Banco de Bogotá

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General Information at June 30, 2010

CLIENTS IN COLOMBIA	over 2,700,000

OFFICES IN COLOMBIA[1]	587
PAYMENT CENTERS	44
BUSINESS ADVISORY OFFICES	16
CORPORATE AND SME SERVICE CENTERS	6
TOTAL OFFICES	**653**

AGENCIES OUTSIDE COLOMBIA

NEW YORK
MIAMI

SUBSIDIARIES IN COLOMBIA

SOCIEDAD ADMINISTRADORA DE FONDOS Y PENSIONES Y CESANTÍAS PORVENIR S.A
CORPORACIÓN FINANCIERA COLOMBIANA S.A.
FIDUCIARIA BOGOTÁ S.A.
ALMAVIVA S.A.
MEGALÍNEA
CASA DE BOLSA S.A.

SUBSIDIARIES ABROAD

BANCO DE BOGOTÁ S.A. PANAMÁ
BANCO DE BOGOTÁ NASSAU LTD. (SUBSIDIARY OF BANCO BOGOTÁ S.A. PANAMÁ)
LEASING BOGOTÁ S.A. PANAMÁ
BOGOTÁ FINANCE CORPORATION (CAYMAN IS.)
FICENTRO (PANAMÁ)

PAYROLL[2]	9,014
TOTAL ASSETS, BANK UNCONSOLIDATED	$31.9 billion
TOTAL ASSETS, CONSOLIDATED WITH REAL AND FINANCIAL SECTOR SUBSIDIARIES	$40.0 billion

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[1] Includes 550 Offices, 24 office extensions, 12 Cash extensions with own code and 1 Advisory and sales office.

[2] Includes 7,694 employees under contract, 256 trainees and 1,064 temporary employees.

RATINGS:

BRC Investor Services (Latest review December 2009)

Long-term debt	AAA
Short-term debt	BRC1+

Fitch Ratings Colombia

Subordinated bonds, issue of 2004	**AA+ (Latest review December 2009)**
Subordinated bonds, issue of 2008	**AA+ (Latest review March 2010)**

BRC Investor Services

Subordinated bonds, issue of 2004 AA+ **(Latest review December 2009)**

Subordinated bonds, issue of 2008 AA+ **(Latest review December 2009)**

Multiple successive issues, subordinated bonds 2010 **(Latest review January 2010)**

Moody's (Latest review October 2009)

Outlook	Stable
Local Currency Deposits	Baa1/Prime-2
Foreign Currency Deposits	Ba2/Not Prime
Bank Financial Strength	C –

Balance Sheet Highlights at June 30

	BANK - UNCONSOLIDATED	BANK CONSOLIDATED 1/
Figures in $million	Jun-09	Jun-09
RESULTS AND BALANCE SHEET		
Direct Operating Income	1,990,995	3,522,977
Operating result – net	1,069,503	1,398,819
Profit for the periodJanuary-June	353,070	414,611
Total assets	27,123,939	34,000,598
Loans	17,773,294	19,146,083
Investments	4,767,442	7,138,132
Total liabilities	23,722,270	30,922,793
Deposits and demand accounts	20,339,277	23,743,715
Equity	3,401,669	3,077,805
PROFITABILITY AND EFFICIENCY		
ROA	2.7%	2.5%
ROE	23.3%	28.7%
Administrative efficiency (Operating expenses/ Average total assets)	4.3%	5.7%
Loan and leasing quality	3.0%	3.1%
Loan and leasing coverage	121.2%	117.9%
	Jun-10	Jun-10
RESULTS AND BALANCE SHEET		
Direct Operating Income	3,098,153	4,430,165
Operating result - net	1,019,045	1,574,878
Profit for the period: January-June	388,630	389,254
Total assets	31,933,256	40,002,003
Loans	18,942,925	20,106,007
Investments	6,611,344	9,304,154
Total liabilities	27,379,287	36,381,346
Deposits and demand accounts	22,575,454	25,281,863
Equity	4,553,968	3,620,658
PROFITABILITY AND EFFICIENCY		
ROA	2.6%	2.0%
ROE	18.2%	22.1%
Administrative efficiency (Operating expenses / Average total assets)	3.9%	5.0%
Loan and leasing quality	2.8%	2.7%
Loan and leasing coverage	139.1%	140.1%

1/ Consolidated real and financial sector balance sheets

Directors

PRINCIPAL	ALTERNATE
LUIS CARLOS SARMIENTO GUTIÉRREZ	GUILLERMO PERRY RUBIO
SERGIO URIBE ARBOLEDA	JORGE IVÁN VILLEGAS MONTOYA
ALFONSO DE LA ESPRIELLA OSSÍO	ANA MARÍA CUÉLLAR DE JARAMILLO
CARLOS ARCESIO PAZ BAUTISTA	SERGIO ARBOLEDA CASAS
JOSÉ FERNANDO ISAZA DELGADO	ÁLVARO VELÁSQUEZ COCK

ADVISER TO THE BOARD

LUIS CARLOS SARMIENTO ANGULO

STATUTORY AUDITOR

KPMG LTDA.

Represented by:

GUSTAVO AVENDAÑO LUQUE

T.P. 3154-T

CLIENT´S DEFENDER

OCTAVIO GUTIÉRREZ DÍAZ

SENIOR MANAGEMENT

ALEJANDRO FIGUEROA JARAMILLO
President

JUAN MARÍA ROBLEDO URIBE
Vice-President Ejecutivo

GERMÁN MICHELSEN CUÉLLAR
Vice-President, Credit

GERMÁN SALAZAR CASTRO
Vice-President, International
and Treasury

LUIS CARLOS MORENO PINEDA
Vice-President, Administration

MARÍA LUISA ROJAS GIRALDO
Vice-President, Financial

FERNANDO PINEDA OTÁLORA
Vice-President, Commercial
SME and Personal Banking

LILIANA MARCELA DE PLAZA BURITICA
Vice-President, Commercial
Red Megabanco

JAIME GAMBOA RODRÍGUEZ
Vice-President Systems
and Operations

GUSTAVO ARTURO PELÁEZ TRUJILLO
Comptroller

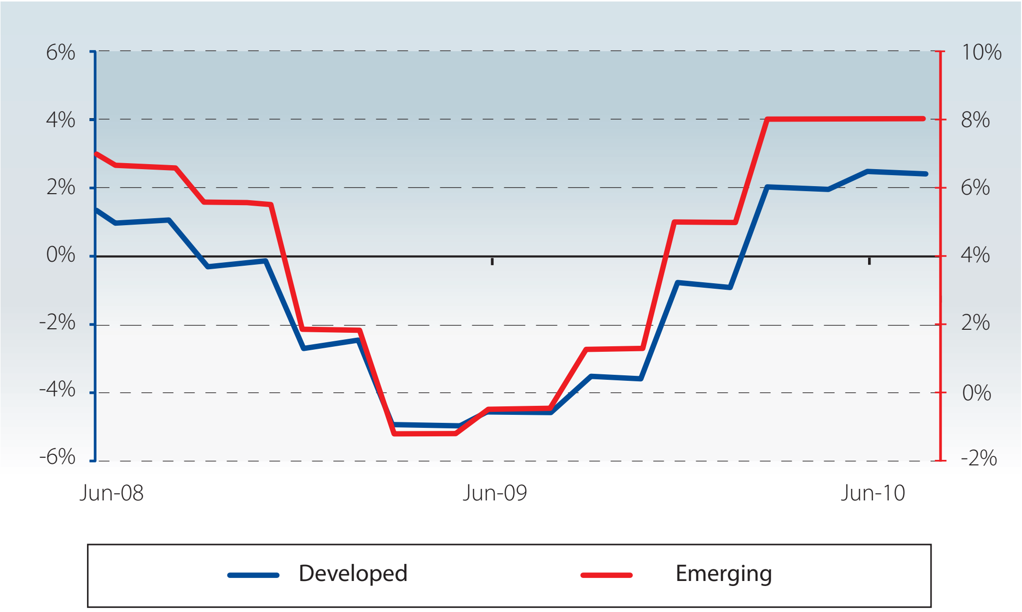
ALBERTO PÉREZ VELEZ
Secretary

JOSÉ JOAQUÍN DIAZ PERILLA
Manager, Legal

THE INTERNATIONAL SCENE, MODERATE GROWTH AND LOW INTEREST RATES

In the period January-June 2010, the signs of world economic recovery became firmer. The end of the cycle of stock adjustments, the broad impact generated by the new flexibility of monetary and fiscal policy, in addition to their basic effect, were also the main factors which supported positive growth figures

Graph 1: World economic growth (Annual variation %)



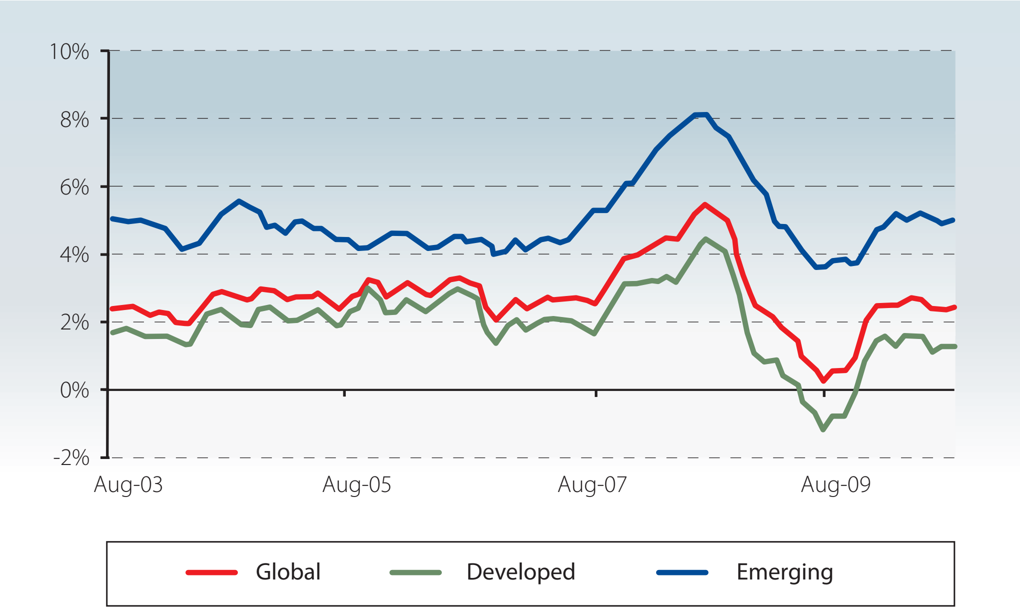
Source: Bloomberg. Calculations by Banco de Bogotá Economic Research Unit

Despite this, the figures also confirmed that economic recovery continues to be uneven. On the one hand, there are the developed economies with slow growth, held back mainly by the reluctance of business to increase levels of investment in the face of an uncertain economic panorama, the restructuring of household finances, the fragile state of the employment market, and the still-weak dynamics of world trade. In effect, preliminary figures suggest that in the second quarter of 2009, the developed economies reported annual growth of only 2.5%, which reflects variations from 3.0% in the United States to 1.9% in the Euro-zone. In Europe, the deterioration of the fiscal scenario and the consequent weakening of investor and consumer confidence were clearly factors that limited growth.

By contrast, the emerging economies grew by more than 8.0%, given the solid progress of China and other emerging countries in Asia.

There were also wide differences between countries in inflation and monetary policy in the first half of the year. In the developed countries, in a context of slow recovery of demand, basic and total inflation remained largely unchanged, and so, interest rates in most of these countries remained unchanged also. In the emerging economies, with pressure on prices generated by acceleration in demand, some countries in Latin America and Asia began the process of normalization of their monetary policies

Graph 2. World inflation (Annual variation %)



Source: Bloomberg. Calculations by Banco de Bogotá Economic Research Unit

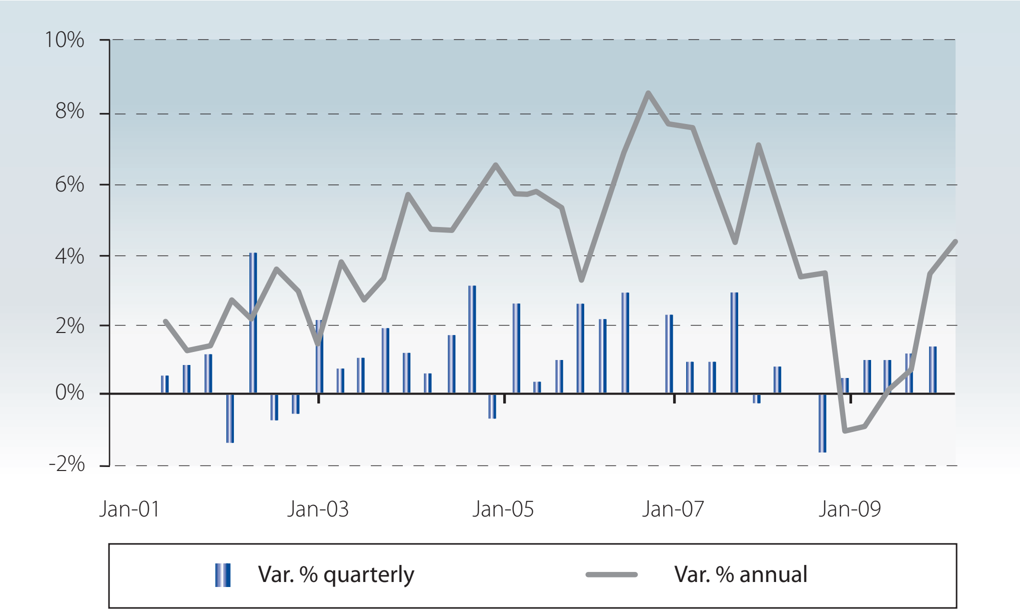
It can be expected that economic recovery will continue, though at a modest pace. In the developed countries, recovery will come more slowly, while in the emerging countries there will be more vigorous reactivation.

ECONOMIC ACTIVITY IN COLOMBIA CONTINUES TO IMPROVE

Economic growth and leading indicators

In the first quarter of 2010, the recovery of the Colombian economy was stronger than expected, as can be seen from information published by the national statistics office DANE, on the comportment of GDP[3]. The most recent figures available show that in the first quarter, real GDP expanded at an annual rate of 4.4%, compared to a fall of -0.9% in the first quarter of 2009.

Graph 3: GDP Growth - Colombia (Annual variation %)



Source: DANE. Calculations by Banco de Bogotá Economic Research Unit.

The detail of GDP by major sectors of the economy in January shows divergence and an even picture between sectors. On the one hand, there are sectors which contributed most to economic growth: construction (15.9%), mines and quarries (13.2%), and electricity, gas and water supplies (6.5%). The sectors that recovered growth were transport, storage and communications (2.6%), commerce, repairs, restaurants and hotels (3.6%), manufacturing industry (3.9%) and social, community and personal services (4.1%). Agriculture, cattle-breeding, hunting, forestry and fishing were negative (-1.3%), and the other weak performers were financial establishments, insurance, property, and business services (1.5%).

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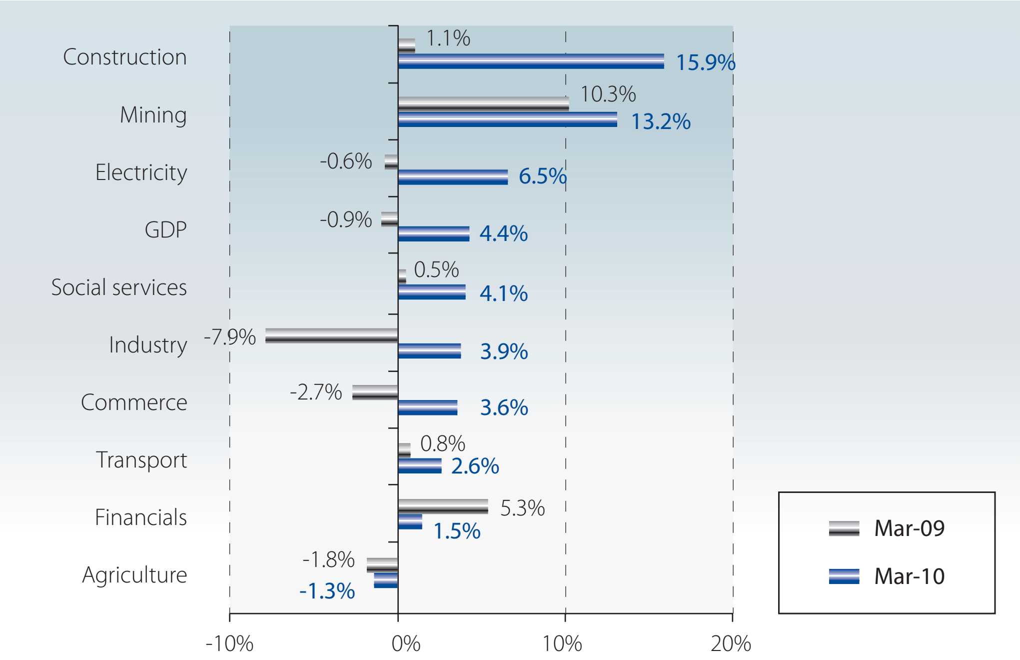
[3] GDP at constant 2005 prices. Source: DANE

Graph 4: GDP growth by sectors (Annual Variation %)



Source: DANE. Calculations: Banco de Bogotá Economic Research Unit.

During January and March, 2010, final demand [4] increased 3.2%, compared to the same period of 2009, with the increase in gross capital formation (8.0%), representing 23.7% of GDP. In turn, household consumption increased 3.5%, while Government consumption increased 6.1%, with shares of 66.1% and 15.4% respectively of GDP.

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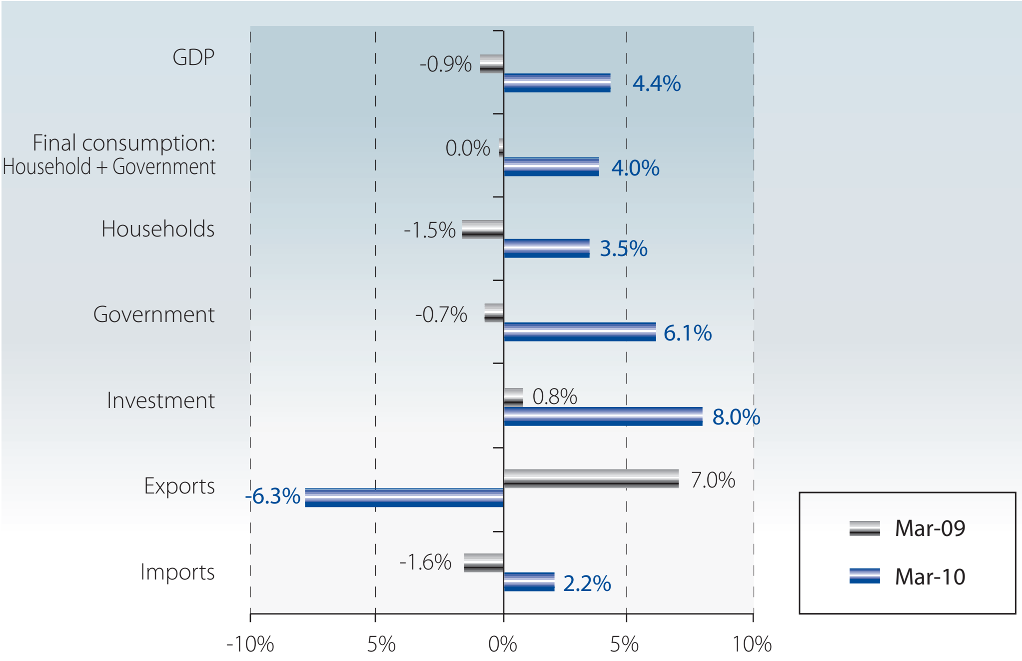
[4] Final demand = Final consumption + investment (Gross Capital Formation) + Exports

Graph 5: GDP Growth by components in demand (Annual Variation %)

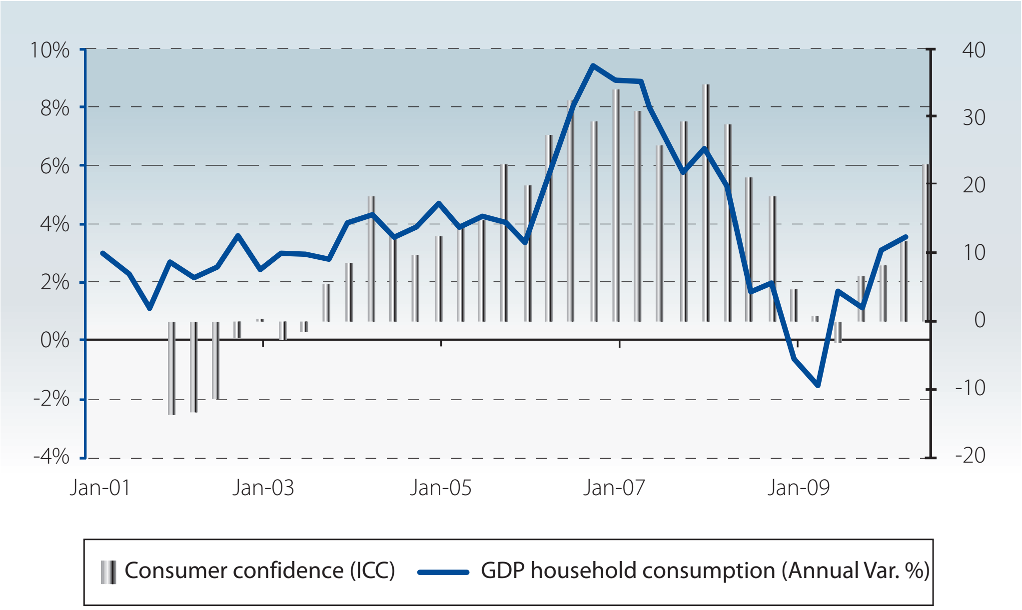


Source: DANE. Calculations by Banco de Bogotá Economic Research Unit

In the first part of the year, all the leading indicators of economic activity showed significant recovery, in particular, confidence among consumers, industrialists and merchants, with sustainable improvements in the pace of their respective activities.

On the one hand, consumer confidence, highly correlated with household consumption, returned to the levels of maximum growth achieved in the previous economic cycle. Commerce benefited enormously from the dynamics of household spending, with retail sales rising by more than 10% in annual terms. The perception of current sales recovered, and future expectations also rose to levels close to those prior to the crisis.

Graph 6. 1 GDP Consumption by households and consumer confidence (Annual Variation %, index)

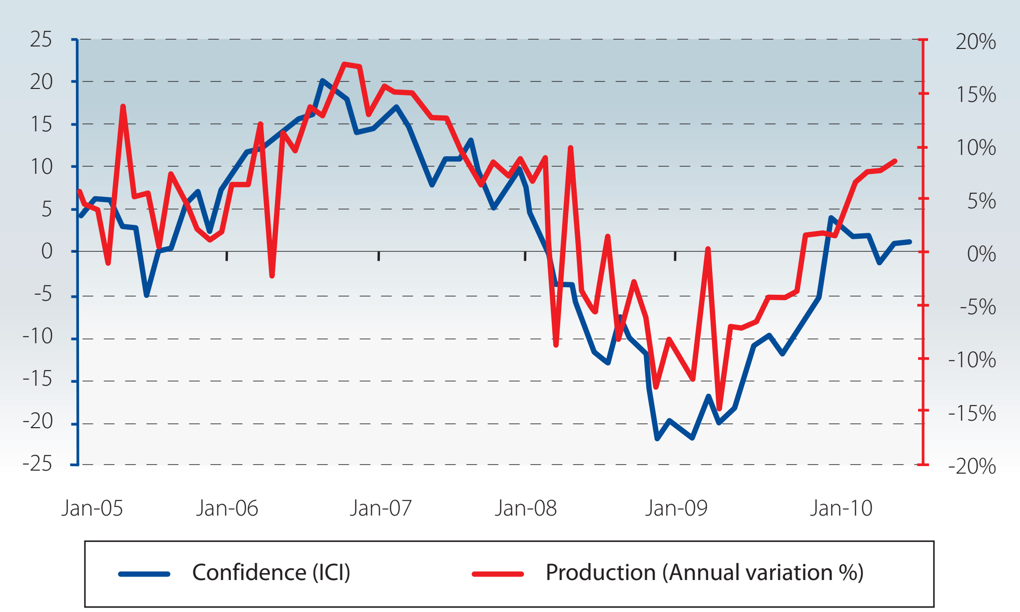


Source: DANE, Fedesarrollo. Calculations by Banco de Bogotá Economic Research Unit.

The most recent public publications of leading indicators confirm that economic recovery in Colombia continues, and indeed there may be some surprisingly positive results over the rest of the year. In effect, consumers showed an optimism not seen in recent years, supported by lower prices, availability of credit at low interest rates, and the reactivation of consumption which was stagnant in 2008 and 2009, which will continue to give some support to the internal demand. Nonetheless, unemployment continues to be the main risk which will limit the dynamics of Colombian households.

In industry, progress has also been important, but overstocking and some mixed signs in terms of orders has made the business sector cautious.

Graph 7. Industry: confidence level vs production
(Index, Annual Variation %)



Source: ANDI, DANE, Calculations by Banco de Bogotá Economic Research Unit.

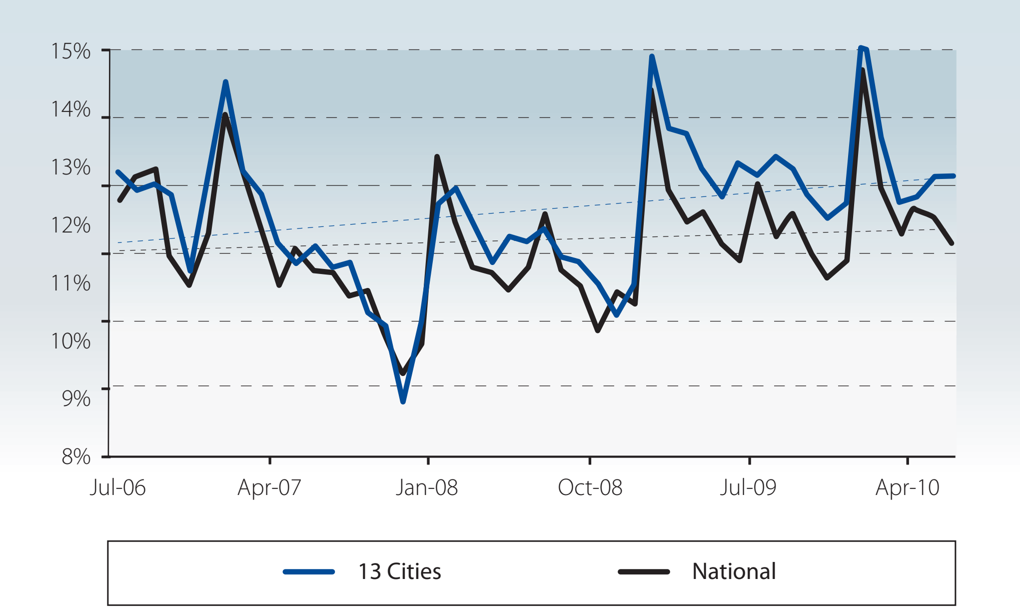
The prospects for business are also favorable, if to a lesser extent than for consumers: caution is still evident, and there is a moderate rate of world growth which may be replicated in the Colombian economy. Despite this, and as has happened among consumers, low rates of interest and the availability of credit are lending a new impulse to the productive sector.

Therefore, GDP should grow at about 4.5% in 2010, and the peak for the economic cycle may be reached in the second quarter of the year, with growth which may exceed 5.5%; in this subsequent quarters growth should be more moderate, at 4.0% - 4.5%. As noted, risks today on this scenario are on an upward trend.

Employment

According to figures published by DANE, based on its Grand Household Survey in June 2010, the indicators of the employment market overall show the following variations: the overall participation rate rose from 61.1% in June 2009 to 62.4% in June 2010, the occupation rate rose from 54.2% to 55.2%, and the unemployment rate rose from 11.4% to 11.6%.

Graph 8: National and urban unemployment (%, monthly)



Source: ANDI, DANE, Calculations by Banco de Bogotá Economic Research Unit.

This higher level of unemployment is explained by the increase in the offer in the employment market (the overall participation rate), compared to that of the occupation rate, that is, due to an increase in the number of people looking for work to improve their family income, which is in greater than the capacity to create employment in the economy today. At June 2010, the number of those occupied increased by 635,000 compared to June 30, 2009, a current annual growth of 3.4%.

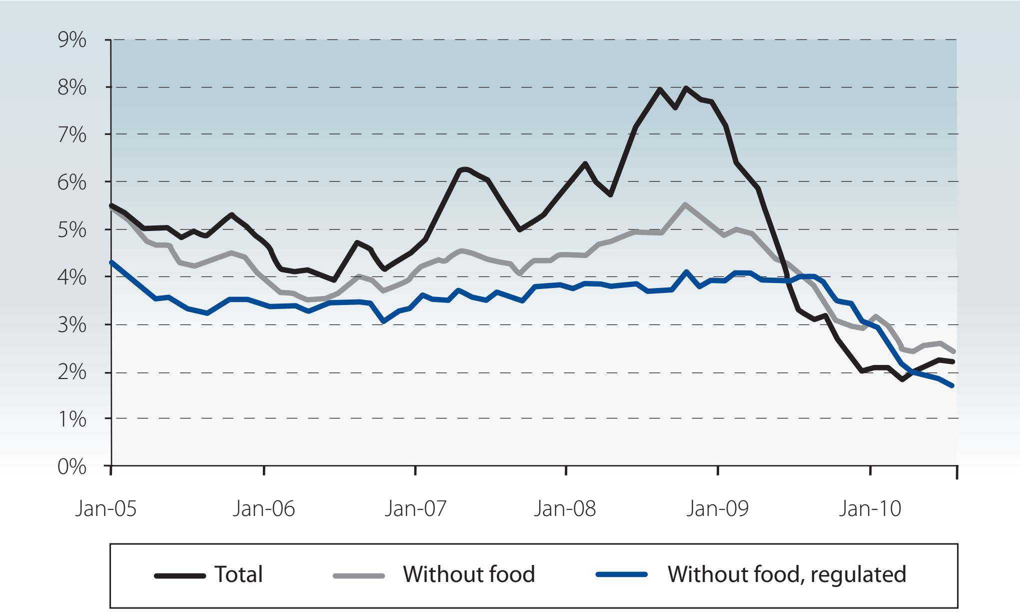
Despite the recovery in the dynamics of growth, the deterioration of employment has persisted over 2010, because of the drag in the employment market within the economic cycle. It is estimated that unemployment will limit the dynamics of private consumption.

CONTROLLED INFLATION AND MONETARY POLICY CONTINUE TO SUPPORT ECONOMIC ACTIVITY

Inflation

The record of the consumer price index (CPI) in January - June 2010 has been moderate and below market expectations.

Graph 9: Total inflation and components (Annual Variation %)



Source DANE. Calculations: Banco de Bogotá Economic Research Unit.

In June 2010, annual inflation was 2.3%, 1.5 percentage points below the same month of 2009 (3.8%). At the same time, in August 2010 the accumulated annual variation in the CPI is 2.3%, which is 0.8% below the figure for August 2009 (3.1%), and in the year to date, there was growth of 2.5%, mainly due to the variations in the following groups: health (4.1%), education (3.8%), food (3.2%), housing (3.0%), other expenses (2.6%), transport (2.2%), communications (0.1%), amusements (-0.4%) and clothing (-1.1%).

Despite the recovery in the economy, prices will continue to show no great upward pressure, and therefore the forecasters say that there is a strong probability that the inflation target of 2.0%-4.0%, set by the Central Bank, will be met. The existence of unused installed capacity and high rates of unemployment, the appreciation of the exchange rate and its impact on tradeables, and the indexation of prices will ensure that inflation can be kept low in the short and medium term. Meanwhile, the upward trend in risks is concentrated in the prices of regulated goods anxd foods, which may suffer significant changes due to external shocks in commodity prices. It may be that these risks can be discounted, because there is no visible or disproportionate acceleration in world growth. Net inflation should close 2010 at 3.3%.

Monetary aggregates

At the end of the last week of June 2010, monetary aggregates[5] M1 and the monetary base reported balances of $50.3 billion and $38.2 billion, with annual increases of 15.2% and 16.7%, respectively

For its part, financial savings M3 had a balance of $202.4 billion ($71.9 billion savings accounts, $59.1 billion TDs, $25.5 billion current accounts, $24.8 billion cash, $12.9 billion bonds, $5.2 billion trust deposits, $2.7 billion sight deposits and $0.3 billion repos). The annual variation is 7.9%, which is lower than that of the previous year (16.9%).

Figures available for August shows balances of $50.4 billion, $37.2 billion and $203.2 billion for M1, monetary base and M3, respectively

For the rest of the year, the liquidity in the economy will continue to be high, as a consequence of several important maturities of public debt. The Government has therefore has therefore frozen funds in the Central Bank, and they will be released in order to meet these commitments. At the same time, Central Bank intervention in the exchange market generates additional liquidity. In this situation, traditional mechanisms for handling liquidity problems at the end of the year may not need to be used. If necessary, the Central Bank may reinforce liquidity by managing repo operation limits, selling some of the Government's securities portfolio, or through the implementation of a new mechanism for the issue of its own paper.

Interest rates

Within the scheme of an expansionist monetary policy to encourage sustainable economic growth, the Central Bank reduced the intervention rate in January-June by 50 basic points (bp) (in April), down to 3.0%, and these cuts were transmitted to the other rates of interest in the economy.

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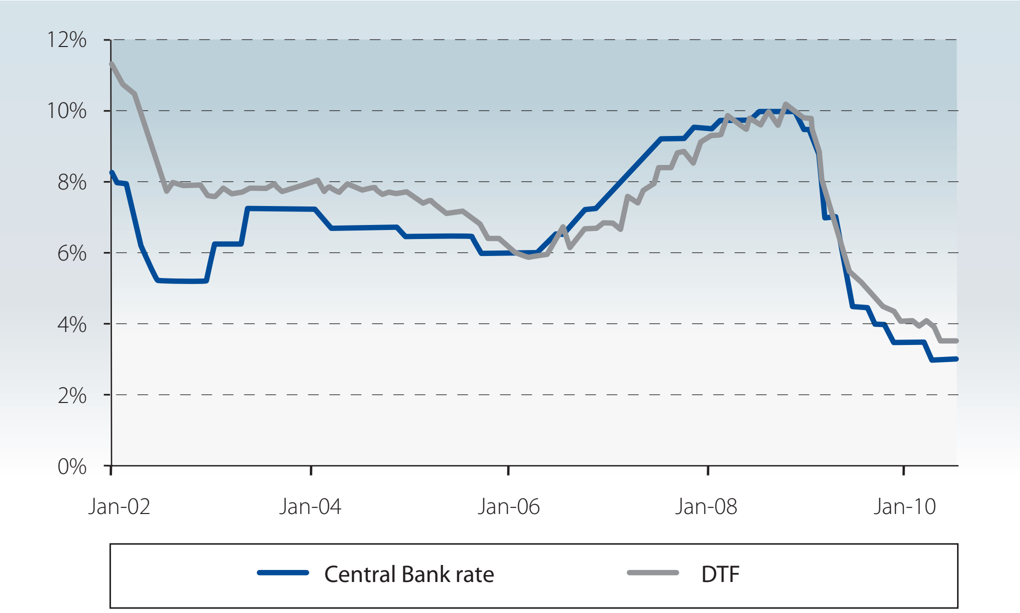
[5] M1-Cash + sight deposits. M2=M1+ quasimoney. M3=M2+ term deposits and foreign currency deposits, term obligations, bank TDs and short-term bonds. Source: Banco de la Republica

Graph 10: Central Bank interest rates and DTF-AER. (%)



Source: Banco de la República. Calculations by Banco de Bogotá Economic Research Unit.

In this way, the local 90-day deposit rate (DTF/AER), at the close of June 2010 was 3.5%, 190 bp lower than at the June 2009 close (5.4%), and 61 bp below that of December 2009 (4.1%). For the week September 13-19, 2010, DTF was 3.52%.

The interbank interest rate at the end of June 2010 was 3.0%, 148 bp below that for June 2009 (4.5%), and at September 13, 2010 the rate is 3.03%.

The average lending rate calculated by the Central Bank was 9.1%[6] at the close of January-June 2010, compared to 11.9% at June 2009. For the week September 13-19, 2010, the rate is 9%.

The combination of (not excessive) growth in recovery and controlled inflation, will allow the Central Bank to maintain its rates of interest at historically low levels. In 2010, the interest rate will end the year unchanged at 3.0%, and the normalization of monetary policy will be postponed until 2011.

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[6] Source: Banco de la Republica Superintendency Form 088. Includes consumer, ordinary, preference and treasury loans

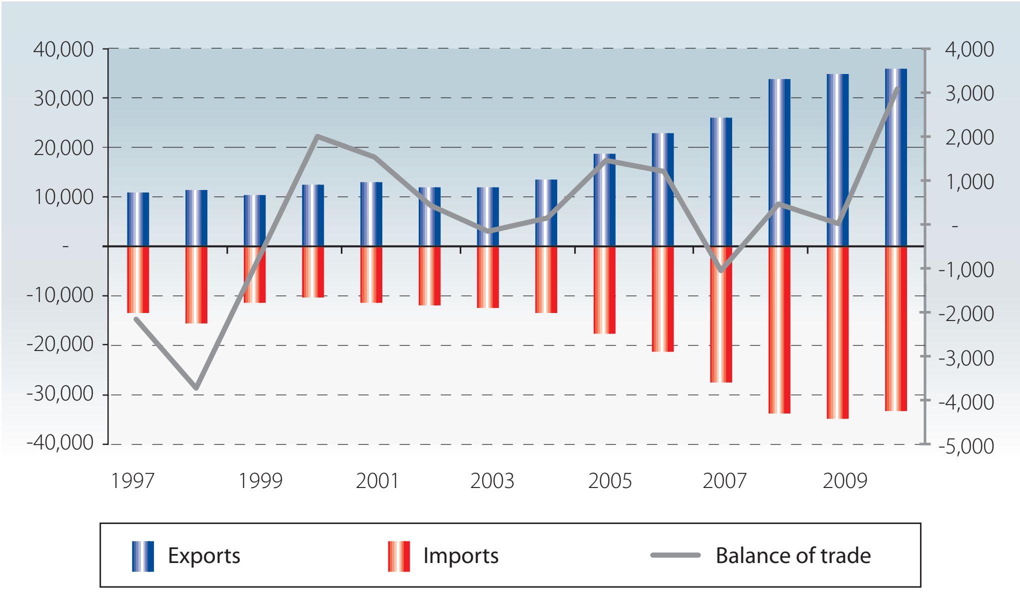
AN EXTERNAL SECTOR WITH ACCEPTABLE PERFORMANCE DESPITE LOWER DYNAMICS IN WORLD GROWTH.

During the period January-June 2010, according to foreign trade reports published by DANE, Colombia’s exports totaled US$19,249.4 million FOB, a significant increase of 24.3% compared to the same period of 2009 (US$15,485.3 million)

The increase in exports is basically due to greater dynamism in demand in the United States (growth 49.6%), China (330.8%), Ecuador (37.3%), Netherlands (5.1%), Peru (40.9%) and Brazil (100.7%). It may be noted that these markets represent respectively 42.3%, 6.9%, 4.3%, 4.1%, 2.8% and 2.3% of Colombia’s total exports. Further, there has been a fall in exports to Venezuela (-71.7%), which today represent only 3.9% of Colombia’s exports.

The better performance in exports during the half year is a consequence of a significant increase in commodity exports (53.3%), which totaled US$12,0795.9 million, as a result of positive variations on the sale of oil and oil products (98.1%), nickel (62.2%), coal (8.1%) and coffee (0.2%).

Graph 11: Balance of trade, accumulated 12 months (US$ million)



Source: DANE. Calculations by Banco de Bogotá Economic Research Unit.

For their part, non-traditional exports fell 5.7% compared to 2009, to a total of US$7,609.3 million at June 30, 2010.

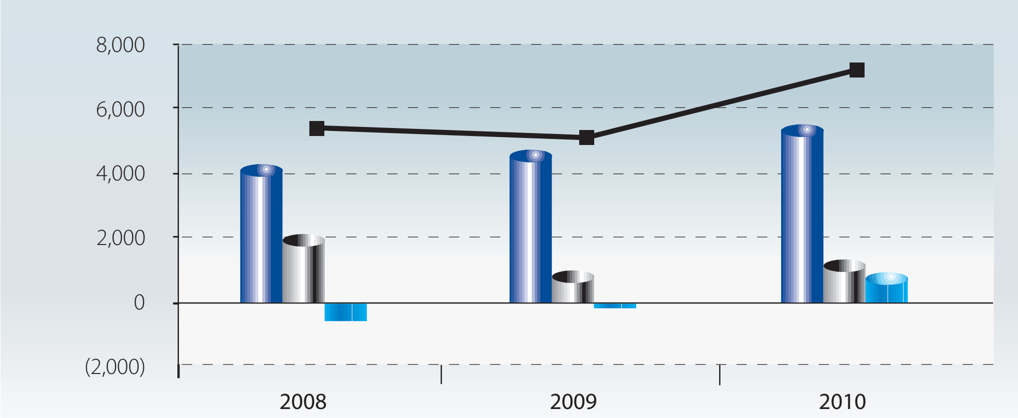
With regard to imports, there was an increase of 17.5% from US$15,574.0 million CIF to US$ 18,296.9 million CIF (US$17,268.4 million FOB). The increase is explained by higher purchases of fuels and mineral oils and their byproducts (131.3%), vehicles and parts (30.8%) and organic chemicals (41.7%). In terms of origin, the largest exporters to Colombia were United States (27.3%), China (12.0%), Mexico (9.2%), Brazil (6.3%) and Germany (4.0%).

The net trade balance was in surplus by US$1,981 million FOB in the first six months of 2010, US$1,234.5 million higher than the same period of 2009 (US$ 746.5 million). The largest surpluses were with the United States (US$3,371.3 million, an increase of US$2,242.5 million over 2009), Netherlands (US$ 675.5 million) and Venezuela (US$624.6 million, a fall of US$1,785.4 million compared to 2009). The highest deficits correspond to trade with Mexico (-US$1,296.3 million), China (-US$709.1 million), Brazil (-US$650.3 million) and Germany (-US$586.0 million).

In the half year to July, the trade balance was US$1,898.1 million FOB, with exports of US$22,404.3 million FOB and imports of US$20,506.1 million FOB.

At the end of the first eight months of 2010, Colombia has received US$7,175 million in foreign direct investment and portfolio investment, an increase of 39.2% compared to 2009, (US$5,154 million). Oil, gas and mining are the most important sectors (75.0% of the total).

Graph 12: Foreign direct investment and portfolio investment
(US$ million, YTD at August 27)



	2008	2009	2010
▮ Hydrocarbon/Mining	4,077	4,538	5,382
▮ Other	1,906	757	1,064
▮ Portfolio	-616	-141	729
─■─ Total	5,367	5,154	7,175

Source: Banco de la República. Calculations by Banco de Bogotá Economic Research Unit.

The prospects for the external sector continue to be favorable, and flows would seem to continue to be in favor of the revaluation of the Colombian peso. Exports will maintain strong dynamics, supported principally by commodities, but will progressively be joined by improved trade in non-traditional products, and an improvement in Venezuela's commercial relations with Colombia. At the same time, capital flows, particularly those of foreign direct investment, would continue to arrive, mainly attracted by energy and mining activities. All in all, the portfolio of foreign investment and external debt will recover, due to the low rates of interest prevailing in developed countries.

Fiscal figures

Fiscal balance [7]

At the end of the first quarter, the consolidated public sector recorded a positive fiscal balance of approximately 281,000 million (0.1% of GDP), a positive result in the context of the deficit recorded during the same period of 2009 (-$ 1, 277,000 million, or -0.3% of GDP). This result comes mainly from a surplus in the non-financial public sector, of $ 990,000 million (0.2% of GDP), and a surplus in the Central Bank of $ 87,000 million and in FOGAFIN of $251,000 million.

Markets

The exchange market

In the period January-June 2010, the peso appreciated against the dollar, continuing with an upward trend which had started in the second half of 2009. The market reference rate (TRM) closed at $1,916.5 in June 2010, giving a net revaluation of the peso against the dollar of 11.2% compared to the closing rate at June 2009 ($2,158.7).

At September 15, 2010, the reference rate had continued to fall, and reached $1,788.1.

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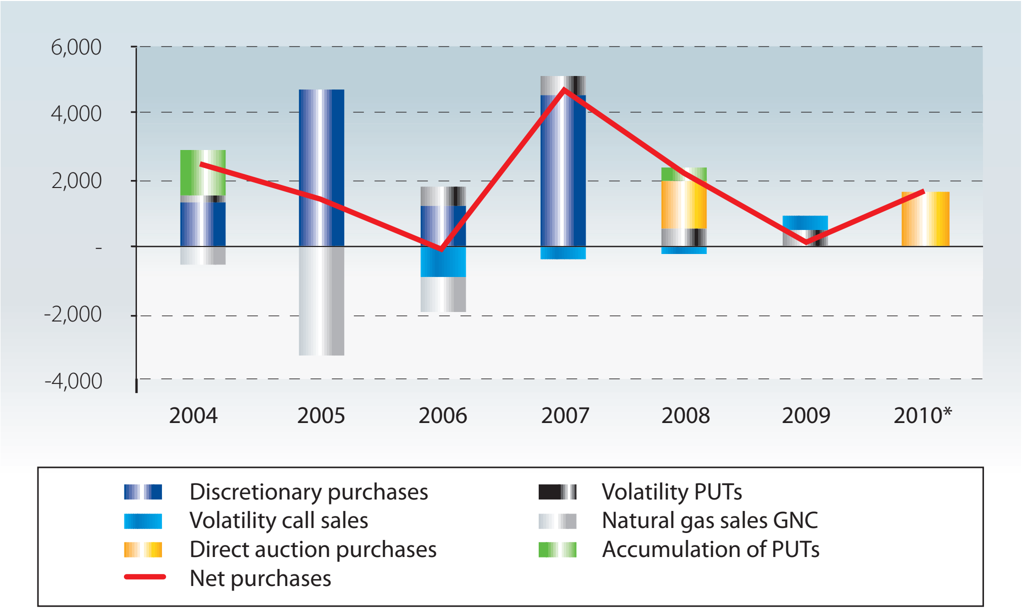
[7] Source: Ministry of Finance. Fiscal closing Q1 July 21, 2010

Graph 13: TRM (USD/COP average/monthl)

Source: Financial Superintendency. Calculations: Banco de Bogotá Economic Research Unit.

The perception of lower risks for Latin American countries has encouraged the appreciation of the major currencies in the region, including the Colombian peso. In addition, the strengthening of the peso is also due to substantial flows of foreign direct investment, and the offer of dollars by the Government.

Graph 14: Intervention by Banco de la República in the Exchange market
(US$ million)



Source: Banco de la República. Calculations: Banco de Bogotá Economic Research Unit.

The perception of the Central Bank of a lack of alignment in the exchange rate has led it to reactivate a mechanism of intervention in the exchange market by the purchase of US$20 million a day, starting in March, for a total of US$1,600 million over the period to June 30. Subsequently, the continued appreciation of the peso led the Central Bank to reactivate the mechanism and it left the possibility open that it might increase the amounts of the purchases, and extend the length of time of the intervention in that market beyond the deadline initially proposed.

The equities market

The equities market went through a period of continuous growth and appreciation of values during the period January-June 2010. At the June close, the stock-market index IGBC showed an annual increase in value of 26.0%, at 12,449.9 compared to 9,879.7 in June 2009. In terms of market capitalization, the total at June 2010 was$ 315.7 billion, 32.3% above the indicator for June 2009.

Gráfico 15: IGBC

Source: Bolsa de Valores de Colombia

In August 2010, the IGBC increased its annual appreciation in value to 33.0%, rising from 10,604.5 to 14,105.5, and market capitalization close at $363.9 billion, an annual variation of 40.3%.

The financial system

According to Superintendency figures for the end of June 2010, the group of financial institutions reported consolidated results[8]. Assets were $320.7 billion, annual growth of 8.0%, the credit establishments being the most important subsector, since they provided 77.2% of total assets in this sector. The assets of the credit establishments totaled $247.5 billion, representing growth of 8.7% compared to the level of June 2009, $227.7 billion.

The balance of loans and credit establishments at June 2010 was $158.1 billion, an annual increase of 5.5%, representing 63.9% of total assets, and this reflects less dynamic lending than in the same month in the previous year, where loans accounted for 65.8% of the total.

The credit establishments reported accumulated profits of $ 3.1 billion at June 30, representing annual growth of 13.7% compared to the same period of the preceding year.

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[8] The group is formed by the credit establishments, insurance companies, pension and severance fund managers, trust companies, stockbrokers, investment fund managers, infrastructure providers and Special Official Institutions. Source: Financial Superintendency

Profitability indicators among the credit establishments were 2.5% for ROA and 18.7% for ROE. In general, indicators confirm the soundness of the Colombian financial system.

As the economy improves its growth rate, households and business become more optimistic, and interest rates are again likely to be more attractive to agents in the economy, loan placements should start on an upward path, providing support for the performance of the economy, in growth that will probably be higher than that currently forecast.

REGULATORY MEASURES

Among the regulatory measures introduced in the period January-June 2010, there are in particular measures affecting the affecting financial activity which referred to the measurement of liquidity, the exchange market, asset laundering, minimum cash requirements, deposit insurance, risks, consumer finance, etc. Annex 1 summarizes these measures.

RATINGS AND AWARDS

RATINGS

The Bank's recent performance has earned the following ratings from the specialized agencies:

In January 2010, BRC Investor Services gave a rating of AA+ to the subordinated bond issue-2010- of Banco de Bogotá for $ 200,000 million, placed in February as part of its program for multiple and successive bond issues, with a global limit of up to$ 1.5 billion. This rating is based on an AAA rating for long-term obligations, given by BRC Investor Services in December 2009. The difference of one "notch" between the long-term debt rating for the Bank and the subordinated bonds is based on the subordination of the tranche, since this implies that in the event of the liquidation of the issuer, payments to bondholders would be subject to prior repayment of all other non-subordinated debt liabilities. Among the considerations for the rating of the Bank are its corporate and financial strengths as an affiliate of the Grupo Aval, one of Colombia's most important economic groups.

In March Fitch Ratings Colombia issued a rating of AA+ to the second issue of subordinated bonds for $200,000 million, which was fully placed in April 2008. This rating reflects a very high credit quality. Protection factors are very strong. This appreciation reflects the AAA rating for the Bank's long-term debt, and the characteristics of subordinated bonds.

DISTINCTIONS

Banco de Bogotá, over its 139 years of history, is one of the most important banking institutions in Colombia, in terms of market, and one of the most solid members of the financial sector, and these attributes make it one of the best businesses to work in Colombia. This is confirmed by the Bank's reputation, and by evaluations made by experts and members of the public.

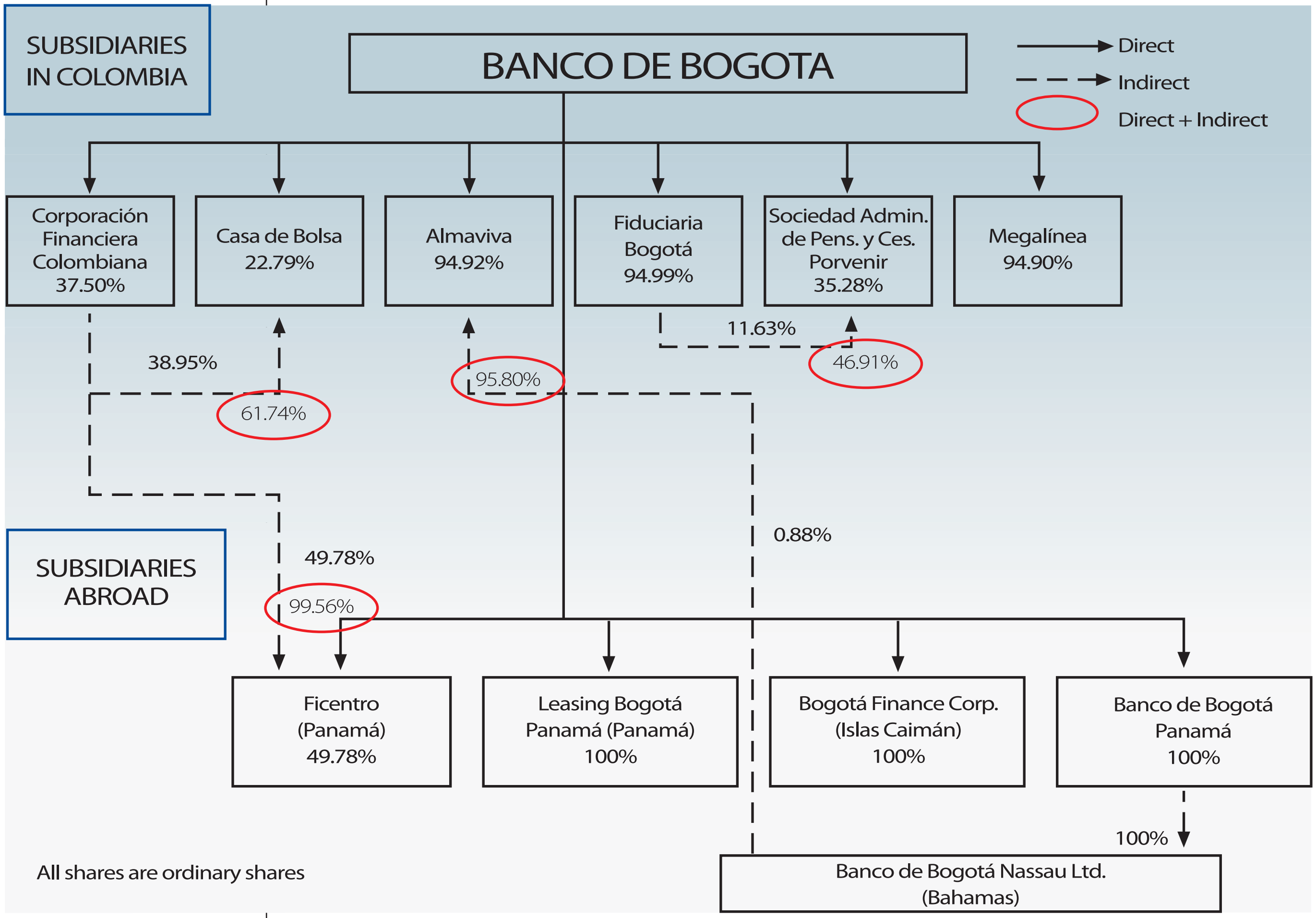
◆ Best bank in emerging markets in Colombia

The May issue of the UK magazine World Finance, drew attention to the best financial institutions in the emerging countries, and for Colombia it selected Banco de Bogotá in the Best Banking Group category.

According to the magazine, 2010 was a year of recovery, with the return of the financing of new investments in infrastructure, in the energy sector, and in the acquisitions business. This has been attributed to stronger management of the economic crisis by the Colombian Government and financial institutions.

The crisis had repercussions in the developed countries and in emerging economies. Nonetheless, not all banks experienced the scale of loss which even more renowned financial institutions in other countries had to face. World Finance conducted in-depth research into the financial sector, and found a promising outlook for banking systems in the emerging economies. So, Banco de Bogotá has confirmed its position as the best emerging markets bank in Colombia, according to World Finance.

THE BANK AND ITS SUBSIDIARIES



The financial statements of the Bank (unconsolidated) at June 30, 2010, record capital investments in financial institutions and technical services companies for $2,275,939 net, including a provision for $757 million, as shown in the chart below. Capital investments account for 7.1% of total assets.

Capital Investments

Balances in $ million	June 2009	December 2009	June 2010
Corporación Financiera Colombiana	1,172,121	1,494,362	1,884,419
Adm. Fondos Pensiones y Cesantías Porvenir	120,851	132,512	142,656
Almaviva	29,741	29,741	29,741
Fiduciaria Bogotá	62,590	80,567	80,567
Pizano S. A.	11,592	11,592	11,592
Leasing Bogotá	21,608	23,643	0
Casa de Bolsa [1/]	3,940	3,940	3,940
Megalínea	1,025	1,025	1,025
Other [2/]	25,414	3,326	3,399
Total local currency	**1,448,882**	**1,780,707**	**2,157,338**
Banco de Bogotá Panamá	105,963	100,975	94,501
Leasing Bogotá Panamá	16,501	15,724	14,716
Visa Inc.	26,214	35,201	9,304
Other [3/]	939	894	837
Total foreign currency	**149,617**	**152,795**	**119,358**
Provision against investments available for sale	**-847**	**-808**	**-757**
Total capital investments	**1,597,652**	**1,932,695**	**2,275,939**

1/ Valores Bogotá up to September 2009.

2/ ATH, ACH Colombia, Deceval, Cámara Compensación de Divisas, Cámara de Riesgo Central de Contraparte, Redeban, Gestión y Contacto. In December 2009 Fiducolombia Escrow was eliminated.

3/ Bogotá Finance Corporation and Ficentro.

The main variations in subsidiaries relate to the integration of Leasing Bogotá into Bank operations on May 24, 2010 and the strengthening of equity with capitalization of dividends into shares issued in January-June, 2010 in Corficolombiana with $49,424 million and Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir for $10,144 million.

The following are the leading figures for the subsidiaries in Colombia and abroad in which the Bank held shares at June 30, 2010:

SOCIEDAD ADMINISTRADORA DE FONDOS DE PENSIONES Y CESANTÍAS PORVENIR S.A.

Porvenir is the leader in the pension and severance fund management market. At June, 2010 is held $27,6 billion, of which $23,3 billion are mandatory pensions (27.1% of market share and 2,807,439 affiliates at June, 2010), $2,0 billion are severance (32.9% of market share and 1,671,276 affiliates at June, 2010) and $1.6 billion are voluntary pensions (81,446 affiliates at June, 2010).

As shown below, the company has **assets** at June, 2010 totaling $577,941 million, up 18.5% on 2009. 45.3% of assets are trading capital investments held for the yield stabilization reserve to cover the statutory minimum yield on manager funds

At June, 2010 **liabilities** are $114,338 million, up 23.5% compared to 2009, and Equity is $463,603 million, up 17.3%. The solvency margin is $38,753 million; which means that the company can increase its capacity for managed funds by $1,9 billion.

Financial Statement Highlights

Balance in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %	Jun 10/Jun 09 A.V.[1/]
Assets	487,719	577,941	18.5%	90,222
Liabilities	92,619	114,338	23.5%	21,719
Equity	395,100	463,603	17.3%	68,503
Net profit for the half-year	83,592	69,911	-16.4%	-13,681

1/ A.V.: Absolute variation

The **net profit** for January-June, 2010 is $69,911 million, down 16.4% on the same period of 2009. This was mainly due to lower financial income due to lower yields on the stabilization reserve - performance had been particularly good for January-June 2009 due to overall good performance of the market. Also, the arrival of the *multiportfolios* in the severance fund market brought about a reduction in commission earnings and hence a lower level of revenues in general.

CORPORACIÓN FINANCIERA COLOMBIANA S. A.

At the end of June, 2010, **assets** are $6,596,879 million, up 66.0% on the same period of 2009. The most important items are fixed-income investments $2,353,805 million (35.7% of total assets) and variable income investments for $2,686,640 million (40.7% of total assets).

Liabilities totaled $3,990,356 million, of which $1,319,447 million were TDs (33.1% of total liabilities) and $2,286,948 million were interbank funds purchased, repos and simultaneous operations (57.3% of total liabilities).

Equity at June 30, 2010 was $2,606,523 million, up 21.3% on June 2009. The variation is mainly due to increases in reserves. At the June close the solvency ratio is 24.34%.

The chart below summarizes the financial highlights

Financial Statement Highlights

Balance in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %	Jun 10/Jun 09 A.V. [1/]
Assets	3,974,753	6,596,879	66.0%	2,622,125
Investments – debt securities	1,338,817	2,353,805	75.8%	1,014,988
Investments - capital securities	1,771,431	2,686,640	51.7%	915,209
Liabilities	1,826,326	3,990,356	118.5%	2,164,030
Equity	2,148,427	2,606,523	21.3%	458,096
Net profit for the year	138,266	264,942	91.6%	126,676

1/ A.V.: Absolute variation

For January-June, 2010 the **net profit** is $264,942 million, compared to $138,266 million for the same period of 2009. This increase is due to the fact that the two core businesses – financing and investment – both performed well in this period.,.

The Corficolombiana business model focuses the portfolio on five sectors of the economy, in particular low risk businesses with growing and predictable cash flows. At June 30, 2010, the composition of the portfolio in book value terms showed that 9.0% of investments were in infrastructure, 54.0% electricity, fuel and gas, 6.0% hotels, 8.0% in agribusiness, 16.0% in the financial sector and 7.0% in other activities.

During January-June, 2010, Corficolombiana was particularly active in projects such as GASCOP, signing a Take or Pay contract with the brewer Backus (SAB Miller group) to supply natural gas for the next five years; negotiations with INCO through EPIANDES to develop the Bogotá–Villavicencio highway widening project were completed with an agreement on the construction of 45,5 km in the sector El Tablón – Chirajara with 19 tunnels, 27 bridges and viaducts (January 22, 2010); the gas plant acquired by Concecol came on stream (April 1, 2010); the award of Sector 2 of Ruta del Sol was finalized: negotiations began in July – December 2009 and the contract was signed in January, 2010.

FIDUCIARIA BOGOTÁ S.A.

At the close of January-June, 2010, **assets** totaled $166,753 million and **equity** is $132,419 million. **Liabilities** closed at $34,334 million, as shown below.

Financial Statement Highlights

Balance in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %	Jun 10/Jun 09 A.V. 1/
Assets	254,539	166,753	-34.5%	-87,786
Liabilities	152,110	34,334	-77.4%	-117,777
Equity	102,429	132,419	29.3%	29,991
Net profit for the half-year	19,056	21,876	14.8%	2,819
Assets in escrow	15,003,213	17,136,745	14.2%	2,133,532
Collective portfolios	3,056,327	2,877,875	-5.8%	-178,452
Pension funds (Fonpet , Ecopetrol)	7,257,513	7,037,817	-3.0%	-219,697
Property escrow	1,416,676	2,335,244	64.8%	918,568
Management trust	2,501,246	3,477,770	39.0%	976,524
Other trust businesses (including escrows)	771,450	1,408,039	82.5%	636,589

1/ A.V.: Absolute variation

At the close of January-June, 2010 **net profit** was $21,876 million, up 14.8% compared to January-June 2009. Net revenues from consortia and temporary unions and commissions are $38,114 million, and represent 78.9% of operating revenues.

The value of trust funds under management is $17.1 billion at June, 2010, and management trusts and escrows totaled $4.9 billion, an increase of 49.3% between December 2009 and June, 2010. These results are mainly due to major progress in consolidating the business generated by the sales-force of Banco de Bogotá. Total revenues in January-June 2010 (omitting pension funds and business manager in consortia with other trust companies), and 38.0% comes from contracts with clients referred by Banco de Bogotá.

There have been equally important developments in the infrastructure sector: Fidubogotá was awarded two of the three mega-projects assumed under concessions from the Department of Valle del Cauca, and one of the three mega-projects of the City of Cali. The three projects involve the management of some $700,000 million in five years.

ALMAVIVA S.A.

At the January-June, 2010 close, **assets** are $174,081 million, **liabilities** are $36,230 million and **equity** is $137,851 million. At the same date, goods deposited in company warehouses were worth $781.857 million. Almaviva is the leader in customs broking services, a market currently served by 228 agencies.

The chart below gives the financial highlights:

Financial Statement Highlights

Balance in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %	Jun 10/Jun 09 A.V. 1/
Assets	178,092	174,081	-2.3%	-4,011
Liabilities	37,620	36,230	-3.7%	-1,390
Equity	140,472	137,851	-1.9%	-2,622
Net profit for the half-year	9,104	3,848	-57.7%	-5,256

1/ A.V.: Absolute variation

During the period the **net profit** was $3,848 million. Most income comes from warehousing services ($29,995 million) and customs broking ($5,980 million).

The recovery of margins and the great use of installed capacity are the company's primary objectives. This should be achieved as the productive sector recovers, costs are optimized and innovations arte introduced into processes.

CASA DE BOLSA S.A.

On October 23, 2009 the stockbroking companies in Grupo Aval (Valores Bogotá, Valores del Popular, Valores de Occidente and Casa de Bolsa Corficolombiana) merged to create a single, large organization to provide a better service to the public, Casa de Bolsa S.A. As a result the Bank retained 22.8% of the new company directly, and through Corficolombiana a further 38.9%. Therefore, the figures here refer only to the period January-June 2010.

At the January-June, 2010, close **assets** are $74,623 million, of which $37,587 million (50.4%) correspond to money-market operations and $27,556 million (36.9%) to Investments. **Liabilities** are $45,974 million, 94.7% being money-market operations. Equity is $28,649 million. At June 30 the **net profit** is $100 million.

BANCO DE BOGOTÁ S. A. PANAMÁ

At June 30, 2010 **assets** are US$482 million, of which the main items are gross loans for US$269 million (55.8% of total assets) and investments available for sale in debt securities are US$73 million (15.2% of total assets). 90.0% of loans are to Colombian clients, mainly among government and first-class private borrowers, 4.0% are Panamanian clients and 6.0% are from Chile, Netherlands Antilles, BVI and Costa Rica; 56.0% of investments are in Republic of Panamá papers.

Liabilities at June, 2010, are US$429 million, almost entirely deposits (99.3% of the total). Banco de Bogotá S. A. Panamá has **Equity** of US$53 million.

Financial Statement Highlights

Balance in US$ 000	June 2009	June 2010	Jun 10/Jun 09 Growth %	Jun 10/Jun 09 A.V. 1/
Assets	785,307	482,060	-38.6%	-303,247
Loans	243,297	268,931	10.5%	25,634
Investments available for sale, debt	294,239	73,299	-75.1%	-220,940
Liabilities	733,751	429,166	-41.5%	-304,585
Equity	51,556	52,894	2.6%	1,338
Net profit for the half-year	3,891	2,506	-35.6%	-1,385

1/ A.V.: Absolute variation

During the period January-June, 2010 **net profit** is US$3 million, with loan income of US$3 million and investment income for US$2 million; and financial expense on deposits is US$3 million.

BANCO DE BOGOTÁ (NASSAU) LTD.

This is a wholly-owned subsidiary of Banco de Bogotá, S. A. Panamá. **Assets** are US$189 million, of which US$90 million corresponds to loans. 72.0% of loans are to Colombian clients, 19.0% to Panamanian clients and 9.0% to BVI and Bermudan clients. Investments at June 30 total US$81 million, mostly in Colombian sovereign debt (US$59 million) and Panamanian sovereign debt (US$11 million).

Liabilities at June, 2010, are US$134 million, composed of deposits for US$133 million, mainly TDs. Equity is US$56 million.

Financial Statement Highlights

Balance in US$ 000	June 2009	June 2010	Jun 10/Jun 09 Growth %	Jun 10/Jun 09 A.V. 1/
Assets	192,793	189,279	-1.8%	-3,514
Liabilities	137,890	133,616	-3.1%	-4,274
Equity	54,903	55,663	1.4%	760
Net profit for the half-year	1,111	1,796	61.7%	685

1/ A.V.: Absolute variation

During the period January-June, 2010 net profit was US$2 million, loan income was US$1 million and investment income was US$1 million. The cost of deposits was US$1 million.

LEASING BOGOTÁ S. A. PANAMÁ

Wholly-owned by Banco de Bogotá Colombia, with assets at June 30, 2010 of US$8 million. Of this total, US$7 million (98.0%) are placements with local banks. Equity is US$8 million.

Financial Statement Highlights

Balance in US$ 000	June 2009	June 2010	Jun 10/Jun 09 Growth %	Jun 10/Jun 09 A.V. 1/
Assets	5,172	7,493	44.9%	2,322
Liabilities	1,635	33	-98.0%	-1,603
Equity	3,536	7,461	111.0%	3,925
Net profit for the half-year	-133	-289	117.0%	-156

1/ A.V.: Absolute variation

CLIENT SERVICE

SEGMENTS

Business and official

During the period January-June 2010, the Bank continued with its strategy of strengthening the service model addressed to the official banking sector, increasing coverage of commercial officers and specialized advisers nationwide, and seeking to increase the Bank's share of this segment, following government investment plans and within the framework of social responsibility and community support.

The Bank opened up new transaction commercial and financing solutions, given the importance which business has come to assign to tools to administer all kinds of resources efficiently, in a timely manner and at a low cost.

Therefore, a tax payment tool was enabled for the Bogotá city treasury, through an electronic payment button, charged to credit. The change was made in the business portal platform with a new approach to online banking, which provided cash management and treasury services, simplifying the integration of services, and bringing greater security to all operations.

Products for commercial solutions in business banking grew importantly during January-June 2010. As for credit products, the Bank developed new functions which facilitate use and control by clients, allowing them to administer their funds more simply. Likewise, progress was made in the delivery of information to clients in electronic formats, with more complete detail of transactions, and facilitating data enquiries.

SMEs

During the period January-June 2010, coverage of specialized services for the SME segment was expanded, with the opening of seven new Home Banking units. An expansion plan was defined for continuity of growth in market share.

Similarly, and in order to strengthen the links with SME businesses, the Bank continue to work in alliances established with FUNDES Colombia. During the period January-June 2010, 292 businesses received training for a total of 3,260 SMEs since the program began.

Micro-loans

The Bank continued to contribute to micro-business development in Colombia (the base of the social pyramid), and played an active part in increasing the penetration of the banking system, working with the productive population in low-income sectors. Currently, the service model for this segment operates with the presence in Bogotá, Mellìn, Ibague, Neiva, Cali, Bucaramanga, Tunja and 84 linked municipalities, and will soon spread to the Caribbean coast, the Coffee Belt and the savannah of Cundinamarca.

At the close of the period, we had provided financing solutions to more than 21,000 Colombian families. More than 23.0% of these had never had a financial relationship with the bank before. Our principal group financed in this segment was composed of women heads of household, who service their loans at the best levels of loan quality.

Personal banking

During the first half of 2010, personal banking made progress in the development of a strategy and of a proposal for children and young subsequent. The concept of Bancaventura was launched for children, as a communications channel, in order to establish closer ties with this segment. This was part of the strategy to attract new clients, and generate long-term relationships

CHANNELS

Channel Mix				
Channel	Jun 2007 % Share	Jun 2008 % Share	Jun 2009 % Share	Jun 2010 % Share
ATMs	22%	23%	22%	20%
Servilinea (Phone-Banking)	8%	7%	4%	4%
Store purchases	4%	4%	4%	4%
Speeder Machines	2%	2%	1%	1%
Internet for Personal Banking	18%	22%	26%	28%
Internet for SME and Corporative Banking	19%	20%	17%	18%
Non-Banking Correspondents	0%	0.09%	0.08%	0.07%
Mobile Banking	0.0%	0.0%	0.8%	1.6%
ACH (Interbanking Operations)	2%	2%	3%	3%
Total Electronic Channels	**75%**	**79%**	**78%**	**79%**
Branches	**25%**	**21%**	**22%**	**21%**

Electronic channels

Electronic channels accounted for 79% of transactions in the half-year to June 2010, compared to 21% in bank offices. Electronic channel transactions grew 13% in the year.

In this six-month period, activities took place in offices with special promoters in the bank's electronic channels, to train clients in the use of channels, and supporting their approaches to the electronic services banking hall.

Further, and following Superintendency Circular 52, a new and stronger authentication service was implemented for personal banking clients, allowing them to obtain a device known as a token, which generates unique and random keys, the token is required in addition to the data currently use in order to perform operations with the debit card on Internet, Servilinea and depositaries, giving confidence and security to the client in each transaction.

It was released the complement for Mobile-Banking in new technologies for BlackBerry which allow the client to download the application an make their transactions in a securer, more comfortable an easier way.

Sale of products through electronic channels

During the first half of 2010 the Bank continued with the constant release of campaigns focused on the sale of products through its electronic channels: credit cards sales, insurance renewals, utilization of advance limits, and utilization of revolving credit through Internet and IVR channels.

ATMs

Banco de Bogotá remains the leader in the ATH-ATM network nationwide. It has 960 of the 2,362 ATMs in the ATH network at June 30, 2010. This represented a share of 41% in the number of machines, and 45% of the total of successful transactions.

During January June 2010, there were 35,445,039 transactions in Bank ATMs, an average of 5,907,507 a month, or 6,154 transactions per machine.

Banco de Bogotá is pursuing a project to up date the technology of more than 600 ATMs nationwide, to comply with current regulations for the provision of financial services through electronic travels (Circular 52), and to provide greater security and confidence for our clients when performing their transactions, and greater agility and speed during processing.

Check-Deposit Points

The Bank has 175 Check-Deposit Points at June 30, 2010, reporting an average of 455 transactions per month per machine.

During January-June, 2010, 94% of the new check-deposit points were installed, and their strategic distribution succeeded in broadening our coverage nationwide, providing a better service to clients and helping to reduce the workload in offices. Some of these deposit-machines have an option to deposit bundles, and can receive 1-30 checks per transaction

Personal portal

During the period January-June 2010, more than 34 million successful transactions were performed on this channel, which grew 13% over the same period last year, showing a positive growth dynamic.

Mobile banking

During January-June 2010, the growth of this channel continued, accumulating a total of 1,834,700 operations, between transactions, alerts and notifications. The sales-force was active in providing tools to facilitate the offer and sale of the benefits of this channel.

Office network

During the period January-June 2010 three new offices were opened in important malls and business centers nationwide, and in the areas of high impact in major and intermediate cities. These offices cover Cabuyaro, Escuela Militar de Cadetes and the Centro Mayor mall. With these new facilities, the Bank increased its total to 587 offices

Contact Centre for service and operations

The Contact Centre received a total of 1,428,355 calls from clients during the first half of the year, for online services in enquiries, complaints and information about operations effected with their products and services.

In the same period, there were 1,724,585 outgoing calls contacting clients for campaigns to update information, telemarketing, confirmation of checks returned, and location of clients.

PRODUCTS

Credit card

Among the most important initiatives to support the growth of the card business, was the launch campaign for the Signature and Black Cards, which brought the Bank in the leading position for the placement of this type of product, addressed to the high-income segment, and the generation of micro-campaigns of preliminary approvals, the purpose being to generate cross sales to asset clients and existing credit card accounts, to accept dual services, supported by the Commercial Division.

Finally, as of January 2010, clients have the possibility to make enquiries about credit cards with chip technology in our offices, to obtain greater security when making purchases in establishments that have the new technology.

Consumer credit

During the period January-June 2010, activities in disbursements grew 63.9%, compared to the same period of 2009, with accumulated disbursements of $1,109,707 million at the end of June.

The principal strategy was focused on deepening relations with existing, through the pre-approvals for credit products. In-depth relations were established with the official sector and with private business, engaged through payroll-installment agreements. This enabled the Bank to close the first half of the year with a payroll installments 21.2% higher than the balance at the end of the previous year.

Further, at the end of January-June 2010, the Special Vehicles Unit had disbursed 4,403 loans, an increase of 19% compared to the first half of 2009.

Savings

During January-June 2010, the Bank continued with the strategy for positioning value proposals, *Flexiahorro, Libreahorro, Rentahorro and Ahorro Programado*, with the campaign "Choose a way of saving to have what you want", highlighting the characteristics and benefits of this portfolio as the best choice for Colombian savers, which in addition to providing security and support from the Bank, would find this offer an answer to their needs transactions, liquidity and profitability.

In addition to this campaign, in which children and the young accounts were also involved, the interactive platform *Bancaventura* was developed for the Bank to establish direct communication with children, offering an opportunity for entertainment and learning, as part of a strategy for growth in these accounts, with contests and draws advertised there.

Taxes

We continued with the strategy of communication and information to clients on the benefits to Colombia and the community of paying their taxes. The communications strategy for the personal clients and SMEs invites them to pay their national, departmental and metropolitan taxes, indicating the various channels and media offered by the Bank for payment.

We produced a leaflet sent to SME clients, for them to make their payments of national taxes through the Internet virtual payment facility.

Debit cards

At June 30, 2010, the Bank had 1,461,950 active debit cards. In order to encourage growth, there was activity in the communication of benefits and alliances of the recognized establishments with encouragement to them use the debit card as a means of payment.

Insurance

At the close of January-June 2010, insurance products had performed satisfactorily, with important levels of acceptance of unemployment insurance between clients for personal loans.

UPDATING OF INFORMATION

During January-June work has been done on the implementation of indicators to follow up the completeness of data on clients engaged with the bank, in order to develop strategies to guarantee that the information will be 100% complete.

Additionally, tools have been implemented to facilitate the updating of client information automatically; clients entering the Servilinea and Internet channels and whose information is not updated will have an option to update.

SERVICE

There was ongoing follow-up of the management of improved services. In January-June 2010, the service quality study made by the market research firm METIS presented an overall net score of 83.4 points out of 100 on the ISO 9000 scale, which was 2.2% better than that of January-June 30, 2009, and 15 points higher than the ratings of 2000.

The comportment of the most important attributes appears below:

Evaluation Results Service Quality in Offices

Attribute qualified by customers	2nd Half - year 2000	1st Half - year 2008	2nd Half - year 2008	1st Half - year 2009	2nd Half - year 2009	1st Half - year 2010
Total score Banco de Bogotá	**68.4**	**78.8**	**80.3**	**81.2**	**82.8**	**83.4**
SCORE BY ATTRIBUTE						
- Positve attitude office employees	71.1	81.4	83.0	83.4	85.3	86.3
- Kindness office employees	73.4	82.6	84.0	84.9	86.4	87.1
- Commitment to work	70.3	81.1	82.7	83.4	85.1	86.0
- Agility attention	62.6	72.8	76.2	77.0	79.9	79.8
- Disposal to provide good service	69.0	79.7	81.3	82.4	84.3	85.0
- Respect for customers	77.3	87.7	88.4	89.3	90.3	90.7
- Personal presentation	78.2	88.3	89.5	90.1	90.8	91.2
- Interest in advising a client	70.8	81.1	82.1	83.2	84.7	85.5
- Disposition in solving problems	69.8	79.7	81.0	81.7	83.8	84.4
- Physical facilities quality	68.9	82.9	85.2	85.5	86.7	87.1
- ATM quality	66.6	81.3	82.3	82.2	83.2	83.2
- Telephone communication quality	73.2	74.5	74.4	75.5	77.5	79.1

Source: Estudio de Calidad de Servicio Banco de Bogotá - Metis

During January-June 2010, reinforcement for some service standards worked on in the previous year, in order to consolidate a culture of client-oriented organizational service in the administrative areas, since it was thought that the process of cultural transformation requires more requires a longer schemes of sensitization.

During January-June 2010, the Bank's client service system received 230,264 contacts for requests and complaints, of which 94% were requests, and only 6% were complaints.

With regard to external control bodies, we received 888 cases from the Clients Defender, 775 from the Financial Superintendency, and 2,250 personal petitions. All the replies were sent promptly in accordance with parameters established by each of these bodies.

IMAGE AND POSITIONING

The XII Iberoamerican Theater Festival was held between March 19 and April 4, 2010, and on this occasion the Bank provided continuity to its initiative of supporting Colombian culture, as it has been doing for the last eight years.

The Bank is recognized as being one of the most important sponsors of the event, and is also mentioned as an institution which supports cultural activities what contribute to development and recreation for the community.

The regular evaluations made with clients and non-clients and the non-banking public, continue to confirm that Banco de Bogotá is recognized as long-standing, experienced, supportive and a solid brand, with high level of recall among the other competitor banks

MANAGEMENT OF INTERNAL PROCESSES

During the six-month period, the Bank continued to update its technological processes and procedures in order to optimize its commercial performance. Further, and in compliance with Superintendency Circulars 14 and 38, elements of internal control systems were developed as defined there.

Changes in technological infrastructure and operating processes

The scheme of information security for clients was strengthened, and the handling of security was optimized with reference to access to information through the biometrics system, transformation of data, the protection of information and constant updating.

With a priority focus on clients, we improved cycle times and service levels. This will help to achieve greater efficiency in the study of applications, the central indebtedness system, collections, cash-cards, the Coffee Card, smartcards, personalized cards, and non-banking correspondents, VISA mobile banking, the business and corporate portal, electronic agreements, and Grupo Aval collections, and Internet foreign trade.

Changes were made to the system of guarantees control to make it work faster and to optimize the process

We improved communication systems to make response times more efficient into office transactions, ATMs and audio banking.

Internal Control System

The Bank has a permanent focus on strengthening and optimizing the internal control system and risk management, through a process led by senior management, applied at all levels of the administration and executed by all employees. This process is designed to obtain greater efficiency and efficacy in activities; to provide adequate protection for assets and resources; to prevent and mitigate the occurrence of fraud; to guarantee the reliability, completeness and promptness of reports and financial and management information; to have appropriate mechanisms available to prevent and control money laundering and the financing of terrorism; to secure observance of the law and regulations as applicable, and to practice appropriate risk management.

An evaluation of the Bank’s Mission processes was conducted, updating the technical specifications that each process and the risk that related to it.

The most important elements of the process of continuous improvement in the Bank with respect to internal control performance, through which internal control has achieved adequate levels of efficacy and efficiency, are the following:

The control environment. There are express policies defined from the top levels of corporate government; a Code of Ethics and Conduct which has been circulated and promoted within the Bank; existing procedures, available to all personnel; and organizational culture which operates in all areas of the Bank; permanent work to ensure that employees have the knowledge, skills, attitudes and values required; the concept of “self-control”, and the culture and tools available for application.

Risk management. Through the setting of objectives, identification of events, evaluation of risks and there is response to the same, in the context of the various systems of risk management (SARO, SARL, SARC, SARM, SARLAFT)

Control activities. Policies and procedures to control risks, among which the segregation of functions, dual control, authority limits and levels related to accounting and technology are among the most important of them. The control activities are selected and developed considering whether they are reasonable or not, evaluating their cost-benefit ratio, and their potential effectiveness in mitigating the risks which materially affect the achievement of objectives.

Information and Communications. There are specific policies, procedures and controls that seek security, quality and compliance with information generated, and appropriate communication of relevant information within the organization, and to the outside world.

Monitoring and evaluation. There are ongoing activities in supervision, for which each Unit Head is responsible, and there are independent evaluations made by Internal Audit and the Statutory Auditor, which are intended to correct any deficiencies detected.

For the bank, it is a priority that institutional objectives be achieved within reasonable levels of risk, and in the context of observance of current regulations.

The Bank continues to strengthen a culture which involves management of internal control in day-to-day activities and at all levels of the organization, so that the results will be reflected in client service, and in the generation of value.

INTERNAL AUDIT

The Comptroller's Division, as a part of the internal control system, engages in the activities of internal audit, within reference points and international standards and best practices. It has sufficient resources and autonomy to be able to achieve its mission independently and adequately.

In accordance with the conclusions obtained by Internal Audit, based on evaluations made during the previous six-month period, credit, market, operating, liquidity and money laundering/financing of terrorism risks have received reasonable treatment in terms of observance of the law and regulation, compliance with the policies of the Directors and senior management, and the application of procedures in a context of appropriate and operative internal control.

SECURITY

Security management is an important task in the Bank, and is designed to protect persons and assets of its own and its clients, and those of the community in general. As part of this purpose, activities took place in January-June 2010 in relation to compliance with the information security model, there was research into the handling of fraud situations, and an integrated conceptual scheme for prevention and management of fraud; the scheme of monitoring of systems and transactions was deepened. There was continued strengthening of logical and physical security schemes. Work was also done to prevent or mitigate losses due to fraud, as a priority activity, in providing advisory services and information of risks and controls, and institutional training, to employees and clients, all combined with the collaboration of the authorities and coordination with other entities in the sector.

TRAINING

As part of a fundamental objective to achieve and attain targets, the Bank has offered institutional formation on a continuous and complementary basis to all staff. During this period, programs already structured were continued, in the following areas amongst others 1) Bank Administration Program (PAB) for commercial managers and executives, 2) Bank Administration Program for Service Heads, 3) Program for SENA trainees, in commercial advisory services and operations of financial entities, 4) Virtual education, 5) Induction course for the Bank. Further, there was a course for cashiers: 73 cashiers took part, passed, and are now placed in banking offices.

The continuous and complementary formation program was offered in the form of course in check approvals for cashiers, and workshops on sales, coaching, negotiation and writing. There were also external courses and graduate programs in a number of institutions.

INTEGRATION OF LEASING BOGOTÁ

On May 24, 2010, the Bank signed Public Deed 4608 at the office of Notary 38, Bogotá, to formalize an acquisition process to absorb Leasing Bogotá S.A. into Banco de Bogotá S.A. The former was dissolved but not liquidated, and the Bank took over all rights and obligations of the leasing company.

The Bank absorbed the leasing business as a specialist unit, and incorporated it into its portfolio of products and services, taking advantage of its commercial structure, distribution network and financial and operational efficiencies.

FINANCIAL PERFORMANCE JANUARY-JUNE, 2010

The financial sectors continues to be one that contributed most to Colombia's economic development[9] and is the largest contributor to GDP, accounting for 19.3% of the total in Q1, 2010.

During the period January-June, 2010, the financial sector's profits were good and dynamics were maintained, mainly due to interest on loan placements and valuation gains of financial investments in public debt. The financial system managed credit risks appropriately, following regulatory guidelines for evaluation and cover.

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[9] Financial institutions, insurance companies, property and business services.

The figures for the banking system at June, 2010[10] show total assets for $218.5 billion, gross loans for $140.9 billion and investments for $47.8 billion, with annual growth of 10.8%, 9.3% and 17.1% respectively. The system reported accumulated profits of $2.5 billion, up 8.1% on the same period last year. Also, profitability indicators were 2.2% for ROA and 17.5% for ROE. The loan quality indicator improved from 4.3% to 3.8%, as a result of better quality in consumer, micro and home mortgage lending, improved from 8.0%, 6.6% and 4.6% in June 2009 to 5.9%, 5.8% y 3.9% in June 2010; while commercial loans deteriorated from 2.7% in June 2009 to 2.8% in June, 2010. Meanwhile, loan coverage increased from 118.2% to 138.1% and Administrative Efficiency and Capital Ratios improved from 4.8% to 4.2% and from 13.7% to 14.2%, respectively.

With adequate management of the leading indicators (ROA, ROE, Loan quality, loan coverage, administrative efficiency and solvency) Banco de Bogotá reported leading results and maintained its activities in the market, both for active participation there and for deposits.

Market Share 1/

	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10
Total Assets	10.9	13.1	13.6	14.0	13.8	14.6
Net loans	10.9	13.0	13.4	14.7	14.5	14.2
Investments / Fixed yield/ Net 2/	9.4	8.7	9.7	8.1	8.8	10.4
Deposits and demand accounts	11.4	12.6	13.5	14.0	14.8	15.5
Current accounts	17.1	16.8	19.8	19.6	20.1	19.0
Savings accounts	12.5	11.1	13.5	13.4	14.1	14.6
TDs	5.9	13.5	10.0	12.6	13.9	15.9

1/ Source: Balance sheets , Financial Superintendency. Share of Total Banks.
2/ Includes account 196020, Deposits in Guarantee – Debt securities, future operations

At June, 2010, comparing to the same period of the previous year, it is outstanding the performance in market share in Assets (86 bp), Deposits and demand accounts (64 bp) given the high levels of share in the principal types of deposit received from the public: savings (59 bp) and term deposits (200 bp).

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[10] Source: Colombian Financial Superintendency and Asobancaria.

Profitability indicators

For the period January-June, 2010, ROA (2.6%) and ROE (18.2%) continued to perform well despite a slight deterioration compared to 2009 when the indicators were 2.7% and 23.3%, respectively. The following is a table of results for these indicators in the Banal, the System and the Peer Group.

Comparative Profitability [1/]

	BANCO DE BOGOTA		SYSTEM [2/]		PEER/SIMILAR GROUP [3/]	
	ROA	ROE	ROA	ROE	ROA	ROE
Jan - Jun 2009	2.7	23.3	2.4	21.1	2.6	19.0
Jan - Jun 2010	2.6	18.2	2.4	18.7	2.6	18.7

1/ Source: Financial Superintendency and Asobancaria. Average YTD and accumulated profits, average balances for the year June 2009 and June 2010 and accumulated profit January - June.
2/ Total System: All Banks
3/ Peer or similar: Bancolombia, Banco de Occidente, BBVA, Davivienda, Citibank, Banco Popular

Structure and Evolution of Assets

At June, 2010, the balance of assets was, $31,933,256 million with annual growth of 17.7%, representing 14.6% of total assets in the banking system. See below:

Classification of Banks by Assets

	June 2009		June 2010	
$ millions	Assets	Total % share	Assets	Total % share
BANCOLOMBIA	40,433,152	20.5	43,533,826	19.9
BANCO DE BOGOTÁ	**27,123,939**	**13.8**	**31,933,256**	**14.6**
BANCO DAVIVIENDA	22,297,423	11.3	25,796,770	11.8
BBVA	21,151,502	10.7	19,342,040	8.9
BANCO DE OCCIDENTE	12,887,172	6.5	17,147,876	7.8
BANCO AGRARIO	12,073,679	6.1	13,561,205	6.2
BANCO POPULAR	11,243,474	5.7	11,955,352	5.5
RED MULTIB. COLPATRIA	7,473,050	3.8	9,227,636	4.2
GNB SUDAMERIS	6,726,922	3.4	8,042,764	3.7
BCSC	7,080,409	3.6	7,724,231	3.5

Continues

	June 2009		June 2010	
$ millions	Assets	Total % share	Assets	Total % share
CITIBANK	7,312,658	3.7	7,298,672	3.3
HELM BANK	6,935,859	3.5	6,919,544	3.2
BANCO SANTANDER	6,063,924	3.1	6,616,900	3.0
BANCO AV VILLAS	5,604,876	2.8	6,562,207	3.0
HSBC	1,655,371	0.8	1,700,565	0.8
BANCAMIA	514,212	0.3	605,476	0.3
ROYAL BANK OF SCOTLAND	557,511	0.3	354,301	0.2
PROCREDIT COLOMBIA	85,805	0.0	139,704	0.1
TOTAL BANKS	**197,220,937**	**100**	**218,462,327**	**100**

The Bank's policy in financial management is dynamic and is based on the recomposition of assets to lower levels of risk and adequate yields, as shown below:

Composition of Total Assets

$ million	June 2009	June 2010	Jun 10/ Jun 09 Growth %	Jun 10 Total Share %
Productive assets	**23,223,794**	**26,373,201**	**13.6**	**82.6**
Interbank funds sold, repos and simultaneous assets positions	345,285	447,001	29.5	1.4
Current and overdue performing loans	18,062,253	19,264,348	6.7	60.3
Current	17,892,067	18,914,148	5.7	59.2
Overdue performing	170,186	102,513	-39.8	0.3
Leasing performing	0	247,686	0.8	
Financial investments in debt securities [1/]	3,172,115	4,335,421	36.7	13.6
Investments available for sale, capital securities	1,598,499	2,276,696	42.4	7.1
Employee loans	45,642	49,735	9.0	0.2
Fixed Assets	**219,089**	**285,576**	**30.3**	**0.9**
Property and equipment net of depreciation and provisions	219,089	285,576	30.3	0.9

1/ Includes account 196020, Deposits in guarantee – Debt securities/ futures contracts

Continues

$ million	June 2009	June 2010	Jun 10/ Jun 09 Growth %	Jun 10 Total Share %
Non-productive assets	**459,947**	**510,073**	**10.9**	**1.6**
Marketable and foreclosed assets, gross payments	67,700	64,554	-4.6	0.2
Past-due non-performing loans	391,382	442,165	13.0	1.4
Non-performing leasing operations	0	3,209		0.0
Employee loans	865	145	-83.2	0.0
Other Assets	**4,005,048**	**5,658,140**	**41.3**	**17.7**
Cash and Banco de la República	1,233,304	3,302,355	167.8	10.3
Goodwill	559,250	540,891	-3.3	1.7
Banks and other financial institutions	813,430	249,735	-69.3	0.8
Accounts receivable, acceptances and other assets	732,584	833,320	13.8	2.6
Net valuation gains	666,478	731,839	9.8	2.3
Provisions	-783,939	-893,734	14.0	-2.8
Total assets	**27,123,939**	**31,933,256**	**17.7**	**100.0**

Structure of financial intermediation

Productive assets ($26,373,201 million) grew at an annual rate of 13.6% and represent 82.6% of total assets at June, 2010. This growth is mainly explained by increases in: Current and past-due performing loans, $1,202,095 million, including $247,686 million of performing leasing operations as a result of the integration of Leasing Bogotá operations into the Bank's business in May, 2010; Financial investments in debt securities $1,163,306 million, with the growth of debt investments available for sale ($1,642,094 million) and in capital investments available for sale $678,197 million, mainly due to the increased value of accumulated unrealized gains; and other items.

Fixed assets grew 30.3% from $219,089 million in June 2009 to $285,576 million in June, 2010. The variation was mainly due to buildings[11] and computer equipment. The largest items in gross fixed assets are buildings (40.7%); office equipment, furniture and fittings (25.2%), and computer equipment (23.2%).

At the January-June 2010 close, the liabilities mix was 75.5% interest-bearing and 24.5% non-interest-bearing.

Interest-bearing liabilities, $20,675,839 million, grew 18.4%. The largest differences were recorded among savings deposits, up 21.6% ($1,841,344 million), interbank

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[11] It should be noted that in December 2009 the Bank used its preferential offer to purchase securitized assets from Megabanco, recorded here as fixed assets.

funds purchased, repos, simultaneous operations and short position, up 285.9% ($800,589 million), bank loans and other financial obligations, up 21.0% ($246,046 million), subordinated bonds, up 49.9% ($203,988 million)[12], and term deposits, up 2.9% ($199,189 million), This growth reflects the Banks strategy for growth in deposit taking.

Non-interest-bearing liabilities ($6,703,449 million) grew 7.2%, $450,995 million from June 2009 to June 2010, especially due to the year-on-year increase in current accounts, up $280,777 million, bank acceptances outstanding and derivatives up $132,306 million[13] and tax collections, up $24,830 million.

The operating gap indicator (Performing assets / Interest-bearing liabilities), at 127.6%, shows that the Bank has spare capacity to generate new net operating income.

Financial Structure of the Balance Sheet

Balance in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %
Productive assets	23,223,794	26,373,201	13.6
Fixed assets	219,089	285,576	30.3
Non-productive assets	459,947	510,073	10.9
Other Assets + Provisions	3,221,109	4,764,406	47.9
Total assets	**27,123,939**	**31,933,256**	**17.7**
Interest-bearing liabilities	**17,469,816**	**20,675,839**	**18.4**
Savings accounts	8,534,251	10,375,595	21.6
Term deposits	6,774,795	6,973,984	2.9
Other deposits and demand accounts	297,704	212,570	-28.6
Subordinated bonds	408,652	612,640	49.9
Interbank funds purchased, repos and simultaneous liability operations and short position.	280,039	1,080,627	285.9
Bank loans and other obligations	1,174,375	1,420,421	21.0
Non-interest-bearing liabilities	**6,252,454**	**6,703,449**	**7.2**
Current accounts	4,732,527	5,013,304	5.9
Tax collections	572,336	597,166	4.3
Other Non-interest-bearing liabilities	947,591	1,092,979	15.3
Total liabilities	**23,722,270**	**27,379,287**	**15.4**
Total Equity	**3,401,669**	**4,553,968**	**33.9**

Continues

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[12] On February 23, 2010 the Bank launched a AA+- rated subordinated bond issue for ($200,000 million) in order to optimize funding structures, enhance capital ratios, and improve presence in the capital markets.

[13] Given the new method of accounting derivatives, introduced by the Superintendency, effective as of January 1, 2010

Balance in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %
Total Liabilities and Equity	27,123,939	31,933,256	17.7
Operating gap [1/]	132.9%	127.6%	
Equity exposure (excluding fixed assets) [2/]	13.5%	11.2%	
Equity exposure (including fixed assets) [3/]	20.0%	17.5%	
Average total assets [4/]	26,334,070	29,981,296	**13.8**
Average productive operating assets [4/ 5/]	22,722,044	25,694,622	**13.1**
ROA	**2.7%**	**2.6%**	
ROA (productive assets) [6/]	**3.1%**	**3.0%**	

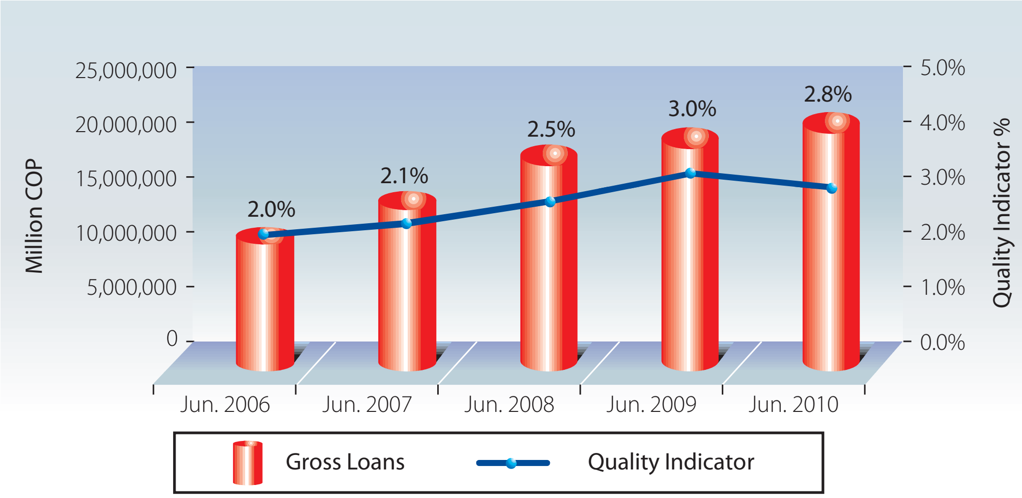
1/ Operating gap = Productive assets / Interest-bearing liabilities
2/ Equity exposure without fixed assets = Non-productive assets/Equity
3/ Equity exposure with fixed assets = Fixed and non-productive assets / Equity
4/ Average calculated on average YTD (December - June)
5/ Productive operating assets include: Interbank funds sold, repos, simultaneous assets operations, financial debt in debt securities and capital investments available for sale and performing loan and leasing operations and employee loans.
6/ Net profit for the period / Average productive operating assets

Loans and Leasing operations

Evolution of loans

Banco de Bogotá has maintained steady growth in loans over time, adapting its structure to the changing needs of the market and designing strategies to attend to specific market segments identified in the Colombian economy.

Evolution Of Gross Loans



At June, 2010, net loans and leasing operations totaled $18,942,925 million, that is, 6.6%, or $1,169,630 million up on June 2009. Market share was 14.2%, as shown below:

Classification of Banks by net Loans and Leasing Operations

	June 2009		June 2010	
Balance in $ millions	Volume	% share of Total	Volumen	% share of Total
BANCOLOMBIA	26,934,474	22.0	28,178,470	21.1
BANCO DE BOGOTÁ	**17,773,294**	**14.5**	**18,942,925**	**14.2**
BANCO DAVIVIENDA	14,868,390	12.2	17,765,594	13.3
BBVA	12,612,082	10.3	12,395,545	9.3
BANCO DE OCCIDENTE	7,971,155	6.5	10,308,666	7.7
BANCO POPULAR	6,189,599	5.1	6,996,309	5.2
RED MULTIB. COLPATRIA	5,502,358	4.5	6,798,605	5.1
BANCO AGRARIO	5,404,922	4.4	5,830,721	4.4
HELM BANK	4,334,015	3.5	4,813,016	3.6
BCSC	4,590,247	3.8	4,645,252	3.5
BANCO AV VILLAS	3,756,596	3.1	4,158,247	3.1
BANCO SANTANDER	3,704,377	3.0	3,911,153	2.9
CITIBANK	3,965,091	3.2	3,895,006	2.9
GNB SUDAMERIS	2,954,717	2.4	3,259,805	2.4
HSBC	1,084,989	0.9	1,012,701	0.8
BANCA MIA	410,077	0.3	494,182	0.4
PROCREDIT COLOMBIA	52,601	0.0	106,487	0.1
ROYAL BANK OF SCOTLAND	187,164	0.2	26,003	0.0
TOTAL BANKS	**122,296,148**	**100.0**	**133,538,687**	**100.0**

Structure of Loans

At June, 2010, gross loans and leasing operations are, $19,709,721 million, up 6.8% on June 2009, representing 61.7% of the Bank's assets.

In respect of **composition by currency**, 91.8% of gross loans are in local currency ($18,099,564 million), and 8.2% in foreign currency ($1,610,157 million). Of total gross loans in foreign currency, 35.6% correspond to the operation in Colombia ($573,076 million), 35.4% to the New York Agency ($570,187 million) and 29.0% to the Miami Agency ($466,894 million).

Loans

Balance in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %
Current loans	17,892,067	18,914,148	5.7
Performing past-due loans [1/]	170,186	102,513	-39.8
Non-performing past due loans [2/]	391,381	442,164	13.0
Total gross loans	**18,453,634**	**19,458,825**	**5.4**
Current leasing operations	0	244,352	
Performing past-due leasing operations [3/]	0	3,334	
Non-performing past-due leasing operations [4/]	0	3,209	
Gross leasing operations	**0**	**250,896**	
Total gross loans and leasing operations	**18,453,634**	**19,709,721**	**6.8**
Loan provisions	-680,340	-766,796	12.7
Total net loans and leasing operations	**17,773,294**	**18,942,925**	**6.6**
Total past due loans and leasing operations	**561,567**	**551,220**	**-1.8**
Total assets	**27,123,939**	**31,933,256**	**17.7**
Share of net loans in total assets	**65.5%**	**59.3%**	
Written off in the period ($ million)	90,929	96,983	
Past due loans/ Gross loans	3.0%	2.8%	
Loan provisions/Past-due loans	121.2%	139.1%	
Non-performing past-due loans/ Gross loans	2.1%	2.3%	
Loan provisions / Non-performing loans	173.8%	172.2%	
Past-due loans / Equity	16.5%	12.1%	

1/ Commercial loans past due up to 3 months, consumer and micro overdue up to 2 months and home mortgage up to 4 months

2/ Commercial loans past due over 3 months, consumer and micro loans overdue more than 2 months and home mortgage loans past due more than 4 months.

3/ Lasing operations past-due 1-2 months

4/ Leasing operations past-due over 2 months

In relation to economic sectors, the largest borrowers at June, 2010 are: services (24.0%), commerce (21.0%), manufacture (19.2%), y acquisition of goods an d services and housing (13.0%).

Loans and Leasing Operations by Economic Sector

Balances in $ million	June 2009	Share %	June 2010	Share %
Services [1/]	4,438,485	24.1	4,721,773	24.0
Commerce	3,365,355	18.2	4,133,242	21.0
Manufacture	4,274,946	23.2	3,787,923	19.2
Acquisition of goods, services and housing [2/]	2,645,350	14.3	2,571,187	13.0
Agriculture and Mining	1,321,917	7.2	1,801,918	9.1
Public Administration and Defense	1,324,505	7.2	1,245,821	6.3
Construction	674,730	3.7	950,975	4.8
Other	408,346	2.2	496,882	2.5
Total Gross Loans and Leasing Operations	**18,453,634**	**100.0**	**19,709,721**	**100.0**

1/ Transport and Communications, Business services, Health, education, recreation and culture, Financing of sales of foreclosed assets.

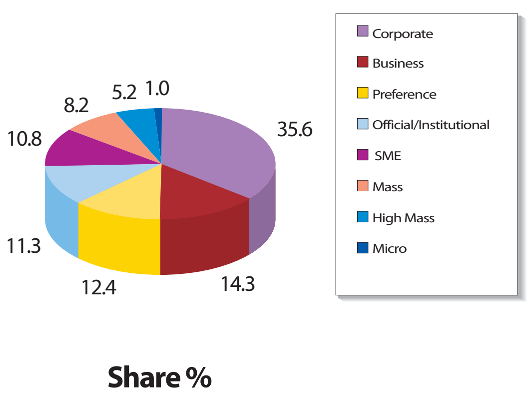
2/ Includes: Credit cards at June 2009 for $796,221 million and at June 2010, $851,781 million

The classification by segment shows that At June, 2010 the largest are Corporate (35.6%), followed by Business (14.3%), Preference (12.4%), Official and Institutional (11.8%) and SME (10.8%).

Gross Loans by Segment, June 2010

Balance in $ million

Corporate	7,014,417
Business	2,820,103
Preference	2,436,986
Official and Institutional	2,322,316
SME	2,121,567
Mass	1,610,576
High mass	1,023,947
Micro	204,477
Solidarity/social banking	155,333
Total Gross Loans and Leasing	**19,709,721**



1/ Source: Banco de Bogotá – Information on Profitability cube (DWH).

Gross loans and leasing operations by **mode** are as follows at June, 2010: commercial loans are $15,916,259 million, or 80.8% of the total; consumer loans are $3,569,766 million (18.1%); micro loans are $204,477 million (1.0%); and home mortgage loans are $19,218 million (0.1%).

The Bank maintains its leading position in the commercial lending market and the total share of commercial loans in its portfolio is 18.9 points above the Banking System average 61.8%.

Total Gross Loans and Leasing Operations

Balance in $ million	June 2009		June 2010		Jun 10/Jun 09
Type	Volume	Share %	Volume	Share %	Growth %
Commercial	14,903,065	80.8	15,916,259	80.8	6.8
Consumer	3,323,068	18.0	3,569,766	18.1	7.4
Micro	210,496	1.1	204,477	1.0	-2.9
Home mortgage	17,006	0.1	19,218	0.1	13.0
Total gross loans and leasing	**18,453,634**	**100.0**	**19,709,721**	**100.0**	**6.8**

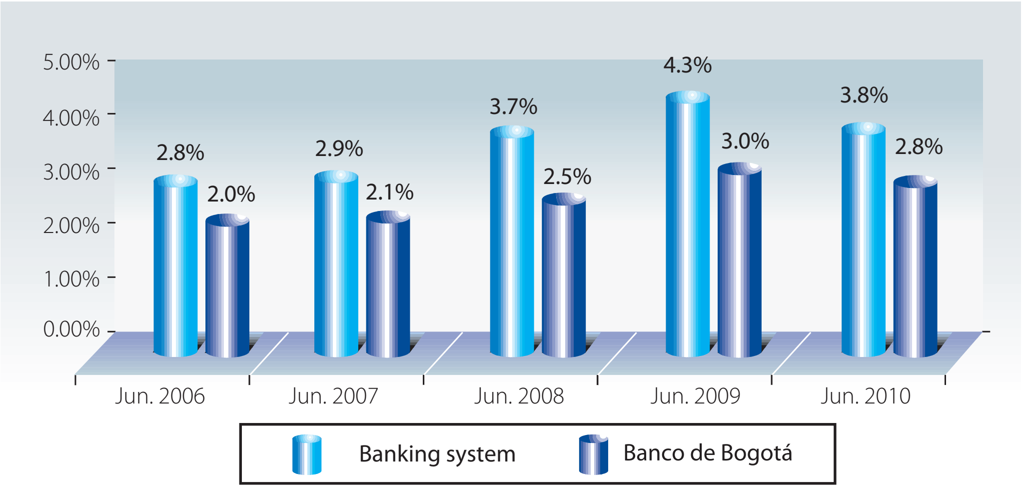
At June, 2010, the Bank supported Business Banking mainly with ordinary loans, totaling $14,421,220 million and development loans of $889,829 million. This represented 18.3% of the total for the system and growth of 6.8% compared to June 2009.

The Bank maintains its market share of **Consumer loans** at 9.3% at June, 2010. Consumer loans are mainly composed of personal loans of $1,089,192 million, payroll installment loans for $996,316 million, credit cards for $731,777 million and vehicle loans for $562,288 million, equivalent to 30.5%, 27.9%, 20.5% and 15.8% of the total, respectively.

Loan quality

At June, 2010, the Bank's **traditional loan quality indicator**, defined as total past-due accounts / total gross loans, was 2.8% ($551,220 million in past-dues), 97 bp better than the system as a whole (3.8%) with $5,309,921 million of past-dues. Further, the Bank's commercial loan indicator, 1.9%, compares favorably with that of the System, 2.8%; the Bank's consumer loan indicator is 6.3%, compared to the System indicator of 5.9%.

Loan Quality *



- Past-due loans and leasing operations / Gross loans and leasing operations

Loans by risk category

The Financial Superintendency requires that banks classify their loans under risk categories: “A”, “B”, “C”, “D” and “E”. In Banco de Bogotá each client is classified in a central process that reports risk status in accordance with current regulations.

The processes for establish risk categories are regulated by the Commercial Reference Model (MRC), and the Consumer Reference Model (MRO), both subject to the terms of Basic Accounting and Financial Circular 100/1995.

In total gross loans, clients classified A-Normal fell from 91.8% to 90.7% between June 2009 and June 2010.

As a result, the indicator for clients rated “B”, ”C”, “D” and “E” rose from 8.2% to 9.3% in the period compared. In individual categories, “B” rose from 4.0% to 4.9%, “C” from 1.5% to 1.9%, “D” and “E” from 2.7% to 2.5%.

Gross Loans and Leasing Operations by Risk Category

Balance in $ million	June 2009		June 2010	
Category	Volume	Share %	Volume	Share %
A	16,932,387	91.8	17,869,389	90.7
B	746,744	4.0	967,099	4.9
C	270,941	1.5	373,699	1.9
D	413,673	2.2	415,265	2.1
E	89,889	0.5	84,269	0.4
Total Gross Loans and Leasing	**18,453,634**	**100.0**	**19,709,721**	**100.0**

This position originates in a reclassification of commercial operations for acount of clients classified by the reference model.

Commercial Loans and Leasing Operations by Risk Category

Balance in $ million	June 2009		June 2010	
Category	Volume	Share %	Volume	Share %
A	13,710,351	92.0	14,400,413	90.5
B	663,749	4.5	899,061	5.6
C	201,677	1.4	317,418	2.0
D	247,580	1.7	239,862	1.5
E	79,708	0.5	59,505	0.4
Total commercial loans and leasing	**14,903,065**	**100.0**	**15,916,259**	**100.0**

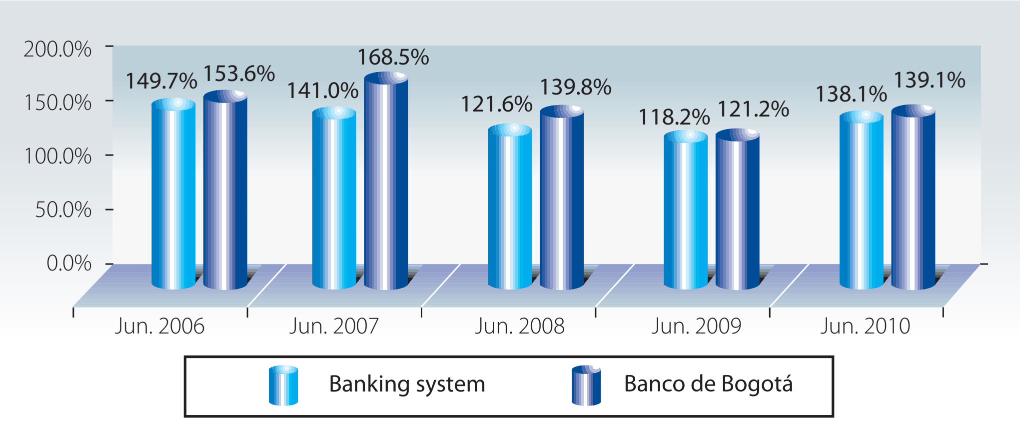
The portfolio of consumer operations improved the composition by risk category in categories “B” and “C”, from 2.4% to 1.8% and from 2.0% to 1.5%, respectively, as a result of the reduced risk of arrears in the ranges 31-60 days and 31-90 days as can be seen in the chart below, with composition by ageing of arrears.

Consumer Loans and Leasing Operations by Risk Category

Balance in $ million	June 2009		June 2010	
Category	Volume	Share %	Volume	Share %
A	3,007,289	90.5	3,262,248	91.4
B	78,705	2.4	64,636	1.8
C	66,784	2.0	53,875	1.5
D	164,289	4.9	173,211	4.9
E	6,001	0.2	15,796	0.4
Total consumer loans and leasing operations	**3,323,068**	**100.0**	**3,569,766**	**100.0**

Loan Provisions and Coverage

Loan Cover Indicator *



* Provisions against Loans and Leasing / Past-due loans and leasing

At June, 2010, Banco de Bogotá has solid coverage of past-due loans: the indicator is 139.1%, compared to 138.1% average for the system, with a balance of $7,330,845 million in provisions.

The balance sheet provisions for possible losses, $766,796 million, increased 12.7% compared to the first half of 2009, to $680,340 million. Further, $134,130 million of the total provisions correspond to the counter-cyclical component and $630,430 million correspond to the pro-cyclical element. These provisions are individually allocated to reflect the probability of default and probability given default (PGD) of guarantees covering loans and $2,237 million is the general provision (equal to 1% of micro and home mortgage loans).

At the January-June, 2010 close, 56.1% of provisions are against commercial loans, 24.5% against consumer loans, 17.5% is the countercyclical component and 1.9% is the provision against micro and home mortgage loans and the general loan provision.

Effect of Provisions on Earnings

Provisions Against Loans and Receivables

Balance in $ million	June 2009	December 2009	June 2010	Jun 10/Jun 09 Growth %
Opening balance	**660,198**	**727,996**	**790,641**	**19.8**
+ Increase due to integration of Leasing Bogotá	0	0	5,587	
+ Provision expended	385,789	416,571	393,836	2.1
+ Exchange adjustment	0	0	45	
- Provisiones griten back	219,589	243,210	242,847	10.6
- Written off/Condoned	98,401	110,715	107,531	9.3
Closing balance	**727,996**	**790,641**	**839,731**	**15.3**

During the period January-June, 2010, Banco de Bogotá recorded increased provisions due to the absorption of Leasing Bogotá for $5,587 million, with loan and receivable provisions expensed for $393,836 million, exchange difference of $45 million and income from recoveries of provisions for $242,847 million. A total of $107,531 million was written off or condoned in loan and receivable provisions.

Loans to Regional Government

Loans to regional government, including sovereign debt totaled $1,079,053 million or 5.5% of total gross loans: of this total, $303,600 million corresponds to the Departments and Municipalities.

Restructurings

At June, 2010, restructurings totaled $703,755 million, or 3.6% of total gross loans. Provisions had been made against them for $221,719 million, or 28.9% of the balance of loan provisions. The following is the detail:

Restructurings - June 2010

	CAPITAL			PROVISIONS		
Balance in $ million	BALANCE	% of total restructurings	% of total gross loans	BALANCE	% of total restructurings	% of total provisions
Ordinary restructurings	336,703	53.6%	1.7%	80,944	46.4%	10.6%
Law 617	128,832	20.5%	0.7%	24,692	14.1%	3.2%
Law 550 – Approved	124,451	19.8%	0.6%	51,422	29.5%	6.7%
Law 1116 reorganizations approved	36,553	5.8%	0.2%	16,982	9.7%	2.2%
Moratorium agreements current	1,105	0.2%	0.0%	466	0.3%	0.1%
Approved restructurings	**627,645**	**100.0%**	**3.2%**	**174,505**	**100.0%**	**22.8%**
Law 1116 agreements in process	56,233		0.3%	30,190		3.9%
Liquidations	14,025		0.1%	11,249		1.5%
Law 550 in process	5,298		0.0%	5,294		0.7%
Moratorium agreements in process	554		0.0%	482		0.1%
Restructurings in Process	**76,110**		**0.4%**	**47,214**		**6.2%**
Total Restructurings	**703,755**		**3.6%**	**221,719**		**28.9%**
Total gross loans - Bank	**19,709,721**		**100.0%**	**766,796**		**100.0%**

Approved Restructurings of $627,645 million are distributed as follows: 53.6% Ordinary, 20.5% Law 617, 19.8% Law 550, 5.8% Law 1116 and 0.2% moratorium agreements in execution: provisions totaled $174,505 million.

Restructuring agreements in process totaled $76,110 million, representing 0.4% of total gross loans , with provisions of $47,214 million.

The balance of **liquidations** was $14,025 million with a provision of $11,249 million. During the period January-June, 2010, there were liquidations of $6,735 million, and provisions of $5,383 million.

Financial Investments

During the period January-June, 2010, rates in the local public debt market continued to fall. Long-term fixed income paper lost some 140 bp between June 2009 and June 2010. Short-term rates fell 200bp in the same period. The spread on UVR issues fell some 165 bp for medium term and 60bp in the long term between June 2009 and June 2010.

Liquidity in the **private debt market** continued to improve during the January-June period, and interest rates fell in line with the rest of the market.

Dollar-denominated issues of public and private debt in emerging countries reaped the benefit of lower rates in the US and improved loan spreads.

Financial Investments in debt securities - Bank

As can be seen below at June 30, 2010, the total fixed-rate portfolio was worth $4,335,421 million, representing 13.6% of total assets. At June 30, 2009 this portfolio accounted for 11.7% of total assets; 96.0% of the total, $4,161,469 million, are held by the Colombian operation, $105,633 million (2.4%) corresponds to the New York Agency and $68,319 million (1.6%) to the Miami Agency.

Financial Investments in Debt (Bank Total)

Balance in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %	Jun 10/Jun 09 A.V. [1/]
Trading investments	1,099,974	450,609	-59.0%	-649,365
Investments available for sale	680,462	2,276,736	234.6%	1,596,274
Investments held to maturity	1,081,448	1,178,861	9.0%	97,413
TOTAL FINANCIAL INVESTMENTS IN DEBT SECURITIES, LOCAL CURRENCY	**2,861,884**	**3,906,206**	**36.5%**	**1,044,322**
Trading investments	-	15,290	0.0%	15,290
Investments available for sale	210,725	230,040	9.2%	19,314
Investments held to maturity	11,110	9,934	-10.6%	-1,177
TOTAL FINANCIAL INVESTMENTS IN DEBT SECURITIES, FOREIGN CURRENCY	**221,835**	**255,263**	**15.1%**	**33,428**
TOTAL PORTFOLIO, COLOMBIAN OPERATION	**3,083,719**	**4,161,469**	**34.9%**	**1,077,750**
Total Portfolio, Miami	48,235	68,319	41.6%	20,083
Total Portfolio, New York	40,160	105,633	163.0%	65,473
TOTAL BANCO	**3,172,115**	**4,335,421**	**36.7%**	**1,163,306**

[1/] A.V.: Absolute variation

The fixed-income investment portfolio **Colombia operation** increased $1,077,750 million. Over the 12 months from June 30, 2009. This was due mainly to the investments available for sale in local currency ($1,596,274 million), since the Bank had the objective of maintaining its foreign currency positions and pursuing the strategy of increasing holdings of fixed-income securities in local currency.

Trading investments in local currency fell $649,365 million, with the sale of fixed rate TES for $629,329 million.

The increase in local currency investments held to maturity is due to higher mandatory holdings of agricultural development paper in proportion to local currency deposits.

Public and private debt portfolios

The balance of **Public debt in TES and Yankee bonds** was $2,973,769 million at June 2010, an increase of 45.0% on the level at June 2009, given the increase in the portfolio classified as available for sale, of $1,549,635 million, as shown in the analysis of total financial investments. Public debt TES and Yankee bonds accounted for 64.6% of the portfolio total in June 2009 and 68.6% in June 2010. In the same period investments in TES and Yankee bonds rose from 7.6% to 9.3% of total assets.

It should be noted that the **portfolio in TES public debt** contains 91.2% fixed-rate TES and 8.8% UVR-TES. The **foreign currency public debt** in Colombia is composed of Yankee bonds falling due in 2012.

The issues of **Other debt securities** rose 21.4%, or $239,931 million, compared to June 30, 2009.

Portfolios of Public and Private Debt

Balance in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %	Jun 10/Jun 09 A.V. [2/]
Trading	1,036,741	406,267	-60.8%	-630,474
Available for sale [3/]	770,138	2,315,637	200.7%	1,545,499
Held to maturity	243,514	247,729	1.7%	4,215
TOTAL PUBLIC DEBT TES AND YANKEE BONDS [1/]	**2,050,393**	**2,969,633**	**44.8%**	**919,240**
Trading	63,233	115,981	83.4%	52,748
Available for sale	202,477	292,629	44.5%	90,152
Held to maturity	856,011	953,042	11.3%	97,031
OTHER DEBT SECURITIES	**1,121,722**	**1,361,653**	**21.4%**	**239,931**

Continues

Balance in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %	Jun 10/Jun 09 A.V. [2/]
TOTAL FIXED-RATE PORTFOLIOS	3,172,115	4,331,285	36.5%	1,159,171
TOTAL ASSETS	27,123,939	31,933,256	17.7%	4,809,317
TES and Yankee bonds / Total Fixed-rate portfolio	64.6%	68.6%		
TES and Yankee bonds / Total assets	7.6%	9.3%		
Other debt securities / Total assets	4.1%	4.3%		
Total Portfolio Títulos de Deuda / Total assets	11.7%	13.6%		

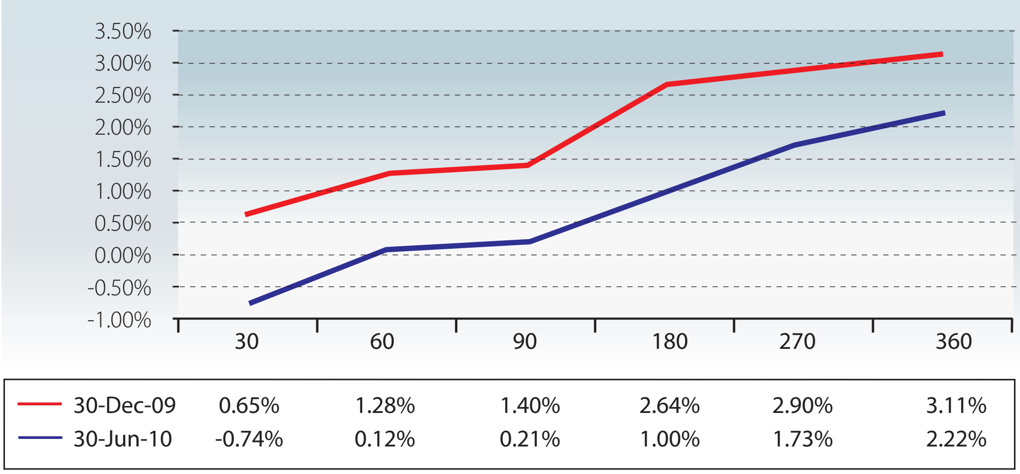
1/ Includes TRDs and Bonos de Paz.
2/ A.V.: Absolute variation
3/ For 2009 includes securities delivered in guarantee

OPERATIONS WITH DERIVATIVES

The derivatives portfolio is manager in: currency forwards, cross currency swaps, IRS and currency options.

Devaluations quoted remained below historical levels and even showed some additional downward movement prior to the rate cut of 50 in the Banco de la República reference rate in April.

Devaluation curve (% effective vs. Term (days))



🟥 30-Dec-09	0.65%	1.28%	1.40%	2.64%	2.90%	3.11%
🟦 30-Jun-10	-0.74%	0.12%	0.21%	1.00%	1.73%	2.22%

The basic reasons why the devaluation curve remained almost 200bp below theoretical levels, as shown above, are (i)Central Bank restrictions on own spot positions (authorized dealers were not allowed to take negative positions), (ii) the remittance of dollars by the real sector (repatriation of profits, dividend payments and investments), (iii) dollar purchases by Banco de la República to boost international reserves, and (iv) la the permanent offer of non-delivery dollar forwards by the institutional sector (at May 31, 2010 the net balance of sales by the institutional sector was US$2,762 million, up US$1,765 million on the balance at May 31, 2009).[14]

The main source of Bank business for **forwards** (in volume terms) corresponds to offshore clients, followed by the institutional sector and, to a lesser extent, the real sector.

The average aggregate (purchases and sales) volume increased between January-June 2009 and January-June 2010 by 41.6%, from US$2,709 million to US$3,835 million. Part of this is due to the growth in offshore business and to corporate clients wanting short-term hedging of foreign debt.[15]

Accumulated gross earnings from this portfolio for the period were $6,619 million compared to $11,004 million for January-June 2009. This fall is basically due to narrower spreads due to the devaluation rate and the negative charge of holding dollars in cash (with no yield).

Forwards Portfolio, Foreign Currency

	January-June 2009	January-June 2010	Jan-Jun 09/ Jan-Jun 10 Growth %	Jan-Jun 09/ Jan-Jun 10 A.V.
USD million				
Forwards portfolio [1/]	**2,709**	**3,835**	**41.6**	**1,126**
Forward sales	1,373	1,941	41.4	568
Forward parchases	1,335	1,893	41.8	558
Hedging Instruments	**42**	**23**	**(45.3)**	**(19)**
$ million				
Gross income [2/]	**11,004**	**6,619**	**(39.8)**	**(4,385)**

1/ Six-monthly average
2/ Includes income from valuation gains on derivatives and re-expression of hedging assets in foreign currency

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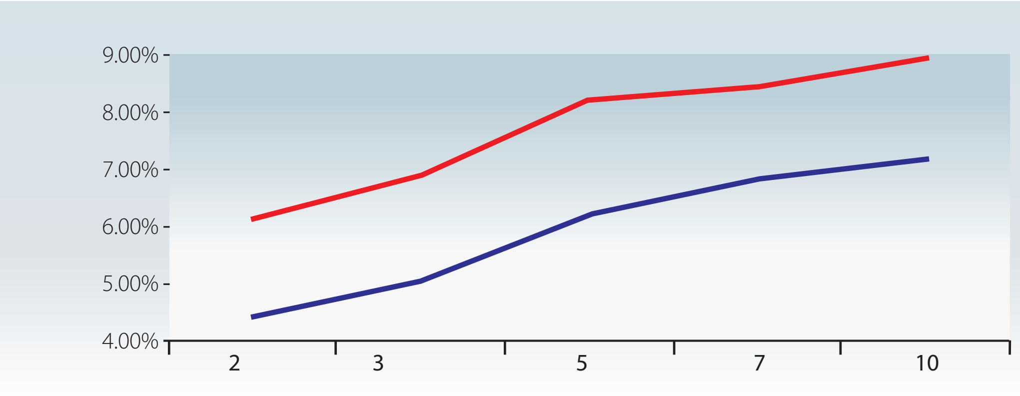
[14] Monthly report on derivatives, Banco de la República.

[15] Synthetic peso funding operations in which dollar debt is taken, the proceeds are monetized and the forward dollars are then purchased through forwards.

During the period January-June, 2010, as shown below, the market for dollar/peso **swaps** and local currency IRS fell almost 200 bp all along the curve, following the trend in the fixed-income market.

Volumes with clients also fell, except with institutions seeking medium-term fixed rates, given the low appetite for interest-rate hedging in a context where the general expectation was that rates would continue to decline.

Swaps curve (Term (years) vs. Fixed rate in pesos, AER)



🟥 30-Dec-09	6.11%	6.89%	8.12%	8.46%	8.90%
🟦 30-Jun-10	4.42%	4.99%	6.18%	6.82%	7.14%

The distribution of the portfolio by type of client continues to show a concentration on local and offshore interbank business (80% of the total), the real sector accounting for the remaining 20%.

Gross earnings from the swap portfolio January-June totaled $510 million, including hedging instruments (forwards and money-market operations) used to manage portfolio risks. This reflected a reduction of $2,216 million (-81.3%) down from January-June 2009. The reason for this was the absence of operations with clients during the period.

Foreign Currency Swap Portfolio

	Jan-Jun 2009	Jan-Jun 2010	Jan-Jun 09/ Jan-Jun 10 Growth %	Jan-Jun 09/ Jan-Jun 10 A.V.
USD million				
Swap contracts [1/]	**510**	**780**	**52.8**	**270**
Currency rights	119	142	19.5	23
Currency obligations	113	188	66.4	75
Interest rate rights	139	224	61.2	85
Interest rate obligations	139	225	61.9	86
Hedging instruments	**(6)**	**48**	**(911.5)**	**53**
Forwards	(12)	48	(501.0)	60
Hedging assets	6	(1)	(112.4)	(7)
$ million				
Gross earnings [2/]	**2,726**	**510**	**(81.3)**	**(2,216)**

1/ Six-month average
2/ Includes income from valuation gains on derivatives and re-expression of foreign currency hedging assets

In the **options** market, volumes of dollar/peso operations stabilized and the number of participants (offshore banks in particular) increased. According to Banco de la República, figures a record of US$1,4 billion[16] in options was closed in January; but the rest of the period was calmer, with totals averaging about US$400 million a month including all types of option.

The Bank's options portfolio earned $1,752 million gross, $663 million down from January-June 2009, given lower volatility and particularly lower spreads quoted, given stronger participation by foreign competitors and the wider distribution of combined options structures.

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[16] Monthly report on derivatives (January) Banco de la República

Foreign Currency Options Portfolio

	Jan-Jun 2009	Jan-Jun 2010	Jan-Jun 09/ Jan-Jun 10 Growth %	Jan-Jun 09/ Jan-Jun 10 A.V.
US$ million				
Delta Options [1/]	33	18	(45.9)	(15)
Hedging instruments	(33)	(16)	(50.4)	17
Forwards	(34)	(16)	(52.0)	17
Hedging assets	0	(0)	(180.1)	(1)
$ million				
Gross earnings [2/]	2,415	1,752	(27.5)	(663)

1/ Six-month average

2/ Includes income from valuation gains on derivatives and re-expression of foreign currency hedging assets

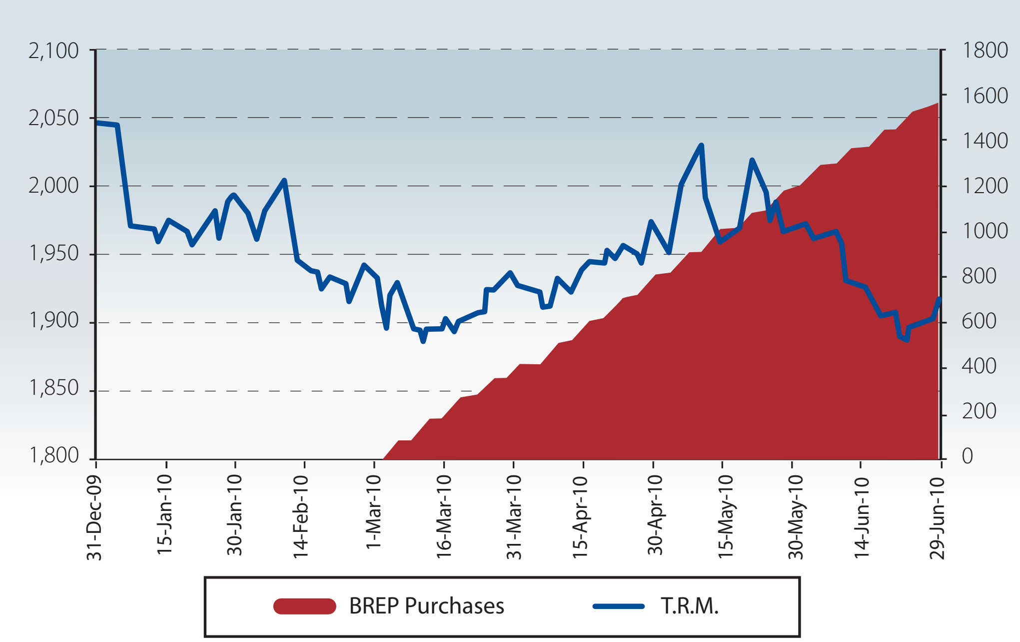
CURRENCY DEALING

During the period January-June, 2010 the correlation between Latin American currencies and the basket of the most liquid developed country currencies disappeared. At June 30 the Dollar Index Spot, which brings together the six major currencies (Euro, Sterling, Yen, Swiss Franc, Canadian Dollar and Swedish Crown) in relation to the dollar depreciated 10.6% and the basket of Latin American currencies appreciated 1.6% against the dollar.

The fiscal problems of Greece, Spain and Portugal and European emerging countries, the downgrading of ratings, the repeated programs of fiscal stimulus and rescues by the European Union brought about the sharpest fall in the euro since 2005, placing doubts about the economic performance of the Euro-zone in the short term.

The Latin American economies grew faster than expected and took advantage of good commodity prices and the start of an upward cycle in interest rates, attracting more direct foreign investment and portfolio business. Also, the currencies began a phase of revaluation; among them, the Colombian peso led the way with a 7.0% appreciation against the dollar, and even more against the currencies of its neighbors.

Evolution of the Market Reference Rate (TRM) vs. Accumulated Reserves in the Central Bank.



During January-June, 2010, there were currency deals for US$5,554 million, compared to US$3,931 million in January-June 2009, an increase of 41.3%. The Bank's operations were concentrated on corporate clients and for remittances of profits and dividends.

Revenues of $5,463 million were generated in dollar/peso operations, a fall of 10.0% compared to January-June 2009. Dealing in currencies other than the dollar revenues totaled $2,358 million, an increase of 37.9% compared to the same period of 2009. In January-June 2010, gross income was $7,822 million, or $39 million higher than the same period of 2009.

Currency Dealing

	Jan-Jun 2009	Jan-Jun 2010	Jan-Jun 09/ Jan-Jun 10 Growth %	Jan-Jun 09/ Jan-Jun 10 A.V.
US$ million				
Volume traded	**3,931**	**5,554**	**41.3**	**1,623**
$ million				
Dollar/peso profit	6,073	5,463	- 10.0	(610)
Other currency/peso profit	1,710	2,358	37.9	649
Gross income	**7,783**	**7,822**	**0.5**	**39**

MARKETABLE, FORECLOSED AND RETURNED ASSETS

At June 30, 2010 foreclosed assets net of provisions represented 0.05% of the Bank's total assets. The total was 4.4% down on June 2009, from $65,426 million to $62,552 million. 79.1% of the total is real property and 20.9% consists of movable assets (shares, securities, trust rights and returned assets).

In the period January-June, 2010 the Bank continued with intensive efforts to sell foreclosed assets through the Foreclosure Area and its Sales Unit, with the support of the Property Department and the Sales-force. There is a long-standing clear and structured policy for such sales, and since 1999 we have mobilized 1,252 assets worth $283,150 million (book value $292,654 million).

As part of the selling process, during the period January-June, 2010 deals were closed for 14 assets worth $10,426 million (book value $2,543 million) and at the end of the period there were ten agreements being processed to formalize deeds or entry on the Property Records, for $3,705 million (book value $975 million).

Thus in total 35 properties were sold for $11,070 million, (book value $3,723 million)

Marketable, Foreclosed and Returned Assets

Balance in $ million	Real property	Movables and Securities	Total
GROSS FORECLOSED ASSETS			
Balance at December 31, 2009	**50,861**	**13,094**	**63,955**
+ Assets received	1,173	382	1,555
- Assets discharged	2,547	410	2,958
Net movement	-1,375	-28	-1,403
Balance at June 30, 2010	**49,487**	**13,066**	**62,552**
PROVISION			
Balance at December 31, 2009			**47,938**
+ Provision expended			1,572
- Recovered, written off, provisions used			1,620
Net movement			-48
Balance at June 30, 2010			**47,889**

Continues

Balance in $ million	Real property	Movables and Securities	Total
NET FORECLOSED ASSETS			
Balance at December 31, 2009			16,018
+ Net variation, foreclosed assets, gross payments			-1,403
- Net variation in provisions against foreclosed assets			-48
Net movement			-1,355
Balance at June 30, 2010			14,663
Marketable assets			13
Assets not used in the Bank's business, net			1,317
Balance at June 30, 2010			15,992

At June 30, 2010, the balance of foreclosed assets is $47,889 million with coverage of 76.6%. During the period January-June, 2010 provisions were expensed for $1,572 million and write-backs, provisions used and write-offs totaled $1,620 million (includes the effect of absorption of Leasing Bogotá).

LIABILITIES

At June, 2010, liabilities totaled $27,379,287 million, up 15.4% on June 2009, due mainly to higher deposits and demand accounts (up $2,236,177 million) and interbank funds purchased, repos, simultaneous liability operations and short position (up $800,589 million).

Total Liabilities

Balance in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %	Share %[2/] Jun-10
Deposits and demand accounts	20,339,277	22,575,454	11.0	82.5
Bank loans and other obligations	1,174,375	1,420,421	21.0	5.2
Interbank funds purchased, Repos and Simultaneous liability operations and short position	280,039	1,080,627	285.9	3.9
Accounts payable	1,049,074	1,117,170	6.5	4.1
Other Liabilities [1/]	445,763	415,579	-6.8	1.5
Subordinated bonds	408,652	612,640	49.9	2.2
Acceptances outstanding	25,090	157,396	527.3	0.6
Total liabilities	**23,722,270**	**27,379,287**	**15.4**	**100.0**

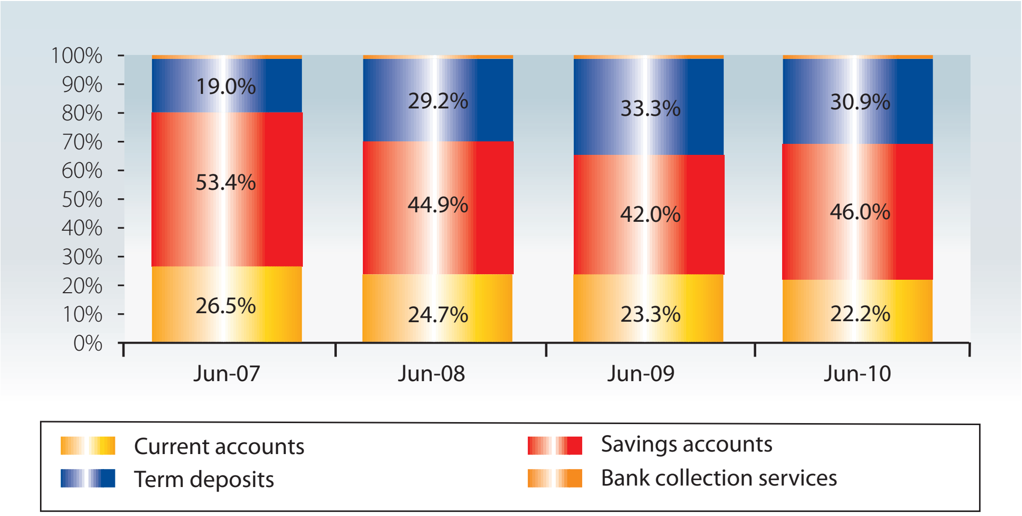
1/ Includes: Accruals and provisions

2/ Percentage of total liabilities.

Deposits and demand accounts

At June, 2010, the Bank continued to optimize the deposit-taking mix; savings accounts, represented 46.0% at the close; term deposits, 30.9%; current accounts, 22.2% and other deposits and bank collection services, 0.9%. The average cost of funds in deposits taken from the public was 2.8% for the period. At the close deposits and demand accounts had a market share of 15.5% in the banking system.

Evolution Of Deposits And Demand Accounts



Deposits and Demand Accounts

Balance in $ millions	June 2009	June 2010	Jun 10/Jun 09 Growth%	Share %[1] Jun-10
Current accounts	4,732,527	5,013,304	5.9	22.2
Savings accounts	8,534,251	10,375,595	21.6	46.0
Term deposits	6,774,795	6,973,984	2.9	30.9
Bank collection services	9,052	14,181	56.7	0.1
Other deposits	288,652	198,390	-31.3	0.9
Total deposits and demand accounts	**20,339,277**	**22,575,454**	**11.0**	**100.0**
Deposits and demand accounts /Liabilities	85.7%	82.5%		

1/ % share of total deposits and demand accounts

At June, 2010, the balance of Current Accounts was $5,013,304 million, up $280,777 million compared to June 2009, and representing 19% of this mode of deposit in the Banking System 19.0%.

At the close Savings Accounts totaled $10,375,595 million, an increase of 21.6% ($1,841,344 million) over the previous June and representing a market share of 14.6%. The average cost of these deposits during the period was 2.9%.

Further, Term Deposits at June 2010 total $6,973,984 million, being annual growth of 2.9% ($199,189 million) with an average cost for the period January-June of 4.3%. The Bank has a market share of 15.9%, in the banking system, 2.0 percentage points above the level of June 2009.

EQUITY

The Bank's equity at June, 2010, is $4,553,968 million, up $1,152,300 million compared to June 2009. The variation is mainly due to increased reserves, valuation gains and unrealized profits.

Total **reserves** are $2,061,199 million, up $358,048 million on June 2009. The Legal Reserve increased $663,004 million, and voluntary reserves fell $304,956 million. The increase in the Legal Reserve is due to appropriations of profits equal to 98.92% and 82.99%, in accordance with the proposed distributions approved by the Shareholders' General Meetings held for the first and second half of 2009. The fall in voluntary reserves was due to the use of those funds to pay dividends.

The increase in net **valuation gains** of $65,361 million is due to greater valuation gains on property and equipment) for $63,305 million, basically in real property.

The increase in **accumulated unrealized gains** in investments available for sale, totaling $693,331 million is due to the following: $34,973 million was recovered from an unrealized gain on debt securities and $658,358 million is due to the increased unrealized gains on shares of Corporación Financiera Colombiana (arising from a variation in exchange prices for the share, from $18,244.27 in June 2009 up to $28,380.00 in June 2010).

Equity

Balances in $ million	June 2009	June 2010	Jun 10/Jun 09 Growth %	June 2010 Share [1/]
Capital	2,382	2,382	0.0	0.1
Reserves	1,703,151	2,061,199	21.0	45.3
Accumulated unrealized gain (loss) on investments available for sale	676,587	1,369,918	102.5	30.1
Net valuation gains	666,478	731,839	9.8	16.1
Profit for the period	353,070	388,630	10.1	8.5
TOTAL EQUITY	**3,401,669**	**4,553,968**	**33.9**	**100.0**
ROE	**23.3%**	**18.2%**		

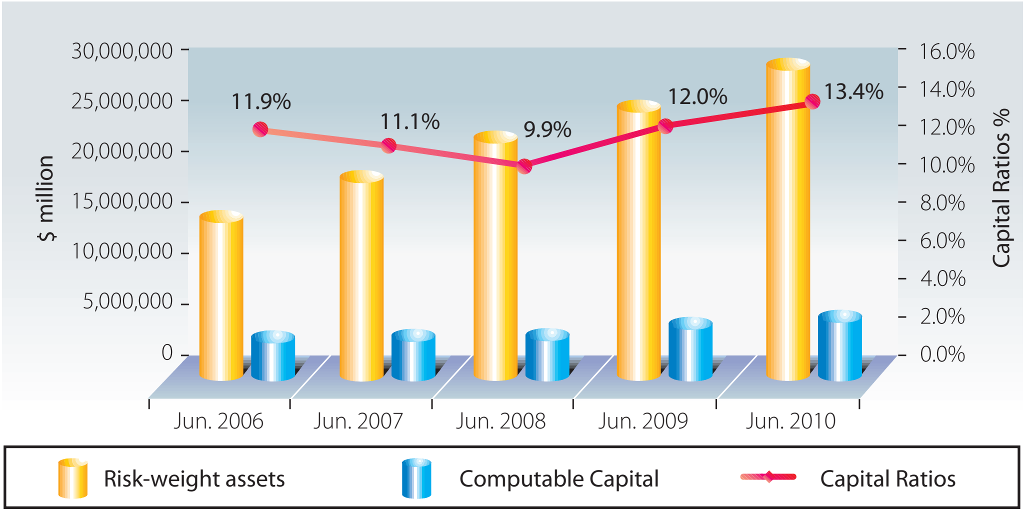
1/ Percentage share in total equity

CAPITAL RATIOS

The capital ratios for the “credit establishments” improved by 36 bp during the year, from 14.6% in June 2009 to 15.0% in June 2010.

At June, 2010 the Bank’s indicators are 14.61% Banco de Bogotá consolidated with subsidiaries and 13.40% unconsolidated.

Unconsolidated Capital Ratios



Computable capital (unconsolidated) was $3,827,113 million at June 2010, up $874,012 million compared to June 2009. This is due to an increase in Tier 1 capital of $331,611 million, in turn due to increased reserves of $358,048 million, as explained above.

Further, Tier 2 capital increased $542,401 million basically due to higher unrealized gains on investments available for sale (weighted at 50%) for $346,666 million and subordinated bonds (weighted at 100%) for $163,038 million after the February issue of $200,000 million. Subordinated bonds-2004 ceased to have any value as Tier 2 capital.

Capital Ratios

	Bank (without subsidiaries)	
$ million	June 2009	June 2010
Computable capital	**2,953,101**	**3,827,113**
Tier 1	2,018,626	2,350,236
Tier 2	934,476	1,476,877
Risk-weighted assets	**24,631,785**	**28,557,910**
Risk-weighted assets – credit risk	23,415,549	26,517,780
Risk-weighted assets – market risk	1,216,235	2,040,130
Capacity for growth	**8,180,451**	**13,965,570**
Capital ratios	**11.99%**	**13.40%**
Ratio Tier 1 / Risk-weighted assets	8.20%	8.23%
Ratio Risk assets / Computable capital	8.3	7.5

Risk-weighted assets at June, 2010 totaled $28,557,910 million, up 15.9% compared to June 2009, equivalent to a variation of $3,926,125 million.

The increase in risk weighted assets – credit risk – totaling $3,102,231 million is due mainly to the increase in risk-weighted loans for $901,512 million, capital investments available for sale of $678,197 million, given the increased value of the shares of Corporación Financiera Colombia; and the opening of revocable and irrevocable credits for $1,036,375 million, due in part to the opening letters of credit limits during tendering processes in June 2010. At June 2010 the increase in net risk-weighted loans, capital investments available for sale and credits opened represent 23.0%, 17.3%, and 15.6%, respectively, of the total increase in risk-weighted assets – credit and market risks- between June 2009 and June 2010. Further, leasing assets were greatly increased by the absorption of Leasing Bogotá in May 2010.

Risk-weighted assets – market risk – increased $823,894 million due to the effect of the Value at Risk – market risk – from $109,461 million in June 2009 to $183,612 million in June 2010[17]. The impact of VaR on the capital ratios at June 2009 was 62 bp, and at June, 2010 it rose to 103 bp.

The capacity for growth in placement of assets weighted by level of risk increased by $5,785,120 million, from $8,180,451 million in June 2009 to $13,965,570 million in June 2010.

Consolidated Capital Ratios

	Bank with subsidiaries	
$ million	June 2009	June 2010
Computable capital	**4,286,423**	**5,154,187**
Tier 1	3,623,504	4,360,994
Tier 2	662,918	793,193
Risk-weighted assets	**28,635,332**	**35,276,064**
Risk-weighted assets – credit risk	26,602,651	28,681,165
Risk-weighted assets – market risk	2,032,681	6,594,900
Capacity for growth	**18,991,588**	**21,992,683**
Capital ratios	**14.97%**	**14.61%**
Ratio Tier 1 / Risk-weighted assets	12.65%	12.36%
Ratio Risk assets / Computable capital	6.7	6.84

Consolidated computable capital totaled $5,154,187 million, representing growth of 20.2% compared to June 2009. The variation is due to increases in *Tier 1* ($737,489 million), higher reserves ($484,630 million) and minority interest ($333,380 million).

In turn, *Tier 2* increased $130,275 million, basically because of the subordinated bond issue, with an increase of $163,038 million. Also, valuations gains on property and equipment and unrealized gains increased $30,082 million and $21,942 million respectively.

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[17] The analysis of Market Risk VaR at June, 2010, appears later in this Report in the section Risks (Market Risk).

Consolidated risk-weighted assets at June 2010 totaled $35,276,064 million, an increase of $6,640,732 million compared to June 2009. The increase in risk-weighted assets – credit risk – of $2,078,513 million is due to higher risk-weighted loans (up $972,514 million), trading investments in capital securities (up $693,012 million) and higher contingencies (up $1,323,271 million), in turn due to the opening of revocable and irrevocable letters of credit. Consolidated net risk-weighted loans represent 14.6% of the variation in risk-weighted assets -credit and market risk; risk weighted trading investments in capital securities represent 10.4% and contingencies 19.9%.

Consolidated risk-weighted assets – market risk- increase $4,562,219 million due to the effect of the increase in VaR (market risk) of $182,941 million in June 2009 to $593,541 million in June 2010.

The capacity for growth in risk-weighted assets increases $3,001,095 million, from $18,991,588 million in June 2009 to $21,992,683 million in June 2010.

NET PROFIT

During the period January-June 2010, Banco de Bogotá reported net profits of $388,630 million. The total profits of the Banking System were $2,536,390 million, and the Bank therefore contributed 15.3% of the total, as shown below:

Classification of Banks by Accumulated Net Profit

	January -June 2009		January -June 2010	
Balances in $ million	Volume	Rank	Volume	Rank
BANCOLOMBIA	555,067	1	600,680	1
BANCO DE BOGOTÁ	**353,070**	**2**	**388,630**	**2**
BANCO DAVIVIENDA	224,266	3	246,832	3
BBVA	203,503	5	232,430	4
BANCO AGRARIO	206,143	4	216,712	5
BANCO DE OCCIDENTE	182,683	6	207,173	6
BANCO POPULAR	148,283	7	186,490	7
BCSC	20,842	14	82,265	8
RED MULTIB. COLPATRIA	114,001	9	77,363	9
CITIBANK	127,445	8	73,060	10
GNB SUDAMERIS	51,493	12	66,998	11
BANCO AV VILLAS	51,560	11	65,607	12
HELM BANK	72,501	10	62,056	13
BANCO SANTANDER	45,163	13	52,974	14
BANCAMIA	(5,796)	16	5,170	15
ROYAL BANK OF SCOTLAND	10,659	15	(3,347)	16
PROCREDIT COLOMBIA	(7,333)	17	(4,545)	17
HSBC	(7,406)	18	(20,157)	18
TOTAL BANKS	2,346,143		2,536,390	

In this context the most dynamic sources of profit were from revenues other than interest income. This reflects the fact that the system as a whole saw that portfolio investment management had proved to be a major contributor due to the strong valuation gains in some financial assets, such as public debt bonds and shares.

As can be seen in the chart below, the growth in the Bank's net profit in the period January-June 2009 to January-June 2010 was 10.1%, ($35,560 million). This is mainly due to the growth in dividends from subsidiaries of $78,603 million, net commission income of $19,292 million, net derivatives income of $13,927 million, other operating income of $10,265 million and net debt securities investment income of $9,493 million, while net interest income fell $96,612 million; and there were other variations.

Earnings Statement

$ millions	January-June 2009	January-June 2010	Jan-Jun 10 Jan-Jun 09 Growth %
Interest income [1/]	1,362,620	977,556	-28.3
Net investment income – debt securities	117,925	127,418	8.1
Net derivatives income, spot and Exchange operations	29,202	41,873	43.4
Net derivatives income	21,104	35,031	66.0
Net spot operations income	-4,396	-1,173	-73.3
Net exchange Income	12,494	8,016	-35.8
Interest expense	640,209	351,757	-45.1
Net income from interest, valuation gains, derivatives and exchange	**869,537**	**795,090**	**-8.6**
Net comission income [2/]	213,418	232,710	9.0
Net financial margin	**1,082,955**	**1,027,800**	**-5.1**
Other operating income [3/]	11,475	21,741	89.5
Net loans and receivables provisions	166,200	18,850	-88.7
Loan and receivables provisions	385,789	261,697	-32.2
Loan and receivable provisions recovered	-219,589	-242,847	10.6
Counter-cyclical component, individual provisions	0	132,139	
Provision against foreclosed assets	8,790	1,572	-82.1
Overhead	566,073	577,474	2.0
Administration	407,886	421,451	3.3
Indirect taxes and other contributions [4/]	118,127	110,624	-6.4
Depreciation and Amortizations	40,060	45,399	13.3
Dividends from subsidiaries	82,380	160,984	95.4

1/ Includes: Financial component of the leasing unit
2/ Includes: Sale of checkbooks and savings passbooks.
3/ Telephones, commercial information and other
4/ Includes: Taxes, deposit insurance., Superintendency contribution and bank transaction tax.

Continues

$ millions	January-June 2009	January-June 2010	Jan-Jun 10 Jan-Jun 09 Growth %
Provision against investments	123	19	-84.3
Other provisions	723	580	-19.8
Net income from subsidiaries derivatives and exchange, foreign currency	9,031	616	-93.2
Operating profit	**443,933**	**480,506**	**8.2**
Net non-operating income	58,206	46,496	-20.1
Profit before tax	**502,139**	**527,001**	**5.0**
Income tax	149,069	138,371	-7.2
Net profit	**353,070**	**388,630**	**10.1**

Of a total net financial margin of $1,027,800 million $577,474 million was used in Overheads, $150,989 million in net loan and receivables provisions and the countercyclical component of the individual provision.

Net financial margin

In the period January-June 2010, 60.9% of the Net Financial Margin was generated by net interest income, 22.6% by net commission, 12.4% by net fixed debt security investments and 4.1% by net derivatives, spot operations and exchange operations.

Net interest income fell 13.4% during the period due to falling interest rates and the fact that assets were re-priced faster than liabilities. As noted in the section on The Economy, DTF-AER at the close fell from 5.4% in June 2009 to 3.5% in June 2010.

Investment income from debt securities increased $9,493 million. The breakdown is as follows: trading investments and investments held to maturity fell $20,997 million and $19,583 million, respectively, and investments available for sale rose $50,072 million.

Income from trading investments fell because: a) the value of the portfolio fell $649,365 million, mainly through sales of fixed-rate TES, b) slower decline of the TES fixed-rate curve. So, for example, for the period January – June 2009 the curve fell 141 bp, while in the same period of 2010 the fall was 72 bp. Despite this, income from sales was $6,684 million.

The increased income from investments available for sale was basically due so the increase in the portfolio volume totaling $1,545,499 million, mainly in fixed-rate TES. There were also sales of $17,391, while in January-June 2009 sales totaled $2,010 million. The higher profit is due to debt-swap operations conducted by the Ministry of Finance on April 23, 2010, in which the Bank took up $200,000 million.

The lower level of income from investments held to maturity is due to the fall in the inflation index compared to January-June 2009: most of the portfolios are composed of UVR or CPI-linked investments which had yielded an average of 5.7%, in 2009 yielded only 4.7% in the same period of 2010.

Net derivatives, spot operations and exchange income increased $12,672 million (43.4%), for the following reasons:

a) **Income for derivates**[18] up $13,927 millions. The forward curve of 125 bp during the period January – June 2010, compared to the fall of 70 bp in the period January-June 2009. This increases valuation gains on derivatives operations where the Bank had a short position of US$222 million (obligations higher than rights), and lower interest rates increases valuation gains.

b) **Income from spot operations** increased $3,223 million basically due to increased volumes traded (US$16 million).

c) **Net exchange income**[18] fell $4,479 basically due to the fall in the US$ Exchange rate by a total of $131.08 during the period January – June 2010 (compared to a fall of $98.38 during January – June 2009). This is important because if the Bank has a long position (more rights than obligations) in net foreign currency assets, there are losses upon re-expression when the exchange rate falls.

Net foreign currency Exchange and derivatives income for subsidiaries and agencies abroad fell $8,415 million, mainly due to the risk arising from hedging forwards, as a result of volatilities in the exchange rate in January-June 2010. The percentage cover of hedging the investment in subsidiaries and agencies abroad rose from an average of 86.8% in January-June 2009 to 98.6% in January-June 2010.

During this period revenues from **Net Commissions** totaled $232,710 million, representing growth of 9.0% compared to January-June 2009.

The items that grew most strongly in January – June 2009 and January-June 2010, were credit operations, up 54.5%, due to a rise of 81.5% in revolving credit lines to corporate and SME clients and the bank collection system, up 22.9%, due to higher transaction volumes in electronic collections and social security contributions PILA.

One important development was the launching of the “PILA strategy”, designed to increase the number of clients paying PILA through the Bank, calculated through the SOI system. The intention is to position the Bank as a leading service provider in this area between contributors and administrators, gaining client loyalty and increasing deposit taking and commission-generating revenues.

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[18] Income for derivates valuation and the re-expression of the position from subsidiaries and agencies abroad are not included on these lines.

Debit and credit card services, collections, checkbooks, savings passbooks and Nationwide Account services represent 80.1% of Bank's the total commissions basket in local currency and foreign currency.

ADMINISTRATIVE EFFICIENCY

Administrative Efficiency

$ million	January-June 2009	January-June 2010
Payroll	188,545	196,743
Fees	11,641	11,606
Rent	23,350	17,543
Contributions and affiliations	11,361	10,966
Insurance	2,845	3,041
Maintenance and repairs	15,415	17,522
Office remodeling	3,023	3,137
Sundry	151,707	160,893
Transport [1/]	15,554	15,984
Advertising	16,002	12,631
Other [2/]	120,151	132,278
Depreciation and amortization	40,060	45,399
Subtotal Overhead	**447,946**	**466,850**
Contribution to the Superintendency	4,115	3,933
Deposit insurance	27,208	30,070
Indirect taxes	17,809	14,192
Bank transaction tax	17,232	15,739
Indirect taxes and other contributions	**66,363**	**63,934**
Total Overhead [3/]	**514,309**	**530,785**
Average total assets	26,334,070	29,981,296
Average productive operating assets	22,722,044	25,694,622
Gross financial margin	1,184,855	1,211,063
Overhead/Average assets	**3.9%**	**3.5%**
Overhead/Average productive operating assets	**4.5%**	**4.1%**
Indicator: operating efficiency [4/]	**43.4%**	**43.8%**

1/ Includes: Personnel, cash and securities transport, Couriers.

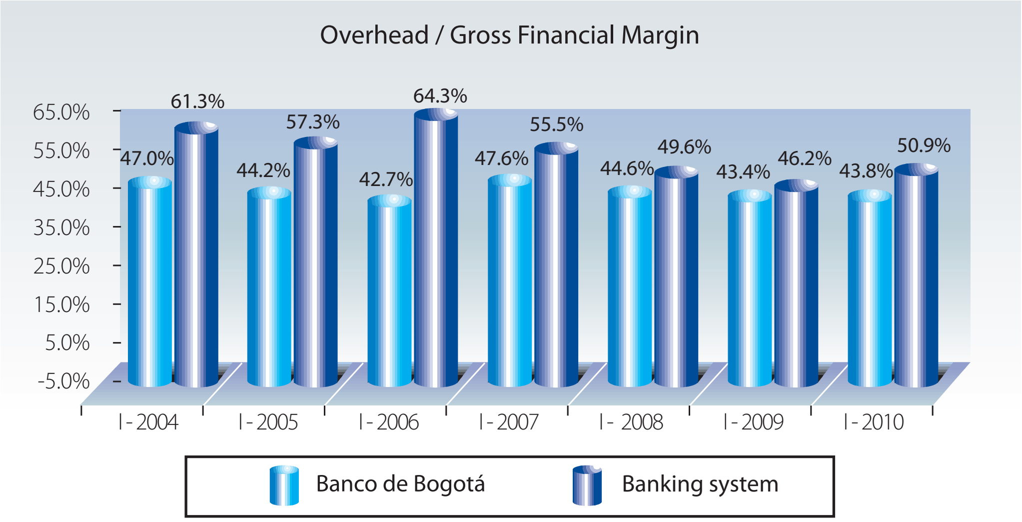
2/ Includes: Cleaning, security, temporary services, public relations, public services, data processing, travel expense, stationery, loss on sale of loans, cost of checkbooks, premises administration etc..

3/ Excludes surcharges and other charges, to eliminate the effect of Wealth Tax

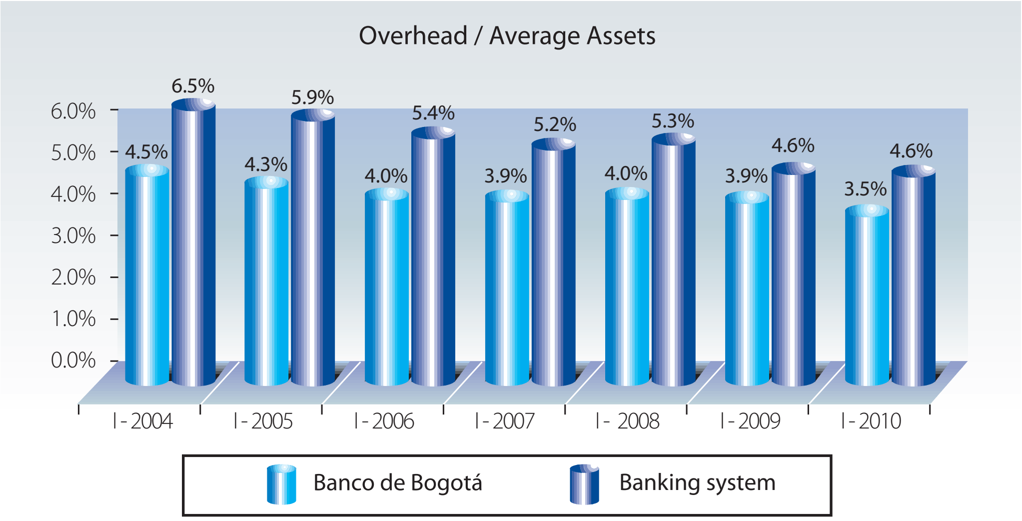
4/ Overhead / Net financial margin + Other operating income + Dividends from subsidiaries + net income from derivatives and exchange, subsidiaries, foreign currency

In the period January-June 2010 overhead (omitting surcharges and other items) totals $530,785 million (the omitted items total $46.690 million), up 3.2% on the previous year: 37.1% of overhead is the payroll, 12.0% correspond to taxes and other contributions and 50.9% is other overheads. In 2009, 36.7% of total expenses corresponded to payroll, 12.9% to indirect taxes and other contributions and 50.4% to other overheads.

Administrative Efficiency



Overhead / Gross Financial Margin



Overhead / Average Assets

Administrative Efficiency – Banking System

	Total overhead [1/] / Average total assets		Total overheads [1/] / Gross financial margin	
	Jan-Jun 09	Jan-Jun 10	Jan-Jun 09	Jan-Jun 10
BANCO DE BOGOTÁ	**3.9%**	**3.5%**	**43.4%**	**43.8%**
BANCOLOMBIA	4.7%	3.2%	47.9%	55.8%
OCCIDENTE	4.2%	1.9%	40.2%	53.9%
POPULAR	4.1%	4.2%	45.1%	46.3%
CITIBANK	6.4%	0.3%	39.8%	254.2%
BBVA	3.8%	0.8%	46.4%	45.4%
SANTANDER	4.5%	32.2%	58.6%	52.2%
DAVIVIENDA	5.1%	2.2%	46.8%	60.5%
TOTAL BANKING SYSTEM	**4.6%**	**4.6%**	**46.2%**	**50.9%**

1/ Does not include surcharges or other items in order to exclude the effect on Wealth Tax

At June, 2010 the efficiency indicators are positive since the proportion of overhead to average assets and gross financial margin improves and the Bank remains better than the average for the System with better performance in overhead, gross financial margin and average assets.

The Bank's overhead has grown modestly at 3.2% a year compared to 7.7% in the system as a whole, while average assets and the gross financial margin grew 12.5% and 2.2%, which is also better that the System averages (8.1% and –2.3% respectively).

Risks

The following is a summary of risk management in the Bank in the period January-June 2010.

Credit Risk

During the period, the Bank consolidated the use of ***Innova***, a new decision-making process for the granting of mass credit, , based on a process flow control tool (BPM), connected to a decision engine (strategy management tool), through the entire office network, mass processing centers and the mobile sales-force.

The system allows continuous improvement of the processes involved in granting loans, with more policies based on increasingly detailed segmentation of client risk profiles, which are constantly monitored; and on this basis, the profiles are modified when results are identified that may improve the system.

For the administration of existing clients, the Bank developed processes of risk evaluation which seek to encourage deeper relations within that portfolio, through activities in cross-selling, increases and reductions of limits, changes in percentages of credit card advances, and the management of preventive blocking, all of this in accordance with the characteristics, capacity to pay and record of each individual client.

All the foregoing have allowed the quality index for consumer loans to improve, ending the half year, at 6.34%, with increased balances and an increase of 7% during the half year.

The Bank is currently engaged in the process of producing a performance engine, tool to devise strategies to administer existing clients, automating all the activities described to obtain a related improvement in response times and efficiency in processes.

During this period, a new scoring system for originating loans was developed, giving a greater predictability to the study of new credit operations, taking account of the different characteristics of clients and the expansion of the target market for new segments. For this development, and to evaluate the existing scoring system, the Bank contracted the services of an expert consultant in the preparation and evaluation of scoring models, and the adjustments recommended were implemented, leaving the models now used with the certification of that firm.

With regard to client risk ratings, though for commercial loans and consumer loans, the Superintendency has defined reference models which are based on a client credit ratings, which were implemented in July 2007 and July 2008, respectively.

For consumer loans, the rating is based on statistical models defined by the Superintendency, which take account of the payment record over the last three years, and in particular penalize scores to a greater or lesser extent in terms of l arrears which the client may have fallen during the period, depending on how recent will the arrears were, the amounts involved and how many payments were late.

In commercial lending, the rating is based on statistical models developed by the Bank, and in its knowledge of the various and in the knowledge of the various organs of credit approval in the Bank, and the clients and records during the last year, all these characteristics being evaluated monthly using the SARC (SPS) provision systems.

In addition, committees have been generated to evaluate principal clients with early warning systems generated through their financial indicators. This activity seeks to integrate the credit risk criterion into the knowledge of the staff responsible for commercial business with the specific characteristics of each client, thus enabling an integrated and detailed evaluation to be made in each case.

Further, there is a quarterly follow-up of commercial loans by economic sectors, in which 25 macro sectors are evaluated. The evaluation enables the Bank to see that there are no concentrations of more than 10% in any of the macro sectors evaluated, and that all macro sectors are within the defined limits of risk.

LIQUIDITY RISK

During the period January-June 2010, the Bank continued to manage liquidity risk using the standard model given in Chapter 6 of the Superintendency's Basic Accounting Circular, in harmony with rules related to liquidity risk management, using the basic principles of the liquidity risk management system SARL.

SARL establishes minimum parameters of prudence within which banks should supervise in their operations, in order to secure efficient risk liquidity risk management, and issues which should be taken into account for the future development of internal models.

Therefore, Banco de Bogotá has a liquidity risk management manual (SARL) approved by the Directors, which includes, amongst others points, short, medium and long-term general policy, policies in the area of mitigation and communication, limits, organizational structure, measurement methods, technological infrastructure, reports, and procedures to identify, measure, control and monitor liquidity risk.

In terms of the measurement and follow-up of liquidity risk, the Bank has adopted the following methods:

1. Short-term liquidity risk indicators

With the implementation of SARL, a new method of calculation of exposure to that risk was adopted, using liquidity risk indicators. These indicators are defined as the difference between liquid assets adjusted for market liquidity, exchange risk and minimum cash requirements, and net liquidity requirements equal to the difference between contracted asset and liability flows. This method allows the liquidity risk indicator to be calculated at seven days, 15 days and one month, with weekly frequency. Nonetheless, for regulatory purposes, the seven-day indicator is that which carries legal implications.

Specifically, the construction of the indicator takes account only of contractual flows, adjusted by the past due loans quality indicator and a projection of withdrawals of deposits, calculated on the basis of the highest reduction of the balance of deposits and demand accounts other than Ordinary TDs and Savings TDs since December 1997.

Equally, the new method changed the definition of liquid assets, by incorporating cash available net of the minimum reserve requirements plus investments (trading, available for sale or held to maturity) adjusted by the liquidity haircut which the

Central Bank cuts monthly for each for each issue in the investment portfolio. The haircut reflects the premium to be paid by the financial entity to conduct repo, interbank or simultaneous operations.

Therefore, a positive seven-day liquidity risk indicator reflects adequate liquidity conditions. A negative indicator may trigger intervention by the Superintendency.

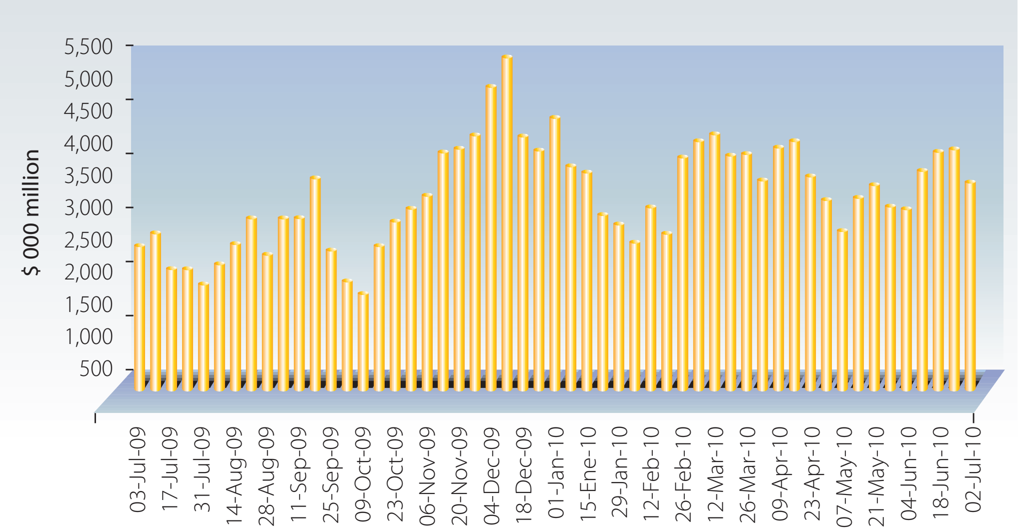
During January-June 2010, the Bank had indicators at 7, 15 and 30 days as shown below:

Short Term Liquidity Risk Indicators

$000 million	Average	Minimum	Maximum	Close
LRI 7 DAYS	3,412.2	2,460.7	4,164.4	3,396.2
LRI 15 DAYS	2,850.0	2,098.5	3,574.8	2,908.1
LRI 30 DAYS	2,339.1	1,431.7	3,193.4	2,469.4

In the same way, the Bank reported the evolution of its 7-day indicator as shown in the graph below, which reflects favorable dynamics, in harmony with the liquidity which the financial system in general enjoyed.

Evolution of 7-day LRI



2. Medium-term liquidity risk

The Bank continues to make monthly calculations of the indicators derived from the above method, as established in the Basic Accounting and Financial Circular, in which the exposure to liquidity risk is measured at 90 days, through the liquidity gap calculation.

During the period January-June 2010, the Bank had no aggregate VaR for liquidity (VaRL), because it had a positive accumulated liquidity gap for the three-month band – i.e. liquidity risk exposure. This can be appreciated in the chart "Asset and Liability Management-Liquidity Gap".

Asset and Liability Management - Medium-Term Liquidity Gap

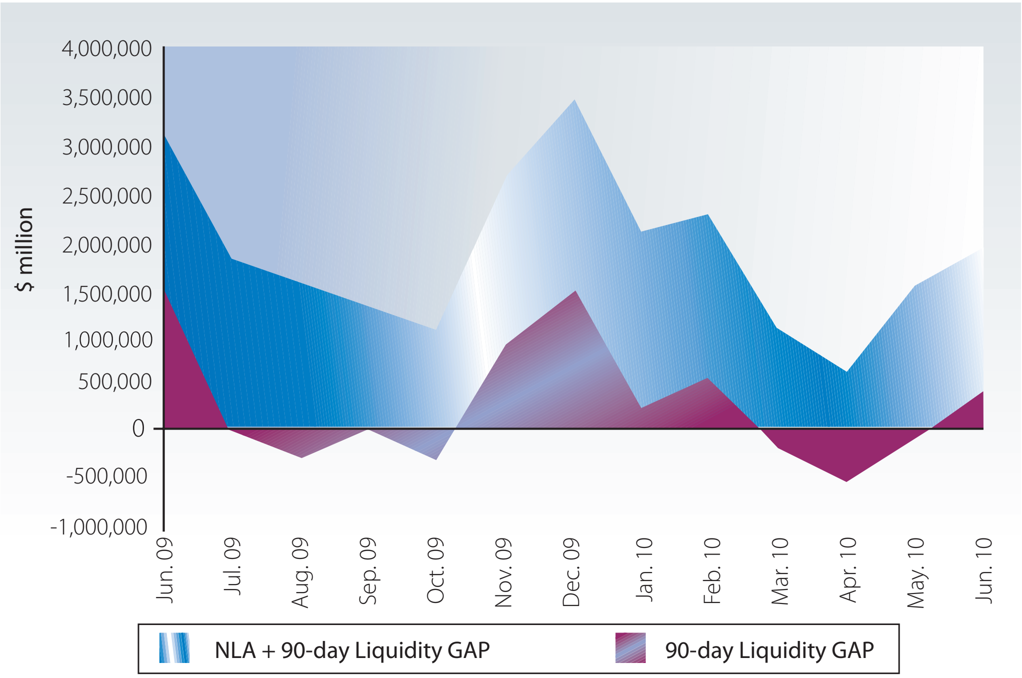
	Jun-10			Dec-09		
$ million	Book balance	3-month cumulative flow	Last band cumulative flow	Book balance	3-month cumulative flow	Last band cumulative flow
Assets	32,067,385	9,137,212	27,885,354	28,882,971	8,282,404	33,174,131
Contingent debtors	1,607,297	612,873	295,920	474,053	450,059	611,350
Total asset positions	33,674,682	9,750,085	28,181,274	29,357,024	8,732,464	33,785,482
Liabilities	27,379,287	8,047,815	20,364,262	24,906,917	6,106,993	26,285,686
Equity	4,553,968	0	4,556,271	3,976,055	0	3,973,236
Contingent creditors	6,114,988	1,287,379	4,408,994	4,194,871	1,107,810	3,680,623
Total Liability positions	38,048,244	9,335,195	29,329,527	33,077,842	7,214,803	33,939,545
Liquidity gap		414,890	(1,148,253)		1,517,660	(154,064)
VaRL		0			0	
Liquid Net Assets (NLA)		1,522,442			2,016,970	
Gap + NLA		1,937,333			3,534,630	
Gap / Asset balance		1.3%			5.3%	
NLA / Gap		367.0%			132.9%	
(Gap + NLA)/ NLA		127.3%			175.2%	
NLA/ Asset balance		4.7%			7.0%	

Here, the Bank had an accumulated 90-day liquidity gap of $415,000 million, lower than that of the close of 2009 basically due to greater growth of the expected flows of liabilities in comparison to the expected flows of assets with maturities at less than three months. In particular, there is a favorable comportment of balances in cash and due from banks, while the estimated liability flows basically increased due to higher balances in current accounts, tax collections, and interbank liability funds.

Further, at the June 2010 close, the Bank had liquid net assets (LNA)[19] of $1.5 million, equal to 4.7% of total assets. If the LNA are added to the liquidity gap, the liquid funds available total $1.9 billion, or 6% of total assets.

In terms of coverage of the liquidity gap with liquid net assets, the indicator was 198.7% in June 2009, 175.2% in December 2009, and 127.3% in June 2010. This latest reduction is basically the combined effect of the reduction of the liquidity gap and of liquid net assets.

90-Day Liquidity Gap And Liquid Net Assets



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[19] Liquid Net Assets = Cash and due from banks + Net interbank funds + Trading investments in debt securities at more than 3 months

Market Risk

During January-June 2010, the Bank continued to manage market risk using the Superintendency standard model given in Chapter 21 of the Basic Accounting Circular. Likewise, it incorporated the effect on computable capital, and on capital ratios (computable capital/risk-weighted assets).

The model, which has been in use since April 2007, follows the general lines of the Basle Accords, by concentrating itself on the Treasury book and excluding investment classified as held to maturity and investments in consolidating subsidiaries, and including the net balance of banking operations in foreign currency for the purposes of the exchange-rate risk exposure.

Market risk should be understood as a possibility that the Bank will suffer a loss as a consequence of changes in market prices of financial instruments in which it has exposure, on and off the balance sheet. Here, the measurement of VaR considers the risk of changes in interest rates, exchange rates, and the price of shares, measured through the volatility of each of the factors to which deposits and loan and investment portfolios are exposed. At the same time, this measurement was adopted along with the scheme of offsets between the zones and bands, in accordance with the maturities of securities.

Market Var By Risk Factor

$ million	June 2010	December 2009	June 2009	Var. Dec/09-Jun/09	Var. Jun/09-Dec/08
Peso interest rate	149,759	129,326	73,123	20,434	56,202
Foreign currency interest rate	12,248	15,288	7,810	(3,040)	7,479
UVR interest rate	19,310	24,924	18,363	(5,614)	6,561
Exchange rate	858	1,759	420	(902)	1,339
Shares	1,438	4,560	9,745	(3,122)	(5,186)
VaR TOTAL	**183,612**	**175,856**	**109,461**	**7,756**	**66,395**
Impact on capital ratios (bp)	103	104	62	(1)	42

* Net = Assets – Liabilities + Derivatives

The market risk at June 2010 was $183,612 million, taking with an impact on the capital ratio of 103 bp, that is, $7,756 million, lower than that observed at December 2009.

Maximum, Minimum and Average VaR
January-June 2010

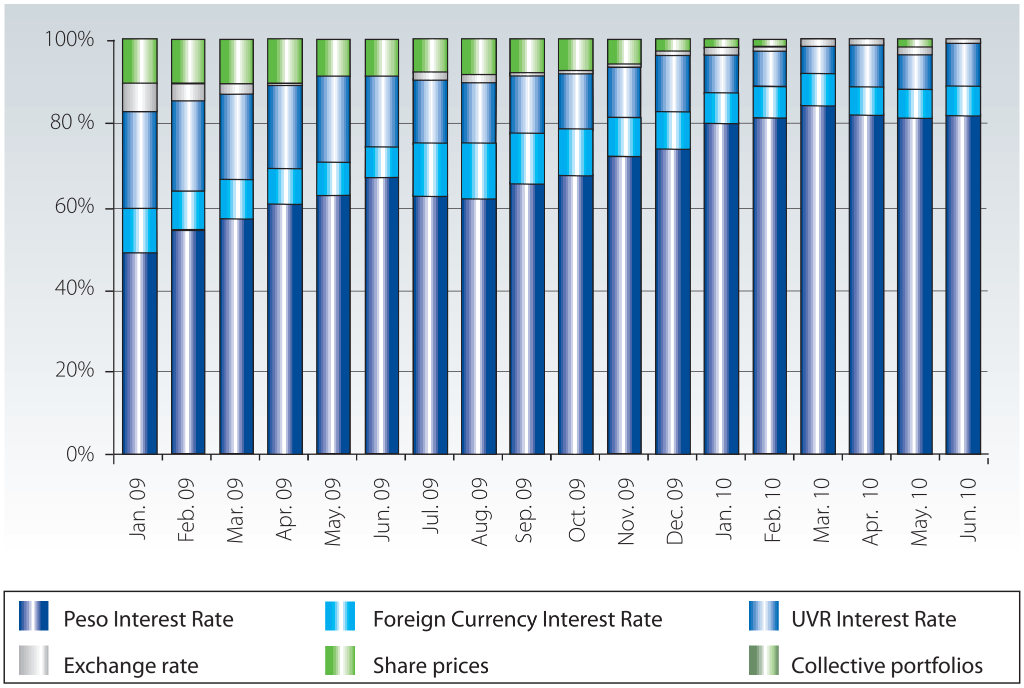
$ million	Minimum	Average	Maximum
Peso interest rate	139,417	151,063	165,964
Foreign currency interest rate	12,248	12,740	13,179
UVR interest rate	11,328	16,768	20,318
Exchange rate	858	2,206	3,121
Shares	1,438	2,256	4,243
VeR Total	**171,209**	**185,033**	**203,210**

During January-June 2010, total VaR was between a minimum of $171,209 million and a maximum of $203,210 million, with an average of $185,033 million, very close to the value at the close.

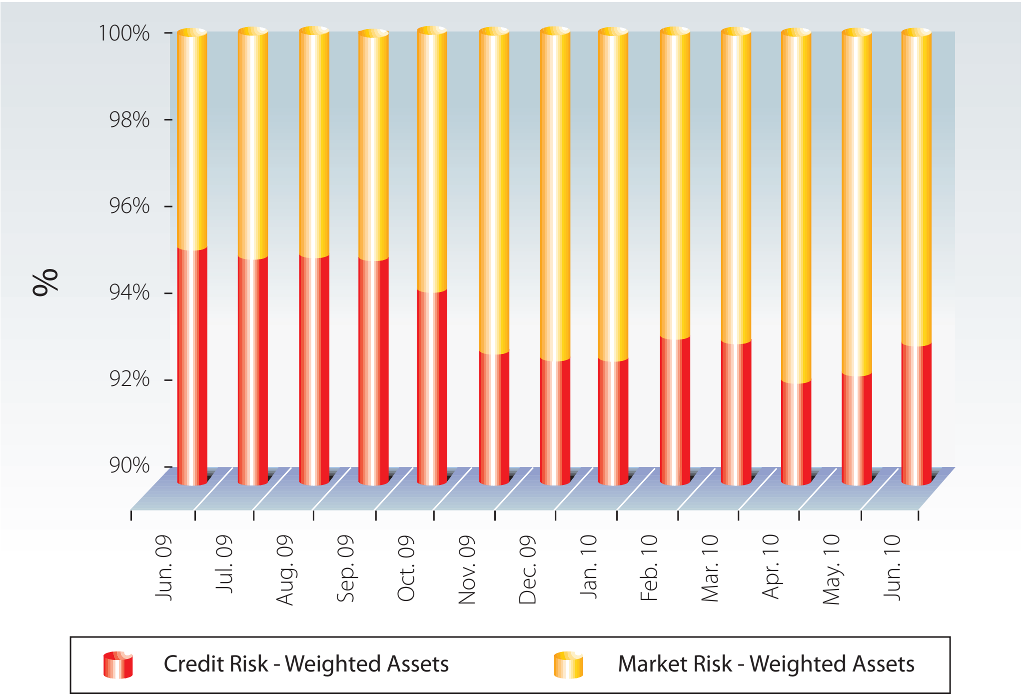
However, there was a re-composition of VaR in favor of the interest rate risk, particularly due to greater exposure in the peso debt investment portfolio. The share price risk fell, due to a lower level of risk in the shares of VISA Inc.

In the chart below “Percentage share of the market risk”, we can see the relative weighting of each other risk factors of the total VaR of the Bank for the last year. Here, and we can also see that the positions which have most impact on VaR are associated with the peso interest rate factor, which represents some 80% of total VaR.

Percentage Share Of Market Var



Further, and as a consequence of the comportment of VaR, the market-risk- weighted assets maintained an average of 7.4% of the total of risk-weighted assets during the period.


Composition of Risk-Weighted Assets

OPERATING RISK

Stages of SARO

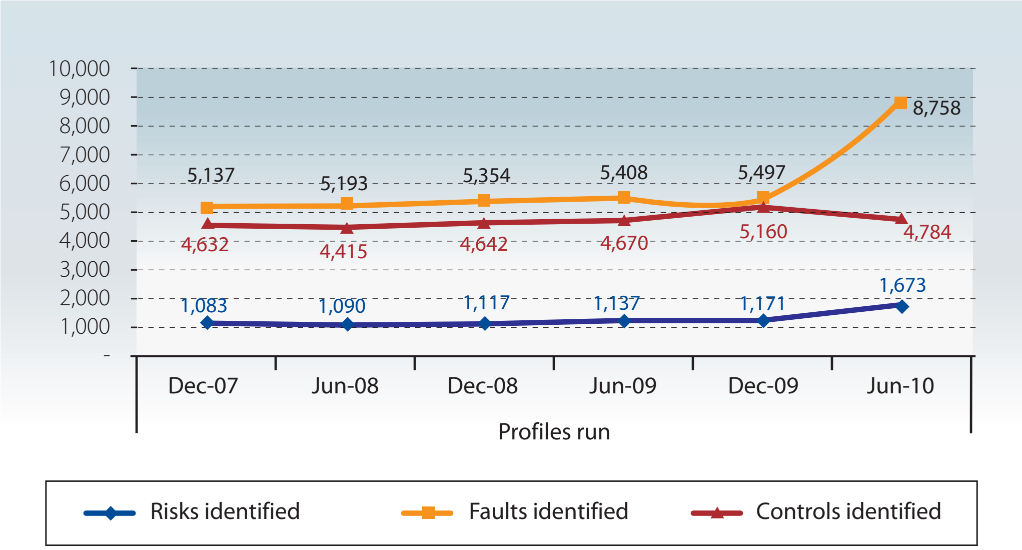
Following Circulars 14 and 38 of May and September 2009, a review and detailed update of the risks and controls which affect the Bank submission processes, was completed in the June January-June period. The review started because risks originating in the management of information assets, technology (applications infrastructure) and the risks of the recording and processing of accounts needed to be included as part of operating risk. At the same time, performance indicators and risk indicators were set up, with opportunities for improvement.

Monitoring continues to concentrate on the analysis of events, following action plans to mitigate risk and to provide reconciliations of accounts assigned to the recording of losses due to operating risk events.

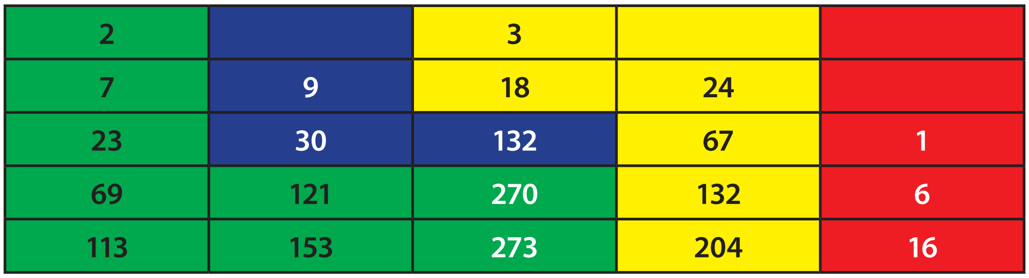
Review of risk profiles

Since December 31, 2007 the Bank's risk profiles have been updated at the close of each half-year. These exercises have included changes in risks originating from redesigns of processes, new risks, new controls, and improvements to controls. At June 30 the data are as follows:

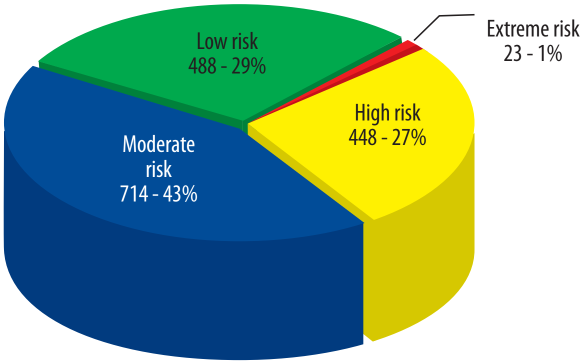
	Profiles run					
	Dec-07	Jun-08	Dec-08	Jun-09	Dec-09	Jun-10
Processes evaluated	193	196	199	200	200	194



The Bank's risk profile at June 30, 2010, in accordance with the assessment of risks (including information on the **Leasing Unit**) is as follows:



2		3		
7	9	18	24	
23	30	132	67	1
69	121	270	132	6
113	153	273	204	16



Recording of operating risk events

The most common occurrences and incident in the period were for risks of misappropriation of funds by Bank officers, inadequate handling of legal affairs in enforcement proceedings, credit or debit card fraud, errors in the presentation of tax statements and payment of checks, withdrawal vouchers and adulterated or stolen TD certificates.

Action plans were recorded for high and extreme risks. The implementation of the action plans refers to those originating in Superintendency Circular 52, and those originating from high impact events.

Operating risk indicators

Among the events recorded in the first half of 2010, internal fraud accounts for 39.2%, execution and administration of legal cases 30% and external fraud 25.7%.

In **internal fraud**, the risk that generated 97.98% of these losses was misappropriation of funds by bank staff, due to the fraud case in Chaparral.

In enforcement Administration processes, the risk of inappropriate handling of legal affairs represents 72.67% of losses (claims), and the risk of error in the presentation in of tax filings represents 19.47%.

In external fraud, the commonest risk of loss was fraud using credit or debit cards, (46.05%), and the payment of adulterated or stolen checks or vouchers (15.09%). This risk has continued to decline in terms of accounts in the second compared to the second half of 2009, as a result of measures for improvement implemented, and training for the cashiers.

Business Continuity Plan

Taking account of the increase in the number of processes and services identified as critical to the Bank, the business continuity plan in the first 2010 concentrated itself on:

- **Contingency operations center.** The contingency rooms, located on the first floor of the Call Center building in Carrera 33 with Calle 12, Bogotá, were expanded to give greater coverage to critical processes defined in the Business Continuity plan. This expansion involved an increase in the number of workstations from 41 to 77, with an investment of $102,507.170, which includes amongst other things remodeling of physical premises, the installation of security cameras and the acquisition of computer equipment and furniture.
- **Testing plan.** Of the 27 tests made at June 30, 20210, 89% were satisfactory and 11% were unsatisfactory. At the same time, 56% of these tests were partial, that is, independent elements of the recovery plan were tested, and 54% of the tests were complete, listing all the elements and activities defined in the recovery plan.

- **Disaster recovery plan (DRP).** During this period, the technology contingency area was engaged in the following activities:
    - Support in the contingency environment for the infrastructure of the Web services, data warehouse and monitoring
    - Renewal of nine contingency servers
    - Installation of the Internet channel of the business Portal
    - Installation and support in the contingency environment for offices with Telecom communications channels
    - Automatic configuration of VISA, Redeban, Cifin and Datacredito channels, such that if the main channel fails, the contingency channel is automatically activated without the need for any manual operation.

Testing

- In this half-year, there were five closed tests, aiming to review the functioning of infrastructure and the application supported. In addition, they were intended to verify that the updates made in production, both in infrastructure and applications, are synchronized with those of the contingency computer center.

- In the same way, 12 real contingencies were serviced in relation to servers, applications and communications channels.

Follow up by control bodies

The Statutory Auditor made its six-monthly follow-up for SARO and for the Business Continuity Plan, reports were replied to, and commitments were made as part of the working plan of the review of SARO mentioned above.

We are sending a quarterly progress reports to Superintendency with regard to the visit report of April 2009. At the same time, and as in the preceding point, recommendations were included in the working plan for the update of SARO.

The Comptrollers Division took part in a review of documentation of risks and controls in Mission processes, and comments were sent on a one-by-one basis, with recommendations which were immediately applied.

LEGAL RISK

With regard to legal situations which affect the Bank, appropriate contingencies have been assessed and provisions have been made where required.

The Bank, in line with the instructions of Superintendency Circular 66/2001, place a value on claims against it, based on the analysis and opinion of the those responsible for them. Note 30 to the financial statements gives details of litigation against the Bank.

ASSET-LAUNDERING AND THE FINANCING OF TERRORISM (SARLAFT)

As part of the management of assets-laundering and financing of terrorism risk management, the Bank has a commitment to continue to develop policies and procedures to prevent or control a situation in which it might be used to provide the appearance of legality to assets which are the proceeds of criminal activity, or for channeling funds towards terrorist activities, in compliance with applicable law.

During the period January-June 2010, the Bank worked on SARLAFT risk management area, in the terms of regulations in the Banking law, Articles 102, Law 195/1995, Law 1121/2006 and Title I, Chapter 11 of the Superintendency Basic Legal Circular, which establishes the responsibilities of supervised institutions in the area of asset-laundering and financing of terrorism.

The scheme of the risk management for this area maintains the infrastructure of Circular 026 of June 2008, Section 4.1, based on the four stages of the method established by the Superintendency and adopted by the Bank.

Taking account of the stages of the system, and following the Basic Legal Circular Title I Chapter 11 - identification, measurement or evaluation, control, and monitoring - the Bank has deployed measures designed to develop and manage the asset-laundering and financing of terrorism risk system, based on the methodology adopted by the Bank and approved by the Directors, known as Risk Mapping.

The application of these methods, procedures and policy for SARLAFT, as established in the related SARLAFT Manual, was implemented during this period, with a process for identification and updating of risks, the measurement of inherent and residual risk, and the definition of controls to mitigate the impact and the occurrence of risk, and this information is duly documented.

With the implementation of the methods of identification, measurement, and risk control, including segmentation of risk factors, there has also been regular monitoring of the behavior of each of these stages.

In accordance with the results of the various stages in SARLAFT and reports from the reports for the control entities, the Comptroller's Office and the Statutory Auditor, and the pronouncements of the Directors in relation to reports presented by the Compliance Officer, the Bank maintains appropriate practices of risk management to combat asset-laundering and the financing of terrorism, in line with applicable regulatory parameters.

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY - CSR

The Bank's first CSR report was presented in March. It assumed a strategic commitment to sustainability and Colombian society, through the generation of economic, social and environmental value, and the quest for quality in relations between relations with its various stakeholders.

Today, the Bank is working on a design for a social responsibility program for the coming years, concentrating its efforts on strategic fronts such as inclusion, responsible finance, social investment, and financial education, amongst other things.

During the period January-June, the Bank worked on a number of activities with social and cultural impact, through its support for the Ibero-American Theatre Festival; Bank staff played an active part in the program "Un techo para mi pais" ("A roof for my country"), building in 11 houses for the vulnerable population groups in Ciudad Bolivar, Bogotá. At the same time, the Bank continues with its plans for the financial formation of SME clients, through an alliance with FUNDES, and works on formation for exporters through an alliance with Proexport. For children, the Bank has lots launched a didactic portal which seeks to bring banking closer to the young, and to encourage them to adopt the culture of saving.

The Bank has a human team which is fundamental to the success of the organization, and it has started on a program of organizational development which seeks to improve the working environment, and generate trust, credibility and respect amongst its staff. In January-June 2010, a diagnosis was made through the evaluation of tool "Great Place to Work" (GPTW), with the participation of 92.8% of all staff. In the second half of the year, actions will be implemented for accompaniment and improvement in several areas of the Bank.

OPERATIONS WITH SHAREHOLDERS, DIRECTORS AND MANAGEMENT

Operations with shareholders, directors and management match the general policies of the Bank. These operations are duly specified in **Note 25** to the financial statements

The Bank states that, in accordance with the terms of Article 57 of Decree 2649/1993, information and disclosures forming part of the financial statements have been duly verified, and were obtained from accounting records of the Bank, prepared in accordance with accounting standards and principles established in Colombia.

Intellectual Property and Copyright

In relation to the requirements of Section 47.4 of Law 603/2000, the Bank has for many years established policies for the observance of intellectual property and copyright law, in relation to the various products and services required by or proper to the performance of its work, where required. The areas of Systems, Marketing and the Comptroller's Department, are engaged in verification nationwide, controlling compliance with those policies and provisions of law. In addition, Banco de Bogotá, where applicable, maintains the registrations of its name, trademarks, products, services and publications in force.

Disclosure And Control Of Financial Information

In compliance with Article 47 of Law 964/2005, the Legal Representatives of Banco de Bogotá were, during the period January-June 2010, responsible for the establishment and maintenance of appropriate systems of disclosure, monitoring and control of financial information, for which purpose they relied effectively on an actual on control systems control and follow-up systems, and in specialized risk areas in order to ensure that the financial information transmitted to the regulators is appropriate. The Legal Representatives are aware of the responsibility implicit in the handling of the various risks in the banking business, and are fully aware of the way in which they combine with a general strategy of the Bank; and they are informed of the processes, business structures and nature of its activities.

The Legal Representatives provide permanent support and follow-up of the Bank's business, issuing directives with respect to the granting of credit, setting policies and limits for action by type of market, product or business unit; they define the risk profile of the Bank; they adopt measures as required to face up to new financial risks; they define the organizational structure required and evaluate methods of risk management using modern technology infrastructure, tools and clear precise and timely information which will allow them to maintain permanent control over 1-Credit and counterparty risk, 2-Market risk, 3- Liquidity risk, 4- Operating and legal risk, 5- Risk of asset laundering, all inherent in the Banking business, as explained in Note 32 to the Financial Statements.

In addition, the Legal Representatives permanently ensure that all activities, transactions and operations of the Bank are performed in accordance with the parameters permitted by current regulations, and as authorized by the directors and senior management.

Further, the Legal Representatives evaluate operations and internal controls for the Audit Committee, the Statutory Auditor and the Directors, as used by the Bank to record, process, summarize and present its financial information correctly. Equally, they also analyze cases which might affect the quality of a financial information, and changes of method in the evaluation of the same.

POST-CLOSING EVENTS, JUNE 2010

AGREEMENT FOR THE ACQUISITION OF THE BAC CREDOMATIC GECF INC. SHARES

On July 15, 2010, GE Consumer Finance Central Holdings Corp and General Electric Capital Corporation (“GE”), and Grupo Aval Acciones y Valores S.A. signed a share conveyance agreement, under which GE he undertook to transfer 100% of the BAC Credomatic GECF Inc shares to Grupo Aval or any of its subsidiaries.

On August 11, 2010, following legal and contractual requirements applicable, Grupo Aval assigned the contract to Leasing Bogotá S.A. Panama, an affiliate of Banco de Bogotá, Colombia.

The formalization of this purchase will take place will take place once the conditions of closing are satisfied, essentially related to government authorizations.

BAC Credomatic GECF Inc is the owner of BAC International Bank Inc and the operations of BAC Credomatic in Central America, mainly in Panama, Costa Rica, Nicaragua, Honduras, El Salvador and Guatemala, as well as in Mexico. They also have operations in a Florida, USA. BAC is one of the most important banks in Central America, where it has been operating for more than 50 years.

At the formalization date, Leasing Bogotá S.A. Panama will pay GE the price of the shares, US$1,900 million. The maximum term to complete all details and for the pre-requisites referred to in the contract to be met, is nine months. Leasing Bogotá S.A. Panama will be capitalized by Banco de Bogotá, for this purpose.

THE IMMEDIATE OUTLOOK FOR THE BANK

In 2010, Banco de Bogotá will consolidate objectives defined in strategic planning, which will allow it to continue to make ever-increasing efforts in the process of banking-market penetration, in social responsibility, and in growth in Colombia, as a solid, efficient and leading member of the financial system. As part of this, the Bank will deepen its relations with its clients and make relations with them more profitable, improving the offer of value available to them, and increasing its presence and coverage across the country, using optimum channels, qualified staff, its range of various subsidiaries, its physical leading-edge technology infrastructure, and its proactive strategy for inorganic growth.

DIRECTORS AND PRESIDENT

The Directors and the President thank all our staff for their collaboration, which has been decisive in obtaining results presented here.

PRINCIPAL	ALTERNATE
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

REGULATORY MEASURES

LIQUIDITY IN THE ECONOMY

During January-June 2010, the Central Bank maintained its policy for managing monetary policy to reactivate dynamism in credit, encouraging economic growth and the generation of employment, in a context of generally decreasing inflation.

In the course of January-June 2010, the Central Bank continued to introduce reductions in its intervention rate, with a single reduction in April of 50 bp, setting the rate for the Bank at 3.0%.

In the period, the Central Bank also adjusted its expansion window interest rate (Lombard rate) on one occasion, reducing it by 50bp in April, and as a result the rate was 4.0% at the June close.

TREASURY

As of January 1, 2010, the new model for the accounting and valuation of financial instruments comes into came into force, as defined by Superintendency resolution 1420 of September 5, 2008 and circular 025 of June 26, 2008.

MINIMUM CASH REQUIREMENTS

Regulatory Circular DSEP 162 (February 2, 2010) stated that Point 1 of "Remuneration of ordinary cash reserves for credit establishments" was cancelled, in accordance with instructions in Resolution 9/2009, which eliminated remuneration for ordinary cash reserves.

ASSET-LAUNDERING AND TERRORISM

In Opinion 57487, establishing that the Superintendency has no kind of database which can be used by supervised institutions to determine whether a person is classified as publicly exposed, that is, that by his post or functions, he may generate a greater risk of asset-laundering or the financing of terrorism. The Superintendency says that individuals may make use of whatever tool they considered to be appropriate to perform that function.

With regards to deposit accounts, Central Bank Circular DSEP-157 (May 3) amends Point 7: "Deposit accounts". The rule includes as information required to the open or maintain deposit accounts, the possibility that the Central Bank may request documents to provide information on SARLAFT. Further, it indicates a procedure to be followed by the Central Bank when giving orders to embargoes that affect this type of account.

EXCHANGE MARKETS

The tax and customs authority DIAN, in Opinion 72060, says that authorized exchange dealers who are not credit establishments are liable for the Bank transaction tax in cases where an exchange operation, in different circumstances, could cause a credit establishment to withhold the tax.

Central Bank Circular DODM-143 (March 2, 2010), amended Point 5 “Intervention of the Central Bank in the exchange market”. The changes introduced were designed to allow the presentation of bids on by fax during auctions for direct purchases of dollars. Further, the Central Bank indicates that during the auctions of this kind, amounts not awarded will be accumulated for offer on the next business day.

EXCHANGE AND INTEREST RATES

Superintendency Resolution 249 (February 11, 2010), set up a method for calculating the percentages of risk cover for interest rates and exchange rates, for the purposes of projecting of interest and the balance of debt of regional government borrowers. These methods apply for the quarter January 1-March 31, 2010.

Superintendency Resolution 900 (April 30, 2010) set up a method for calculating the percentages of risk cover for interest rates and exchange rates, for the purposes of projecting of interest and the balance of debt of regional government borrowers. These methods apply for the quarter April 1-June 30, 2010.

ILLEGAL DEPOSIT TAKING

Superintendency Circular 16 (February 11, 2010) amends Annexes 1 and 2 of Circular 94/2008, in turn amended by Circular 44/2009, relating to administrative acts and listing those addressed by the methods of intervention implemented by the Superintendency for reasons of unauthorized deposit taking. The changes introduced are intended to distinguish between the illegal activities of deposit-taking from those undertaken in the securities market. Therefore, some of the measures detailed in Annex 1 have been eliminated, to form part of Annex 2, which will indicate only the processes pursued by illegal activities in securities operations.

CHECKS

The Central Bank in Circular DSEP-153 (April 30, 2010) introduces a modification to the “System of electronic clearing of checks and other payment instruments CEDEC”, in order to update information regarding working hours and transit codes. Here, there are details of the times at which CEDEC will not provide services, and availability to receive enquiries of an operational or technical nature.

BANK TRANSACTION TAX

Superintendency Circular 22 reminds supervised bodies that funds taken in from betting and gambling operations, and used to cover needs of the health system are not subject to the transaction tax. The Superintendency insists on the need to continue to observe that norm, despite the changes introduced by Decree 4975 of December 23, 2009, declaring the state of social emergency.

Further, DIAN issued Opinion 6260, stating that cases in which operations with funds which are not the object of national taxes are undertaken, banks should not apply the transaction tax. In order to identify and follow up the management of this type of resource, a special account must be made available for the handling of such funds.

The tax and customs authority DIAN issued Circular 010 (March 15, 2010) to amend the procedure for the presentation of information on tax collections by institutions authorized to receive them. The new regulations specify two new accounts available in the Central Bank to deposit those funds. Further, the Circular indicates operating codes for transactions not subject to the transaction tax, and the structure of collection reports.

FINANCIAL CONSUMERS

Superintendency Circular 45 (May 24, 2010) issues a reminder of the requirements to be met by candidates for the Financial Consumer Defender's position. Specifically, it repeats that the candidate should must show that he is recognized as a conciliator, that he has knowledge of areas involved in his post, five years of professional experience, a record of correct conduct, lack of reasons for disqualification in the face of possible conflict of interest or the need to perform functions other than the posts of Financial Consumer Defender within the institution.

Ministry of Finance Decree 2241 (June 23, 2010) regulates the regime for the protection of financial consumers in the pension system (SGP) under the scheme of "multi-funds" established by Law 1328/2009. This law indicates a series of principles designed to secure due diligence in the offer of products, transparency of information, adequate management of conflict of interest, and appropriate education of the financial consumer. Further, it provides information on the rights enjoyed by consumers, including the access to information on the SGP pension system, the selection of a regime in accordance with risk profile, and knowledge of the nature of the assets in which savings will be invested, amongst other things. The Decree also deals with duties, by mentioning the obligation to have appropriate information and to make a review of the terms of affiliation.

Ministry of Finance Decree 2281 (June 25, 2010) regulates the Financial Consumer Defender's duties. This norm indicates that the credit establishment, financial service companies and insurance entities must have a Consumers Defender. Further, it establishes the procedure for taking office and registration of the Defender, and mechanisms for the Defender to dealing with complaints.

Superintendency Circular 15 (June 30, 2010) regulates the system of attention to financial consumers (SAC). The norm defines the concept of due attention and protection for the financial consumer as "the set of activities which supervised entities perform in order to provide an environment of protection of and respect for consumers". Likewise, it establishes a series of obligations designed to ensure that the activities are implemented. Further, it indicates the scope of the system of protection through the implementation of financial education programs and mechanisms to provide comprehensible and sufficient information in respect of products offered, rates, contractual obligations, etc. Finally, the Circular provides information on the minimum components of the financial consumer attention system SAC, and the various stages involved. The system must be implemented by January 1, 2011.

Likewise, in Circular 16, there are regulations for the swearing-in and registration of the Financial Consumer Defender. The norm indicates that defenders will be sworn in by competing an electronic form 0000-19 "Application for Swearing-in", on the Superintendency's webpage. At the same time, there are indications as to the procedure to follow for registration through the webpage.

Deposit insurance

FOGAFIN Resolution 001 (March 16, 2010), updates and unifies the regulatory framework issued by the deposit insurance fund FOGAFIN in order to guarantee the liabilities of financial institutions. The Resolution indicates entities which must register with the Fund, and the procedure to be followed in order to do so. Further, the Resolution defines which liabilities of banking establishments are covered by the insurance provided by FOGAFIN. Finally, rules are issued in respect of premiums, operation and mechanisms regarding the functioning of the insurance, scope of cover, and the making of payments.

Loan portfolio

Ministry of Finance Decree 1176 (April 14, 2010) extends the validity of Decree 1143/2009, authorizing the Central Bank, as administrator of the Stabilization Reserve Fund for mortgage loans (FRECH), to offer the resources of this fund for the financing of housing. The period of validity of subsidies to interest rates will be extended to December 2011.

In May 2010 Superintendency Circular 035 (September 23, 2009) came into force with respect to the method and recording of items for counter-cyclical provisions.

- Individual pro-cyclical component (CIP), and
- Individual counter-cyclical component (CIC)

The Superintendency instructs that an evaluation should be made of some indicators related to the quarterly variation in the provision, the annual variation in loans, the relationship of net provision expenses and accruals, and gross financial margin, in order to determine the Cumulative or De-cumulative Phase in which each entity is to be found, and with which the calculation of provisions may vary.

Ministry of Finance Decree 2322 (June 29, 2010), provides deadlines for the granting of guarantees for mortgage bonds to finance social interest loans for which subsidies are available, and for securities issued in social interest housing securitization operations available under Article 30 of Law 546/1999. This measure indicates that the guarantees granted for this type of loan will apply to issues made between June 29, 2010 and December 31, 2012.

Superintendency Circular 14 (June 30, 2010) amendments Form F0000-149 (Form 477) "Consolidated report of individual loan provisions". The new regulation excludes from the report codes associated with provisions against loans and financial be seen, and states that the account code 517100 "Countercyclical component of individual provisions" should be net of the sub-account code 517130 referring to the Individual counter cyclical component of receivables. Further, the new regulation establishes requires that the Form should be sent specifically for the months of April and May of this year, in order to secure the inclusion of the criteria mentioned. With regard to the June form, this should be submitted between August 10 and 20, 2010.

Leasing of residential property

In Opinion 44971, it was stated that in operations for the acquisition of family and non-family housing, banks and consumer finance companies would require, acting with the permission of the Superintendency, would be the only organizations authorized to engage in operational leasing activities. Where credit rights are exercised outside Colombian territory, the Superintendency considers that no activity of a financial nature is being performed.

Savings accounts

In Superintendency Circular 01 (January 5, 2010) requests banks to report interest rates paid to savings accounts depositors during the half year between July 1 and December 31, 2009, where balances are not in excess of two minimum monthly salaries (approximately US$500)

Income tax and related taxes

The Ministry of Finance, in Law 1370 of December 30, 2009, amended Paragraph 2 to Section 158.3 of the Tax Code, reducing allowances for the deduction for investment in real and productive fixed assets from 40% to 30% in fiscal 2010.