Banco de Bogotá
Un Banco hecho entre dos

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General Information at December 31, 2010

CLIENTS IN COLOMBIA	over 2,900,000

OFFICES IN COLOMBIA	556
OFFICE EXTENSIONS	21
CASH EXTENSIONS	107
PAYMENT CENTRES	44
21 BUSINESS ADVISORY OFFICES	18
CORPORATE AND SME SERVICE CENTERS	6
NON-BANKING CORRESPONDENTS	68
TOTAL OFFICES	**822**

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 OUTSIDE COLOMBIA

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)

BAC CREDOMATIC NETWORK

PAYROLL[1]	9,038
TOTAL ASSETS, BANK UNCONSOLIDATED	$37.4 billion
TOTAL ASSETS, CONSOLIDATED WITH REAL AND FINANCIAL SECTOR SUBSIDIARIES	$59.3 billion

1 Includes 7,630 employees under contract, 265 trainees and 1,143 temporary employees. Does not include 3,286 outsourced personnel

RATINGS

BRC Investor Services (Latest review December 2009)

Long-term debt	AAA
Short-term debt	BRC1+

BRC Investor Services

Subordinated bonds, issue of 2004	AA+ **(Latest review December 2010)**
Subordinated bonds, issue of 2008	AA+ **(Latest review December 2019)**

Multiple processes of successive issues with Cargo Grupo Global 2010 -Subordinated Bonds 2010 AA+ **(Last revision, December 2010)**

Mandatorily Convertible Bonds, Issue 2010 BRC+1 **(November 2010)**

Moody's (Latest review September 2010)

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

Balance Sheet Highlights at December 31, 2010

Bank, not consolidated		
Figures in $ million	Dec-09	Dec-10
RESULTS AND BALANCE SHEET		
Direct operating income	3,800,917	6,737,146
Direct operating result – Net	2,160,436	2,176,158
Operating result- Net	972,895	972,031
Profit for the year	731,136	781,811
Total assets	28,882,971	37,363,723
Loans	17,658,648	21,354,626
Investments	6,182,863	10,834,944
Total liabilities	24,906,917	32,207,357
Deposits and demand accounts	21,816,629	23,888,183
Equity	3,976,055	5,156,366
PROFITABILITY AND EFFICIENCY		
ROA	2.7%	2.5%
ROE	21.5%	16.8%
Administrative efficiency (Operating expenses/ Average total assets)	4.2%	3.5%
Loan and leasing quality	2.9%	2.2%
Coverage of loans and leasing	135.2%	159.3%

Bank, consolidated real and financial sectors		
Figures in $ million	Dec-09	Dec-10
RESULTS AND BALANCE SHEET		
Direct operating income	7,668,760	9,831,194
Direct operating result – Net	3,257,426	3,569,926
Operating result- Net	1,920,018	1,748,457
Profit for the year	955,807	914,948
Total assets	36,475,228	59,346,615
Loans	18,856,620	32,460,571
Investments	8,956,108	11,479,481
Total liabilities	33,034,875	55,428,351
Deposits and demand accounts	24,382,020	37,992,336
Equity	3,440,354	3,918,264
PROFITABILITY AND EFFICIENCY		
ROA	2.8%	1.9%
ROE	31.1%	24.9%
Administrative efficiency (Operating expenses / Average total assets)	5.5%	4.5%
Loan and leasing quality	2.9%	2.4%
Coverage of loans and leasing operations	134.4%	130.4%

As part of Banco de Bogotá's strategy of being a universal bank and with the aim of providing better services to its clients, greater coverage in channels and business lines, and greater soundness and support to stockholders and employees; the Bank has secured to achieve steady growth and expansion in Colombia and abroad. Its solid situation has given it access to international markets in Panama, Miami, New York, and the Bahamas, and most recently, in December 2010, the whole of Central America, with the acquisition of BAC Credomatic.

At the close of 2010, the consolidated results show an annual profit of $914,948 million, of which $781,811 million are the year's profit reported by the Bank itself.

Total assets are $59.3 billion, representing a variation of $22.9 billion year on year, and loans account for 54.7% of consolidated total assets, with an increase of $13.6 billion compared to 2009, from $18.9 billion to $32.5 billion. These variations are mainly due to the acquisition of BAC Credomatic through Leasing Bogotá, Panama, a Bank subsidiary which on that date recorded $18.2 billion and $10 billion in these 2 items, respectively. Total Investments are $11.5 billion, an increase of $2.5 billion.

The loan quality indicator for the consolidated Bank in December 2010 is 2.4%, 54 basic points better than the previous year, and coverage of past-due accounts was 130.4%.

The consolidated external liabilities are $55.4 billion, an increase of $22.4 billion, mainly due to the liabilities recording in Leasing Bogotá Panama of $14.9 billion, representing the acquisition of the liabilities of BAC Credomatic, and funding operations rising from that acquisition. The funding operations include an issue of mandatorily convertible bonds for $2.3 billion, signed in November 2010 and by March 2011, an important percentage - 95% - had already became capital.

Further, deposits and demand accounts had a 68.5% share in total external liabilities, $38.0 billion at December 2010, an increase of $13.6 billion compared to the preceding year, of which $11.7 billion belong to Leasing Bogotá Panama, the subsidiary that holds BAC Credomatic.

Consolidated equity is $3.9 billion at the close of 2010, up $477,910 million compared to the close of 2009.

Administrative efficiency stands at 4.5%, 96 basic points better than that of December 2009, and profitability indicators for the consolidated bank in 2010 are ROA at 1.9% and ROE at 24.9%.

Directors

PRINCIPAL	ALTERNATE
LUIS CARLOS SARMIENTO GUTIÉRREZ	
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
Executive Vice-President

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

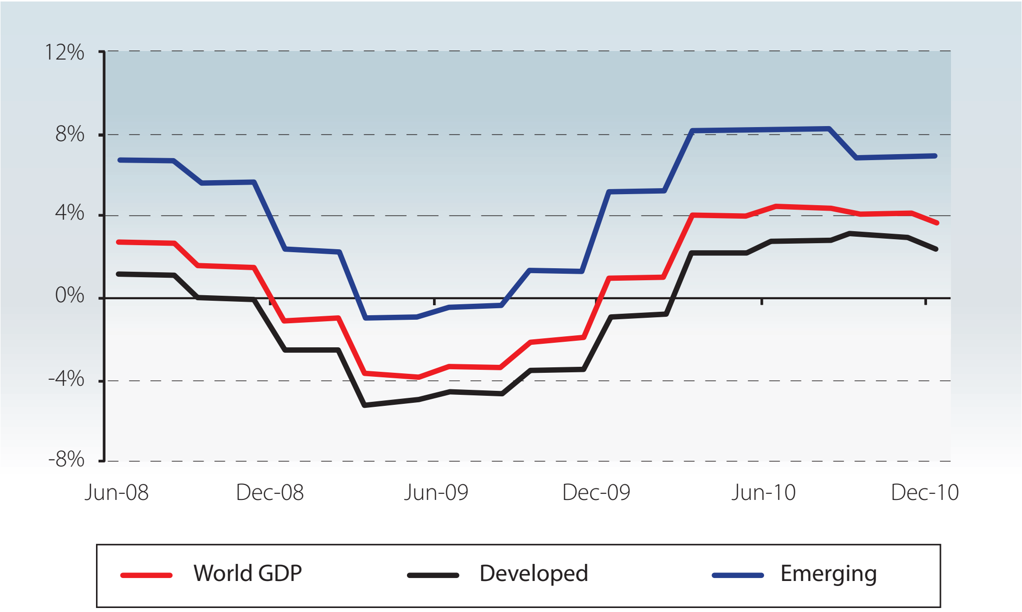
ALBERTO PÉREZ VELEZ
Secretary

JOSÉ JOAQUÍN DIAZ PERILLA
Manager, Legal

The international situation: World economic recovery firms up

During the period July-December 2010, signs of recovery of the world economy became stronger. The broad impact caused by the easing of monetary and fiscal policy, less restrictive credit conditions, and improvements in world trade are the main factors which supported the favourable dynamics of economic growth.

Graph 1. World economic growth (% annual variation)



Source, Bloomberg, World Bank. Calculations by the Banco de Bogotá Economic Research Department

Even so, more recent data confirm that this economic recovery is uneven from 1 region to another. According to the IMF, the advanced economies have grown at an annual rate of 3.0% in 2010, while the emerging economies did so at more than 7.0%.

The low figures for the expansion of the advanced economies reflects growth of 2.9% in the United States, still limited by the slow recovery of the employment market, and sluggish dynamics in investment due to the low use of installed capacity. The data for economic growth for the fourth quarter of 2010 suggest that activity will continue to gain traction in medium-term, as a result of stronger household consumption, sooner than forecast.

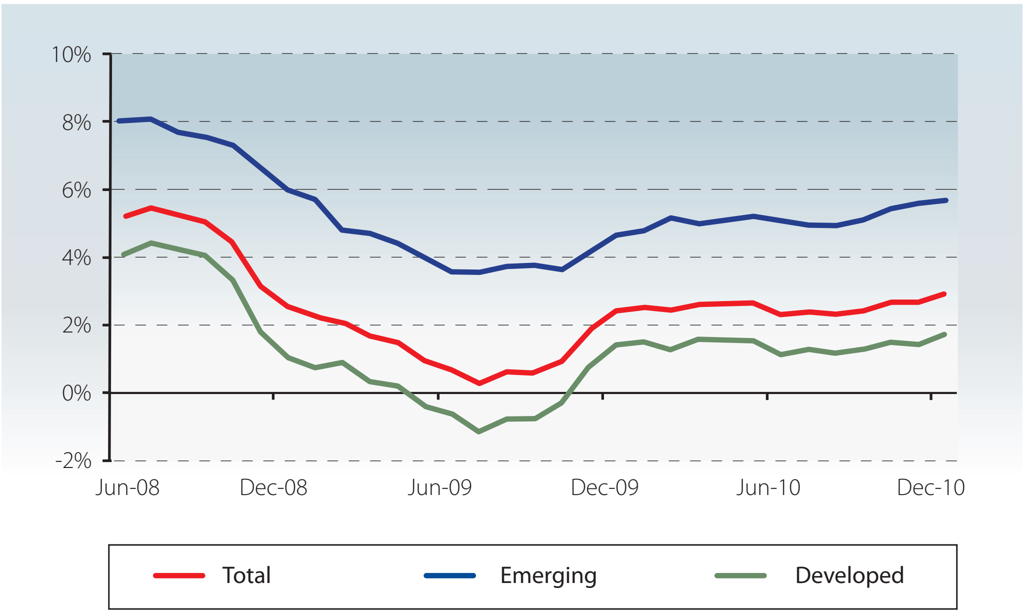
Less restrictive credit conditions, a more normal savings rate, and positive effect of the dynamics of action on household wealth are the principal factors behind this unexpected recovery in consumption.

In Europe, the economy closed 2010 with growth of 1.8%. Germany led the expansion, with growth in exports, while the peripheral countries continued to wallow in the wash of countercyclical fiscal policy and low levels of competitiveness.

Further, in the emerging economies, China closed 2010 with growth of over 10%, and Latin America probably achieved 6.0%, an intermediate point between the robust growth of the emerging countries of Asia, over 8.0%, and the more modest performance of the emerging countries in Europe, with growth of less than 4.0%. Outstanding in Latin America are Peru (7.9%) and Brazil (7.5%). Growth was higher than the regional average, while Chile (5.3%) and Mexico (5.1%) were trailing. Venezuela is an interesting case, going in the opposite direction to the rest of Latin America with a GDP contraction of some 3.0%.

In inflation and monetary policy, there were also wide differences between countries in the second half of the year. For the developed countries, with the more modest dynamics of economic recovery, basic inflation remained almost unchanged, and central banks kept their interest rates stable. By contrast, in the emerging countries, with higher food and fuel prices, inflation closed the year at about 6.0%. In this scenario, and with robust dynamics of economic activity, most central banks chose to initiate or continue the process of normalization of monetary policy.

Graph 2. World inflation (% annual variation)



Source: Bloomberg, World Bank. Calculations by Banco de Bogotá Economic Research Department

In 2011, it is expected that economic activity will continue to gain traction. Specifically, in the developed economies GDP will continue to accelerate as credit conditions are come back to normal, and the dynamics of trade improve. The balance between the contribution of the private sector and public sector will be a key to the dynamics of this recovery. Even so, it should be noted that with a negative GDP gap, basic inflation will remain at low levels and most central banks will have plenty of room maintain their monetary policies unchanged.

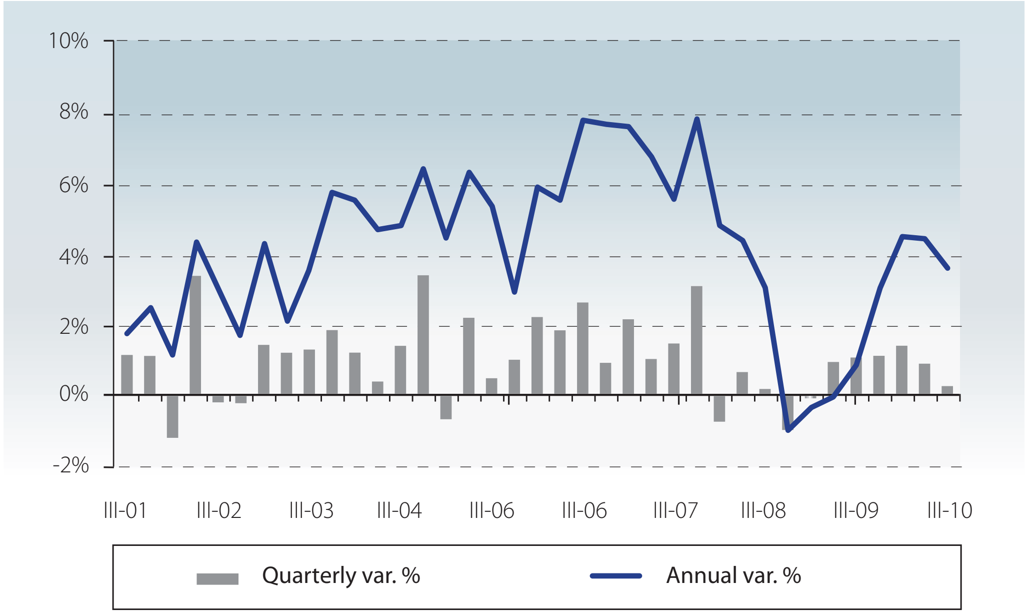
If indeed the Federal Reserve in the USA and the European Central Bank do adjust their interest rates before 2012, it is not unlikely that the ECB might raise its rates in the last quarter of 2011, due to the growing pressure on prices generated by the upturn in food and fuel prices. In effect, recent data show that inflation continues to be above the medium-term target of 2.0%. In the US, it is expected that with core inflation controlled, and high unemployment, the Federal Reserve would decide to execute the whole second round of the programme of quantitative easing.

Growth rates in the emerging economies should come back to normal, gradually falling, with the adjustments to monetary policy by central banks to avoid a spurt of inflation. Certainly, this item will be an important source of discussion in 2011, given that food is a major item in the consumer basket in these countries, and economic activity is robust.

Colombia: The pace of growth slows in the second half due to timing factors

The dynamics of local economic activity slowed down in the second half of 2010. According to DANE figures, in the third quarter of the year the economy grew at a year-on-year rate of 3.6%, below the level that estimated by market consensus, or observed real growth of 4.4% in the previous preceding quarter.

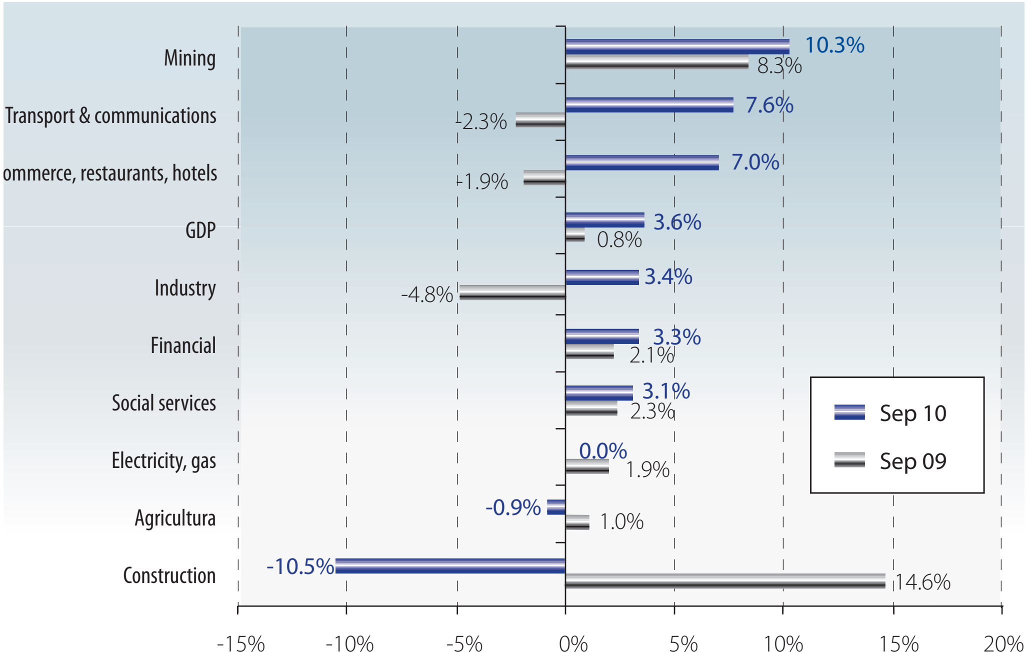
Graph 3. GDP growth in Colombia (% annual variation)



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

The surprising downward trend was again the scenario in the construction sector, with a fall of more than 10%, and with simultaneous contraction in the public component (-15.2%), and in the private component (-5.1%). By contrast, mining showed solid growth of 10.3%, and transport expanded 7.6%. Commerce increased 7%, with strong performance by private consumption, based on the growth of credit, fall in the prices of tradables, and consumer confidence in the recovery of the economy. The financial sector showed a year-on-year variation of 3.3%, with its usual lag in the dynamics of the economic cycle.

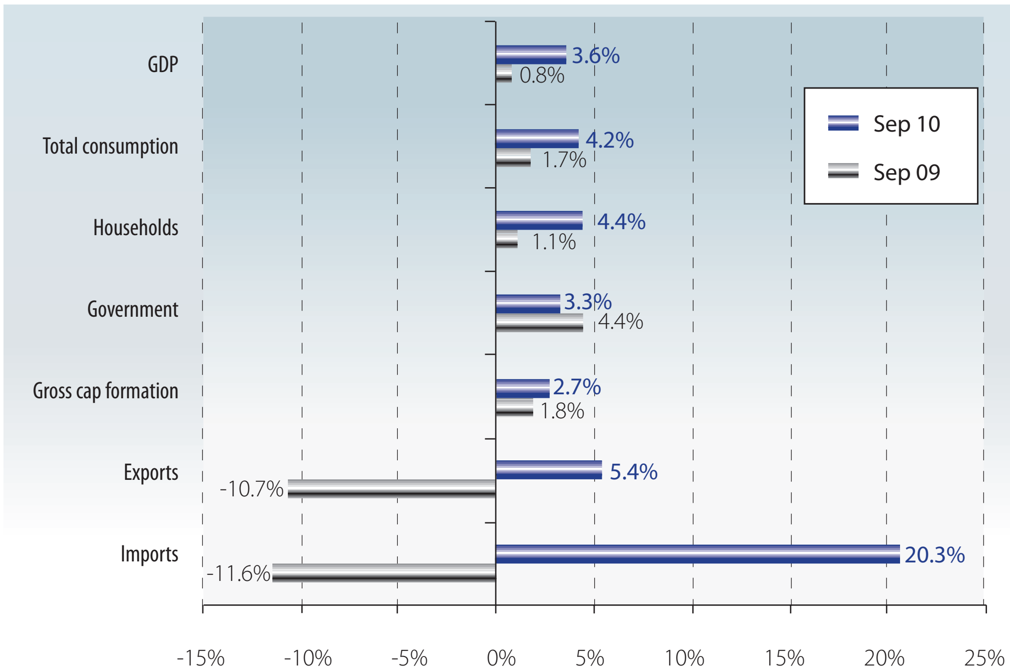
Graph 4. GDP growth by sectors (% annual variation)



Source. DANE. Calculations by Banco de Bogotá Economic Research Department

On the demand side, imports continued to grow fast (20.3%), depressing GDP growth, while exports increased 5.4%. Gross capital formation improved, growing 2.7%, while consumption increased 4.2%.

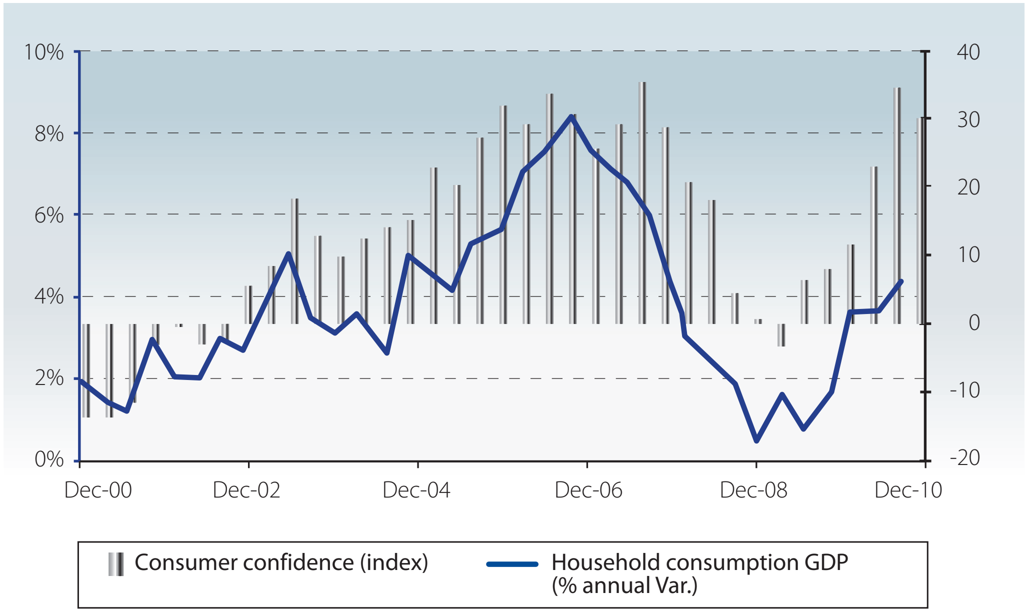
Graph 5. GDP growth by components of demand (% annual)



Source. DANE. Calculations by Banco de Bogotá Economic Research Department

The leading indicators declined in the last quarter of the year, with the very heavy rainy season. On the one hand, the consumer confidence index which shows a broad correlation with consumption, fell in December by 17 points, after a historic high in August. Expectations of industry were also weakened in the final months, with an unexpected increase of stocks, and a fall-off in orders.

Graph 6. GDP consumption it households, and consumer confidence
(% annual, index)



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

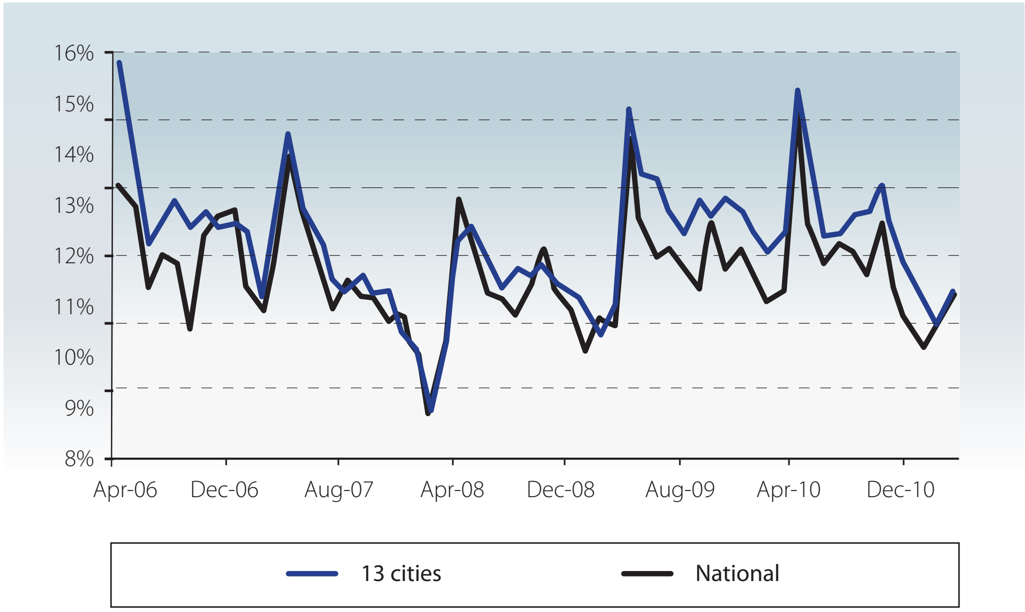
So, GDP grew at about 2.7% in the last quarter, and accumulated the GDP for the year grew by 4.0%.

In 2011, economic growth may gradually accelerate. We project growth of 4.5% for year, with a more dynamic the construction sector, due to public works. The government has announced that it will earmark between $8 and $10 billion in the next few years for the reconstruction of infrastructure affected by the heavy rains. Further, mining and oil will again come to lend dynamics to growth, with positive expectations in international commodity prices, and consequently, greater investment in exploration and extraction. Finally, the dynamics of household consumption will continue to be important, to the extent that the availability of credit, still at low rates, will be taken up.

Employment

According to DANE, unemployment in December fell to 11.1% compared to the previous December, 11.3%. This reduction is important, since it occurred as a result of the increase in the demand for labour (the occupation rate rose from 5.5% to 5.9%), and despite the pressure generated by higher numbers of people in the employment market (the overall rate of participation rose from 2.6% to 62.9%).

Graph 7. Unemployment rate (%)



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

Despite the foregoing, the reaction of employment to the economic recovery continues to be slow. Indeed, although the economy probably grew about 4.0% in 2010, employment fell only 0.2 percentage points. The situation is related to the fact that the sectors with the greatest dynamism in the economy are not labour-intensive. For example, mining which, has led economic recovery, and which reports growth of more than 10.0% last quarter, represents only 1.0% of total employment.

Finally, the weak results of the employment market are also associated with its rigidity. Non-salary costs of employment include amongst other things payroll taxes and social security, which totalled 59.0% of salaries, compared to the average for other countries in Latin America, which is 40.0%.

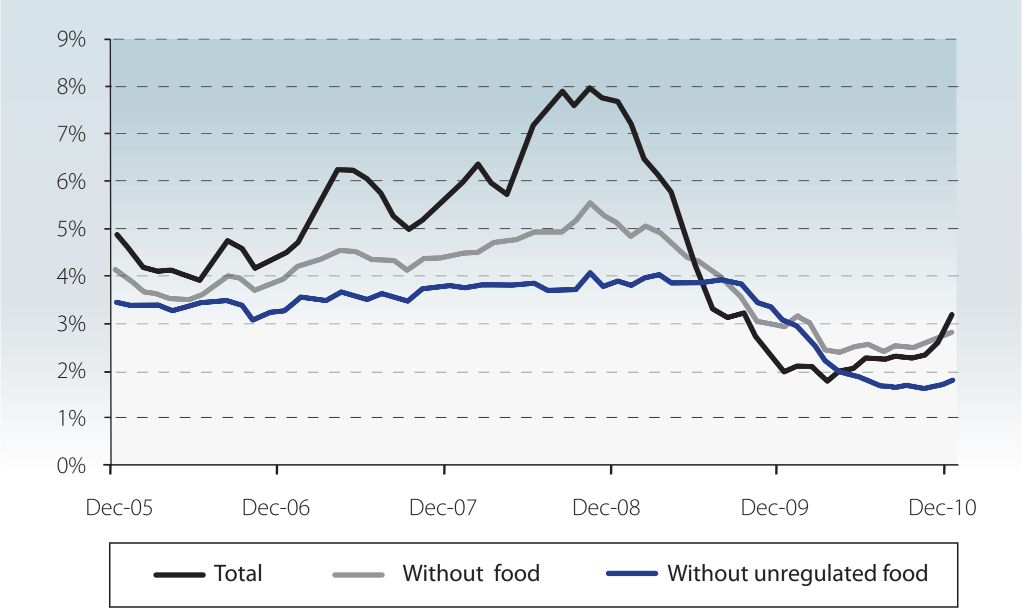
The unemployment rate for January 2011 is 13.5%, 1.1 percentage points lower than that of January 2010.

Inflation

The second half of 2010 was characterized by an upward movement in inflation, not only due to the impact of the phenomenon of La Niña on food, but also by the disappearance of transitory factors which had kept price variations to historical minimum, such as the surplus offer of some foods due to the blockade of Venezuela, and revaluation of the Colombian peso. The level of annual inflation was a surprise, ending the year at 3.17%, 23 basic points above current inflation in June 2010, and above the market consensus and the government forecasters, who did not expect a variation of more than 3.0%.

The principal and decisive factors in this increase in inflation were food, and to a lesser extent regulated goods, whose prices are partly set by the government. Further, the annual increase of 4.1% in food prices was led by the commodities (9.8%), to the extent that the heavy rains not only affected harvests, but also held up road transport, thus providing smaller quantities and lower quality of offer in food.

Graph 8. Total inflation and components (% annual variation)



Source. DANE. Calculations by Banco de Bogotá Economic Research Department

Also, regulated goods had a variation of 6.6%, with the sharp increase in motor gasoline (10.4%), gas (8.1%), household public services (6.7%), and urban transport (5.5%).

Given the origin of this rise in inflation, basic price measurements did not report any major changes. So, inflation without food ended the year at 2.82%, and the measurement that also excludes regulated goods and show a reduction of 4 basic point is in the period, closing at 1.79%. Inflation in non-tradables – items which can only be consumed locally - fell 31 basic points in the half-year, and ended the year at 3.5%.

Finally, we should mention the inflation in tradables (goods open to foreign trade), with annual variation of -0.3%, a negative performance, but also of a smaller magnitude than some months before.

In the next few months, risks will be concentrated on the behaviour of food prices, and the impact of increased commodity prices on local inflation. The probability that the phenomenon of La Niña will continue through to April is still high (64%), and therefore the heavy rains will continue to affect crops and transport. Further, motor gasoline may suffer significantly increased prices if oil prices continue to rise, also with an impact on transport.

For the time being, the annual variation in prices is projected as 3.6% at the close of 2011, because the first months of the year may report even higher inflation due to the transitory factors mentioned. Banco de la Republica expects that in 2011 inflation will be half a point on either side of 3.0%. At February 2011, the CPI showed an increase of 0.6%, and in the year to date, the indicator has risen 1.52%, giving a total for the year of 3.17%.

Monetary aggregates and monetary policy

As the economic recovery continued to grow stronger in the second half of 2010, monetary aggregates[2] showed accelerated growth, with the additional benefit of a significant base effect (low growth in 2009).

In the second half of 2010, the monetary base doubled its growth compared to that of the first half, increasing 13.5% in annual terms. This comportment was originally due to growth in cash (15%), and a greater variation in reserves (9.8%). So, the monetary base closed the year at $44.9 billion.

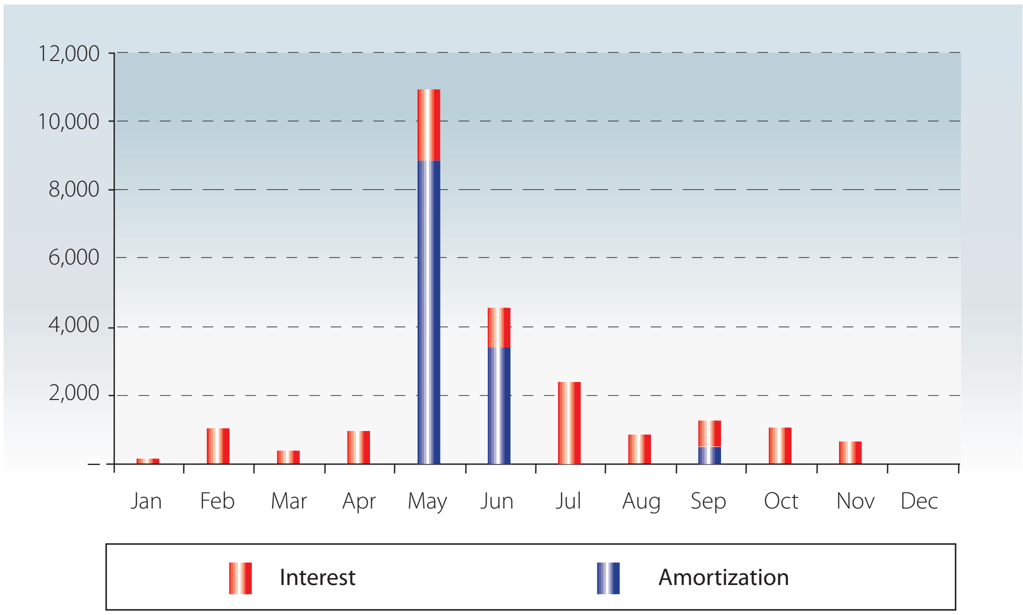
The means of payment, M1, completed more than a year of accelerated growth, closing with a balance of $62.1 billion, or annual growth of 17.7%. In M3, the extended monetary offer, the balance of the close was $220.1 billion, 11.4% higher than a year before. The greatest dynamics by component comes came from current accounts and savings accounts, with growth of 19.9% and 19.1%, respectively.

The performance of these accounts was due to a greater preference among the public to deposit its funds in liquid accounts, awaiting changes in monetary policy. By contrast, the expectations of higher interest rates in the future discouraged term placements in TDs and bonds, which fell 6.5%, and close the year with $55.5 billion.

There is no doubt that part of the dynamics of monetary aggregates is due to the liquidity expansion which Banco de la Republica generated with its policy of buying dollars, equivalent to $2.7 billion in the second half of the year, and $5.8 billion in the 12 months. So, the central bank did not need to adopt a specific strategy for liquidity expansion at the end of the year with the traditional term repos.

2 Monetary base = Cash + Reserve requirement cash. M1 = Cash + Sight deposits (current account); M3 = Cash + Liabilities subject to cash reserve requirements (current and savings accounts, term deposits)

Graph 9. Amortization and interest, TES 2011 ($ 000 million)



Source. Ministry of Finance. Calculations by Banco de Bogotá Economic Research Department.

Considering the liquidity irrigated in 2010, and the fact that between January and June 2011 liquidity in the economy may be expanded to a maximum of $17.8 billion on account of the payment of interest and amortization of public debt, some of those funds have to be collected up by the central bank, so that any change in the reference rate will be appropriately transmitted to the interest rates in the economy.

Banco de la República may use the TES portfolio it holds ($1.3 billion) to sterilize part of that liquidity, but perhaps it will be necessary to adopt complementary measures such as the extension of terms of interest-earning deposits, or the issue of its own paper to neutralize additional liquidities derived from high volumes of TES maturities in the first half of the year. At all events, the coordination between Banco de la Republica and the government will be a key to ensure that liquidity is not excessive in the first part of the year.

Monetary policy

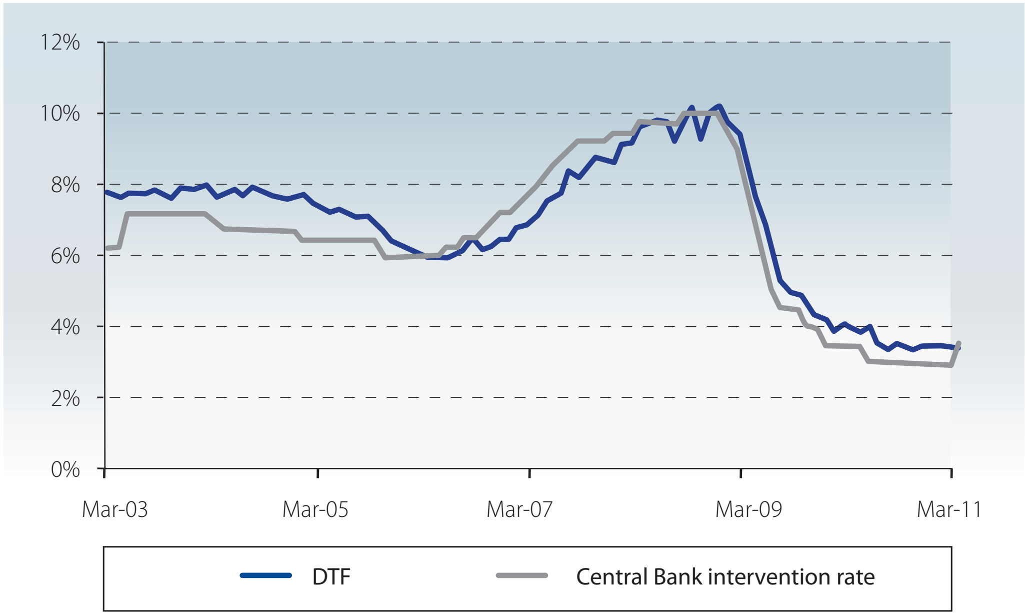
With the central bank reference rate unaltered at 3.0% during the second half of the year, and expectations of an end to the cycle of lax monetary policy, the margin for additional reductions in domestic interest rates has been squeezed. According to Banco de la República figures, in the second half of the year low interest rates for Treasury loans disbursed fell 83 basic points to 5.5%, and in consumer loans rates fell 44 basic points to 17.5%; and new preferential and ordinary loans were relatively stable with 6.8% (-5 basic points), and 10.2% (-1 basic point), respectively.

Although the economy showed a moderation in growth rates in the second half of 2010, the pressure on prices and the anticipation of higher inflation has left market agents with the expectation of the beginning of the monetary normalization cycle.

In this way, the directors of Banco de la Republica, at their meeting in February, increased the auction rates for expansion issues by 25 basic points to 3.25%, and it is expected that it will continue with non-consecutive increases at some points of the year.

The 90-day deposit rate DTF remained practically unchanged, and finished the year at 2.47%, 6 basic points below the close of 2009. For the week March 7-14 2011, DTF is 3.51 %.

Graph 10. Banco de la Republica interest rates and DTF (%)



Source. Banco de la Republica. Calculations by Banco de Bogotá Economic Research Department

The External Sector

Information at December 2010 shows that foreign trade figures reflect a gradual recovery in world economic activity in the second half of the year, and confirm a greater dynamism in the Colombian economy.

According to foreign trade reports published by DANE, Colombia's exports totalled US $39,820 million in the full year, an increase of 21.2% on 2009.

The positive result is due mainly to higher commodities exports, in a climate of strong prices of raw materials. The weighting of this item in total exports rose from 31% to 41% between 2009 and 2010. The export of oil and oil products showed an improvement in prices and volumes (9.3% and 24.3%, respectively).

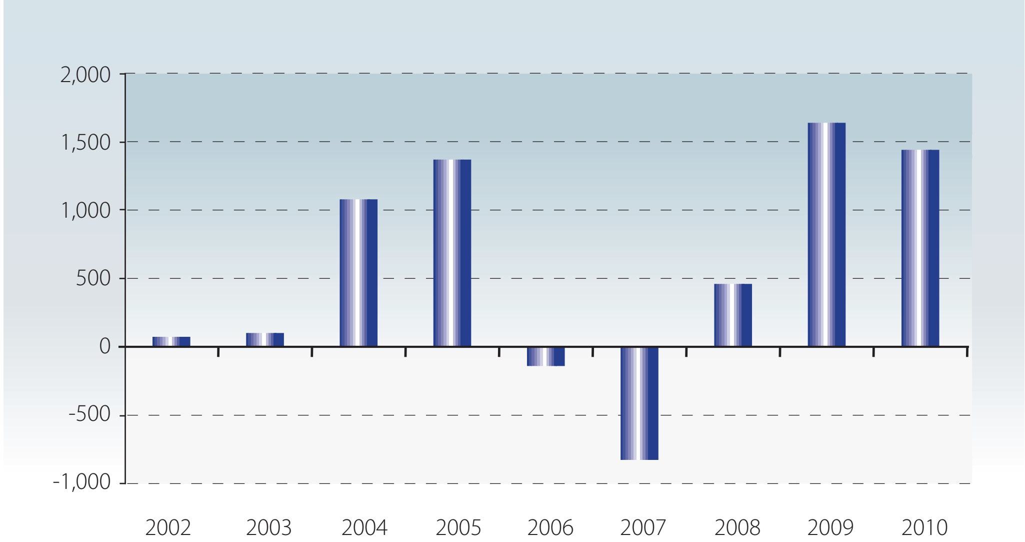
Further, non-traditional exports fell more slowly than at any time since 2008, in a context of recovery of world demand. In the full year, these exports totalled US $14, 468 million, a variation of -2.9% compared to the same period in 2009.

In terms of export destinations, there are two clear trends. First, the non-traditional shipments to developed economies such as United States and European Union have slowed down compared to the previous year; and second, exports to Venezuela seem to have touched bottom, having fallen 64.9% between 2009 and 2010, and now have reached levels of US $80 million a month.

In imports, the recovery reflects greater growth in consumption and investment in Colombia. So, as at December, imports totalled US $40,683 million CIF, an increase of 23.7% compared to 2009. By sectors, imports of consumer durables grew 48.5% at December 2010 compared to the same period in 2009; while the importations of capital goods for industry grew 20.9% annual.

So, although the balance of trade in the second half of 2010 showed a deficit of US$512 million, the full year ended with a positive balance of US $1,469 million, offsetting the surplus of US $1,981 million in the first half of the year.

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



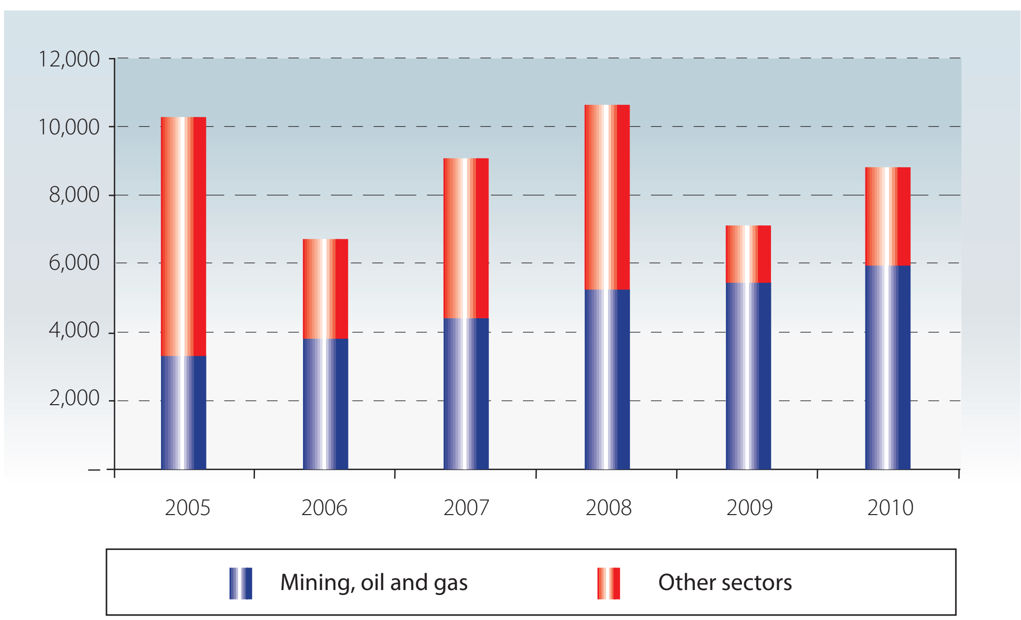
Source. DANE. Calculations by Banco de Bogotá Economic Research Department

In the balance of payments, although both the trade account and current account were in deficit in the second half of the year, capital flows have more than offset this deficiency, generating a net surplus of foreign currency and causing an appreciation of the Colombian peso.

Taking account of the balance of payment figures for the first three quarters of 2010, foreign direct investment totalled US $9,485 million, 37% up on 2009. More than 80% of this represents investment in hydrocarbons and mining, due to the potential of Colombian deposits, and good prospects of commodity prices in the coming years.

In 2011, the prospects for the external sector continued to be favourable, with flows that will help to revalue the Colombian peso still further. Exports will be led by the dynamics of traditional sectors, which will experience an increase in prices and volumes. In the same vein, non-traditional exports will experience a recovery even firmer than that of 2010, as Colombia's prime trading partners can look forward to a good year, and commercial relations with Venezuelan improve.

Graph 12. Foreign direct investment (US$ million)



Source. Banco de la Republica. Calculations by Banco de Bogotá Economic Research Department

Capital flows, particularly those of foreign direct investment, will continue to arrive in Colombia, principally for the mining and energy sectors. Foreign portfolio investment will tend to come back to normal, as and when the exchanges in the developed economies recover some of their attractions. Finally, flows of external public debt will become less important than in previous years, since the government has made a commitment to take on only as much debt as is necessary to attend to foreign debt majorities, while the private sector can continue to take advantage of market opportunities to contract external debt at attractive rates.

The fiscal situation

The most recent figures from the Ministry of Finance show that favourable fiscal figures for 2010. Tax collections for the year totalled $65.2 billion, 2.2% more than the previous year and 1.5% above the target for year.

The consolidated public sector reported equilibrium in the first part of the year, and a full year fiscal deficit of about 3.0% of GDP. This performance is traditional, because the second half of the year is characterized by faster spending, and slightly lower levels of tax collection.

Central national government recorded a deficit of 0.8% of GDP in the first half of the year, and in the full year the target was a deficit of 3.9% of GDP. These figures are lower than the targets initially published by the government, and have been affected by expenses related to the social emergency, which is estimated to cost $6 billion in assistance to victims, and $10 billion in reconstruction and infrastructure.

Figures apart, 2010 was particularly active year from the in terms of the effort of fiscal policy. The government sent a bill to Congress and received approval in several debates, with proposals for the implementation of fiscal rules, a reform to the royalties system, and reform of the Constitution regarding the right to fiscal sustainability. Further, it secured approval for reforms to labour and tax law. This confirms the government's interest in complementing the institutional framework of fiscal management, guaranteeing the sustainability of public debt in the long term.

In 2011, the government estimates a deficit of 3.5% in the consolidated public sector, and 4.1% in the central government.

Markets

In the second half of 2010, the appreciation of the Colombian peso against the dollar continued. Anemic growth in the developed countries, and better dynamics of economic activity in the emerging countries, was reinforced by a lower overall perception of risk in the region.

The strengthening of the local currency is also explained by substantial flows of foreign direct investment, in particular towards mining and energy, and the expectations of inflows of dollars from important agents in the market such as the government and Ecopetrol. Finally, the improvement in the prospects of Colombian sovereign debt by the rating agencies encourages foreign portfolio investors to come in, albeit more slowly than in the past.

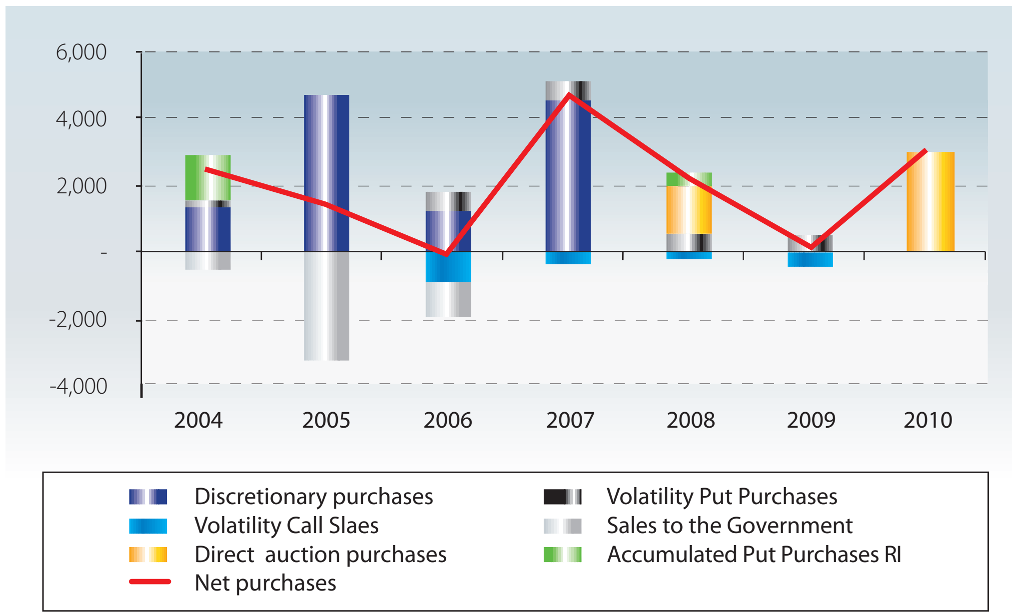
Graph 13. Market reference rate (US$/$, monthly average)

Source. Financial Superintendency Calculations, Banco de Bogotá Economic Research Department.

The authorities concern at the revaluation was initially made manifest by statements which generated uncertainty in the market, with speculations that daily purchases would be restarted, or even that some sort of capital controls on external debt or foreign investment foreign portfolio investment might be introduced or both, by the government or Banco de la Republica itself.

In the third quarter, Banco de la Republica reactivated the accumulation of. International reserves through daily purchases of at least US $20 million, extending term until at least March 2011. In February 2011, is the term was extended again to June.

Graph 14. Intervention of Banco de la Republica in the exchange market (US$ million)



Source. Banco de la Republica. Calculations by Banco de Bogotá Economic Research Department

Additionally, the government again made the commitment as it did in 2009, that it would not monetize dollars at the close of the year, and adjusted its 2011 budget so that foreign financing received would be offset by amortizations and interest payments on external public debt. In this way, the offer of dollars was reduced in the closing months of 2010, and expectations of government participation in the exchange market were diluted.

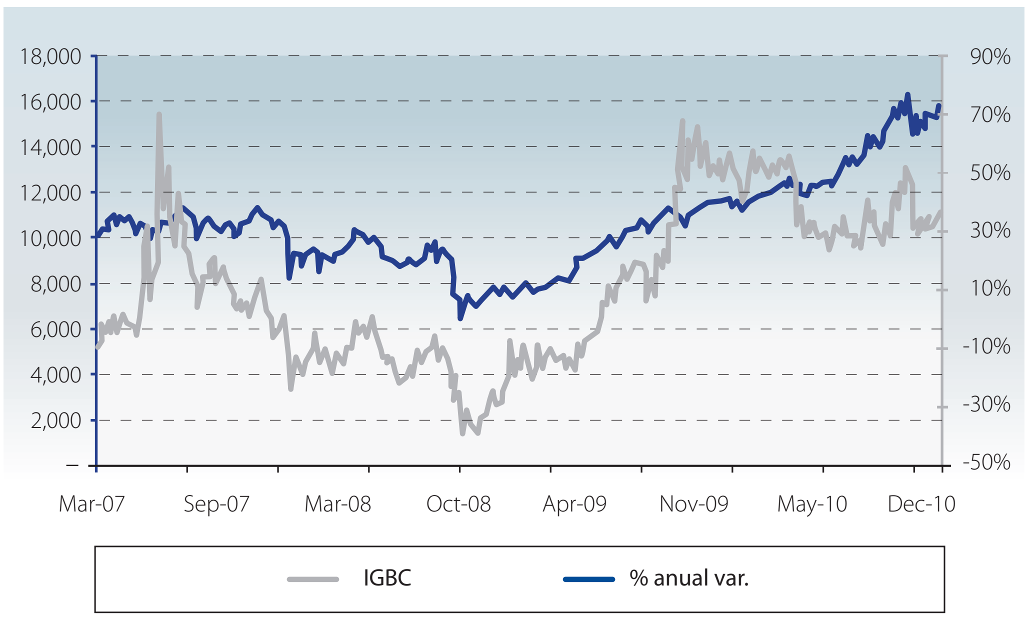
Finally, the traditional end-of-year demand for dollars was met with a mismatching of offer and demand in the market, measured through in atypically low spot position among exchange market operators. Since the net liquid foreign currency assets and liabilities of the exchange market operators must always be positive, in order to comply with exchange regulations, there was a flood of demand for dollars at the end of the year to comply with the regulations.

In summary, the combination of verbal intervention, the reactivation of dollar purchases, lack of government participation in the market, the scarcity of dollars at the close of the year, and some international events which raised the level of uncertain of investor uncertainty, precipitated a rapid depreciation of the peso at the close of 2010, unlike the experience of other emerging currencies. Despite the wide volatility experienced in the period, the closing market reference rate (TRM) was $1,913.98, which represented an annual revaluation of 6.5% compared to the close of 2009 ($2,044.23)

At March 8, 2011, the peso-dollar exchange rate is $1,893.17, an annual revaluation of 0.5%.

The equities market showed a trend of continuous increases in prices during the second half of 2010. At the close, the exchange (BVC) general index (IGBC), closed with an annual increase of 33.6%, at 15,496.77 compared to 11 602.14 in December 2009. Market capitalization in December 2010 was $417.87 billion, which was 45.6% above the value at December 2009.

Graph 15. IGBC (Index July 2001 = 1000, % annual variation)



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

The Banking System

According to Financial Superintendency figures, at the end of December 2010 the assets of the banks totalled $242.6 billion, an increase of 20.0% compared to the same month in 2009.

The positive dynamics of loan portfolios accompanied economic recovery with a total balance of $159.1 billion, representing annual growth of 23.1%. This increase was supported mainly by commercial and consumer loans, which rose 28.8% and 18.8% respectively.

Meanwhile, total investments were $53.8 million, representing annual growth of 20.7%. Further, deposit increased 11.5%, and totalled $157.6 billion, savings accounts being the most dynamic with growth of 19.3%.

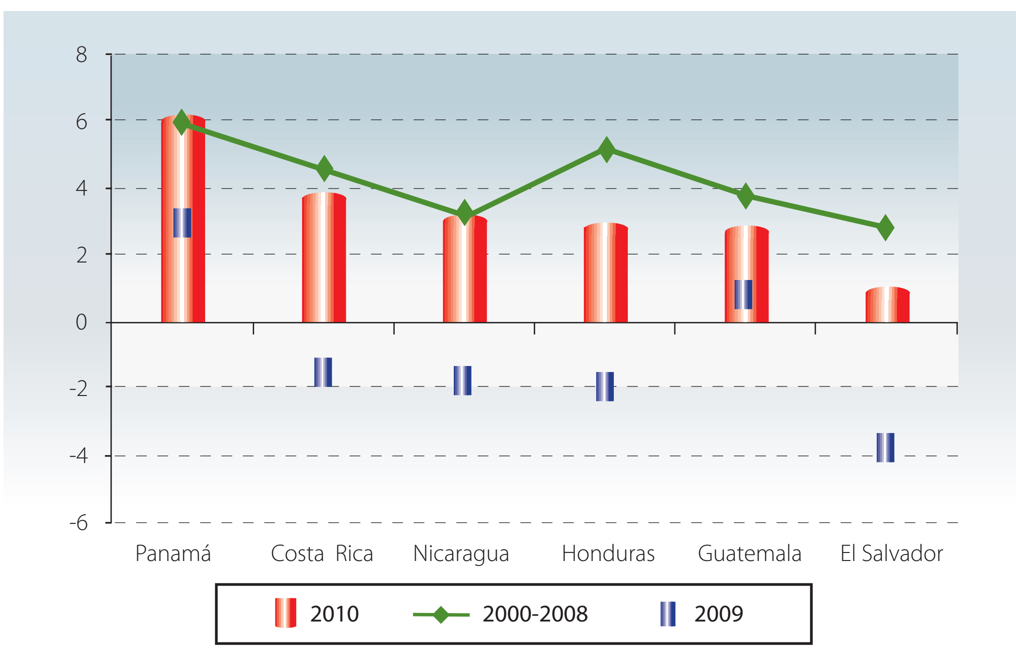
At December 2010, the profits of the banking system totalled $4.8 billion, 10.1% up on the same period the previous year. In financial indicators, in December average ROA for the banks was stable at 2.2%, but ROE recorded a drop of 180 basic points, from 18.6% to 16.8%. In general, while profitability indicators had slightly fallen off, the level of profits and equity confirmed the solidarity of the Colombian banking system.

To the extent that the growth in the economy is recovering, household and business clients are more optimistic, and therefore the lending volumes will tend to rise throughout 2011, even in the face of an expected adjustment in domestic and interest rates.

Central America

The most recent data provided by the IMF at the close of 2010, suggest that the recovery firmed up there. In effect, the Central American economy will have grown about 3.0% in the last year, after a contraction of 1.0% in 2009. In particular, there is growth in Panama which returned to its medium-term trend (about 6.0%), due largely to the return to normality in world trade.

Graph 16. GDP growth (% annual variation)



Source: IMF

Costa Rica's growth is also remarkable, at around 4.0%, in great part due to solid growth in internal consumption driven by the central bank's expansive monetary policy, which reduced interest rates to control the appreciation of the currency (colon). Other countries in the region recovered part of the pace of their growth, with the gradual recovery of trade with the United States.

The prospects for growth in Central America are favourable. In effect, the region's economy will continue to recover in 2011 as trade gains traction, and remittance flows, mainly coming from the United States, are stabilized. The treaties with Singapore, China and European Union, which will come into force in the middle to end of the year, will be particularly important for the region.

Principal Regulatory Measures

Regulatory measures issued during the second half of 2010 contained specific provisions regarding the financial regulators, referring to measures for collection, provisions, investments, risks, the exchange market, banking correspondents, financial consumers, and other matters. Annex 1 summarizes these measures.

Ratings

During the second half of 2010, the Bank's performance has been rated by the specialized agencies as follows:

In September 2010, Moody's Investor Services maintained its ratings on local currency deposits (Baa1/Prime -2), and in foreign currency (Ba2 /Not prime), and financial strength (C-). The Outlook improved for the rating of long-term foreign currency deposits, from Stable to Positive, and this change is in line with the change of outlook for Colombia overall, for foreign deposit foreign currency deposits, with Ba2.

In November 2010, BRC Investor Services SA gave an initial rating of BRC 1+ in short-term debt to the mandatorily convertible bonds (BOCEAS) of Banco de Bogotá SA, 2010, for $2.3 billion.

The reason why BRC Investor Services gave the short-term debt rating to these bonds is that the bond are fully convertible into shares at most 1 year after the issue date. Once all the ordinary bonds have been converted into shares, the current rating will lose validity, and the risk assumed by holders will refer to the fact that they will be shareholders. Further, and according to the bond regulations, the full amount will be subordinated to payment of the external liabilities of Banco de Bogotá, in the event of liquidation of the issuer.

In December 2010, BRC Investor Services SA made its regular reviews and ratified the AAA rating for long-term debt, and BRC 1+ for short-term debt. The rating is based on the equity capital support of the main shareholder, Grupo Aval, which is one of Colombia's most important economic groups, good practices in risk management, the excellent quality of the franchise, and the favourable competitive position in the local market.

Following the AAA rating for long term debt given by BRC Investor Services SA, and the characteristics of the subordinated bonds, the rating agency maintained its AA+ rating for the subordinated bond issues of February 2004 and April 2008 for $200,000 million, and the issue of subordinated bonds for $200,000 million placed in February 2010, as part of the process of multiple successive issues, for account of the global limit 2010, up to $1.5 billion.

Distinctions

In the second half of 2010, Banco de Bogotá won some important awards:

- **Best Bank in Colombia**

The magazine Latin Finance rated Banco de Bogotá as the best Colombian bank in 2010, for its good profitability, low indicator of loan quality, investigation of new products and services through its universal banking strategy, and cross-frontier movements.

It also drew attention to the recent issue of convertible bonds for $2.3 billion, and the memorandum of understanding signed with Sumitomo Mitsui, to start conversations that could generate solutions in products and services, to create greater efficiency and provide integral treatment to client needs, through joint projects in the region.

The publication also made awards to the best financial institutions of 18 countries in Latin America and the Caribbean.

- **Among the best in Latin America**

The 2010 version of the study of banks made annually by America Economía Intelligence, ranks the Bank 16th out of 25 Latin American banks which provide the best performance. The Bank occupies a distinguished position, given the size of the banking system in countries such as Mexico and Brazil.

The America Economía Intelligence ranking analyses and compares banking performance in accordance with the management of capital, assets, equity and liquidity. Banco de Bogotá is a universal banking Colombia, with a successful presence in all sectors and segments of the Colombian market and all regions of the country.

The 25 best banks are on average much better than the 25 best of 2009 and 2008, which means that banking in Latin America is creating solid, crisis-proof institutions.

◆ Among the most valued businesses

Banco de Bogotá is among the 100 most reputable businesses in Colombia, according to a survey made of 6000 business managers by Monitor Empresarial de Reputación Corporativa, MERCO.

This ranking places Banco de Bogotá at position number fourteen (14) among the hundred most reputable businesses in Colombia

The top 100 businesses and businessmen in Colombia have been analyzed by financial analysts, union members, consumer associations and leaders of opinion, who evaluated the business of entrepreneurs selected by the executives.

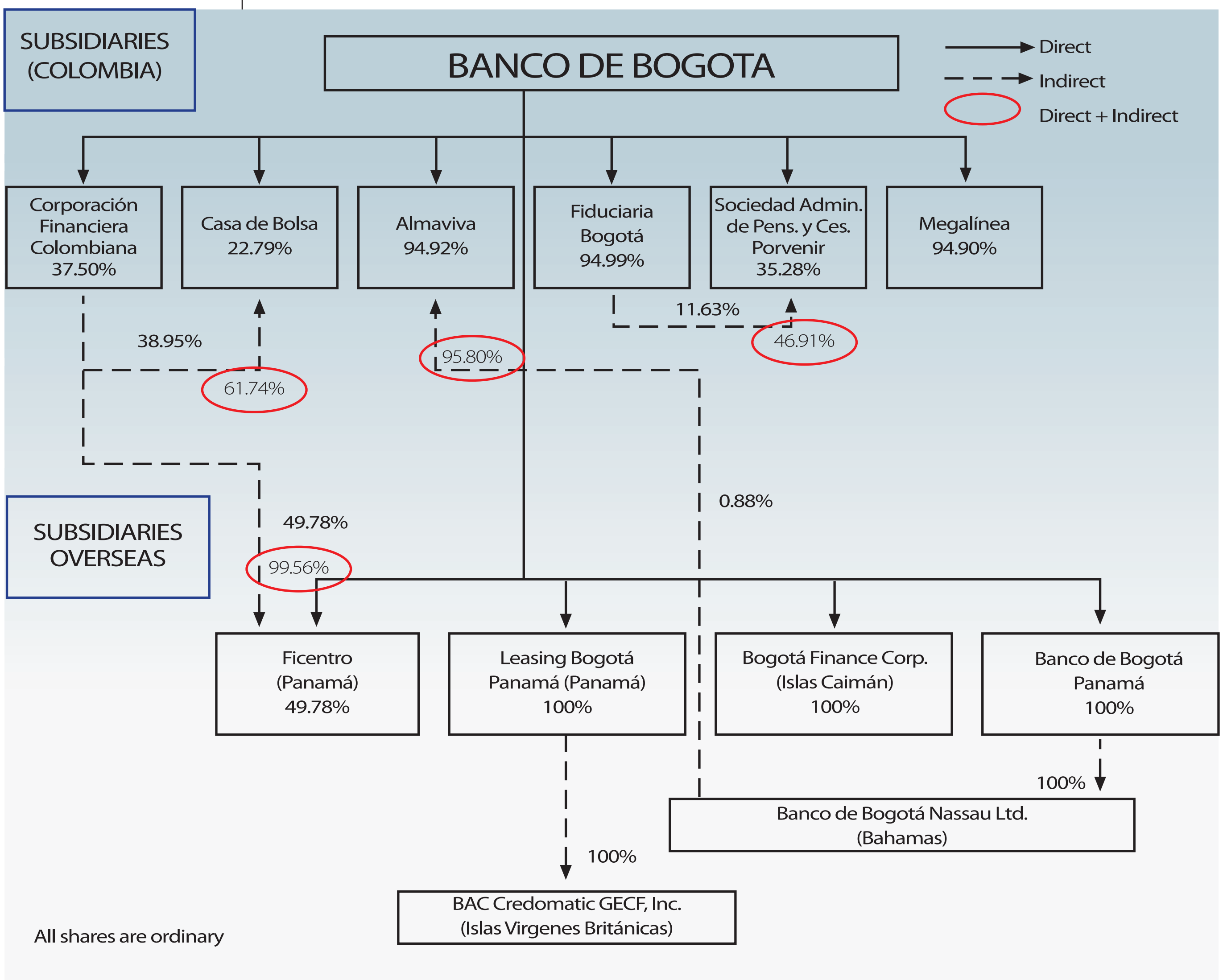
The MERCO survey is an instrument of evaluation of reputation similar to that published by Fortune Magazine in the United States. In Spain, since 1999, this has been an annual study to evaluate the reputation of businesses, and has become one of the sources of reference in the world.

◆ Among the most valuable brands in Colombia

According to the annual ranking of the 50 most valuable brands in Colombia, made by the firm Compassbranding, Banco de Bogotá ranks third place in the list of the country's most valuable brands, in the range of values of US$500-1000 million.

Banco de Bogotá kept the position it held in the previous year, and is recognized as a valuable brand, in particular for good service and well-conceived strategies of communications and marketing.

The Bank and its Subsidiaries



In the individual financial statements at December 31, 2010, the Bank has capital investments in financial entities and technical services companies for a net value of $5,878,295 million, including a provision of $758 million, as shown in the chart below. Capital investments account for 15.7% of total assets.

Capital Investments			
Balance in $ million	December 2009	June 2010	December 2010
Corporación Financiera Colombiana	1,494,362	1,884,419	2,327,340
Adm. Fondos Pensiones y Cesantías Porvenir	132,512	142,656	156,969
Almaviva	29,741	29,741	29,741
Fiduciaria Bogotá	80,567	80,567	80,567
Pizano S. A.	11,592	11,592	11,592
Leasing Bogotá	23,643	0	0
Casa de Bolsa	3,940	3,940	3,940
Megalínea	1,025	1,025	1,476
Other [1/]	3,326	3,399	3,399
Total local currency	**1,780,707**	**2,157,338**	**2,615,023**
Banco de Bogotá Panamá	100,975	94,501	94,542
Leasing Bogotá Panamá	15,724	14,716	3,159,392
Visa Inc.	35,201	9,304	9,259
Other [2/]	894	837	837
Total foreign currency	**152,795**	**119,358**	**3,264,030**
Provision against investments available for sale	-808	-757	-758
Total capital investments	**1,932,695**	**2,275,939**	**5,878,295**

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

The variation in the investment in Banco de Bogotá, Panama between 2009 and 2010 is explained by differences in exchange rates applied upon valuation, which were $2,044.23 and $1,932.63 respectively. Further, the variation in Visa Inc for the same period is the proceeds of the sale of 59,918 shares in February 2010 at a price of US $84.9 and 68,738 shares in March, at a price of US $92.3.

Among the main variations in subsidiaries, there is a substantial capitalization of Leasing de Bogotá Panama for $3,090.000 million (US $1,643 million) for the acquisition of 100% of the shares of BAC Credomatic Inc. At the same time, the Bank continued with its policy of strengthening equity, and it capitalized investments by paying dividends in shares during the second half of 2010 in, Corficolombiana for $40,554 million, Porvenir, with $14,313 million, and finally with Megalinea, with $451 million.

The following are the leading figures of Colombian and foreign subsidiaries in which the Bank had an investment on December 31, 2010.

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

Porvenir is a leader in the pensions and severance market. The value of funds managed by it at December 31, 2010 is $31.6 million, of which $27.2 billion correspond to mandatory pensions (27.6% market share, 2,926,699 members), $1.8 billion in severance (32.7% market share and 1,523,504 members), and $1.9 billion in voluntary pensions (85,381 members).

As the chart below shows, the company has **assets** at December 2010 of $716,248 million, an annual increase of 32.6%. 42.2% of assets are in trading investments in capital securities for the yield stabilization reserve, intended to guarantee compliance with minimum profitability required by law for managed funds.

Liabilities are $197,141 million, and **equity** is $519,107 million, an increase of 17.2%. The solvency margin is $27,703 million, and this provides a capacity to manage additional funds of $1.3 billion.

Porvenir - Financial Statement Highlights

Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.	Dec 10/Dec 09 A.V.[1/]
Assets	540,157	716,248	32.6%	176,090
Liabilities	97,179	197,141	102.9%	99,961
Equity	442,978	519,107	17.2%	76,129
Net profit for the year	165,071	154,877	-6.2%	-10,194

1/ A.V.: Absolute Variation

Net profit for the year 2010 was $154,877 million, down 6.2% on 2009. This decrease is mainly explained by a fall in financial revenues in the first half of the year as a consequence of lower yields on the stabilization reserve. Further, the arrival of several multi-portfolios in the severance market meant a general reduction of commissions collected, and this has led to lower levels of income on this product.

Corporación Financiera Colombiana S.A. – Corficolombiana (not consolidated)

At the close of the second half of 2010, **assets** were $6 billion, with growth of 1.4% compared to December 2009. The most important items are investments in debt securities for $2.5 billion (41.1% of total assets), and investments in capital securities for $2.2 billion (6.9% of total assets).

Liabilities total $3.3 billion, of which $1.5 billion correspond to term deposits (46.3% of total liabilities), and $1.4 billion in interbank funds purchased, repos and simultaneous operations (44.3% of total liabilities).

Equity was $2.8 billion, 9% up on December 2009. The variation is mainly due to increases in the reserves account. At the close of the second half of 2010, computable capital is $1.9 billion, and the capital ratio is 1.8%.

The chart below summarizes the financial highlights.

Corficolombiana - Financial Statement Highlights

Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Dec 10/Dec 09 A.V.[1/]
Assets	5,915,429	6,000,583	1.4%	85,154
Investments in debt securities	2,199,098	2,463,387	12.0%	264,289
Investments in capital securities	1,973,102	2,213,431	12.2%	240,329
Liabilities	3,408,389	3,266,821	-4.2%	-141,568
Equity	2,507,040	2,733,762	9.0%	226,722
Net profit for the year	658,362	535,914	-18.6%	-122,448

1/ A.V.: Absolute Variation

The company obtained **net profits** of $535,914 million ($264,941 million in the first half, and $270,972 million in the second half), compared to $658,362 million in the previous year. This reduction is mainly due to the fact that in 2009 there was gross income of $666,787 million, which was the proceeds of a business in capital securities, including income generated by the change of exchange classification of Promigas and EEB.

In 2010, the two core businesses, finance and investment, both performed excellently. With the business model, Corficolombiana has focused its portfolio on 5 sectors of the economy, centering is business on low risk profile businesses. And growing and predictable cash flows. At December 31, 2010 the composition of the portfolio in capital securities in terms of book value, showed that 80% of investments were in infrastructure, 57.0% in energy, fuel distribution and gas, 6.0% in hotels, 8.0% in agribusiness, 14.0% in the financial sector, and 7.0% in other sectors.

In the second half of 2010, the company continued its strategy of accompaniment for businesses in the variable-yield portfolio, obtaining growth in income, better operational efficiency and optimized capital structures over time. Further, the portfolio companies quoted on exchanges performed well in the second half of

2010. In particular, there was the increased value of the shares of EEB and Mineros, of 39.0% and 31.0% respectively, compared to the increase in the IGBC indicator for the same period (25.0%).

Taking advantage of the conditions of the equities market, the company sold 34.2% of its interest in Banco de Occidente in the last quarter. It also liquidated 4.4% of its interest in Proenergía These two operations generated a profit on sale of $2.500 million.

Fiduciaria Bogotá S.A.

At the close of the second half of 2010, the company's **assets** were $170,370 million, and **equity** was $128,115 million. **Liabilities** were $42,255 million, as presented below.

Fidubogotá - Financial Statement Highlights

Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Dec 10/Dec 09 A.V.[1/]
Assets	214,408	170,370	-20.5%	-44,039
Liabilities	88,985	42,255	-52.5%	-46,731
Equity	125,423	128,115	2.1%	2,692
Net profit for the year	36,321	42,851	18.0%	6,530
Assets in trust	15,995,563	18,739,005	17.2%	2,743,442
Unit investment funds	2,668,234	3,245,222	21.6%	576,988
Pension trusts (Fonpet and Ecopetrol)	7,737,286	7,198,953	-7.0%	-538,334
Property trust	2,097,376	2,305,248	9.9%	207,873
Management trust	2,153,707	4,537,396	110.7%	2,383,689
Other trusts (Escrows)	1,338,960	1,452,186	8.5%	113,226

1/ A.V.: Absolute Variation

Asset and liability balances fell, basically due to the recovery of funds from the 2009 loss. The insurer paid the indemnity.

The company made a **net profit** of $42,851 million for the year, up 18.0% on 2009. The total value of managed trust funds was $80.7 billion at December 2010, when operations in management trusts and collective portfolios are the fastest-growing items.

During the last year, the company joined the Bank in important infrastructure business such as Concesion Vias del Valle, Concesión Reurvalle, Concesión Megaobras de Cali, Concesión del Aeropuerto de Cartagena. It won 2 of the 3 megaprojects for concessions of the Department of Valle del Cauca and one of the 3 megaprojects in Cali. It should be noticed that these contracts will generate management of funds for about $700,000 million, over 5 years.

Almaviva S.A. (not consolidated)

At the close of the second half of 2010, the company has **assets** of $180,313 million, **liabilities** of $36,906 billion, and **equity** of $140,407 million. At the same date, the value of goods deposited in its care y was $1,127,455 million. Almaviva is the leader in the customs agency service industry, competing with 228 other agencies.

The chart below summarizes the financial highlights.

Almaviva - Financial Statement Highlights

Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Dec 10/Dec 09 A.V.[1/]
Assets	172,972	180,313	4.2%	7,341
Liabilities	35,131	36,906	5.1%	1,775
Equity	137,840	143,407	4.0%	5,567
Net profit for the year	13,748	10,363	-24.6%	-3,386

1/ A.V.: Absolute Variation

In 2010, there was a **net profit** of $10,363 million. The main source of income is from warehousing services (%68,753 million), and customs agency ($13,354 million), and the variation in profit from 2009 to 2010 is mainly explained by non-recurring income received in 2009, the proceeds of sale or warehouse in Bucaramanga for $5,000 million.

Casa de Bolsa S.A.

On October 23, 2009, there was a merger of Grupo Aval stockbroker firms (Valores Bogotá, Valores Popular, Valores de Occidente and Casa de Bolsa Corficolombiana), in order to create a larger broking operation, and provide a better response and attention to client needs. As a result, the Bank came to own 61.7% (directly and indirectly) of the new company. As a result also, only figures at December 31, 2010 are presented.

At the close of the second half of 2010, the company had **assets** of $48,582 million, of which $31,802 million (65.5%) correspond to investments, and $8,311 million (17.1%) to receivables. **Liabilities** total $19,253 million, 85.6% of this being in money market operations. **Equity** is $29,329 million and net profit for the year 2010 is $1,189 million.

Banco de Bogotá S.A. Panama (not consolidated)

At December 31, 2010, **assets** were US$469 million, of which the most important items are gross loans of US$223 million (47.5% of the total), and investments available for sale in debt securities for US$73 million (15.5% of the total).

Liabilities were US $414 million, almost entirely consisting of deposits (98.7% of the total). Banco de Bogotá SA Panama has equity of US$55 million.

Banco de Bogotá Panamá - Financial Statement Highlights

Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Dec 10/Dec 09 A.V.[1/]
Assets	401	469	17.1%	68
Gross loans	167	223	33.4%	56
Invest available for sale, debt securities	87	73	-16.9%	-15
Liabilities	343	414	20.9%	72
Equity	58	55	-5.4%	-3
Net profit for the year	10	6	-41.4%	-4

1/ A.V.: Absolute Variation

Net profits for the year were US$6.0 million, with loan income of US$7 million, investment income of US$3.0 million, dividends of US$2.0 million, and interest paid on deposits of US$8 million.

One important feature is that Banco de Bogotá Panama signed a correspondent agreement with Casa de Bolsa, which will bring it more business through a network of over 50 commercial advisers. Further, efforts were intensified to promote trust services. At December 31, 2010, Banco de Bogotá Panama managed 22 trusts for the value of US$79 million, as investment and equity management

Banco de Bogotá (Nassau) Ltd

This wholly-owned subsidiary of Banco de Bogotá S.A. Panama has **assets** of US$193 million, of which US $112 million corresponds to loans. 75.7% of the loans are with Colombian clients, 17.5% with Panamanian clients, and 6.8% with BVI and Bermuda clients. The Bank's investments at December 2010 total US$54 million, and are concentrated in Republic of Panamanian government paper (US$16.1 million), and EEB Colombia (US$10.2 million).

Liabilities at December 2010 are US$135 million, mainly in time deposits (US$134 million). **Equity** totals US$58 million.

Banco de Bogotá Nassau - Financial Statement Highlights				
Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Dec 10/Dec 09 A.V.[1/]
Assets	186	193	3.8%	7
Liabilities	129	135	4.3%	6
Equity	56	58	2.5%	1
Net profit for the year	4	3	-14.1%	-1

1/ A.V.: Absolute Variation

In 2010, there were **net profits** of US$3.0 million, with loans and investments income of US$6.0 million, and interest paid on deposits for US$3.0 million.

Leasing Bogotá SA Panama (not consolidated)

Wholly-owned by Banco de Bogotá Colombia. Through this company, Banco de Bogotá acquired BAC Credomatic GEFC Inc . At December 31, 2010 it had **assets** of US$1,995 million. Of this, US $1,900 million (96.22%) corresponds to the price of 100% of the shares of BAC Credomatic GECF Inc. **Liabilities** total US$321 million, corresponding to external financing of part of the funds required to pay for the operation. **Equity** is US$1,675 million, of which US $1,643 million corresponds to the capitalization of Banco de Bogotá Colombia. **Net profits** were US$27 million

Leasing Bogotá Panamá - Financial Statement Highlights			
Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 A.V.[1/]
Assets	12	1,995	1,984
Liabilities	2	321	319
Equity	10	1,675	1,665
Net profit for the year	6	27	21

1/ A.V.: Absolute Variation

BAC Credomatic Gecf, Inc

On July 15, 2010, an agreement was signed between GE Consumer Finance Central Holdings Corp and General Electric Capital Corporation, and Grupo Aval Acciones y Valores S.A. for a conveyance of shares, through which General Electric undertook to transfer 100% of the shares issued by BAC Credomatic GEFC Inc to Grupo Aval or any of its subsidiaries. On August 11, 2010, after compliance with applicable legal and contractual requirements, Grupo Aval assigned the contract to Leasing Bogotá SA Panama, a 100% subsidiary of Banco de Bogotá.

In a communication of December 2, 2010, the Financial Superintendency in Colombia authorized the increase in the capital investment of Banco de Bogotá in Leasing Bogotá SA Panama, for $3,090,000 million, in order to provide the latter with sufficient funds to acquire all the shares of BAC Credomatic GECF Inc.

Finally, on December 9, 2010, the purchase of BAC Credomatic was formalized for the equivalent of US $1,920 million. This sum is financed as follows:

- US $1,643 million, in a capital injection of Leasing Bogotá SA Panama by Banco de Bogotá, Colombia. A portion of this amount came from funds supplied to Bank stockholders, and the balance came from the Bank's own funds.
- US$277 million were obtained from external financing taken by Leasing Bogotá SA Panama.

The Central American bank BAC Credomatic is present in 9 countries in Central America, the US and Caribbean - Honduras, Guatemala, Costa Rica, El Salvador, Nicaragua, Panama, Mexico, Bahamas and the Cayman Islands. BAC thus becomes a strategic investment for Banco de Bogotá, increasing its coverage and complementing its business.

Central America represents a geographical area of natural growth for Banco de Bogotá, in line with its strategy, since it has a critical mass which is interesting in the banking sector.

The region is of great importance for Colombian business due to its particular characteristics, such as geographical closeness, language, and a similar consumer profile. It is a market with very high potential for growth in the coming years, since it has a population of more than 40 million.

For the clients of the two entities, the operation brings improvements to the value proposal, given broad regional coverage, complementation between the strengths of business banking and personal banking, and an integrated technological platform.

As can be seen in the chart below, BAC Credomatic has **assets** at December 2010 of US$8,409 million, of which US$5,234 million are net loans (after reserves) (62.2%), and US$2,624 million are investments and liquid assets (31.2%). **Liabilities** are US$7,479 million, of which US$6,033 million are deposits (80.7%). **Equity** is US $930 million. **Net profit** for the year is US$150 million.

BAC Credomatic - Financial Statement Highlights				
Balance US GAAP US$ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Dec 10/Dec 09 A.V.[1/]
Assets	7,681	8,409	9.5%	728
Liabilities	6,870	7,479	8.9%	608
Equity	811	930	14.7%	119
Net profit for the year	149	150	0.7%	1

1/ A.V.: Absolute Variation

Client Relations

Segments

Official sector

In the second half of 2010, the Bank continued to strengthen its service model for the official sector through its office network, and broadened regional coverage for special services.

Strategies were implemented to increased penetration in commercial lending, regional government, and decentralized agencies.

In order to guarantee high standards of security in electronic operations of the public sector, the security procedure was implemented for it, to match the terms of the interbank agreement signed in October 2010 with the banking association Asobancaria.

A communications strategy was designed for regional government agencies through the publication of En Línea Oficial, and an institutional strategy to support it was implemented.

SMEs

During the second half of 2010, the coverage of special services for SMEs was broadened, and at the end of the year the structure was as follows:

26 Business centres
2 SME zones
15 SME business consultants
96 SME managers
62 SME commercial executives
2 SME business coordinators

This allowed the Bank to increase its presence in places such as Bogotá, Medellín, Barranquilla, Cali and Bucaramanga, and to enter new centres where a significant presence of SMEs was identified, such as Pereira, Armenia, Manizales, Ibagué, Neiva, Santa Marta, Valledupar, Cartagena, Montería, Tunja, Cúcuta, Barrancabermeja, Sogamoso, Duitama, Pasto, Ipiales, Tuluá, Palmira, Zipaquirá and Mosquera.

Operating processes were centralized in Bogotá, Medellín and Cali in order to increase operating efficiency, and improve client services in this segment, through SME services. Phone-based services were strengthened in all centres, giving access to clients through the CAT call centres

In the second half of the year, the Fourth "*Premio Gacela*" contest was held, with the Bank's sponsorship. Its purpose is to provide recognition to businesses which use good management practice, which achieve sales growth, and which, as a result of their vision, are classed as excellent SMEs, and a model for other Colombian SMEs.

Further, the strategy to obtain SME client loyalty continued, through an alliance set up with FUNDES Colombia. This strategic alliance is designed to support the growth and development of businesses through entrepreneurial formation courses. In the second half of the year, 327 entrepreneurs were trained, bringing the national total of those who have received it to 653.

Micro-finance

The Bank plays an active part in the process of penetration of the banking system, and works with low-income producers in this segment. In the first half of the year, the Bank was had a presence in Bogotá. Medellín, Cali, Bucaramanga, Ibagué, Villavicencio, Neiva and Tunja; and 84 towns around them.

In the second half, coverage was extended to Barranquilla, Pereira and Manizales, reaching 122 towns in 17 departments across the country, with 13 offices. In 2011, this expansion will continue, to reach 39 new towns on the Caribbean coast, in Norte del Valle, Antioquia, Boyaca, Magdalena Medio, Bogotá and the Savannah, involving the coverage of 161 towns in 23 Departments, doubling the current number of offices.

In its management of the low-income sector, the Bank has provided financing solutions to more than 27,000 Colombian families. More than 16% of them had never had a relationship with the financial entity before. The main group of clients in this sector are women heads of household, who have serviced their loans with the best possible quality of response.

Preferential banking

In the second half of 2010, the Bank made progress in its Preferential banking, implementing its strategy to maintain current clients and make them profitable, and engage potential clients through a differentiated service model to meet individual needs.

In order to give continuity to the strategy, the Bank completed the implementation of the sub-segments in this model, with the following sub segments:

Basic Preference: With the support of a centralized team for contact and sales.

Medium preference: Serviced by an Office Manager or Account Executive

Premium preference: An exclusive service model using Premium offices, with the opening of the first 2 offices in Bogotá and Medellín, in differentiated spaces and with special advisory services in commercial and investment banking, to attend to these clients, offering the best possible standards of quality and service. In the first quarter of 2011, 5 more offices will be opened in different parts of the country.

The Bank is a leader in the market for Signature and Black credit cards, addressed specifically to the Premium segment

Personal banking

In the second half of 2010, the Personal Banking segment was consolidated with value proposals for subsegments of individuals, high-individuals, children and the young, senior citizens and micro-businesses, defining ideal portfolios for each client.

Channels

Electronic channels

Transactions on electronic channels accounted for 81% of all transactions in the second half of 2010, while 19% of transactions were conducted in offices.

Transactions on electronic channels grew 8% compared to the total in 2009.

Channel Mix			
Channel	Dic 2008 % Share	Dic 2009 % Share	Dic 2010 % Share
ATMs	25%	23%	22%
Servilínea	5%	4%	4%
Card purchases	5%	5%	5%
Easy banking units	1%	1%	1%
Internet – personal banking	21%	26%	25%
Internet – business banking	18%	17%	17%
Non-bank correspondents	0%	0%	1%
Mobile banking	1%	1%	1%
ACH (operations originated)	2%	3%	3%
Total electronic media	77%	80%	81%
Offices	23%	20%	19%

The mass communications strategy was started up in the second half of the year, and was designed to migrate office transactions to electronic channels and promote their use, based on client needs to make enquiries, pay services bills, or loans, and to transfer funds. In addition, there was reinforcement of security measures, so that clients will feel safe and worry-free in using electronic media.

The strategy is intended to communicate benefits and reinforce services offered by the electronic channels (Internet, Mobile Banking, Servilinea and ATMs) It was decided that the strategy would be rolled out in 3 phases. The first phase, "Generate interest", was implemented in the last quarter, and advertising material was developed for offices, with radio spots, and ions on radio and TV commercials, inviting people to route the enquiries, payments and transfers through Banco de Bogotá electronic channels.

In 2011, the communications strategy will reach the second phase "Try it, use it" (Q1, 2011), in which the principal objective is to invite people to use electronic channels for their transactions for the first time, and ensure that they continue to do so; and the third phase "Generate adoption", is programmed for the second half of 2011.

This encouragement for clients to use electronic channels has led to the optimization of the Token system of service strong authentications for individual clients who access channels which do not require the use of debit cards, such as Internet, Servilinea and cheque deposits.

With these strong authentication tools, the client can logon more quickly, and avoid the need to visit offices in order to set up his products to register them.

Individual personal gateway

In the second half of 2010, there were 36,657,088 successful transactions on this channel, representing growth of 10% compared to the same period of 2009.

This gateway was enabled for leasing product enquiries and transfers between trust accounts in Fidubogotá and accounts at the Bank.

Servilinea

All recordings of the flow of navigation in the Servilinea channel were reviewed and cleaned out, in order to standardize messages and the way in which the channel communicates with clients, taking account of their profiles. Based on best practices and the transaction structure of the channel, the Servilinea tree was optimized in order to facilitate access and navigation through the menu. 4,440,256 calls were received for enquiries, public service payments, taxes, credit cards, blocking, and transfers between accounts within the Bank and with other banks.

Mobile banking

The Mobile Banking channel developed a new technology for iPhone, allowing clients to download the application onto their phones, and to perform their transactions with ease, comfort and safety. With this development, coverage was extended to new technologies for smart phones. In the first half of 2010, mobile banking had been developed for Blackberry.

The number of users of electronic channels increased, for activations and training through promoters trained in electronic media, promoting and encouraging the use of channels, particularly in the registration and use of the mobile banking service.

In the second half of 2010, this new channel continued to grow, with a total of 2,174,234 operations in transactions, alerts, and notifications. This shows the growth of 58% compared to the volume of operations in the second half of 2009.

Banco de Bogotá is constantly concerned to find out the credit profile of its clients for the management of electronic channels. Therefore, in the last quarter of 2010, a survey was made of channel satisfaction, the main objectives being to discover the profile of clients for each channel, to find out the frequency of use of channels, to identify the services which clients of each channel value most, to identify advantages and disadvantages of the use of the channels, and other factors. This information will be used as an important source for the development of new strategies in 2011, and the improvement of services currently provided on electronic channels.

Non-banking correspondents

During the second half of 2010, there were an average of 58,124 transactions a month at 79 service points with 932 terminals, representing average monthly movement for the Bank of $3,958 million receipts, and $754 million of payments to bank clients.

With the consolidation of the strategic alliance signed between the 4 banks in Group Aval (Banco de Bogota, , Banco de Occidente, Banco AV Villas and Banco Popular) with the Exito Group, our clients may now make withdrawals and debit cards and make cash payments for public services, taxes, Social Security in more than 3,230 tills in Exito, Carulla, Surtimax, Pomona, Ley, Cafam and Homemart chains.

The service, provided in mass form since mid-October 2010, is yet another confirmation of the Bank's commitment to broaden non-banking correspondent services on a major scale.

ATMs

Banco de Bogotá remains the leader in the ATM-ATH network across the country. It has 964 of the 2,417 ATH ATMs, a 40% share in the total number of machines, and 44.1% in the total number of successful transactions

In the second half of 2010, there were 39,270,150 transactions in Banco de Bogota ATMs, with an average of 6,545,025 transactions a month, and 6,804 transactions per month per machine. The transaction mix was distributed as follows: 70.1% of operations were effected by Banco de Bogotá clients, 22.4% by Grupo Aval clients, and 7.5% by clients of other networks.

As part of the technology update project, the Bank replaced 99% of its ATMs during 2010.

Cheque deposits

Banco de Bogota has 155 cheque deposit machines at December 31, 2010, performing an average of 452 transactions per month per machine.

Office network

During the second half of 2010, six new traditional offices were opened in major and intermediate cities and towns. These offices are Floridablanca, Armenia, Caldas, San Jose de Guaviare, Centro Commercial Fundadores, Calle 122 Cra 15. The Otrabanda office was closed, and the business was transferred to the Estadios sector office.

Three new premium offices were opened for the Bank's preference clients, to establish a presence in the major cities. These are in La Cabrera, Bogota and San Fernando plaza in Medellín. With this, the Bank came to have a total of 595 offices.

Cash extension offices

The number of cash extension offices was increased to improve client services in centres with high transaction volumes, and at the close of 2010, there were a total of 107 such offices.

Business advisory offices

The business advisory offices for a new model for SME on-the-spot services. In the second half of 2010, there were 18 such offices.

Service and Operations Contact Centre

The contact centre received a total of 1,416,184 client calls in the second half of 2010, covering all segments, using the service line for concerns, complaints, and information operations involving their products and services. The average monthly volume of calls in the second half of the year was 236,031.

There were also 2,271,840 outgoing calls, contacting bank clients for campaigns to update information, telemarketing, confirmation of returned checks and location of clients. The average number of outgoing calls in the second half of 2010 was 378,640 calls.

Client data updates

During the second half of the year there was a mass campaign to update client data across the Bank, and clients were encouraged to do so and enter a draw for a 2011 model Kia Sportage 4x4 between October 1 and December 31, 2010, and this strategy brought updated information for 17.9% of active clients.

There were also campaigns for data updating by Bank officers, both in the head office and in other areas. In complement to this, there were joint actions with operating areas to ensure that client management data are updated when loans are disbursed or credit cards are issued for individual and corporate accounts.

During the second half of the year, technical testing and implementation of the CRM marketing module was completed, enabling the strategic marketing plan, and implementing the budget and the various campaigns for execution and follow-up.

Service

There was follow-up to the improvement of service. In the second half of 2010, the service quality study made by the market research company METIS gave an overall rating of 84.1/100 points on the ISO 9000 scale, which was 1.3 points higher than that obtained in the second half of 2009, and 15.7 points better than the 2000 rating.

The comportment of the most important attributes is shown in the chart below.

Results of Office Service Quality Assessments			
Attribute rated by clients	Jul-Dec 2008	Jul-Dec 2009	Jul-Dec 2010
Overall store – Banco de Bogotá	**80.3**	**82.8**	**84.1**
STORE BY ATTRIBUTE :			
- Positive attitude of office staff	83.0	85.3	87.5
- Pleasant manner of office staff	84.0	86.4	88.3
- Commitment to the job	82.7	85.1	87.1
- Agility of attention	76.2	79.9	81.8
- Willingness to give good service	81.3	84.3	86.6
- Respect for clients	88.4	90.3	91.5
- Personal appearance	89.5	90.8	91.8
- Interest in giving advice to the client	82.1	84.7	86.8
- Willingness to solve problems	81.0	83.8	86.0
- Quality of premises	85.2	86.7	87.3
- Quality of ATM	82.3	83.2	83.0
- Quality of phone communications	74.4	77.5	78.2

SOURCE: Service Quality Study Banco de Bogotá - Metis

The reinforcement of some service standards which had already been worked on in administrative areas continued in 2010, in order to continue to consolidate the Bank's culture of service, because processes of cultural change require a constant sensitization programme.

The training programme associated with the service quality strategy was strengthened, with an emphasis on Law 1328 (Protection of financial consumers) so that each Bank officer would promote the client-oriented culture, and guarantee client satisfaction and compliance with the principles of informing, educating and protecting the client.

With regard to servicing requests and complaints, the Bank received 244,520 contacts through its client service system in the second half of 2010. 95.4% of these calls were requests, and only 4.6% were complaints. 96% of requests were serviced within the established deadlines, and the remaining 4% required more time, due to the need for closer investigation.

In terms of external control, the Bank received visits from the Client's Defender in 904 cases, from the Financial Superintendency for 1,028 cases, and court-generated petitions generated 2,937 cases. All replies were promptly provided, within the parameters established by each of these bodies.

Internal Process Management

In the second half of 2010, the Bank continued to update technological processes and procedures in order to optimize commercial management. Some projects were started up, such as the migration of the CRM database, and compliance with security standards, migration of the operating system for the central computer, and automation of production.

Changes in technological infrastructure and operating processes

In order to make the security scheme for the infrastructure and information systems more robust, a strategy to improve application performance was developed, lowering the costs of using storage, aligning storage functions in accordance with application needs, improving the methodology for dimensioning resources for applications, analyzing and improving backup processes, analyzing and recommending replication processes, in accordance with business needs, and strengthening of the IPS architecture. At the same time, there was a project for the classification of information assets and the identification and classification of a programme for IT quality management.

The application life-cycle project was started. It aims to adopt methodologies and good practices in that area.

The information quality and management project continued, implementing the biometrics system in the opening of products and installation of versions of data with changes and improvements in cash services, the platform, and loans.

Alternatives were evaluated for an extension of office codes from 3 to 4 digits, and to make account numbers independent of office codes. This required changes to all Bank applications to fit the technological infrastructure supporting the growth of service points.

In support of the Bank's strategy to make its processes more efficient and to present better service levels to clients, work began on the execution of the Lean Banking project, which provides for improvements in processes of origination of consumer credit, accounts and operations in the international section. Work started on the redesign of the processes of commercial credit and after-sales service.

Activities were undertaken to strengthen internal control systems and risk systems, with automatic controls in the document-handling process. The area of analysis and generation of alerts was implemented as a means of strengthening the monitoring of transactions made in offices.

Internal control system

There is a permanent line of policy in the Bank to strengthen and optimize internal control systems and risk management, through processes led by senior management, and applied at all levels of administration, executed by all employees.

The purposes of the process is to achieve greater efficiency and effectiveness, to provide adequate protection for assets and resources, to prevent and mitigate the occurrence of fraud, to secure reliability, integrity and timeliness in financial and management information reporting, to have suitable mechanisms available to prevent and control asset laundering and the financing of terrorism, to ensure compliance with the law and applicable regulations, and to implement good risk management.

The internal control system has a number of components, which the Bank has in constant use:

Control environment: There are express policies, defined from the highest levels of corporate government. A code of ethics and conduct, distributed and promoted within the Bank; procedures available to all personnel; an organizational culture which operates in all areas of the Bank; ongoing work for employees to possess the knowledge, skills, attitudes and values required; culture and tools available for the application of self-control.

Risk management. Objectives are set, events identified, risks evaluated and responses given in the context of the various risk management systems (SARO, SARC, SARM, SARL, SARLAFT).

Control activities. Policies and procedures to control risks, among which particular importance is afforded to the segregation of functions, dual control, limits, authority levels, and controls related to accounting and technological activities. Control activities are selected and developed on the basis of reasonableness, a cost-benefit ratio, and their potential effectiveness in the mitigation of risk which materially affects the achievement of objectives.

Information and communications. There are policies, procedures and controls which contain specific measures for security, quality and compliance with information generated, and the appropriate communication of relevant information within the Bank and to outside parties.

Monitoring. There are supervisory activities assigned to each Head of Area, senior management, and internal control functions.

Independent evaluation. The function of the Internal Audit consists on evaluating the internal control system independently of those responsible for processes, and assesses each of its elements in order to remedy faults detected. At the same time, it verifies that the financial sector subsidiaries that consolidate with the Bank make their own evaluations.

It is a priority orientation that the achievement of institutional objectives should be secured within reasonable levels of risk, and in the context of compliance with current rules and regulations

The Bank and its subsidiaries continue to strengthen their culture which involves the management of internal control in day-to-day activities, and at all levels of the organization, even more closely, such that results will be seen in client service and the generation of value.

Internal audit

Audit is part of the internal control system, and performs activities within international guidelines and standards, and best practices. It has sufficient resources and autonomy to perform its duties properly and independently.

According to evaluations developed during the second half of 2010, risks in the areas of credit, market, operations, liquidity, asset laundering and financing of terrorism have received reasonable treatment: the requirements of law are being observed, and policies established by the Directors and senior management have been implemented, and procedures in the context of appropriate and operative internal control have been applied.

Security

Security management is designed to protect individuals, client assets, the Bank's own assets, and those of the community in general. For this purpose, activities take place in the context of the information security model; there have been investigations and management of situations of fraud, in a comprehensive conceptual scheme of prevention and management of fraud. There have been improvements to the scheme for monitoring systems and transactions; logical and physical security schemes have been strengthened.

Work was also done to prevent or mitigate losses due to fraud, as a priority activity, providing advice and information on risks and controls, and with internal training for Bank employees and training for clients. All of this is combined with collaboration with the authorities and coordination with other entities in the sector.

Financial Performance July-December, 2010

The financial sector again played an important part in economic growth, and was outstanding as a sector[3] which generates the largest share of GDP, 19.6%, in the third quarter of 2010.

In the second half of 2010, the profits in the financial system were good, and dynamics were maintained principally due to revenues from the placements and the enhanced value of financial investments in public debt. The financial system managed its credit risks appropriately, following regulatory guidelines for evaluation and provisions.

Figures at December 2010[4] for the banking system show total assets of $242.6 billion, loans for $159.1 billion, and total investments for $53.8 billion, representing annual growth of 20.0%, 23.1% and 20.7%, respectively. The system reported accumulated annual profits of $4.8 billion, which was 10.1% up on the previous year. Profitability indicators were 2.2% for ROA and 16.8% for ROE.

The loan quality indicator improved from 3.9% to 2.8%, as a consequence of better quality in commercial, consumer, micro and home mortgage lending, which fell from 2.7%, 6.5%, 5.8% and 4.1% in December 2009, to 1.9%, 4.4%, 4.3% and 3.9% in December 2010. Loan coverage increased from 139.1% to 172.6%, and administrative efficiency improved from 4.3% to 4.1%, and capital ratios were held at 14.1%, reflecting appropriate level and adequate levels of capitalization.

With its performance the Bank is an outstanding contributor to the banking system figures, due to its dynamic growth and management.

3 Financial establishments, insurance, property and business services
4 Source: Financial Superintendency, Asobancaria

Market share[1/]						
	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09	Dec. 10
Total assets	11.7	14.3	13.9	13.7	14.3	15.4
Net loans	10.7	14.2	14.1	14.7	14.5	14.1
Net fixed-yield investments[2/]	11.4	9.3	9.1	8.2	10.9	11.3
Deposits and demand accounts	11.9	13.1	13.7	14.5	15.4	15.2
Current account deposits	18.6	17.6	19.1	19.3	18.3	18.1
Savings deposits	11.5	12.6	12.2	13.1	14.7	15.0
Term deposits	7.3	10.8	12.9	14.2	15.7	14.6

1/ Source. Accounts transmitted by the Financial Superintendency, share of all banks
2/ Includes account 196020 Deposits in guarantee-debt securities and futures contracts

At December 2010, there was outstanding performance in comparison to the preceding year in assets (111 basic points), net fixed income investments (39 basic points), and savings deposits (28 basic points). The Bank maintains its natural market share of loans.

Profitability indicators

For the period January-December 2010, annual profitability (ROA) was 2.5%, and ROE was 16.8%. The Bank continues to perform well in comparison to the system as a whole. The following table compares the results of these indicators for the Bank, the banking system, and the peer group.

Profitability indicators[1/]						
	BANCO DE BOGOTA		SYSTEM [2/]		PEER GROUP [3/]	
	ROA	ROE	ROA	ROE	ROA	ROE
Jan - Dec 2009	2.7	21.5	2.2	18.6	2.4	19.2
Jan - Dec 2010	2.5	16.8	2.2	16.8	2.4	17.2

1/ Source: Financial Superintendency, Asobancaria. Average YTD and accumulated profit January-December
2/ Total banking system
3/ Peer or similar group: Bancolombia, Banco de Occidente, BBVA, Davivienda, Citibank, Banco Popular

STRUCTURE AND EVOLUTION OF ASSETS

At December 2010 total assets were $37,363,723 million with annual growth of 29.4%, and a market share of 15.4% of the total assets of the system, as shown below.

Classification of Banks by Asset Volumes

	December 2009		December 2010	
Balances in $ million	Assets	% Share	Assets	% Share
BANCOLOMBIA	40,916,114	20.2	48,678,983	20.1
BANCO DE BOGOTÁ	**28,882,971**	**14.3**	**37,363,723**	**15.4**
BANCO DAVIVIENDA	24,768,429	12.3	28,236,894	11.6
BBVA	18,924,467	9.4	22,085,046	9.1
BANCO DE OCCIDENTE	14,135,191	7.0	17,561,403	7.2
BANCO AGRARIO	12,569,152	6.2	14,660,900	6.0
BANCO POPULAR	10,847,881	5.4	12,638,330	5.2
RED MULTB. COLPATRIA	8,566,664	4.2	10,002,692	4.1
HELM	6,545,176	3.2	9,822,622	4.0
GNB SUDAMERIS	7,292,316	3.6	8,301,585	3.4
CITIBANK	7,223,483	3.6	8,207,339	3.4
BCSC	7,115,198	3.5	8,019,158	3.3
AV VILLAS	6,034,510	3.0	6,939,537	2.9
BANCO SANTANDER	5,576,183	2.8	6,715,894	2.8
HSBC	1,549,757	0.8	2,069,063	0.9
BANCARIA	582,769	0.3	720,606	0.3
SCOTIABANK COLOMBIA S.A	489,155	0.2	358,219	0.1
PROCREDIT	117,499	0.1	189,050	0.1
TOTAL BANKS	**202,136,915**	**100**	**242,571,043**	**100**

The Bank's financial management policy is dynamic and is based on the re-composition of assets, moving towards those of lower risk and adequate yield, as shown in the chart below.

Composition of Assets

Balances in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.% [2/]	Dec 10 Part %
Productive Assets	**24,829,499**	**32,854,888**	**32.3**	**87.9**
Interbank funds sold , repos and simultaneous asset operations	645,461	214,647	-66.7	0.6
Current and performing past due loans	17,948,040	21,751,381	21.2	58.2
Current loans	17,847,713	21,312,815	19.4	57.0
Performing past-due loans	100,327	97,917	-2.4	0.3
Performing leasing operations	0	340,648	0.9	
Financial investments in debt securities [1/]	4,253,042	4,956,666	16.5	13.3
Investments available for sale, capital securities	1,933,503	5,879,053	204.1	15.7
Employee loans	49,453	53,142	7.5	0.1
Fixed Assets	**244,462**	**362,475**	**48.3**	**1.0**
Property and equipment net of depreciation and provisions	244,462	362,475	48.3	1.0
Non-producing assets	**504,072**	**453,237**	**-10.1**	**1.2**
Gross foreclosed assets	66,707	56,742	-14.9	0.2
Non-performing past-due loans	436,213	392,515	-10.0	1.1
Non-performing leasing operations	0	3,848	0.0	
Employee loans	1,153	132	-88.5	0.0
Other assets	**4,152,157**	**4,604,067**	**10.9**	**12.3**
Cash and Banco de la República	2,080,848	2,141,452	2.9	5.7
Goodwill	550,088	531,098	-3.5	1.4
Banks and other financial entities	286,564	395,838	38.1	1.1
Accounts receivable, acceptances, other assets	541,660	753,784	39.2	2.0
Net valuation gains	692,997	781,895	12.8	2.1
Provisions	-847,218	-910,945	7.5	-2.4
Total Assets	**28,882,971**	**37,363,723**	**29.4**	**100.0**

1/ Includes account 196020, Deposits in guarantee – debt securities in futures contracts
2/ T.C.: Growth %

Structure of financial intermediation

Productive assets ($32,854,888 million) show annual growth of the 32.3%, and account for 87.9% of total assets at December 2010. This growth is due mainly to increases in investments available for sale in capital securities of $3,945,550 million, which includes $3,142,024 million for the capitalization of Leasing Bogotá Panama for the acquisition of BAC Credomatic network; current and past-due performing loans of $3,803,341 million, with growth in current loans ($3,465,102 million), and performing leasing portfolio of $340,648 million, as an effect of the integration of the Bank with Leasing Bogotá in May 2010.

Fixed assets grew 48.3%, from $244,462 million in December 2009 to $362,475 million in December 2010, a variation mainly caused by imports in progress is associated with the leasing operation integrated into the Bank in May 2010. In gross fixed assets, the most important group of buildings (35.7%), office equipment furniture and fittings (21.9%), and computer equipment, 19.7%.

At the close of the second half of 2010, the liabilities mix consists of 77.8% in interest-bearing liabilities, and 22.2% in non-interest-bearing liabilities.

Interest-bearing liabilities total $25,047,075 million, up 34.0% on 2009. In this group, the largest variations are in bank loans and other obligations, up 195.3% ($2,651,051 million), which includes the capitalization of Leasing Bogotá Panama; mandatorily convertible bonds for $2,284,608 million, savings deposits up 20.7% ($1,991,154 million), and subordinated bonds 50.1% ($204,479 million) [5].

Non-interest-bearing liabilities total $7,160,282 million, up 15.1% from $939,180 million between December 2009 and December 2010, especially due to the year-on-year increase in current accounts of $883,753 million, and in other non-interest-bearing liabilities including bank acceptances outstanding and derivatives operations for $148,539 million [6].

The **operating gap** indicator (productive assets/interest-bearing liabilities), is 131.2%, indicating the bank's capacity to generate net operating income.

5 On February 23, 2010 the Bank made **an important AA+ subordinated bond issue** for $200,000 million to optimize funding structure and solvency levels, and further, to improve its presence in the capital markets.
6 Given the Financial Superintendency's new method of recording derivatives, which came into force on January 1, 2010

Financial Structure of the Balance Sheet

Balance in $ millions	December 2009	December 2010	Dec 10/Dec 09 T.C.%
Productive assets	24,829,499	32,854,888	32.3
Fixed assets	244,462	362,475	48.3
Non-productive assets	504,072	453,237	-10.1
Other assets and provisions	3,304,939	3,693,123	11.7
Total Assets	**28,882,971**	**37,363,723**	**29.4**
Interest-bearing liabilities	**18,685,814**	**25,047,075**	**34.0**
Savings deposits	9,611,232	11,602,386	20.7
Term deposits	6,798,598	5,927,925	-12.8
Other deposits and demand accounts	342,667	409,987	19.6
Subordinated bonds	408,355	612,834	50.1
Mandatorily convertible bonds	0	2,284,608	
Interbank funds, repos and simultaneous liability operations			
And short position.	167,859	201,182	19.9
Bank loans and other obligations	1,357,102	4,008,154	195.3
Non-interest bearing liabilities	**6,221,103**	**7,160,282**	**15.1**
Current accounts	5,064,132	5,947,885	17.5
Tax collections	217,536	114,402	-47.4
Other non-interest bearing items	939,435	1,097,995	16.9
Total Liabilities	**24,906,917**	**32,207,357**	**29.3**
Total Equity	**3,976,055**	**5,156,366**	**29.7**
Total Liabilities and Equity	**28,882,971**	**37,363,723**	**29.4**
Operating gap 1/	132.9%	131.2%	
Equity exposure not including fixed assets 2/	12.7%	8.8%	
Equity exposure including fixed assets 3/	18.8%	15.8%	
Average total assets 4/	26,956,074	31,564,847	**17.1**
Average productive operating assets 4/ 5/	23,107,537	27,160,746	**17.5**
ROA	2.7%	2.5%	
Return on productive operating assets 6/	**3.2%**	**2.9%**	

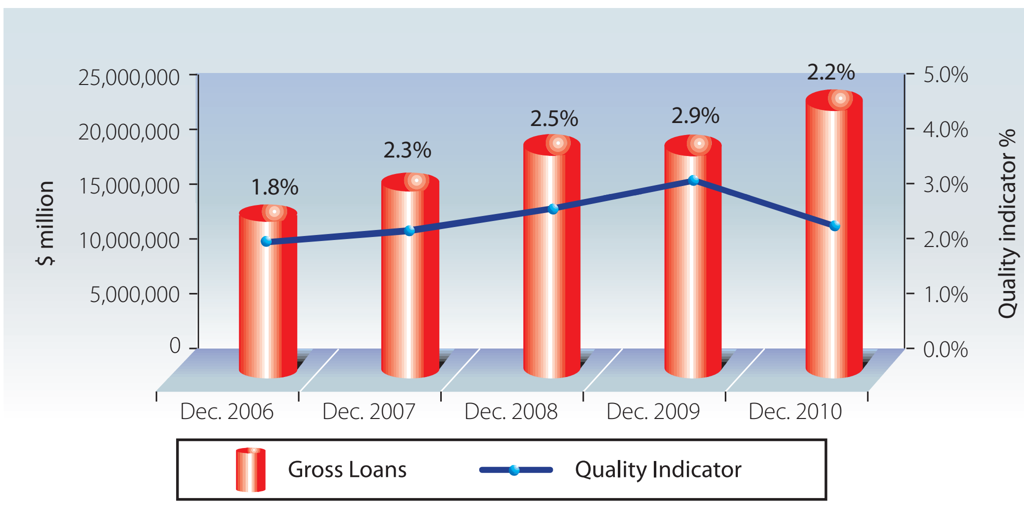
1/ Operating gap = Productive assets/Interest-bearing liabilities
2/ Equity exposure without fixed assets = Non-productive assets / Equity
3/ Equity exposure with fixed assets = Fixed and non-productive assets / Equity
4/ Average calculated on YTD average (December-December)
5/ Productive operating assets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

Loans and leasing operations

Evolution of the loan portfolio

The Bank has maintained steady growth over time in its loan portfolio, and covers all the segments in the market.

Evolution of the loan portfolio



At December 2010, loans and leasing operations of the Bank total $21,354,626 million, reporting growth of 20.9%, or $3,695,979 million compared to the close of 2009. This represents a market share of 14.1%, as shown in the chart below.

Banks Ranking by Net Loan and Leasing

	December 2009		December 2010	
Figures in Millions de $	Balance	% Market Share	Balance	% Market Share
BANCOLOMBIA	24,789,981	20.3	32,812,578	21.7
BANCO DE BOGOTÁ	**17,658,647**	**14.5**	**21,354,626**	**14.1**
BANCO DAVIVIENDA	16,228,919	13.3	19,819,439	13.1
BBVA	11,640,001	9.5	14,490,668	9.6
BANCO DE OCCIDENTE	7,776,355	6.4	11,214,448	7.4
BANCO POPULAR	6,609,092	5.4	8,336,333	5.5
RED MULTB. COLPATRIA	6,282,113	5.1	7,563,719	5.0

Continues

Figures in Millions de $	December 2009 Balance	December 2009 % Market Share	December 2010 Balance	December 2010 % Market Share
HELM	4,515,398	3.7	7,063,046	4.7
BANCO AGRARIO	5,635,142	4.6	5,998,579	4.0
BANCO SANTANDER	3,740,533	3.1	4,466,417	2.9
BCSC	4,754,342	3.9	4,325,241	2.9
CITIBANK	3,606,493	3.0	4,204,236	2.8
AV VILLAS	3,977,370	3.3	4,187,302	2.8
GNB SUDAMERIS	3,259,973	2.7	3,459,714	2.3
HSBC	998,715	0.8	1,315,688	0.9
BANCAMIA	470,276	0.4	604,691	0.4
PROCREDIT	82,594	0.1	140,772	0.1
SCOTIABANK COLOMBIA S.A	132,509	0.1	99,612	0.1
TOTAL BANKS	**122,158,452**	**100.0**	**151,457,110**	**100.0**

Portfolio structure

At December 2010, gross loans and leasing portfolio of $22,147,744 million represents an increase of 20.5% compared to December 2009 and represents 59.3% of the Bank's assets.

In terms of **composition by currency**, 91.1% of gross loans are in local currency ($20,173,475 million), and the remaining 8.9% are in foreign currency ($1,974,269 million). 47.4% of total gross loans in foreign currency are operations in Colombia ($935,938 million), 32.2% to the Miami Agency ($636,323 million), and 20.4% to the New York Agency ($402,008 million).

Loans

Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%
Current loans	17,847,713	21,312,815	19.4
Performing past-due loans [1/]	100,327	97,917	-2.4
Non-performing past-due loans [2/]	436,213	392,515	-10.0
Total Gross Loans	**18,384,253**	**21,803,247**	**18.6**

1/ Commercial loans past-due up to 3 months, Consumer and Micro loans past-due up to 2 months and Home Mortgage loans past-due up to 4 months.

2 Commercial loans past-due over 3 months, Consumer and Micro loans past-due over 2 months and Home Mortgage loans past-due over 4 months.

Continues

Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%
Current leasing operations	0	337,208	
Performing past-dye leasing operations [3/]	0	3,440	
Non-performing past-due leasing operations [4/]	0	3,848	
Gross Leasing Operations	0	344,496	
Total Gross Loans and Leasing Operations	18,384,253	22,147,744	20.5
Provision	-725,605	-793,117	9.3
Total Net Loans and Leasing Operations	17,658,647	21,354,626	20.9
Total Past-due Loans and Leasing Operations	536,540	497,721	-7.2
Total Assets	28,882,971	37,363,723	29.4
Share of net loans in total assets	61.1%	57.2%	
Written off in the period ($ million)	96,033	128,942	
Past-due loans/Gross loans	2.9%	2.2%	
Provision/Past-due loans	135.2%	159.3%	
Non-performing past-due loans / Gross loans	2.4%	1.8%	
Provision / Non-performing loans	166.3%	200.1%	
Past-due loans / Equity	13.5%	9.7%	

3/ Leasing operations 1-2 months in arrears
4/ Leasing operations over 2 months in arrears

By **economic sector**, the largest groups represented in December 2010 are services (24.2%), manufacturing (17.7%), commerce (17.6%), and the acquisition of goods, services and housing (16.7%).

Loans and Leasing Operations by Economic Sector

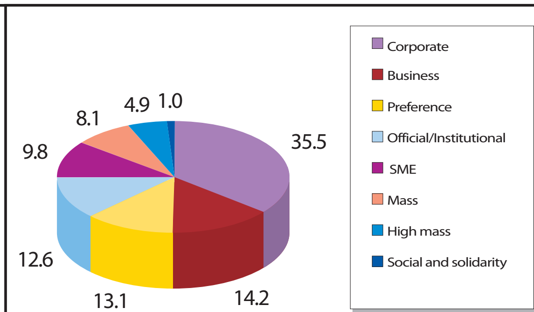
Balance in $ million	December 2009	Share %	December 2010	Share %
Services [1/]	4,366,765	23.8	5,361,863	24.2
Manufacture	3,925,798	21.4	3,929,848	17.7
Commerce	4,087,628	22.2	3,898,581	17.6
Acquisition of goods, service sand housing [2/]	2,182,182	11.9	3,690,283	16.7
Agriculture and Mining	1,454,921	7.9	1,888,528	8.5
Public Administration and Defence	1,114,847	6.1	1,875,215	8.5
Construction	786,697	4.3	951,421	4.3
Other	465,414	2.5	552,004	2.5
Total	**18,384,253**	**100.0**	**22,147,744**	**100.0**

1/ Transport and communications, business services, health, education, recreation and culture, Financing of sales of foreclosed assets.
2/ Includes: Credit cards for $825,045 million in December 2009 and $925,879 million in December 2010

According to the classification by **segments**, the most important group of loans at December 2010 are to corporate clients (35.5%), business (14.2%), Preference banking (13.1%), official and institutional (12.6%), and SMEs (9.8%).

Gross loans by segments, December 2010[1/]

Balance in $ millions	
Corporate	7,863,650
Business	3,135,660
Preference	2,900,864
Official/Institutional	2,780,951
SME	2,179,239
Mass	1,784,503
High mass	1,084,799
Social and solidarity	226,246
Micro	191,831
Total Gross Loans and Leasing Operations	22,147,744



Share %

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

Gross loans and leasing operations **by mode** have the following composition at December 2010: commercial loans, $18,006,493 million, or 81.3% of the total; consumer loans for $3,923,816 million (17.7%), micro loans for $198,479 million (0.9%), and home mortgage loans for $18,955 million (0.1%).

The Bank maintains its leading position in the commercial loan market, as can be seen from the balance sheet structure, where its share of total gross loans is 17.1 percentage points higher than the average for the banking system (64.2%).

Total Gross Loans and Leasing Operations

Balance in $ million	December 2009		December 2010		Dec 10/Dec 09
Type	Volume	Share %	Volume	Share %	TC %
Commercial	14,825,541	80.6	18,006,493	81.3	21.5
Consumer	3,327,690	18.1	3,923,816	17.7	17.9
Micro	212,958	1.2	198,479	0.9	-6.8
Home Mortgage	18,064	0.1	18,955	0.1	4.9
Total Gross Loans and Leasing Operations	**18,384,253**	**100.0**	**22,147,744**	**100.0**	**20.5**

TC = Growth

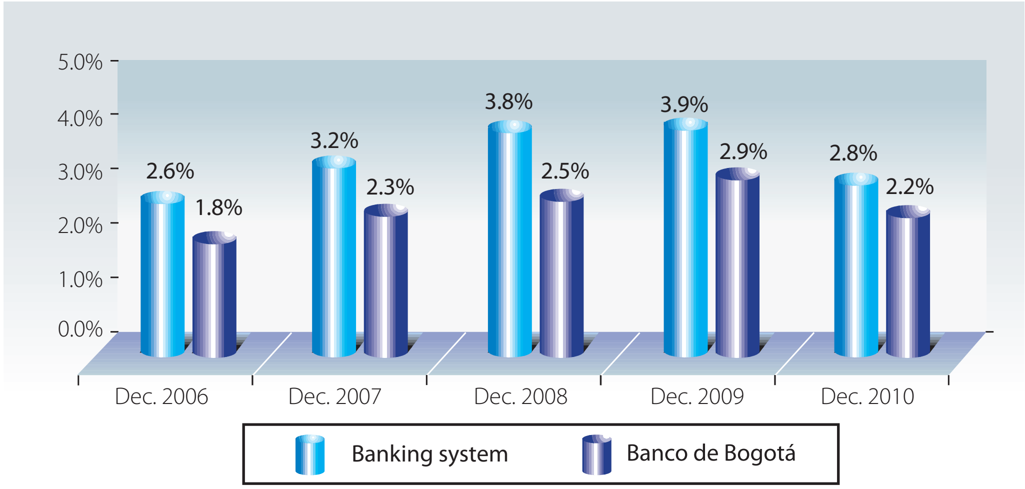
At December 2010, the Bank supported Business banking principally with ordinary loans totalling $16,195,067 million, and development loans for $906,152 million, with a share of 17.6% in the system and growth of 21.5% compared to December 2009.

The market share in **Consumer loans** is 9.3% at December 2010. This is mainly composed of employee payroll installment operations for $1,168,715 million, ordinary loans for $1,164,666 million, credit cards for $809,611 million, and vehicles for $500,224 million, amongst others, equivalent to 29.8%, 29.7%, 20.6% and 12.7% of the total consumer portfolio, respectively.

Loan quality

At December 2010, **the traditional quality indicator** for the Bank's loans, defined as the total past-due accounts in relation to total gross loans, was 2.2% ($497,721 million past-due), which was 53 basic points better than the banking system as a whole (2.8%), with $4,419,923 million of past-due loans. In addition, the commercial portfolio quality indicator at 1.7% is better than the banking system average of 1.9%. And the quality indicator of consumer loans is 4.6% for the Bank, compared to 4.4% for the system.

Loan quality*



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

Loans by risk category

The Financial Superintendency regulations require financial entities to classify their loans into risk categories "A", "B", "C", "D", and "E". The Banco de Bogotá assigns these categories to each of its clients in centralized processes which make a monthly assessment of risk in accordance with current regulations.

The processes which determine the risk category are known as the Commercial Loan Reference Model (MRC), and the Consumer Loan Reference Model (MRCO), which are regulated in Superintendency Accounting and Financial Circular 100/1995.

For total gross loans, the indicator for clients in category "A" rose from 89.1% to 92.7% between December 2009 and December 2010.

As a result, the indicators for clients classed as "B", "C", "D" and "E" fell from 10.9% to 7.3% in the same period of comparison. In the individual terms of risk categories, category "B" fell from 6.2% to 3.6%, risk category "C" fell from 1.9% to 1.5%, and risk categories "D" and "E" fell from 2.8% to 2.2%.

Loans and Leasing Operations by Risk Classification

Balance in $ million	December 2009		December 2010	
Classification	Volume	Share %	Volume	Share %
A	16,384,912	89.1	20,528,283	92.7
B	1,143,144	6.2	807,491	3.6
C	344,743	1.9	324,194	1.5
D	435,757	2.4	352,517	1.6
E	75,697	0.4	135,259	0.6
Total Gross Loans and Leasing Operations	**18,384,253**	**100.0**	**22,147,744**	**100.0**

The portfolio of commercial operations improved composition by risk category from 88.7% to 92.5% in "A", and from 10.8% to 7% in categories "B", "C" and "D", as a result of a fall in the value of past-due accounts, as can be seen in the chart below, with aged arrears.

Commercial Loans and Leasing Operations by Risk Classification

Balance in $ million	December 2009		December 2010	
Classification	Volume	Share %	Volume	Share %
A	13,151,873	88.7	16,651,074	92.5
B	1,074,638	7.2	751,719	4.2
C	283,780	1.9	279,432	1.6
D	254,462	1.7	212,941	1.2
E	60,788	0.4	111,327	0.6
Total Gross Commercial Loans and Leasing Operations	**14,825,541**	**100.0**	**18,006,493**	**100.0**

The consumer portfolio operation also improved its composition by risk category "A" from 90.6% to 93.6%, and "B", "C" and "D" loans fell from 9.2% to 5.9% as a result of a smaller volume of past-due accounts.

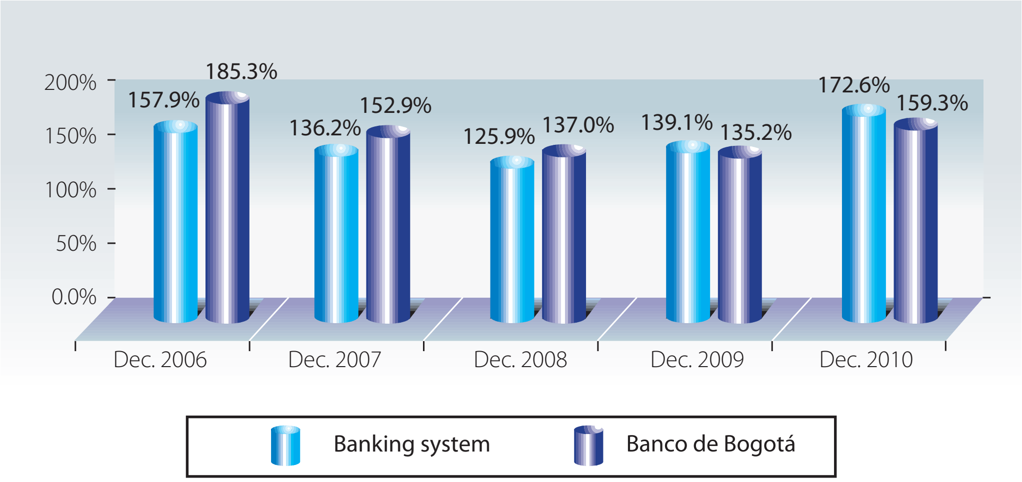
Gross Consumer Loans and Leasing Operations by Risk Classification

Balance in $ million	December 2009		December 2010	
Classification	Volume	Share %	Volume	Share %
A	3,015,593	90.6	3,674,113	93.6
B	65,128	2.0	52,970	1.3
C	58,513	1.8	43,143	1.1
D	179,356	5.4	137,977	3.5
E	9,100	0.3	15,614	0.4
Total Gross Consumer Loans and Leasing Operations	**3,327,690**	**100.0**	**3,923,816**	**100.0**

Provisions and loan coverage

At December 2010, the Bank had solid coverage of past-due accounts, the indicator being 159.3%. Provisions made in the balance sheet for possible losses total $793,117 million, an increase of 9.3% compared to the same period of 2009, $725,605 million.

Loan Coverage Indicator *



* Loan and leasing provisions / Past-due Loans and leasing operations

Further, $148,352 million of total provisions correspond to the counter-cyclical component, $642,591 million, correspond to the pro-cyclical component, and these are individually allocated in accordance with the probability of default of the client, and loss given default against the guarantee covering loans; and $2,174 million are a General Provision (being 1% of the balance of micro and housing and home mortgage operations).

At the close of the second half of 2010, 58.8% out of the balance of provisions are for commercial loans, 20.8% for consumer loans, 18.7% for the counter cyclical component of the provision and the remaining 1.7% are provisions against micro, home mortgage loans, and the General Provision.

Effect of provisions on earnings

Loan and Receivable Provisions

Balance in $ million	December 2009	June 2010	December 2010	Dec 10/Dec 09 T.C.%
Opening balance	**727,996**	**790,641**	**839,731**	**15.3**
+ Increase from incorporation of Leasing Bogotá	0	5,587	0	
+ Provision expended [1/]	416,571	393,836	411,928	-1.1
+ Exchange adjustment	0	45	21	
- Written back	243,210	242,847	243,033	-0.1
- Written off and condoned	110,715	107,531	147,773	33.5
Closing balance	**790,641**	**839,731**	**860,873**	**8.9**

1/ Includes transfer from Megabanco equity

During the second other 2010, the Bank reported an increase on loan provisions and accounts receivable for $411,928 million, exchange adjustment of $21 million, and income from write-backs of provisions for $243,033 million. Further, loans and accounts receivable for $147,773 were written off and condoned.

Loans to Government agencies

Loans granted to Government agencies -including loans to the State- are for $1,491,784 million, and represent 6.7% of total gross loans. The Departments and Municipalities account for $348,968 million.

Restructurings

At December 2010, total restructuring operations were $851,039 million, or 3.8% of total gross loans. Provisions have been made against restructuring operations for $233,539 million, or 29.4% of the total balance of loan provisions. Detailed information appears below.

Restructurings – December 2010						
	CAPITAL			PROVISIONS		
Balance in $ million	BALANCE	% of Restruc-turings	% of Gross Loans	BALANCE	% of Restruc-turings	% of Total provisions
Ordinary restructurings	433,430	59.2%	2.0%	79,096	42.7%	10.0%
Law 617	125,332	17.1%	0.6%	24,318	13.1%	3.1%
Law 550 – Approved	110,662	15.1%	0.5%	52,549	28.4%	6.6%
Law 1116 reorganizations	61,838	8.4%	0.3%	28,721	15.5%	3.6%
Moratoriums in execution	983	0.1%	0.0%	447	0.2%	0.1%
Restructurings approved	**732,246**	**100.0%**	**3.3%**	**185,130**	**100.0%**	**23.3%**
Law 1116 reorganization in process	62,340		0.3%	24,434		3.1%
Liquidations	25,369		0.1%	23,051		2.9%
Law 500 – in process	30,138		0.1%	448		0.1%
Moratoriums in process	945		0.0%	475		0.1%
Restructurings in process	**118,793**		**0.5%**	**48,409**		**6.1%**
Total Restructurings	**851,039**		**3.8%**	**233,539**		**29.4%**
Total Gross Loans – Bank	**22,147,744**		**100.0%**	**793,117**		**100.0%**

Approved restructurings of $72,246 million are detailed as follows: 59.2% are ordinary restructurings, 17.1% Law 617 agreements, 15.1% Law 550 agreements, 8.4% Reorganization agreements under Law 1116, and 0.1% for moratorium agreements in execution, with provisions of $185,130 million.

Further, restructurings in progress total $118,793 million, representing 0.5% of total gross loans, with provisions of $48,409 million.

The total balance of **liquidations** was $25,369 million, with provisions of $23,051 million. In the second half of 2010, liquidations for $13,679 million were in progress, with provisions of $13,109 million against them.

Financial Investments

Up to November 2010, the **local market for public debt** recorded a downward trend in rates. The rate for long-term fixed yield securities fell some 141 basic points from December 2009 to the close of November 2010. At the same time, short-term securities rates fell 129 basic points during that period. The spread on UVR securities fell 58 basic points for medium- and long-term securities between December 2009 and December 2010.

As of November, market conditions changed as a result of the deterioration in the prices of emerging debt, as a reaction to fiscal tension in the Euro zone, and of fears of inflation related to the very heavy rains of the season. In consequence, the TES fixed-rate curve increased 55 basic points, removing part of the valuation gains earned.

The liquidity of the **private debt securities market** continued to improve during the second half of the year. This can be seen from corporate issues for $13.8 billion reported by the Colombian stock exchange BVC.

Dollar-denominated securities in public and private debt for emerging countries benefited from the lower interest rates in the United States, and improved spreads.

Financial Investments in Debt Securities

As can be seen in the chart below, at December 31, 2010, the value of the fixed-yield investment portfolio totalled $4,956,666 million, representing 13.3% of the Bank's assets. At December 2009, this portfolio represented 14.7% of the Bank's assets. 97.2% of this, or $4,816,616 million, correspond to securities in the Colombian operation, $95,227 million (1.9%) to the New York agency, and $44,823 million (0.9%), to the Miami agency.

Financial Investments in Debt Securities

Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Dec 10/Dec 09 A.V.[1/]
Trading Investments	804,216	756,192	-6.0%	-48,024
Investments Available for Sale	1,844,078	2,739,653	48.6%	895,574
Investments Held to Maturity	1,073,116	1,257,529	17.2%	184,413
TOTAL FINANCIAL INVESTMENTS IN DEBT SECURITIES	**3,721,411**	**4,753,374**	**27.7%**	**1,031,963**
Trading Investments	75,177	16,406	-78.2%	-58,771
Investments Available for Sale	268,621	36,880	-86.3%	-231,741
Investments Held to Maturity	10,605	9,955	-6.1%	-649
TOTAL FINANCIAL INVESTMENTS IN DEBT SECURITIES, FOREIGN CURRENCY	**354,403**	**63,242**	**-82.2%**	**-291,161**

1/ A.V.: Absolute variation

Continues

Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Dec 10/Dec 09 A.V.[1/]
TOTAL PORTFOLIO, COLOMBIAN OPERATION	4,075,814	4,816,616	18.2%	740,802
Total Portfolio Miami Agency	88,948	44,823	-49.6%	-44,125
Total Portfolio New York Agency	88,281	95,227	7.9%	6,946
TOTAL BANK	4,253,042	4,956,666	16.5%	703,623

1/ A.V.: Absolute variation

The fixed yield investment portfolio of the **Colombian operation** increased $740,802 million between December 2009 and December 2010. This increase is principally due to investments to local currency investments available for sale ($895,574 million), taking account of the use of surplus funds from the bond issue, and the Bank's strategy of taking larger positions in fixed-yield local currency securities.

In the same portfolio of the operations in Colombia, trading investments in local currency fell $48,024 million due to sales of TES-UVR of $156,858 million. However, the fixed-yield TES position was increased by $85,692 million.

The increase in local currency investments held to maturity is due to higher mandatory investment requirements in Agricultural Development Bonds (TDA) associated with the growth in local currency deposits.

Public and private debt portfolios

The balance of **TES and Yankee public debt** was $3,537,321 million at December 2010, an increase of 22.2% over December 2009, due to an increase in the portfolio classified as "available for sale", of $681,522 million, as mentioned in the section on Financial Investments. The public debt TES and Yankee paper in the portfolio rose from 68.1% in December 2009 to 71.4% in December 2010. For the same period, investments in TES and Yankee public debt declined from 10.0% to 9.5% of the Bank's assets.

It should be noted that 89.3% of the **TES public debt portfolio** is represented by fixed-rate TES and 10.4% in TES-UVR. The portfolio of foreign currency public debt in Colombia is composed of Yankee bonds, maturing up to 2012.

Instruments of **other debt securities** increased 4.5%, with the balance of $61,419 million higher than in 2009.

Portfolios of Public and Private Debt				
Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Dec 10/Dec 09 A.V.[2/]
Trading	694,799	649,738	-6.5%	-45,061
Available for Sale [3/]	1,958,077	2,639,600	34.8%	681,522
Held to Maturity	242,240	247,984	2.4%	5,744
TOTAL PUBLIC DEBT AND TES AND YANKEE [1/]	**2,895,116**	**3,537,321**	**22.2%**	**642,205**
Trading	240,766	234,315	-2.7%	-6,451
Available for Sale	268,988	155,599	-42.2%	-113,390
Held to Maturity	848,172	1,029,431	21.4%	181,259
OTHER DEBT SECURITIES	**1,357,926**	**1,419,345**	**4.5%**	**61,419**
TOTAL FIXED-YIELD PORTFOLIOS	**4,253,042**	**4,956,666**	**16.5%**	**703,623**
TOTAL ASSETS	**28,882,971**	**37,363,723**	**29.4%**	**8,480,752**
TES and Yankees / Total fixed-yield portfolio	68.1%	71.4%		
TES and Yankees / Total assets	10.0%	9.5%		
Other debt securities / Total assets	4.7%	3.8%		
Total Portfolio in Debt Securities / Total Assets	14.7%	13.3%		

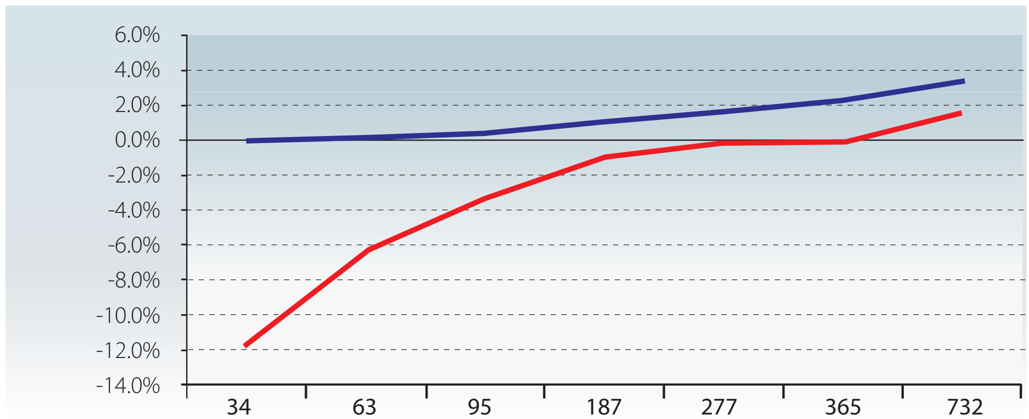
1/ Includes TRD's and Peace Bonds
2/ V.A.: Absolute variation
3/ For 2009 includes securities given in guarantee

Operations with derivatives

The Bank's derivatives portfolio revolves around the following operations: currency forwards, cross-currency swaps, interest-rate swaps, and currency options.

The devaluations quoted fell to their lowest negative levels ever, and there remained a perception of ample liquidity, derived from monetary policy which until mid-February, 2011, was maintained with a Banco de la Republica reference rate of 3.0% annual effective; and for the last week of the month, this rose to 3.25% annual effective.

Devaluation Curve (% annual effective vs term (days))



	34	63	95	187	277	365	732
01-Jul-10	0.01%	0.23%	0.46%	1.17%	1.75%	2.20%	3.34%
30-Dec-10	-11.65%	-6.35%	-3.30%	-1.04%	-0.35%	-0.10%	1.43%

At the close of the year, given the spot position in the system, devaluations were negative in all time periods (from 1 to 12 months), principally in the shorter terms, where the negative effect was -27%, closing the year at -11.6%.

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

The Bank's strategy of managing its local and offshore clients operations independently enabled clients in real sector to increase their share from 7.0% in 2009 to 11.0% in 2010 and from 40.0% in 2009 to 51.0% in 2010 with counterparts abroad. However, the share of institutional clients fell from 25.0% to 10.0%, not only due to restrictions on the Bank's purchases, due to a shortage of cash in the market, but also due to new regulatory requirements which forced the Bank to sign new framework contracts to operate derivatives in 2010.

During the second half of the 2010, the average aggregate volume (purchases and sales) in dollar-peso forwards increased 59.2% from US$3,341 million to US$5,319 million, due to the additional cover which the Bank was required to provide for its positions in the subsidiaries abroad.

Accumulated gross revenues associated with this portfolio for the period total $7,742 million compared to $14,127 million in the second half of 2009. This fall in revenues is basically due to lower income from trading, and expenses associated with negative evaluations of the forward curve.

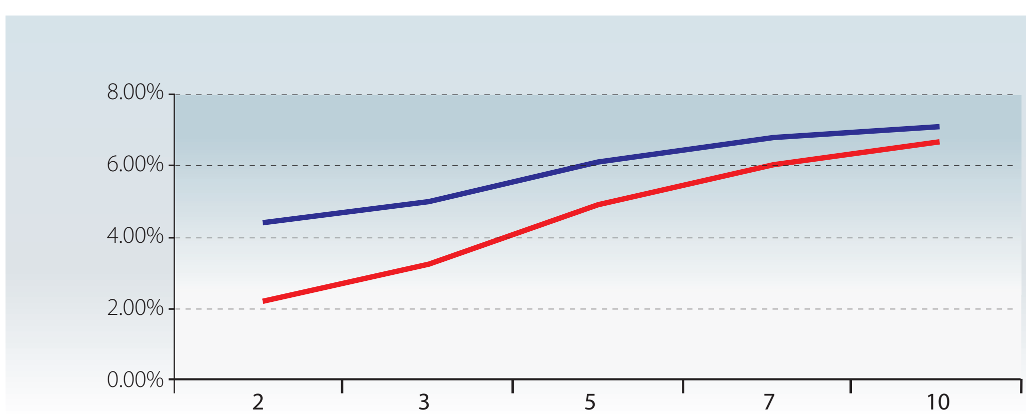
Foreign Currency Forwards				
	Jul-Dec 2009	Jul-Dec 2010	Jul-Dec 10/ Jul-Dec 09 T.C.%	Jul-Dec 10/ Jul-Dec 09 A.V.
Million US$				
Forward contracts [1/]	**3,341**	**5,319**	**59.2**	**1,979**
Forward sales	1,712	2,657	55.2	946
Forward purchases	1,629	2,662	63.4	1,033
Hedging instruments	**92**	**(13)**	**(113.8)**	**(105)**
$ Million				
Gross income [2/]	**14,127**	**7,742**	**(45.2)**	**(6,385)**

1/ Half-yearly average
2/ Includes income from valuation of derivatives and re-expression of foreign currency hedging instruments

The **swap** market for both dollar-peso and local interest-rate swaps, declined during the second half of 2010 by almost 200 basic points in the short segment of the curve, and 50 basic points in the long segment (see graph below). This movement mainly took place in response to the sharp fall in the forward curve for up to 1 year. Investors who used forward hedging migrated to the 2-3 year swap curve, seeking profitability differentials.

The downward trend in interest rates helped to depress the movement in swap operations with clients at a low level, by discouraging hedging.

Swap curve (term (years), versus fixed-rate in pesos, annual effective).



	2	3	5	7	10
01-Jul-10	4.36%	4.97%	6.12%	6.75%	7.06%
30-Dec-10	2.29%	3.30%	4.87%	5.97%	6.75%

Volumes of income from the swap portfolio increased in the second half of 2010, due to increased trading in the interest-rate swap curve and the exchange-rate swap curve.

Gross income from the swap portfolio in the second half of the year was $1,635 million, including hedging instruments (forward contracts and money market operations), used to manage portfolio risks, which caused an increase of $711 million (77.0%), compared to the second half of 2009.

Foreign Currency Swaps

	Jul-Dec 2009	Jul-Dec 2010	Jul-Dec 10/ Jul-Dec 09 T.C.%	Jul-Dec 10/ Jul-Dec 09 A.V.
Million US$				
Swap contracts [1/]	**604**	**973**	**61.1**	**369**
Currency rights	129	131	1.6	2
Currency obligations	145	203	40.6	59
Interest rate rights	164	319	94.8	155
Interest rate obligations	166	319	91.9	153
Hedging instruments [1/]	**19**	**74**	**283.6**	**54**
Forward	17	80	374.6	63
Hedging assets	2	(7)	(403.1)	(9)
Million $				
Gross income [2/]	**924**	**1,635**	**77.0**	**711**

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

The dollar-peso **options** market continues to show positive dynamics. According to Banco de la Republica figures, there were dealings averaging US$500 million a month in options between local financial institutions and clients during 2010, of which the Bank had a 22.0% share. This volume of operations is reflected in the growth of interbank trading.

The Bank's options portfolio generated gross revenues of $1,928 million, $93 million higher than the second half of 2009.

Foreign Currency Options				
	Jul-Dec 2009	Jul-Dec 2010	Jul-Dec 10/ Jul-Dec 09 T.C.%	Jul-Dec 10/ Jul-Dec 09 A.V.
Million US$				
Delta Options	**17**	**47**	**186.2**	**31**
Hedging instruments	**(17)**	**(49)**	**178.4**	**(31)**
Forwards	(17)	(44)	153.3	(27)
Hedging assets	(0)	(5)	8,356.0	(4)
Million $				
Gross income	**1,835**	**1,928**	**5.1**	**93**

1/ Half-yearly average
2/ Includes income from valuation of derivatives and re-expression of foreign currency hedging instruments

Currency dealing

In general, 2010 was a year of depreciation for the American dollar. The crisis in Europe seriously affected some emerging currencies, and helps to strengthen the currencies of some developed countries. The highest-yield currencies during the year were the Japanese yen and the Australian dollar, which both appreciated by 14.0%. During the year, the euro recovered part of the ground lost against the dollar, and closed at 1.3384 EUR/USD.

Latin American currencies as a whole also appreciated, reinforcing the trend for emerging country currencies to become stronger, given the favourable macroeconomic figures in high correlation with commodities prices, in contrast to the developed countries with low rates of interest, complex social and economic situations. The Latam Currency Index (LACI), which groups together Latin American currencies, rose 6.5% over the year, while the basket of Dollar Index Spot (DXY) currencies fell 7.7%. In terms of individual currencies, the Chilean peso reported the highest revaluation (8.4%), followed by the Colombian peso (6.5%), and the Mexican peso (6.1%).

The Colombian peso closed year at $1,913.98, compared to $2,044.23 in 2009. There was a high degree of volatility in the second half of 2010, and the price of the dollar fell to a low of $1,783.40 in July, a trend halted only by uncertainty in external markets.

Additionally, the exchange market closed with a shortage of dollars in the interbank market, which was evidenced in a fall in the own spot position of individual operations, totalling US$1,161 million in November, to US$376 million at the

December close, and this brought a maximum intra-day rate of $2,046.95. The basic reason reasons for this are:

1. Banco de la Republica restarted its daily purchases of US$20 million on September 15, and in the second half of 2010 picked up US$1,460 million in addition to the US $1, 600 million purchased in the first half of 2010.
2. Important flows of Colombian investment abroad, and a growing volume of dividend remittances by multinationals operating in Colombia.
3. The decision of the Colombian government of suspending monetization of currencies both in the Colombian Treasury and in Ecopetrol.

In the second of 2010, the Bank reported growth of 21.0% in volumes dealt compared to the same period of 2009. This increased explained by greater client activity in the corporate sector and to interbank dealings, which increased 78.0% and 24.0% respectively during the year.

The peso-dollar dealing unit (Trading and Clients) generated income for $6,921 million, which was $1,766 million higher than the one from the same six months of the previous year. Similarly, the Other-Currency unit generated $2,853 million, which was 85.0% higher than the same period of 2009.

Currency dealing				
	Jul-Dec 2009	Jul-Dec 2010	Jul-Dec 10/ Jul-Dec 09 T.C.%	Jul-Dec 10/ Jul-Dec 09 A.V.
Million US$				
Dealing volume	**5,801**	**6,896**	**18.9**	**1,095**
Million $				
Dollar-peso profits	5,155	6,921	34.3	1,766
Other currencies-peso profits	1,542	2,853	85.0	1,311
Gross income	**6,697**	**9,774**	**45.9**	**3,077**

Marketable assets, foreclosed assets and assets recovered

At December 31, 2010, foreclosed assets net of provisions accounted for 0.03% of the Bank's total net assets. This balance has fallen 14.3% compared to December 2009, from $63,955 million to $54,820 million. Real property accounts for 77.5% of foreclosed assets, and movable assets and securities (shares, securities, trust rides and movable assets restored in the leasing unit) account for the other 22.5%.

In the second half of 2010, the programme for the sale of foreclosed assets was intensified, through Foreclosed Assets department and its Sales Unit, with the support of the Bank's Property department and salesforce, following a clear and structured sales policy. As a result of that policy between 1999 and 2010, the Bank has mobilized 1,286 properties for a total value of $304,138 million, and a book value of $300,622 million.

As part of the process of sale of foreclosed assets, 34 properties were sold in the second of 2010 for a total value of $20,988 million, and a book value of $7,969 million, and at the end of the period, there were 5 sales agreements in the process of formal conveyance or registration, for a value of $391 million, and a book value of $459 million.

As a result of the acquisition of Megabanco by Banco de Bogotá, the Bank received an escrow account set up by the Helm Trust company, formed by loans and assets received in payment. The assets are managed and sold by the Administration Division, through their Foreclosed Property Sales department, which during the second half of 2010 sold 21 properties for a total of $2,753 million, and a book value of $5,022 million; at the end of the period, there were 4 sales agreement is in the process of formal conveyance or registration by offices, for $507 million, and a book value of $1,921 million.

Therefore, total sales in the second half of 2010 were 55 properties worth $23,741 million, with a book value of $12,991 million.

Marketable, Foreclosed and Restored Assets

Balance in $ million	Real Property	Movable Assets & Securities	Total Assets
FORECLOSED ASSETS			
Balance at June 30, 2010	**49,487**	**13,066**	**62,552**
+ Assets received	172	702	874
- Assets discharged	7,173	1,434	8,606
Net movement	-7,001	-732	-7,733
Balance at December, 31 2010	**42,485**	**12,334**	**54,820**
PROVISION	77.5%	22.5%	
Balance at June 30, 2010			**47,889**
+ Provision expended			1,867
- Written back, written off and used			6.961
Net movement			-5,095
Balance at December 31, 2010			**42,795**

Continues

Balance in $ million	Real Property	Movable Assets & Securities	Total Assets
NET FORECLOSED ASSETS			
Balance at June 30, 2010			14,663
+ Net variation in gross foreclosed assets			-7,733
- Net variation in provision against foreclosed assets			-5,095
Net movement			-2,638
Balance at December 31, 2010			12,025
Marketable assets			13
Assets not used in the Bank's business, net			718
Balance at December 31, 2010			12,756

At December 31, 2010 the balance of provision against foreclosed assets is $42,795 million, with coverage of 78.1%. During the second half of 2010, provision expenses were $1,867 million, and write-backs, uses of provisions and write-offs totalled $6,961 million.

Liabilities

At December 2010, the Bank's external liabilities were $32,207,357 million, up 29.3% on December 2009, principally due to increased bank loans and other obligations of $2,651,051, including loans for the capitalization of Leasing Bogotá Panama, mandatorily the convertible bonds for $2,284,604 million, deposits and demand accounts for $2,071,554 million, and subordinated bonds for $204,479 million, including the issue of February 23, 2010 for $200,000 million.

Total Liabilities

Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Share % 2/ Dec 10
Deposits and Demand Accounts	21,816,629	23,888,183	9.5	74.2
Bank Loans and Other Obligations	1,357,102	4,008,154	195.3	12.4
Interbank Funds Purchased, Repos, Liability Simultaneous and Short Position	167,859	201,182	19.9	0.6

Continues

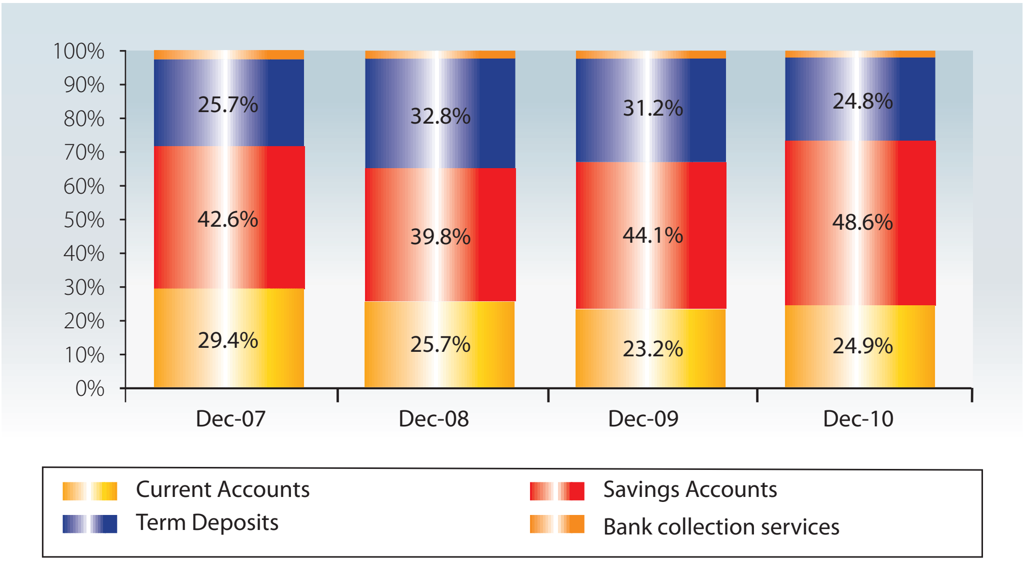
Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Share % [2/] Dec 10
Accounts Payable	705,714	683,921	-3.1	2.1
Other Liabilities [1/]	422,916	351,597	-16.9	1.1
Subordinated Bonds	408,355	612,834	50.1	1.9
Mandatorily Convertible Bonds	0	2,284,608		7.1
Bank Acceptances Outstanding	28,341	176,880	524.1	0.5
Total Liabilities	**24,906,917**	**32,207,357**	**29.3**	**100.0**

1/ Includes: Accruals and Provisions, Other Liabilities
2/ % of total liabilities.

Deposits and Demand Accounts

At December 2010 the Bank continued to optimize the deposit mix, and the year closed with the following: savings deposits, 48.6%, term deposits 24.8%, current accounts 24.9% and other deposits and bank collection services, 1.7% . The average cost of deposits over the year is 2.7%. At the December close, Deposits and Demand Accounts represented 15.2% of the Banking System total.

Evolution of Deposits and Demand Accounts



Deposits and Demand Accounts				
Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	Share % [1/] Dec 10
Current Accounts	5,064,132	5,947,885	17.5	24.9
Savings Accounts	9,611,232	11,602,386	20.7	48.6
Term Deposits	6,798,598	5,927,925	-12.8	24.8
Bank Collection Services	14,476	19,729	36.3	0.1
Other Deposits	328,191	390,258	18.9	1.6
Total Deposits and Demand Accounts	**21,816,629**	**23,888,183**	**9.5**	**100.0**
Deposits and Demand Accounts / Total Liabilities	87.6%	74.2%		

1/ % share of total deposits and demand accounts

At December 2010, the balance of **current accounts** was $5,947,885 million, an increase of $883,753 million (17.5%) compared to December 2009, representing 18.1% of total for the banking system.

Savings accounts stood at $11,602,386 million, an increase over the year of 20.7% ($1,991,154 million), with a market share of 15.0%. The average cost of these deposits over the period January-December 2010 was 2.8%.

Term deposits totalled $5,927,925 million at December 2010, with an average cost in the period in the full year of 4.4%. The market share in the banking system is 14.6% in these deposits.

Equity

The Bank's equity at December 2010 was $5,156,366 million, an increase of $1,180,311 million compared to December 2009. The variation is largely explained by increased reserves, valuation gains and unrealized gains.

Total reserves were $2,259,712 million, with an increase of $389,320 million compared to December 2009. The legal reserve increased $532,646 million, and occasional reserves fell $143,326 million. The increased value of the legal reserve is due to the appropriation of profit for the period in percentages of 83.0% and 56.3% of the total, in the terms of profit distributions approved by Shareholders Meetings for the second half of 2009 and first half of 2010. The fall in voluntary reserves is explained by their use in payment of dividends.

The high level of **net valuation gains**, $88,828 million is due to an increase in valuation gains on property and equipment of $63,637 million, and investments available for sale of $22,025 million, principally Porvenir ($18,819 million), Fidubogota ($7,786 million), and Almaviva ($3,208 million).

The increase in **accumulated unrealized gains** on investments available for sale of $691,390 million is explained by an increase of $728,601 million in the unrealized gain on shares of Corficolombiana (arising from the variation in exchange prices on BVC from $23,260 in December 2009 to $34,320 in December 2010), and a reduction of $37,212 million in debt securities.

Equity

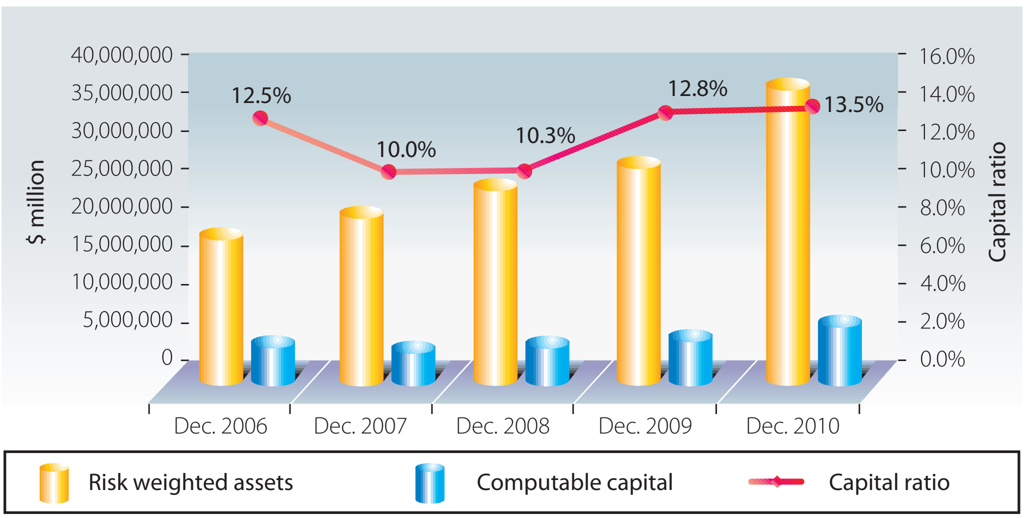
Balance in $ million	December 2009	December 2010	Dec 10/Dec 09 T.C.%	December 2010 Share [1/]
Paid capital	2,382	2,382	0.0	0.0
Reserves	1,870,392	2,259,712	20.8	43.8
Accumulated Profit / Loss				
- Unrealized, on investments Available for Sale	1,032,218	1,723,607	67.0	33.4
- Hedging derivatives	0	-4,411	0.0	-0.1
Net valuation gains	692,997	781,895	12.8	15.2
Profit for the period	378,066	393,181	4.0	7.6
TOTAL EQUITY	**3,976,055**	**5,156,366**	**29.7**	**100.0**
ROE	**21.54%**	**16.79%**		

1/ % share of total equity

Capital ratios

At December 2010, the Bank's capital ratios are 15.1%, consolidated with subsidiaries, and 13.5% unconsolidated.

Solvency Ratios - Not Consolidated



The Bank's individual **computable capital** was $4,897,913 million at December 2010, an increase of $1,564,072 million compared to December 2009, explained by an increase in Tier 1 capital of $238,878 million, due to the higher value of reserves of $389,320 million, is explained above in relation to equity.

Further, Tier 2 capital increased $1,325,194 million, basically due to the issue of mandatorily convertible bonds in November 2010 for $2,284,628 million, and increased unrealized gains investments available for sale (weighted at 50%), for $345,695 million. Nonetheless, it should be noted that the total of the bonds in Tier 2 capital only receives a value of $775,794 million, given the restrictions established in Decree 2555/2010 (Capital Ratios), which indicates that Tier 2 capital may not be higher than Tier 1 capital. In addition, the Bank issued subordinated bonds for $200,000 million in February 2010.

Capital Ratios – Bank – not consolidated		
	Bank (without subsidiaries)	
Million $	Dec 2009	Dec 2010
Computable Capital	**3,333,841**	**4,897,913**
Tier 1	2,210,079	2,448,956
Tier 2	1,123,762	2,448,956
Risk-Weighted Assets	**26,027,769**	**36,217,572**
Credit risk-weighted assets	24,073,812	32,762,019
Market risk-weighted assets	1,953,956	3,455,553
Capacity for growth	**11,014,908**	**18,203,683**
Capital ratios	**12.81%**	**13.52%**
Tier 1 capital /Risk-weighted assets	8.49%	6.76%
Risk assets / Computable capital	7.8	7.4

As for **risk-weighted assets**, the balance at December 2010 was $36,217,572 million, up 39.1% compared to the previous year, with a variation of $10,189,804 million.

The increase of risk-weighted assets of $88,688, 207 million is mainly explained by an increase in investments available for sale in capital securities of $3,945,550 million, with the capitalization of Leasing Bogotá Panama for $3,090,000 million (US $1,643 million), for the acquisition of BAC Credomatic GECF Inc, and the investment in Corficolombiana, given the increase in the share price; net risk-weighted loans for $3,348,585 million, and creditor contingencies of $950,646 million, principally due to the opening of revocable and irrevocable credit for $761,458 million.

Further, the integration of Leasing Bogotá into the Bank's operations in May 2010 led to an increase in assets delivered under leasing agreements of $126,791 million. Therefore, at December 2010, the higher volume of investments available to sale in capital securities, risk-weighted net loans, credits opened and financial leasing account for 38.7%, 32.9%, 7.5% and 1.2% respectively of the total increase in credit-risk-weighted assets and market-risk-weighted assets from December to December.

Market-risk-weighted assets increased $1,501,579 million due to the effect of the market value at risk (VaR) of $175,856 million in December 2009 compared to $311,000 million in December 2010[7]. The impact of VaR on the capital ratio of December 2009 was 104 basic points, and at December 2010, this had risen to 143 basic points.

7 The analysis of Market VaR at December 2010 appears in mthe "Risk" section below.

The capacity for growth in risk-weighted asset placements increased $7,188,775 million, from $11,014,908 million in December 2009 to $18,203,683 million in December 2010.

Capital ratios - Consolidated		
	Bank and Subsidiaries	
Million $	Dec 2009	Dec 2010
Computable capital	**4,861,891**	**7,634,550**
Tier 1	4,157,081	4,497,087
Tier 2	704,810	3,137,462
Risk-Weighted Assets	**29,710,098**	**50,663,706**
Credit risk-weighted assets	26,642,902	45,046,756
Market risk-weighted assets	3,067,196	5,616,950
Capacity for growth	**24,310,910**	**34,164,621**
Capital ratios	**16.36%**	**15.07%**
Tier 1 capital / Risk-weighted assets	13.99%	8.88%
Risk assets / Computable capital	6.1	6.64

Consolidated computable capital totalled $7,634,550 million, representing growth of 57.0% on December 2009. The variation is explained by an increase in Tier 1 capital ($340,006 million), given the increase in reserves ($505,104 million), and minority interest ($182,524 million), and lower profits for the period, down $258,669 million, taking account of the lower percentage of appropriation of profit for the period to legal reserve, from 98.9% to 56.3%.

Tier 2 capital increased $2,432,652 million, basically due to the issue of the mandatorily convertible bonds between November and December 2010, for $2,284,608 million.

Consolidated risk-weighted assets at December 2010 totalled $50,663,706 million, an increase of $20,953,608 million compared to December 2009. The increase in credit-risk-weighted assets for $18,403,854 millions is explained by the entry of risk assets from Leasing Bogotá Panama consolidated with BAC for $13,783,836 million, of which $9,993,567 million correspond to BAC Credomatic GECF Inc net loans, and $2,038,023 million corresponds to goodwill generated by the purchase of BAC, which is recorded in the financial statements of Leasing Bogotá Panama.

Further, consolidated market-risk-weighted assets increased $2,549,754 due to the effect of the increased VaR for market risk $276,048 million at December 2009, to $505,526 million in December 2010.

The capacity for growth in the placement of risk-weighted assets increased $9,853,771 million, from $24,310,910 million at December 2009 to $34,164,621 million in December 2010.

Net profit

In the period January-December 2010, the bank reported net profits of $781,811 million. In this period, the banking system reported net profits of $4,819,111 million. Banco de Bogotá thus contributed 16.2% to this total, as shown below.

Ranking of Banks by Accumulated Net Profit

	January - December 2009		January - December 2010	
Balance in $ million	Volume	Place	Volume	Place
BANCOLOMBIA	1,000,157	1	1,177,999	1
BANCO DE BOGOTÁ	**731,136**	**2**	**781,811**	**2**
BANCO DAVIVIENDA	456,460	3	516,665	3
BBVA	365,260	5	420,394	4
BANCO DE OCCIDENTE	360,527	6	389,471	5
BANCO POPULAR	303,694	7	352,220	6
BANCO AGRARIO	372,304	4	301,682	7
RED MULTB. COLPATRIA	152,494	9	186,178	8
CITIBANK	219,966	8	164,478	9
BCSC	59,641	14	146,039	10
AV VILLAS	110,438	11	144,047	11
HELM	127,062	10	120,355	12
GNB SUDAMERIS	93,681	12	109,058	13
BANCO SANTANDER	81,127	13	96,804	14
BANCAMIA	350	16	16,110	15
PROCREDIT	-12,949	17	-9,175	16
SCOTIABANK COLOMBIA S.A	15,533	15	-21,650	17
HSBC	-48,470	18	-73,372	18
TOTAL BANKS	4,388,410		4,819,111	

In this context, this dynamic source of generation of profits for the Bank was in the area of net non-interest income, given the management of portfolio investments, which benefited from strong strongly increased valuations in some financial assets such as public debt bonds and shares.

As can be seen in the Earnings Statements charts, the growth in the Bank's net profit between the second half of 2009 and the second half of 2010 was 4.0% ($15,115 million), mainly explained by the growth in net non-operating income $37,264 million, due to the increase in non-operating income provided by profit on the sale of foreclosed assets in real property, higher recoveries of loans, the write-back of foreclosed property provisions, and lower non-operating expenses, including reductions in fines and insurance losses., Dividends from affiliates and subsidiaries were $33,966 million, net commission income was $21,142 million, and net income from debt security investments was $8,751 million, while net interest income fell $40,527 million, amongst other variations.

Earnings

Million $	July - December 2009	July - December 2010	Jul-Dec 10 Jul-Dec 09 T.C.%
Interest income [1/]	1,087,388	979,368	-9.9
Net income from investments in debt securities	169,877	178,627	5.2
Net income from derivatives, spot operations, exchange	38,352	30,630	-20.1
Income from derivatives	57,220	20,713	-63.8
Net income from spot operations	-1,030	57	-105.5
Net income from exchange	-17,838	9,860	-155.3
Interest expense	419,887	352,394	-16.1
Net income from interest, derivatives and exchange	**875,729**	**836,231**	**-4.5**
Net commission income [2/]	235,078	256,219	9.0
Net Financial Margin	**1,110,807**	**1,092,451**	**-1.7**
Other operating income [3/]	53,014	10,768	-79.7
Net loan and receivables provisions	173,360	158,661	-8.5
Loan and receivables provisions	416,571	401,694	-3.6
Recoveries of loan and receivable Provisions	-243,210	-243,033	-0.1
Counter-cyclical component, individual provisions	0	7,846	
Provision against foreclosed assets	2,908	1,867	-35.8
Administrative expenses	554,017	580,196	4.7
Administrative expenses	428,084	441,893	3.2

Continues

Million $	July - December 2009	July - December 2010	Jul-Dec 10 Jul-Dec 09 T.C.%
Indirect taxes and other contributions [4/]	81,806	90,332	10.4
Depreciation and amortizations	44,127	47,971	8.7
Dividends of affiliates and subsidiaries	94,003	127,969	36.1
Provision against investments	53	51	-2.9
Other provisions	1,362	701	-48.5
Net affiliate and subsidiary foreign currency income from derivatives and exchange	2,837	9,660	240.4
Operating Profit	**528,962**	**491,526**	**-7.1**
Net non-operating expenses	9,518	46,782	391.5
Profit Before Tax	**538,480**	**538,307**	**0.0**
Income tax	160,414	145,127	-9.5
Net Profit	**378,066**	**393,181**	**4.0**

1/ Includes: Financial component of the Leasing Unit
2/ Includes: Sale of chequebooks and savings passbooks.
3/ Includes: Rental of safety deposits, supplier discounts, postage, cables, telephones, commercial information and other
4/ Includes: taxes, deposit insurance, Superintendency contribution and bank transaction tax.

Of the $1,092,451 million of that financial margin, $580,196 million were used in administrative expenses, and $166,507 million in net loan and receivables provisions, and the counter- cyclical component of the individual provision.

Net financial margin

Income from debt securities increased $8,751 million, in the following items: trading vestments and investments held to maturity fell $25,852 million and $3,857 million respectively, and investments available for sale increased $38,460 million.

Income from trading investments was due to a) a fall in the portfolio of $48,024 million, principally represented in sales of TES-UVR, b) a smaller reduction in the fixed-rate TES curve. For example, in the period July-December, 2009 the curve fell 120 basic points, while in the same period of 2010 it fell 53 basic points. There was also net income on sales of $3,062 million.

In investments available for sale, income basically increased due to increased portfolio volumes of $895,574 million, principally in fixed-rate TES. Further, there was income from sales of $69,699, compared to sales of $68,842 million in the second half of 2009.

The lower income from investments held to maturity is explained by the poorer profitability of the Agricultural Development Bonds (TDA), compared to 2009, since these portfolios were indexed to DTF. In the second of 2009, DTF was an average of 4.7%, compared to an average of 3.5% in the second half of 2010. This is an important consideration, since Class A TDA's pay DTF -4%.

Net income from derivatives, spot operations and exchange fell $7,722 million (20.1%), for the following reasons:

a) **Net derivative income**[8] is down $36,507 million, basically due to a smaller short position (more obligations than rights), down US$44.0 million, generating lower income in derivative valuations

b) **Income from spot operations** increased $1,088 million, basically due to higher volumes traded, up US$33 million.

c) **Net exchange income**[9] increased $27,698 million, basically due to a rise in exchange rate of $0.83 in the period July-December 2010 (compared to a fall of $100.98 in July-December 2009). This is important to the extent that the Bank has a long position (more net assets than liabilities) in foreign currency assets, and this generates income on re-expression in pesos with increases in the exchange rate.

Foreign subsidiaries net derivatives and exchange income increased $6,822 million, mainly due to the increased percentage of hedging of the investment in subsidiaries and agencies abroad which rose from 96.2% on average in 2009 to 99.4% in the second half of 2010. This generated more income in the valuation of hedging derivatives to the extent that the forward curve fell 696 basic points on average, compared to a fall of 425 basic points in the second half of 2009. Further, the component of re-expression had a reduced impact on this item, given the high level of cover.

During this period, **net commission** income totalled $256,219 million, an increase of 9.0% compared to the second half of 2009.

The items with the greatest growth between July and December 2009 and the same period of 2010 were credit operations with 79.9%, explained by an increase of 56.4% in revolving loan disbursements to corporate clients and SME, and funds distribution, which grew 50.8%, generated by a new tariff scheme.

Services in debit cards, credit cards, collections, cheque-books and savings passbooks, national clearing accounts and funds distribution represented 4.6% of all local and foreign currency commissions earned.

8 Does not include income from valuation and re-expression of derivatives or re-expression of the position in foreign subsidiaries and agencies

9 Does not include income from valuation and re-expression of derivatives or re-expression of the position in foreign subsidiaries and agencies

Administrative efficiency

Administrative Efficiency		
Million $	July - December 2009	July - December 2010
Payroll	189,469	200,721
Fees	8,074	14,546
Rent	23,247	18,230
Contributions and Affiliations	12,179	12,759
Insurance	3,048	3,636
Maintenance and Repairs	15,985	17,501
Office Remodelling	4,058	3,791
Sundry	172,024	170,709
Transport 1/	15,493	19,936
Advertising	23,417	18,683
Other 2/	133,113	132,090
Depreciation and Amortizations	44,127	47,971
Subtotal Administrative Expenses	**472,211**	**489,864**
Superintendency contribution	5,010	5,508
Deposit insurance	27,337	32,021
Indirect Taxes	13,976	13,384
Bank Transaction Tax	15,742	14,931
Indirect Taxes and Other Contributions	**62,066**	**65,845**
Total Administrative Expenses 3/	**534,277**	**555,708**
Average total assets	27,602,059	33,201,027
Average productive operating assets	23,509,721	28,267,400
Gross financial margin	1,260,661	1,240,847
Administrative Expense/Average Assets	**3.9%**	**3.3%**
Administrative Expense/Average Productive Operating Assets	**4.5%**	**3.9%**
Operating Efficiency 4/	**42.4%**	**44.8%**

1/ Includes: transport of personnel, cash, valuables, other objects and courier services.

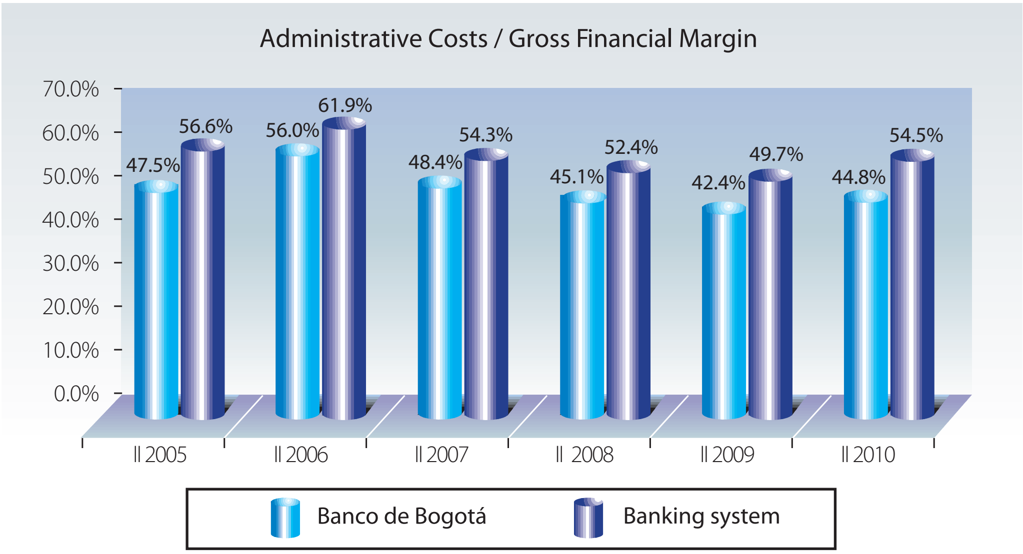
2/ Includes clearing, security, temporary services, public relations, data processing, travel expense, stationery, loss on sale of loans, cost of chequebooks, premises administration, other.

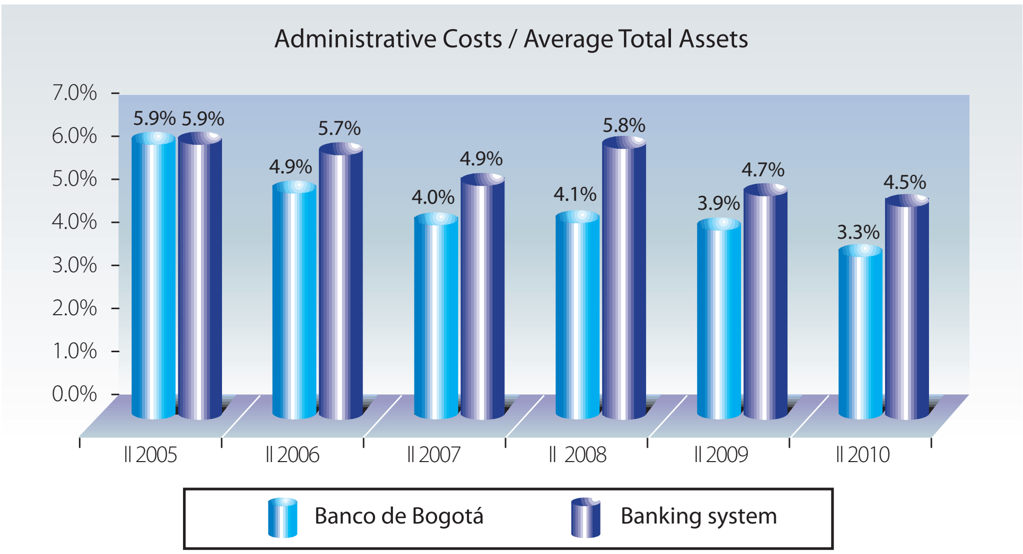
3/ Does not include surcharges and other, in order to eliminate the effect of wealth tax.

4/ Administrative expenses / Net financial margin + other operating income + dividends of affiliates and subsidiaries + net affiliate and subsidiary foreign currency derivative and exchange income

In the second half of 2010, administrative expenses totalled $555,708 million, without considering surcharges and other expenses (surcharges accounted for $24,487 million), up 4.0% on the same period of 2009. Of this total, 36.1% corresponds to payroll, 30.7% to general overhead, and 33.2% other expenses, by comparison with the same period of 2009, when payroll accounted for 35.5%, general overhead 32.2%, and other expenses 32.3% were due to other expenses.

Administrative Efficiency





Administrative Efficiency – Banking System				
	Total Administrative Expenses[1/] / Average Total Assets		Total Administrative Expenses[1/] / Gross Financial Margin	
	Jul-Dec 09	Jul-Dec 10	Jul-Dec 09	Jul-Dec 10
BANCO DE BOGOTA	**3.9%**	**3.3%**	**42.4%**	**44.8%**
BANCOLOMBIA	4.7%	4.8%	50.3%	57.0%
OCCIDENTE	4.0%	3.8%	42.9%	49.7%
POPULAR	4.2%	3.6%	43.2%	43.0%
CITIBANK	5.8%	5.2%	42.8%	50.9%
BBVA	4.1%	3.9%	54.2%	53.9%
SANTANDER	4.7%	4.6%	63.4%	63.4%
DAVIVIENDA	5.6%	5.7%	56.0%	60.7%
TOTAL BANKING SYSTEM	**4.7%**	**4.5%**	**49.7%**	**54.5%**

1/ Does not include surcharges and other, in order to eliminate the effect of wealth tax..

The indicators for administrative expenses in relation to the gross financial margin, and average assets, are better than those for the banking system as a whole and those of the peer banks in the system. This result is due to better performance of administrative expenses which grew 4.0% in the period July-December 2010, compared to 10.6% in the system as a whole.

Risk

The following is a summary of risk management in the Bank in the period July-December 2010.

Credit Risk

During the period, the Bank completed the implementation of ***Innova***, a 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).

This 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.

Further, work is being done on the development of flows to provide integrated management of applications, using the same decision engine, with the financial sector financial information system SIIF. This will enable us to improve approval strategies based on client risk profiles and to integrate the handling of the whole information and application process in a single operation from initial receipt to final disbursement.

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.

Further, and to complement the monthly analysis made through statistical models, an early-warning system was set up to identify clients who report operating losses and high levels of indebtedness in their most recent financial statements, and those classified as a higher level of risk by other financial institutions.

These clients are evaluated every six months by loan evaluation committees formed for each region or segment, to see whether the clients identified are at a higher level of risk than those shown by the models, taking account of the particular features of each client

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 July-December 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 7 days, 15 days and one month, with weekly frequency. Nonetheless, for regulatory purposes, the 7-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 implies a risk exposure that may trigger intervention by the Superintendency to restore the Indicator to the minimum, which in serious or imminent situations could force the Bank into a position where it must implement a liquidity adjustment or recovery plans, or in extreme cases, make it the subject of Superintendency intervention.

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

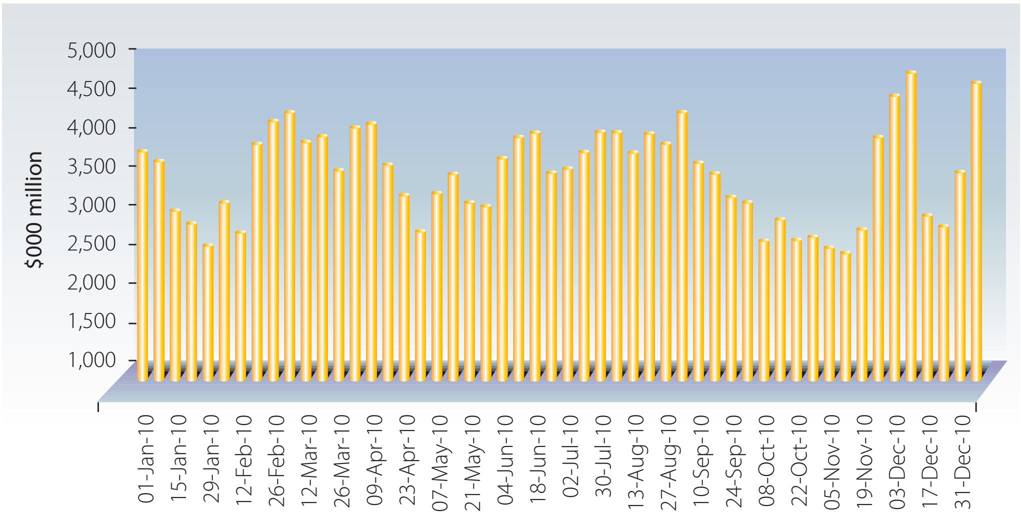
Short-Term Liquidity Risk Indicators

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

It should be noted that in the second half of 2010 the Bank held sufficient funds for operations, and complied with a positive 7-day Indicator. The Indicator had favourable dynamics, reflecting the general liquidity of the financial system.

Since the Indicator matches Liquid Assets to short term needs (measured as the Liquidity Gap), needs during this period have not exceeded 25% of the Bank's Liquid Assets. The 7-day requirement averages $368,298 million, backed by an average level of liquid assets of $3.8 billion.

Evolution of the 7-Day Indicator



2. Medium-term liquidity risk

The Bank makes 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.

As can be seen in the chart below (Asset and Liability Management- Medium Term" in December the Bank had an aggregate liquidity value at risk (VaRL) of $408,502 million since the accumulated gap at 3 months – i.e. exposure to liquidity risk was negative by that amount.

Asset and Liability Management – Medium-Term Liquidity Gap									
	Dec-10			Jun-10			Dec-09		
$ million	Book balance	Accum. 3-month flow	Accum. for last band	Book balance	Accum. 3-month flow	Accum. for last band	Book balance	Accum. 3-month flow	Accum. for last band
Assets	38,000,916	7,370,932	36,902,572	32,067,385	9,137,212	27,885,354	28,882,971	8,282,404	33,174,131
Debtor contingencies	637,193	314,196	471,102	1,607,297	612,873	295,920	474,053	450,059	611,350
Total asset positions	38,638,109	7,685,128	37,373,674	33,674,682	9,750,085	28,181,274	29,357,024	8,732,464	33,785,482
Liabilities	37,642,463	7,081,753	30,418,911	27,379,287	8,047,815	20,364,262	24,906,917	6,106,993	26,285,686
Equity	5,156,366	0	0	4,553,968	0	4,556,271	3,976,055	0	3,973,236
Creditor contingencies	5,435,106	1,011,877	0	6,114,988	1,287,379	4,408,994	4,194,871	1,107,810	3,680,623
Total liability positions	48,233,935	8,093,631	30,418,911	38,048,244	9,335,195	29,329,527	33,077,842	7,214,803	33,939,545
Liquidity gap		(408,502)	6,954,763		414,890	(1,148,253)		1,517,660	(154,064)
Liquidity VaR (VaRL)		408,502			0			0	
Liquid net assets (ALN)		2,058,456			1,522,442			2,016,970	
Liquidity gap + ALN		1,649,953			1,937,333			3,534,630	
Liquidity gap / Asset balances		(1.1%)			1.3%			5.3%	
		(503.9%)			367.0%			132.9%	
(Liquidity gap + ALN) / ALN		80.2%			127.3%			175.2%	
ALN / Asset balances		5.5%			4.8%			7.0%	

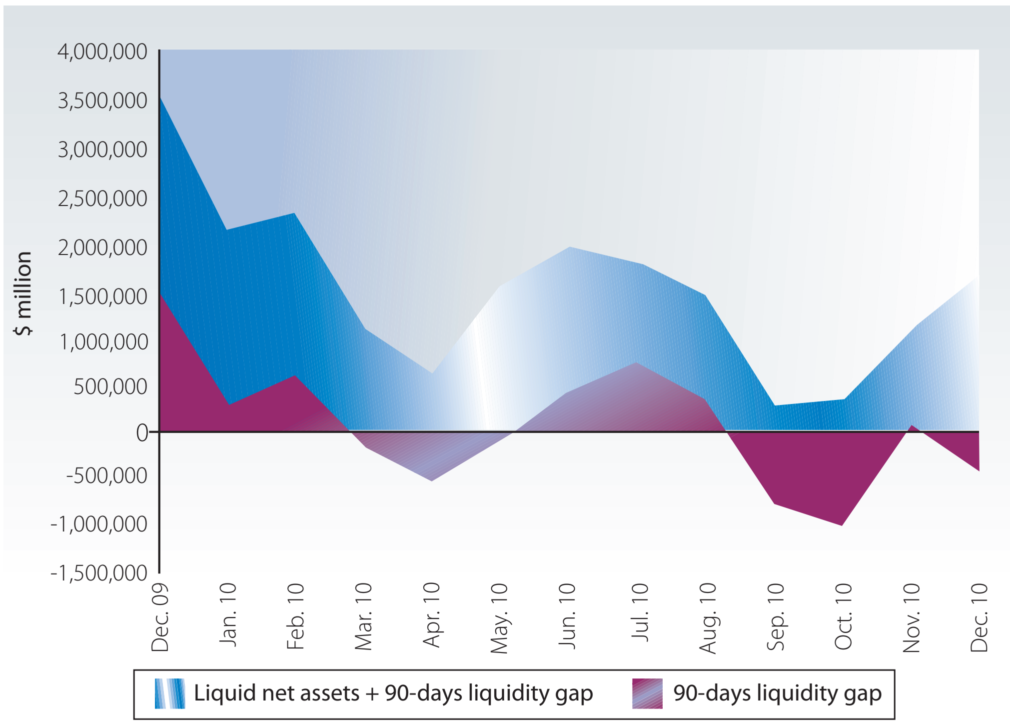
Here, the Bank had an accumulated 90-day liquidity gap lower than that of the June 2010 close, basically due to greater growth of the expected flows of liabilities in comparison to the expected flows of assets with maturities at less than three months. In asset positions there is a notable fall in interbank funds and loans. In liabilities estimated flows there was a smaller reduction in current accounts, TDs, tax collections and interbank liabilities.

At December 2010 liquid net assets[10] stood at $2.1 billion, or 5.5% of total assets. If the liquid net assets are added to the gap, there are $1.6 billion of liquid funds (4.4% of total assets) available.

In terms of the coverage of the liquidity gap, measured as a percentage of total liquid net assets this changed from 175.2% in December 2009 to 127.3% in June 2010 and then to 80.2% in December 2010. This last reduction is the result of the negative liquidity gap.

10 Liquid net assets = cash + net interbank funds + trading investments less than three months

90-day Liquidity Gap and Net Liquid Assets



Market Risk

During July-December 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 Value at Risk by Risk Factors					
$ million	December 2010	June 2010	December 2009	Var. Dec/10-Jun/10	Var. Jun/10-Dec/09
Peso interest rate	262,779	149,759	129,326	113,020	20,434
Foreign currency interest rate	4,231	12,248	15,288	(8,017)	(3,040)
UVR interest rate	40,320	19,310	24,924	21,010	(5,614)
Exchange rate	2,195	858	1,759	1,337	(902)
Shares	1,475	1,438	4,560	38	(3,122)
VeR TOTAL	**311,000**	**183,612**	**175,856**	**127,388**	**7,756**
Impact on capital ratios (basic points)	143	103	104	40	(1)

*Net = Assets – Liabilities + Derivatives

The market value at risk at December 2010 was $311,000 million, taking with an impact on the capital ratio of 143 basic points, that is, $127,388 million, higher than that observed at June 2010. This is mainly due to increased duration and the size of portfolios classified as "trading" and "available for sale".

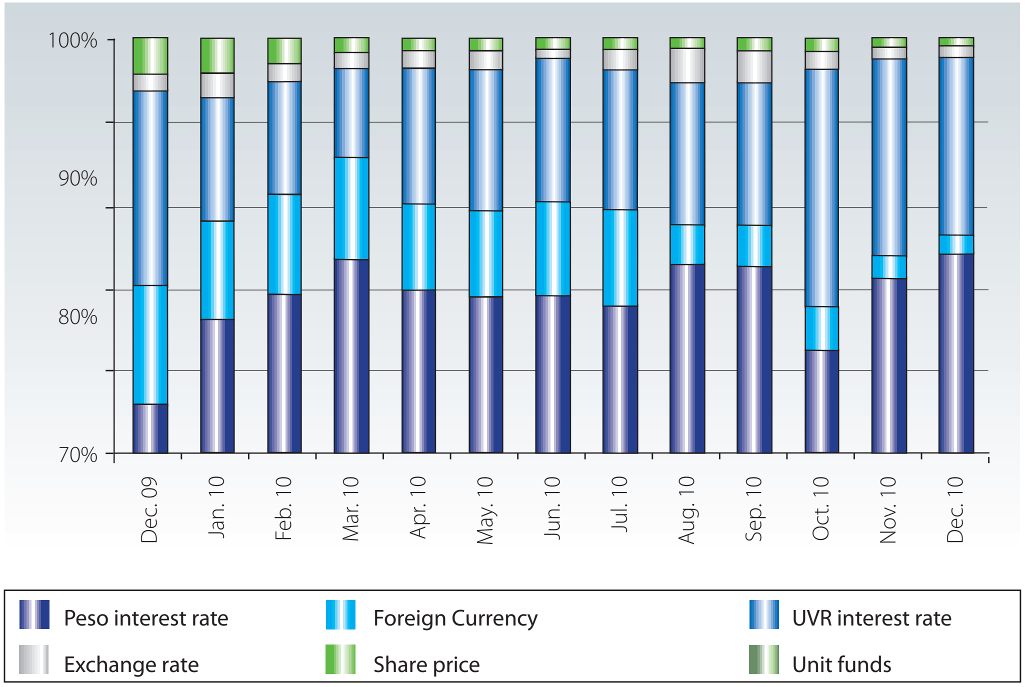
Maximum, minimum and average VaR. July-December 2010			
$ million	Minimum	Average	Maximum
Peso interest rate	147,854	186,378	262,779
Foreign currency interest rate	4,231	6,487	12,914
UVR Interest rate	19,234	28,742	40,320
Exchange rate	2,083	3,052	4,662
Shares	1,332	1,459	1,534
VaR Total	**186,851**	**226,119**	**311,000**

During the period July-December 2010, total VaR was between a minimum of $186,851 million and a maximum of $311,000 million, with an average of $226,119 million.

However, there was a re-composition of VaR in favor of the interest rate risk, particularly due to greater exposure in the peso and UVR debt investment portfolios.

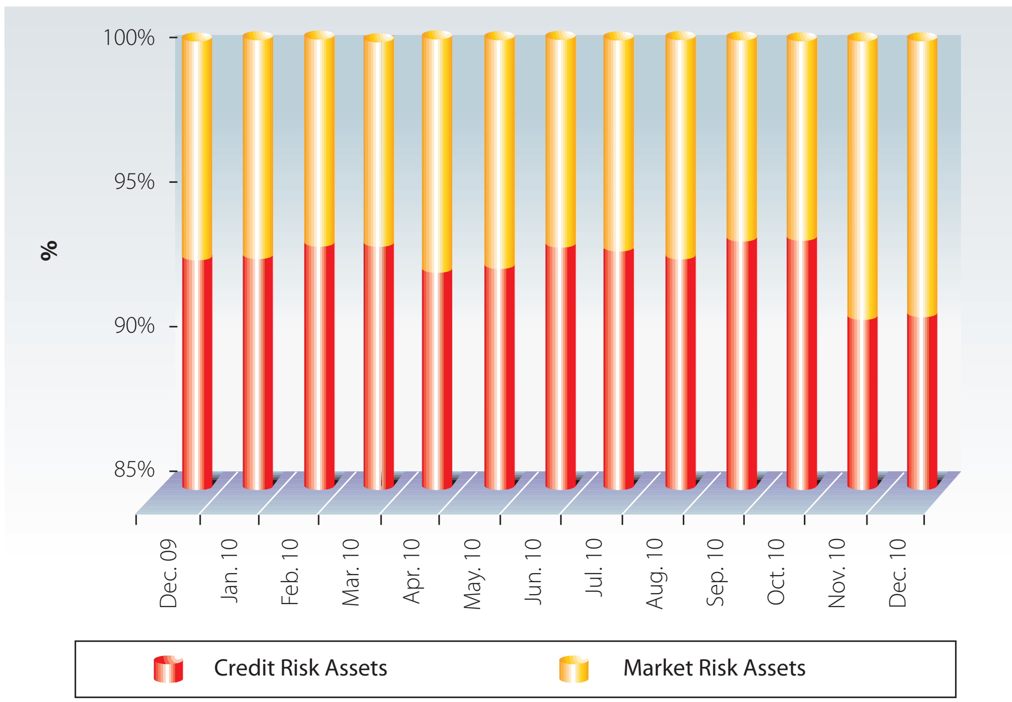
In the chart below "Percentage share of the market risk ", we can see the relative weighting of each other risk factors of the total VaR of the Bank for the last year. Here, we can see that the positions which have most impact on VaR are associated with the peso and UVR interest rate factors. If we add the contribution of peso, currency and UVR factors, they average 98% of the total, clearly showing a recomposition of the Bank's portfolio in the direction of these factors

Percentage share of the market risk



Further, and as a consequence of the comportment of VaR, the market-risk-weighted assets rose by an average of 51 basic point, averaging 7.9% of the total of risk-weighted assets during the period.

Composition of Risk-Weighted Assets



Operating Risk

Stages of SARO

The review of all Bank processes was completed in September. The result was 170 technical reports with detailed documentation and controls affecting mission-related and enabling processes. The risks included arise from the management from information assets, technology management (applications and infrastructure) and risks in recording and processing accounts. Performance indicators were also included for some of them, along with risk indicators and opportunities for improvements of controls.

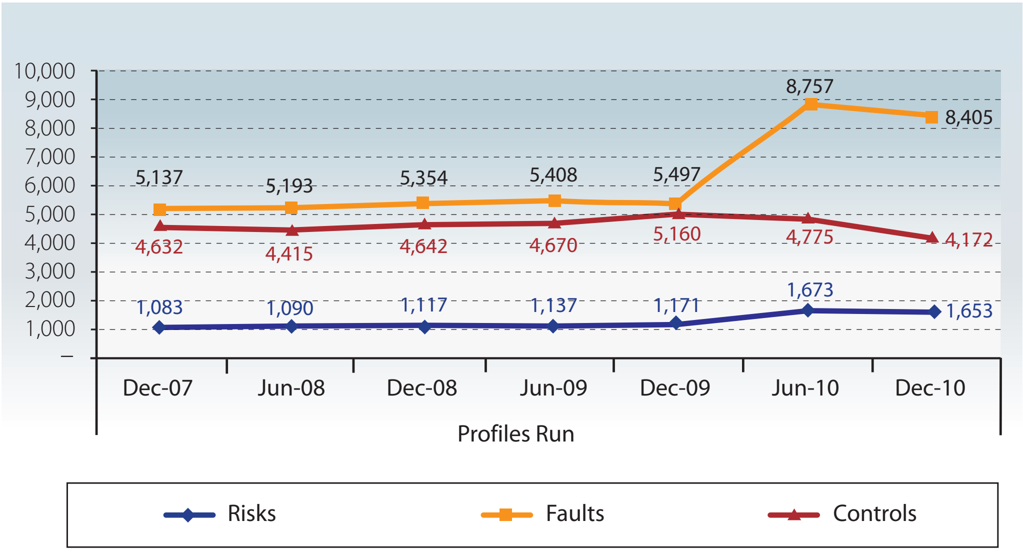
Monitoring continues to concentrate on the analysis of events, following action plans to mitigate risk and to provide reconciliations of accounts assigned to the recording of losses due to operating risk events.

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

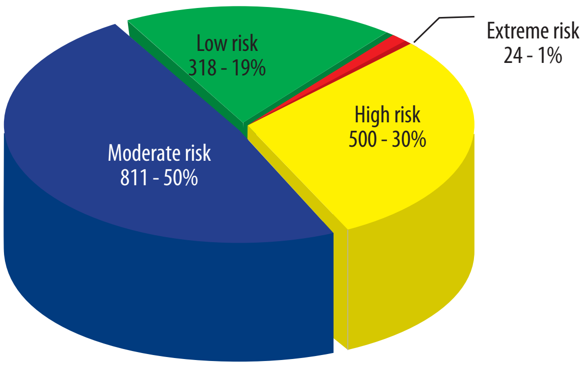
(attention to requirements, development and implementation of new projects, etc.)
The evolution of risk profiles has been as follows:

Profiles Run	Dec-07	Jun-08	Dec-08	Jun-09	Dec-09	Jun-10	Dec-10
Processes evaluated	193	196	199	200	200	194	170



The Bank's risk profile at December 31, 2010, in accordance with the assessment of residual risks is as follows:

1		1		
1	4	14	11	
13	18	121	74	
38	90	373	149	8
47	128	295	251	16



Recording of operating risk events

In the period July-December 2010 the most important operating risk events were due to the failure to update information on systems (73.9%), forgery or copying of the magnetic strips on debit and credit cards (11.4%) and fraud due to security failures in ATM devices (4.8%).

Operating risk indicators

External fraud accounts for 70.9% of losses in the period July-December 2010, followed by Execution and Administration of Processes (17.3%) and internal fraud (7.8%)

In **external fraud**, the forgery or copying of card strips were the largest element (32.2%), followed by misappropriation of Bank funds by third parties (22%) and security failures in ATM devices (11.8%)

In **execution and administration of processes** the most common failure have been the lack of updating of collection management systems for clients with past-due debts (38.3% of losses), followed by ignorance of the collection process for loan and credit card payments in offices and payment centres (8.3%) and weaknesses in the interface between applications and boom figures recorded in the regularization of Megabanco portfolios (7.5%)

In internal fraud, the two most important cases involved the connivance of a Bank officer.

Business Continuity Plan

Work was done on the maintenance of the Contingency Operations Centre in Bogotá, to isolate workstations in areas requiring greater security and installing items required for process execution such as IP phones, security cameras, hooks for bags, pigeon-holes, and white and UV lamps for the clearing process

Testing plan

13 of the 49 tests were complete tests of critical process recovery plans, and 36 were partial tests of some elements of the recovery plans. 35 of them were evaluated as successful.

Sensitization and Training Plan

896 staff were trained, and 367 are part of the process recovery team; 404 come from Managers and Service Heads training courses, 108 are suppliers of collection agencies and the remainder support the Business Recovery Plan.

Since October 8, all the staff was able to access the Business Recovery Plan, which had made 70% progress by the December close

Disaster recovery plan (DRP)

The Technology area's activities included the acquisition of a channel server for areas that require it in emergency, support for the Virtual Center console, renewal of servers, support for the emergency environment in Global Crossing offices, high capacity for the emergency storage environment (from 30TB to 90TB), greater connections and improved response times for electronic channel online transactions. Global Crossing and Telmex channels were installed between the emergency computer centre with First Date (Credit Card supplier)

DRP Testing

Eight closed tests were made to check infrastructure functioning and applications supported, and to ensure that production updates in infrastructure and synchronization were matched in the Emergency Computer Center.

Real and Programmed Emergencies

Six real emergencies related to the Business Internet service, PSE, transmission of files and the main office channel with Telmex, and two real programmed emergencies related to BBS Internet and server monitoring were attended to.

Follow-up to regulatory requirements

The Statutory Auditor made a six-monthly independent follow-up to SARO and the Business Continuity Plan, reports to which he has replied and commitments were included in the year's work plan.

A quarterly progress report was sent to the Superintendency responding to the Visit Report of April 2009. As above, recommendations were included in the work plan for the SARO update.

The Comptroller took part in the review of risk and control documentation for mission-related processes, with comments on each point; and the recommendations were applied immediately. There was an audit report on SARO for the period, and was also replied to.

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, places a value on claims against it, based on the analysis and opinion of the lawyers responsible for them.

Note 31 to the financial statements gives details of litigation against the Bank.

Asset-Laundering And The Financing Of Terrorism

The Bank continually develops policies and procedures to prevent and control situations in which it might be illegally used to give the appearance of legality to the proceeds of crime or a channel of funds for terrorism.

During the period July-December 2010, the Bank worked on SARLAFT risk management area, in the terms of regulations in the Banking law, Articles 102ff, 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.

In the identification stage the Bank has defined risks in terms of size and nature. Risks were reviewed in their current context, considering threats, their current structure and scope. No major changes were found to be necessary.

The Bank applied its measurement system, and measured inherent risk using tables to calculate impacts and probabilities.

Following Superintendency Circular 26/2008 and the Bank's own methods, SARLAFT must have controls to mitigate inherent business risks. The Bank has an inventory of controls to do this and to determine residual risk. The Compliance Control function controls its efficiency. The result reflects the efficiency of controls from initial design through to execution.

In the second half of 2010 SARLAFT results are detailed by the stages in the risk management system. The results of the reports to the Directors, and the authorities in relation to the Compliance Officer show that 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 - CSR

The Bank has a commitment to corporate social responsibility, and continues to consolidate its strategy and actions in matters which generate economic, social and environmental value for stakeholders and society in general.

The report for 2010 includes an exhaustive account of the main organizational changes, and the initiatives and indicators implemented, so that stakeholders can evaluate social, economic and environmental performance of the organization, and be aware of the challenges that the Bank faces in each of its commitments.

During 2010, further design work was done in the strategy for corporate social responsibility, strengthening it with the in incorporation of good practices and the experience of being BAC Credomatic in strategic areas such as the inclusion as inclusion and financial education, environmental management and social investment. An exercise was conducted to identify important matters for the Bank, and work started on the implementation of a model for the management of sustainability throughout the organization.

The Bank has an ongoing commitment to the management and support of a number of initiatives which stimulate economic and social development in Colombia, in response to its duty to sustainability and to generate benefits for stakeholders.

The organization has a commitment to economic development of Colombia and to the eradication of poverty, promoting financial inclusion by securing wider coverage, access to financing, support for micro-businesses and SMEs, and the financial education of its stakeholders.

As part of its commitment to social development, the Bank has been involved in activities and events of high cultural value. It has made a number of events accessible to groups of the public which would otherwise have had little or no access to such important benefits, as a contribution to the democratization of art and culture in Colombia.

In 2010, the Bank sponsored the XII Ibero-American Theatre Festival in Bogotá, by investing an amount of $850 million. It also supported Teleton 2010, and was the bank responsible for connecting and collecting up funds donated by the Colombians. The Bank placed its human talents and infrastructure at the disposal of the event, and invited the public to take part in it, receiving record amounts of donations.

At the same time, the Bank seeks to be a better place to work every day, implementing comprehensive initiatives to promote professional development, a healthy working climate with the creation of a diversity of spaces of work, encouraging the quest for personal welfare and welfare at work, promoting fair compensation and objective evaluation of the performance of its staff.

The Bank conducted the first internal measurement of the organizational climate with the help of Great Place to Work Institute, a prestigious business which specializes in this area. The Bank's study made use of a survey, inviting all staff in the country to participate. This first study provided a diagnosis on the current state of the climate in the Bank, and enabled opportunities for improvement to be identified, shedding valuable light on possible future actions.

Training and instruction are strategic actions for the Bank, since they ensure that the organization makes an appropriate response to change and the challenges posed by the banking industry.

The Bank recognizes the environmental impact of its operations and its value chain, and therefore undertakes initiatives and implements good practices to reduce, prevent or offset the environmental impacts of the business.

Operations with Shareholders and Management

Operations with shareholders, directors and management match the general policies of the Bank. These operations are duly specified in **Note 26** 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 33 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

Early conversion of mandatorily convertible bonds

The bonds issued in November 2010 for $2,284,628 million will be fully convertible into ordinary shares of Banco de Bogotá after a maximum of one year from issue date, with the possibility of early convertibility at any time after 2 months from issue date. Bondholders should write to the Bank in advance to express their intention of converting their bonds into shares.

For conversion purposes, it will be taken that each bond will entitle the holder to a redemption of the number of shares which is obtained by dividing the face value of each bond by $47,000 at conversion date, that is, 2.12765957446809 shares per bond.

At March 7, 2011, the bond conversions had covered 95.0% of the total issue, leaving only $115,257 million to be converted, and as a result of the Bank has obtained a valuable strengthening of its Tier 1 capital.

Future Prospects

In 2011, the Bank will consolidate objectives defined in strategic planning, which will allow it to continue to make an ever stronger commitment to the process of penetration of the banking system, in the area of social responsibility and in the growth of Colombia, as a solid, efficient organization, and a leader in the financial system. As part of this, the Bank will make its relations with clients deeper and more profitable, improving the value offer, and increasing its presence and coverage across the country with optimal channels, specialized models, well-trained staff, its wide range of subsidiaries, its latest-generation technological and physical 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	
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

Principal Regulatory Measures

Liquidity in the economy

In the second half of 2010, Banco de la Republica maintained its stance in the handling of monetary policy, encouraging the reactivation of dynamic credit, economic growth, and the generation of employment. There was therefore no change to the bank's intervention rate, holding it at 3.0% through to the end of 2010.

In the same vein, no adjustment was made to the monetary expansion window rate (Lombard rate), which remained at 4.0% at the close.

Deposit insurance - FOGAFIN

Ministry of Finance Decree 2312 of June 28, 2010 defines the scope of FOGAFIN follow-up of processes of voluntary liquidation. According to these regulations, the follow-up will be continued until all external liabilities have been paid off, and at that point, FOGAFIN will ask the liquidator to give a rendering of accounts and report.

Ordinary interest

Financial Superintendency Resolution 1920 certifies the ordinary bank interest for micro-loans, consumer and ordinary credit. The rate for consumer and ordinary loans was fixed at 14.21% annual effective, and for micro-loans, at 24.59% annual effective. These rates will apply for the period October 1-December 31, 2010.

Ministry of Finance Degree 3590 of September 2010 amends Decree 2555/2010 in relation to certification of the rate applicable to micro-loans. The regulation states that the Financial Superintendency will certify, as of October 1, 2010, the ordinary interest rate for micro-loans, adopting a methodology which will allow adjustments to be made to market interest rates throughout the period of 12 months counted from the date of certification.

Tax collection

Ministry of Finance Resolution 1817 of June 28, 2010, indicates that five days' reciprocity is the maximum allowed for authorized entities authorized to keep taxes collected.

Ministry of Finance Resolution 2166 of July 30, 2010 amends Article 2 of Resolution 0008 of January 5, 2000, and adds some new provisions. There are specific instructions on the remuneration of entities allowed to hold taxes collected. There are fees, to be calculated on the basis of the deposit indicator, which takes into account a fixed base of 6 calendar days, and a variable component of up to 6 calendar days, calculated on parameters of quality, volume of documents and promptness of information, established by the tax authority DIAN.

Individual loans and provisions

Financial Superintendency Circular CE 14 of June 30, 2010 amends form F. 0000-149 (Form 477) "Consolidated report of individual loan provisions". This regulation excludes from the report accounts associated with provisions against receivables in loans and financial leasing, and indicates that Account 517100 "Individual provision counter cyclical component" should be deducted from subaccount 517130 referring to the individual counter cyclical component of receivables. The regulation adds that the form must be re-sent specifically for the months of April and May, in order to include the criteria mentioned here. The forms for June should be sent between August 10 and 20, 2010.

Financial consumers

Superintendency Circular CE-16 of June 30, 2010, regulates the swearing in and registration of the financial consumer defender. This regulation indicates that defenders will compete electronic form F. 0000-19 "Request to take office", on the Superintendency webpage. The registration procedure is also performed on the webpage.

Superintendency Circular CE-15 of June 30, 2010 regulates the system of attending to financial consumers. This regulation defines the concept of due attention and protection for financial consumers as "the set of activities undertaken by supervised entities in order to propitiate an environment of protection and respect for consumers".

Cashier-robbers

Superintendency Circular 93 of November 23, 2010 adopts measures to prevent the robbery of financial consumers making large cash withdrawals, which the cashier reports to his accomplices outside the bank, who then hold up the consumer and steal the money. The measures are designed to restrict the use of mobile phones by employees in cash areas, the publication of instructions on bank officers or areas responsible for receiving deposits, payments or withdrawals in visible places, the placing of notices announcing the possibility of having an escort provided by the police, and ensuring that services contracted with third parties are provided by specialized organizations.

Mortgage paper

The regulations on the time allowed for granting guarantees for mortgage bonds to finance social interest housing loans open to subsidies, and for securities issued in the process of securitization of social interest housing loans open to subsidies.

Ministry of Finance Decree 2322 indicates the terms allowed for the granting of credit for mortgage bonds to finance social interest housing loans open to subsidy, and for securities issued in securitization processes for social interest housing loans open to subsidies, contained in Article 30 of Law 546/1999. Here, it is stated that guarantees given for this type of loan will apply to issues made between June 29, 2010 and December 31, 2012.

National interbank electronic clearing

Banco de la Republica Regulatory Circular DSEP 152 of June 28, 2010 updates the system of national interbank electronic clearing (CENIT), managed by the central bank, for fields related to payments to the subsidized regime of the social protection system.

Banco de la Republica External Circular DSEP 152 of September 15, 2010 amends Point 1 ("National interbank electronic clearing-CENIT"), in order to update information on the list of causes of rejection of files by the operator applicable to the level of the system responsible for transferring error-free data.

Futures contracts

Superintendency External Circular 34 of October 12, 2010 amends form F. 0000-146 "Valuation of basic financial derivatives instruments ("Plain vanilla")", in order to change the frequency of the transmission of Forms 468, 469, 470, 471 and 472 by FOGAFIN from daily to monthly.

In its Derivatives Regulation 17 of August 24, 2010 the stock exchange BVC, amends the derivatives market circular related to the opening times available for the recording of futures contracts operations on TES, from 8 a.m. to 1:30 p.m., and for exchange-rate future operations (dollar-peso), times will be 8 a.m. to 2 p.m.. These times will take effect on September 13, 2010, as established in Derivatives Regulation N° 18 of August 25, 2010.

Agricultural development bonds (TDA)

Superintendency Circular 79 of October 19, 2010 informs credit establishments of the ratio of investments to be made in Class A and Class B TDAs for the period October-December 2010. It states that 37% of investments must be made in Class A, and 63% in Class B.

Unique Decree

Ministry of Finance Decree 2555 of July 15, 2010 lists the entities subject to inspection, supervision and control, and related common regulations for such entities. It also establishes matters related to the administration and management of unit funds, and the offer of foreign financial services in Colombia, the integrated system of the securities market information, public securities offers, intermediation in the securities market, institute for the safeguard and protection of public trust, liquidation procedures, entities with special regimes and authorities.

Procedure for swearing in

Superintendency External Circular 18 of July 23, 2010 amends terms established for transmission of changes in relation to procedures for swearing-in before the Financial Superintendency. The time allowed for transmission of these changes has been increased from 10 to 30 calendar days.

Money-laundering and the financing of terrorism risk

Superintendency Circular CE 19 of July 23, 2010 includes recommendations from the South American Financial Action Group in Chapter 11, Title 1 of the Legal Circular (SARLAFT). Instructions are changed with regard to the management of the risk of money-laundering and the financing of terrorism.

The exchange market

Banco de la Republica External Circular DCIN-83 of July 23, 2010 amends section 1 of Annex 5 "Instructions for the electronic transmission of information to Banco de la Republica through the exchange statistical system ". This establishes that users should continue to use the Token OTP security element during July 2010, and as of August 2, they may use either of the two security elements - the Token OTP or certificate of digital signature; and as of September 1, they will use only the digital signature certificate as the security element.

Banco de la Republica Resolution 2 of December 17, 2010 amends some points of External Resolution 8/2000, related to exchange regulations. Specifically, it is stated that terms and conditions for the completion and presentation of exchange declarations and other forms will be regulated, and if appropriate, requirements such as personal appearance, individual reports or signatures will be eliminated, in order to adapt to particular situations and the conditions of operators in the exchange market.

Financial statements

Superintendency of Corporations Resolution 2010-01-145727 of July 22, 2010 considers that Article 1 mentioned in Article 41 of Law 222/1995 is invalid. Therefore, companies that send their financial statements to the Superintendency of Corporations are relieved of depositing their financial statements at the Chamber of Commerce.

Superintendency Circular 28th of August 31, 2010 adjusts the requirements for presentation of financial statements for individual publication as established in Resolution 1420/2008 and Superintendency Circulars 25/2009, 40/2009 and 54/2009. It is therefore ruled that financial statements must identify of the entities supervised and that economic results should be expressed in terms of profit and loss for each share subscribed. Finally, it was ruled that the profit or loss per share will be determined on the weighted average of shares subscribed and outstanding for the time during which they have been placed.

Premiums pending collection

Superintendency Circular 20 of July 27, 2010, omits the topic of provisions against premiums pending collection, and avoids duplication of information in the procedure for authorizing the end-of-year financial statements.

Banco de la Republica

Banco de la Republica Circular GE-386 of July 26, 2010 informs the Financial Superintendency, the banking association Asobancaria, the clearing banks, the security transport providers, stockbrokers and exchange bureaus that the Cartagena office of Banco de la Republica is being closed. Financial entities will normally attend to their cash operations through security transport and other specialist firms providing services to the financial sector.

Tariffs

Ministry of Trade, Industry and Tourism Resolution 189 of July 26, 2010, informs companies subject to supervision or control of the Superintendency of Corporations that they must play a contribution of COP 0.165 for every $1000 of total assets for the year 2010.

In order to finance the annual budget of the Financial Superintendency, Circular 21 of July 29, 2010 sets the value of contribution for each supervised entity at $55,693,985,302 for the second half of the year. The factor applied to each supervised institution is 0.00018221, and this corresponds to the total value of the contribution for the second half of the year in respect of the assets of all the supervised entities subject to the contribution.

Distribution channels and savings accounts

In Superintendency External Circular 22 of July 30, 2010, the legal representatives and statutory auditors of supervised entities are informed of certain conceptual changes to Chapter 12, Title 1 of the Basic Legal Circular, in relation to safety and quality requirements for operations in the various distribution channels for financial services.

Transmission of information

Superintendency Circular 63 gives notice of some definitions applicable to Form 477 "Consolidated report for individual loan provisions".

Habeas data

Ministry of Finance Decree 2952 provides instructions on special requirements for sources of information, stating that information operators must de-activate all information - both positive and negative – of persons who have been kidnapped or disappeared.

Banknotes

As of August 13, 2010, a new design of $2,000 banknotes will go into circulation, dated August 30, 2008.

Banco de la Republica External Circular DTE 201 August 11, 2010 states that as of August 13, 2010, the new design of the $2,000 banknotes will go into circulation, dated as the issue of August 30, 2008, with the same general characteristics and security arrangements as the issue of August 29, 2008.

Clearing and settlement of cheques

Banco de la Republica External Circular DSEP 155 of August 23, 2010 amends Point 5 "Operating procedures for clearing and settlement of cheques and other physical instruments of payment (clearing houses)", in order to update clearing codes for cheques allocated to authorized entities, as a consequence of the arrival of Finandina S.A. in the cheque clearing and settlement system of Banco de la Republica.

Banco de la Republica Regulatory Circular DSP 153 amends Point 2 "System of electronic clearing of cheques and other payment instruments", to establish new tariffs which will apply as of January 1, 2011, with the provision of services by the clearing system, in accordance with the decision of the bank's Management Council.

Tax information

DIAN Resolution 8654 of August 30, 2010 presents the content and typical characteristics of tax information established in Articles 623, 623-1 and 623-2 (sic) of the Tax Code. Guidelines are given for entities supervised by the Financial Superintendency and other cooperative entities, for the presentation of information about current and savings accounts and investments to DIAN. information about investments in collective portfolios and mutual investment funds, information on credit card purchases, information on loans and information on differences arising in financial statements.

DIAN Resolution 8661 of August 30, 2010 sets out the contents and technical characteristics of tax information referred to in Article 631-1 of the Tax Code. Business groups are therefore required to supply the DIAN Special Administrative Unit with information referring to consolidated financial statements.

Securities deposit

Banco de la Republica Regulatory Circular DFV 56 of September for 9, 2010, publishes changes to the regulations in the central securities deposit DCV, with regards to repos, simultaneous operations, transfers between depositors and temporary securities transfers offered by Banco de la Republica, and those arising from dealing or recording systems.

External audits

Ministry of Finance Decree 3593 of September 29, 2010 supplements Title 6 of Decree 2555/2010 in relation to external audits which the Financial Superintendency may order supervised entities to conduct. The regulation states that external audits will be designed to obtain a specialized and technical opinion on specific events and circumstances defined in the administrative act which orders them. At the same time, the principles for external audit are defined, such as exceptionality, specificity, independence, effectiveness and confidentiality.

Exchange correspondents

Ministry of Finance Decree 3594 of September 29, 2010 amends Title 9 of Decree 2555/2010 in relation to financial services provided through exchange correspondents. The regulation states that only professional currency dealers may act as exchange correspondents, along with those who accredit conditions of suitability established in the regulation. At the same time, there are definitions of the qualities, conditions and procedures to be satisfied by exchange correspondents in conducting their operations. Finally, there are definitions of the obligations and authorizations which exchange market operators (IMC) must satisfy in order to engage in operations.

Savings deposits

Superintendency Circular 74 of October 7, 2010 publishes the adjusted amounts of benefits of exclusion from embargo and exemption of savings accounts from succession. The exemption from embargo for deposits in the saving sections of banks was set at $26,437,146, and the sum which may be delivered directly to the surviving spouse, to the heirs, or both as the case may be, was set at $44,061,905.

Capital investments through affiliates or subsidiaries in financial entities abroad

Ministry of Finance Decree 4032 of October 29, 2010 regulates some criteria of decree 2555/2010, in which supervised entities must make capital investments through the affiliates or subsidiaries in financial entities abroad. The criteria are established for direct and indirect capital investment, for which certain criteria of materiality are introduced, in order to oblige supervised entities to comply with amounts of investment, requirements for coordination between supervisors, and due subjection of these activities to the authority of the Financial Superintendency of Colombia.

Deposit accounts

Banco de la Republica External Circular DSEP 158 of November 2, 2010 amends Point 8 "Systems of deposit account-CUD", in order to update obligations and conditions to which participating entities will be subject. The regulation establishes that Banco de la Republica, as administrator of CUD, will notify entities authorized entities about regulatory changes, applying the procedures of Circular DDE-304.

Regulatory Circular DSP 272 of December 23, 2010 changes aspects of Point 16 "Tariffs for the administration of deposit accounts and operations in CUD", to establish the new tariffs which will come into force on January 1, 2011 for the provision of this service. This sets a monthly tariff of $515,500 for the first deposit account in each currency, and $264,400 for each additional account in each currency, in relation to the administration of deposit accounts.

The Banking System

Superintendency Resolution 2151 of November 5, 2010 authorizes the transformation of Finandina S.A. into a bank. Nonetheless, the operating licence for the bank arising from the conversion will only be issued when Finandina S.A. can show the existence of the technical and operating infrastructure required for regular operation, as indicated in the feasibility study, and it registers itself with FOGAFIN, as a bank.

Market risk

Financial Superintendency Circular 41 of November 11, 2010, gives instructions on the list of foreign securities in quotation systems for this type of security. The regulations set instructions on the recognition of these securities, the minimum information to be held by the companies admit managing these systems, and conditions for notification of suspension or cancellation of a security of this class.

Similarly, External Circular 42 of November 11, 2010, introduces some changes into the Basic Accounting and Financial Circular, giving instructions with regard to market risk management, the valuation of foreign securities, and the use of security is classified as investments held to maturity as guarantees in the central counterpart risk clearinghouse.

Superintendency Circular 50/2010 amends a section of Chapter XI of the Basic Accounting and Financial Circular, in order to allow capital securities classified by investment banks as "investments available for sale" to be excepted from the market risk measurement.

Bonds

BVC Regulatory Bulletin 37 of November 17, 2010 amends Article 1.1.3 of the BVC Circular, to make the registration of mandatorily convertible bonds viable, maintaining the supposition that the issuer has registered its shares on BVC at the time of requesting the listing.

BVC Regulatory Instruction 42 of December 9, 2010 amends some aspects of the general BVC regulations on mandatorily convertible bonds, in order to make it viable to deal these securities of the system. Specifically, there are requirements for issuers to follow in registering these securities, such as a minimum of 100 shareholders, minimum equity of $7,000 million, the generation of operating profits in one of the last three 3 years etc.

Security

The securities market self-regulatory AMV, in Circular 33, November 25, 2010 makes recommendations to exchange brokers, credit establishments and other members of AMV related to the implementation of controls and procedures to limit fraudulent practices in the securities market. The recommendations mainly aim to avoid situations of fraud in securities sales by persons purporting to be clients, through mechanisms based on detailed knowledge of the client which will allow the broker to be sure that the person interacting with the entity is in fact the holder of the securities.

Leasing

Ministry of Finance Decree 4611 of December 13, 2010, changes some aspects of Decree 2555/2010 related to rediscount operations on leasing agreements, to adapt the regulations to the authorization given to the banks to enter into leasing operations without purchase options. As a result, banks are included as authorized intermediaries in rediscount operations to conduct leasing financing operations, and further, they are included in the definition, limits and financial characteristics proper to rediscount operations for the contracts mentioned.