to legal issues related to the Bank, it should be noted that, when required, provisions for contingencies were duly established.

The Bank, following the instructions provided on the Financial Superintendency External Newsletter 066/2001, made a valuation of the claims filed against the Bank based on the analysis and opinions of the lawyers in charge.

Note 30 to the Financial Statements details the cases against the Bank.

Risk of Money Laundering and Financing of Terrorism

The Bank´s commitment of the Bank to manage the risk of money-laundering and financing terrorism and to prevent and control any use that might convey the appearance of lawfulness to assets from proceeds of criminal activities, or to channeling funds towards terrorist activities continues to be in effect in compliance with local law. To comply with the Risk Administration System SARLAFT and to be

aware of domestic and international events related to asset laundering and terrorism financing risks, the Directorate of the Unit of Compliance Control analyzes the main newspapers, web pages and specialized publications in relation to the subject in their various publishing means, the purpose of this process is to identify people who might become a risk to the Bank.

During this semester the processes of identification, measurement and control of each one of the customer, channel, product and jurisdiction risk factors were performed applying the methodologies, procedures and policies of the risk management system for asset laundering and terrorism financing as provided by the SARLAFT Manual of Procedures, and according to the methodology approved by the Board of Directors.

The Bank has designed controls related to the customer factor that allow it to mitigate the exposure to the risk of asset laundering and terrorism financing. These controls are managed by providing support to the residual risk measurement of this factor in a low level.

Monitoring is done to the process of control of user transactions through the ATM network and the tellers at the branch offices in relation to collections, advances, beneficiaries of cashier's checks, collections through vouchers and barcodes, wire transfers, and endorsement operations. These operations are analyzed in terms of amounts, frequencies, types of users, averages, card types, number of transactions, user origin, account type, and agreements among others seeking to identify the habits of users in order to detect unusual items, which are then analyzed and processed as required by the law.

As a means of mitigating inherent asset laundering and terrorism financing risks, the Bank identified the risk for the channels, taking into account their evolution (opening of new branches), the inherent risk was measured and specific controls were implemented for procedures related to channels, and lastly it determined that the residual risk is found at an appropriate level for the Bank.

In this semester, the factor of venue risk was found to have a low residual value. For this factor a process to control and do a transaction follow-up was done in the different cities where the Bank operates using the SMT-.SARLAFT application, and performing additional analyses through the various channels on which follow-up is exercised. The venue factor was also analyzed considering the international venues, based on a follow-up performed on foreign currency operations.

At the end of the semester the behavior of the product risk factor was at a minimum level, mitigating the consolidated residual risk of the Bank. Under the terms of Article 102 of the Banking Law, the bank office branch managers and CEOI managers perform control on customer and user transactions to ensure that the Bank is

not being used by criminals to perform unlawful activities, using the tools and instruments developed which allow an adequate execution of that work.

Attention to the requirements of the authorities responsible to investigate asset laundering and financing of terrorism-related cases, and the crimes from which they arise was implemented in accordance to the legal procedures adopted by the Bank pursuant to the terms of the Code of Ethics and Conduct and of the SARLAFT procedure manual, where the instructions of Colombian laws and regulations are considered within the general concept of bank secrecy and its proper disclosure.

Through the Directorate of the unit that controls compliance Banco de Bogotá has been doing a follow up and accompanying the affiliates to provide support on matters related to SARLAFT, adopted by each of them, seeking in this way to mitigate the risk of contagion.

The Bank performs an adequate asset laundering and terrorism financing risk management according to the results of the various stages related to SARLAFT and enforcement of its various elements, pursuant to the reports from the control entities, the Comptroller and the External Auditor, as well as the reports submitted by the Compliance Officer to the Board, and according to the policies and procedures adopted by the senior management and the tools provided by the Bank. It implements appropriate AML risk management practices, in line with related regulatory parameters and acting in compliance with the domestic regulatory paramenters and the international standards on the subject.