Banco de Bogotá
Un Banco hecho entre dos

Somos GRUPO AVAL

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General Information
At June 30, 2011

CUSTOMERS IN COLOMBIA	over 2,950,000
TRADITIONAL OFFICES	570
OFFICE EXTENSIONS	26
CASH WINDOWS	100
PAYMENT CENTRES	45
BUSINESS ADVISORY OFFICES	18
CORPORATE AND SME SERVICE CENTRES	8
BANKING CORRESPONDENTS	83
TOTAL	**850**

AGENCIES ABROAD

AGENCY IN NEW YORK

AGENCY IN MIAMI

COLOMBIAN SUBSIDIARIES

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

CORPORACIÓN FINANCIERA COLOMBIANA S.A.

FIDUCIARIA BOGOTÁ S.A.

ALMAVIVA S.A.

MEGALÍNEA

CASA DE BOLSA S.A.

SUBSIDIARIES ABROAD

BANCO DE BOGOTÁ S.A. PANAMÁ

BANCO DE BOGOTÁ NASSAU LTD. (SUBSIDIARY OFBANCO BOGOTÁ S.A. PANAMÁ)

LEASING BOGOTÁ S.A. PANAMÁ

BOGOTÁ FINANCE CORPORATION (CAYMAN ISLANDS)

FICENTRO (PANAMÁ)

BAC CREDOMATIC NETWORK

EMPLOYEES [1]	9,025
UNCONSOLIDATED TOTAL ASSETS	$ 41.1 billion
CONSOLIDATED TOTAL ASSETS WITH REAL AND FINANCIAL SECTOR SUBSIDIARIES	$ 63.7 billion

1 Includes 7,564 directly employed staff, 286 trainees and 1,175 temporary staff. Does not include 3,388 outsourced staff.

RATINGS

BRC Investor Services (Latest review December 2010)

Long-term debt	AAA
Short-term debt	BRC1+

BRC Investor Services

Subordinated bonds 2004 issue	AA+ **(Latest review, December 2010)**
Subordinated bonds, 2008 issue	AA+ **(Latest review, December 2010)**
Multiple tranche issues within a global limit 2010	
– Subordinated bonds	AA+ **(Latest review, December 2010)**
Mandatorily convertible bonds, 2010 issue	BRC1+ **(November 2010)**

Moody's (Latest review May 2011)

Local currency deposits	Baa1/Prime-2 negative outlook
Foreign currency deposits	Baa3/Prime-3 con Stable outlook
Financial strength (BFSR [2])	C –

2 Bank Financial Strength Rating

Board of Directors

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

ADVISTER TO THE BOARD

LUIS CARLOS SARMIENTO ANGULO

STATUTORY AUDITOR

KPMG LTDA.

Represented by:

GUSTAVO AVENDAÑO LUQUE

T.P. 3154-T

FINANCIAL CONSUMER'S DEFENDER

OCTAVIO GUTIÉRREZ DÍAZ

Central 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, Finance

FERNANDO PINEDA OTÁLORA
Vice-President, Commercial, SME and personal banking

LILIANA MARCELA DE PLAZA BURITICA
Vice-President, Commercial Division Megabanco Network

JAIME GAMBOA RODRÍGUEZ
Vice-President, Systems and Operations

GUSTAVO ARTURO PELÁEZ TRUJILLO
Comptroller

ALBERTO PÉREZ VELEZ
Secretary

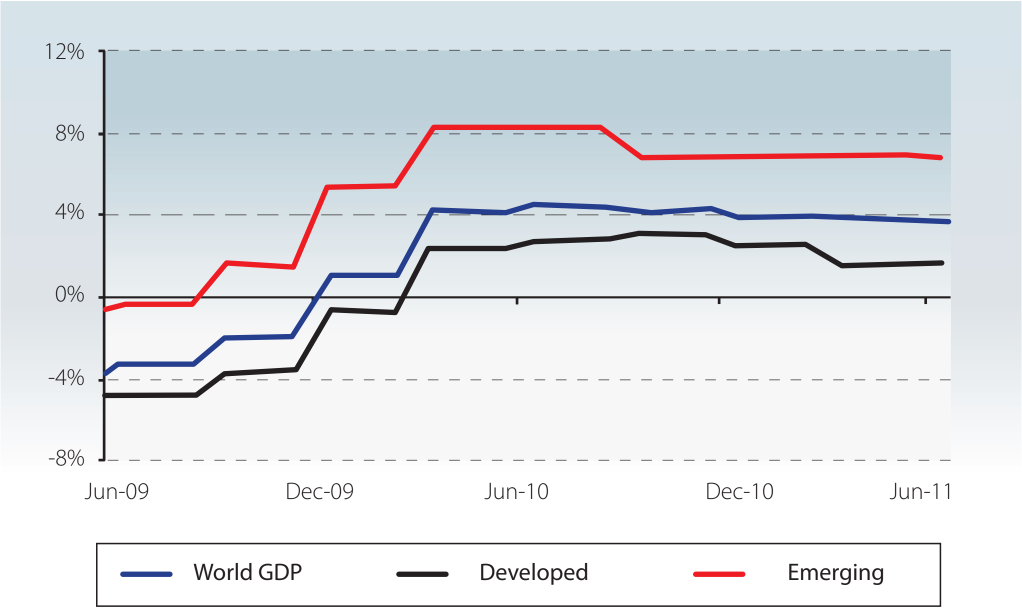
JOSÉ JOAQUÍN DIAZ PERILLA
Legal Manager

THE INTERNATIONAL SITUATION

Doubts remain about world economic recovery

In the first half of 2011, the market was again assailed by concerns about the dynamics of world economic activity. In the United States, consumers behaved feebly, stocks rose, and investment lost traction. Several factors, some temporary and some structural, can be used to explain the recent weakness in the American economy. In temporary terms, the earthquake in Japan had a negative effect on the automobile industry, and the upturn in commodities had a negative effect on disposable household income. In terms of structural factors, the composition of the household accounts, lower fiscal stimulus and the dynamics in the employment market were reflected in stagnant consumption.

Graph 1: World economic growth (% annual variation)



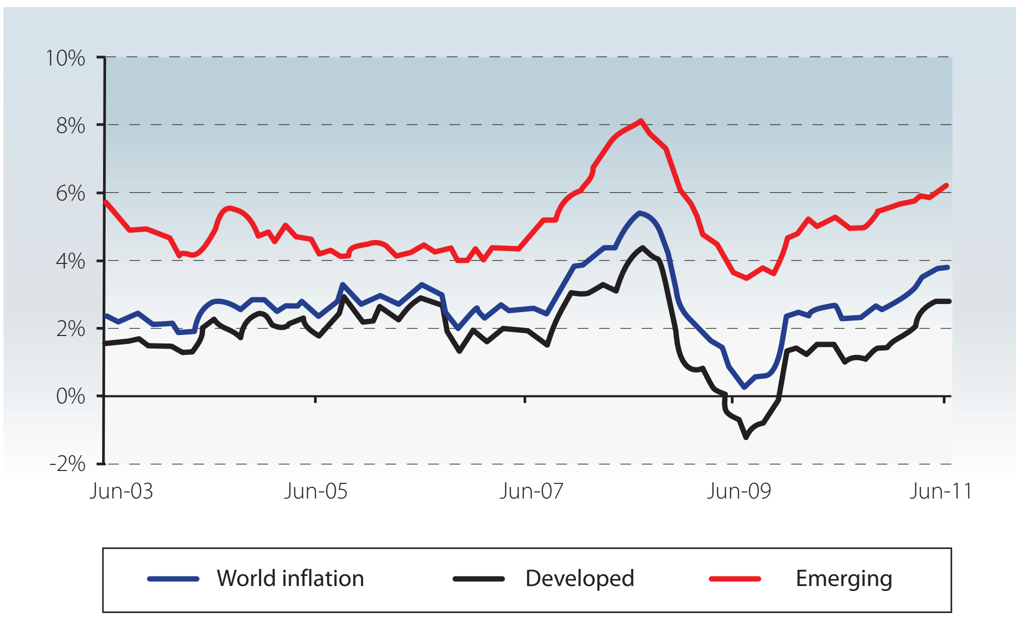
Source: Bloomberg, World Bank. Calculations: Economic Research Dept., Banco de Bogotá.

In Europe, uncertainties about recovery were made worse by the delicate fiscal situation of the peripheral countries. At the June close, interest rates in several countries were at historic and unsustainable highs, with high levels of debt. In particular, the rating agencies consider that Greece, Ireland and Portugal would be forced to ask for a new rescue plan from the European Union. In the case of Greece, the rating agencies considered that the restructuring of the debt profile would be highly probable in the near future.

The International Monetary Fund therefore considers that the world's major economies developed economies will end the year with growth below their potential. In particular, the United States should grow 2.5%, and the Eurozone 2.0%.

In this context, and with an ample idle capacity in the economy, there would be a reversion in the dynamics of prices in the second half of the year. In the United States, the market expects inflation of about 3.0%, and the Eurozone, 2.7%.

Graph 2: World inflation (% annual variation)



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

In monetary policy, with a wide gap in product, and expectations of inflation below the mid-term target, Banco de Bogotá believes that the Federal Reserve will increase rates only in the last quarter of 2012. Eurozone, after two increases of 25 basic points in the first half, will introduce another of 25 basic points in 2011, to finish the year at 1.75%.

In the emerging countries, the situation continues to differ from that of the developed countries, to the extent that growth will remain robust, and monetary policy will continue to make adjustments in order to avoid a disproportionate increase in inflation. In effect, most emerging countries saw their central banks increase interest rates in order to contain a surge in prices, and hence to control expectations of inflation.

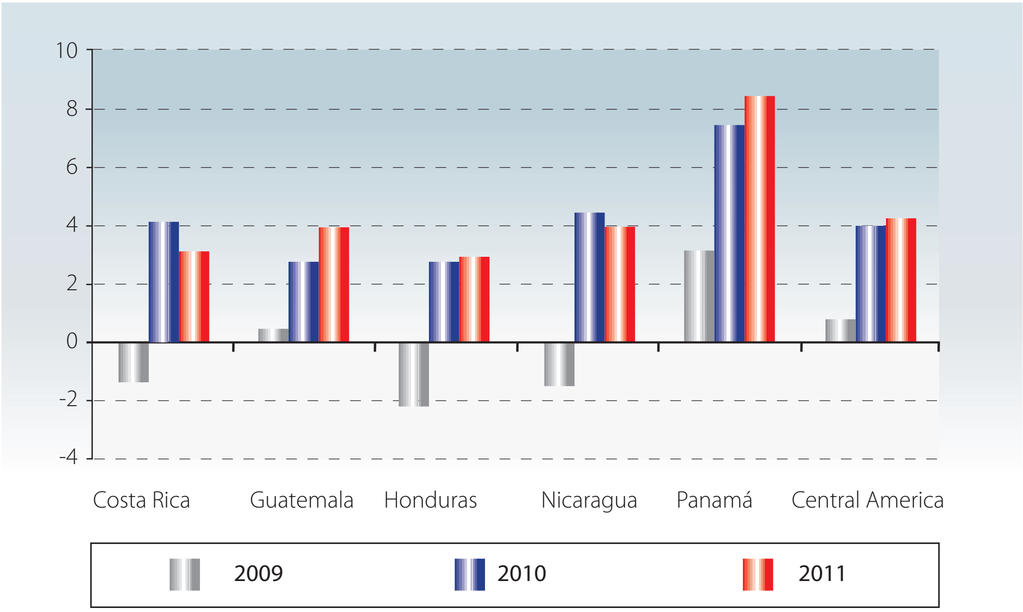
Two-speed recovery in Central America

According to IMF projections, Central America will close 2011 with growth of 4.4%, slightly below that of 2010 (4.7%).

This figure reflects two-speed recovery. On the one hand, Panama and the Dominican Republic, according to the IMF, will achieve growth of 7.4% and 5.5% respectively. In both cases, this growth is above potential, and will be favoured by the solid performance of foreign direct investment and infrastructure. Here, it should be noted that in the case of Panama, the expansion of the canal budgeted at US$5,300 million through to 2014, is the cornerstone of the dynamics of investment.

On the other hand, the rest of the region will report growth of about 3.4%, with 2.5% in El Salvador, 3.5% in Honduras, 4.3% in Costa Rica and 3.5% in Nicaragua and Guatemala. In this case, the modest dynamics of exports and remittances, due to the slow recovery in the United States, and the deterioration of the terms of exchange (most countries are importers of the major commodities), are the principal limitations on growth.

Graph 3: Central America, economic growth (% annual variation)



Source: ECLAC. Calculations: Economic Research Dept., Banco de Bogotá.

In the area of prices, with the shock of food and fuels, total inflation showed an important increase in the first part of the year. Nonetheless, basic inflation did not change greatly, given the slow recovery in internal demand. In the light of this, the

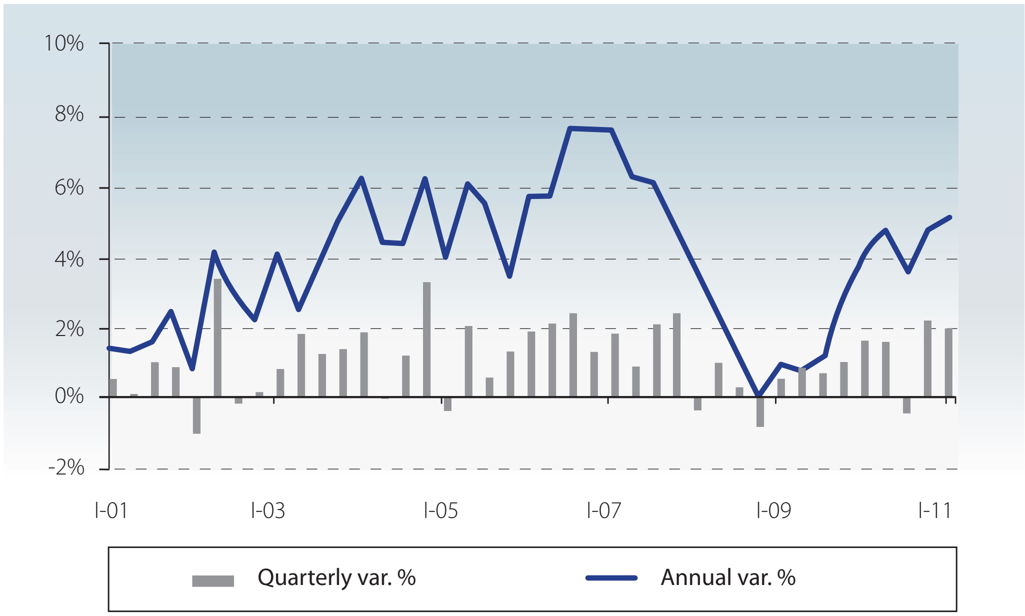
IMF considers that the risks of inflation are balanced, although the spectrum of variation is a wide one. In particular, inflation will vary between a minimum of 4.4% in Panama (4.9% in 2010), and 8.5% in Nicaragua (9.2% in 2010).

Economic activity in Colombia

Growth performance continues to improve

In the first quarter of 2011 the Colombian economy grew at 5.1%, the highest since the second quarter of 2008, as a result of the robust pattern of internal demand.

Graph 4: GDP growth (% quarterly/annual variation)



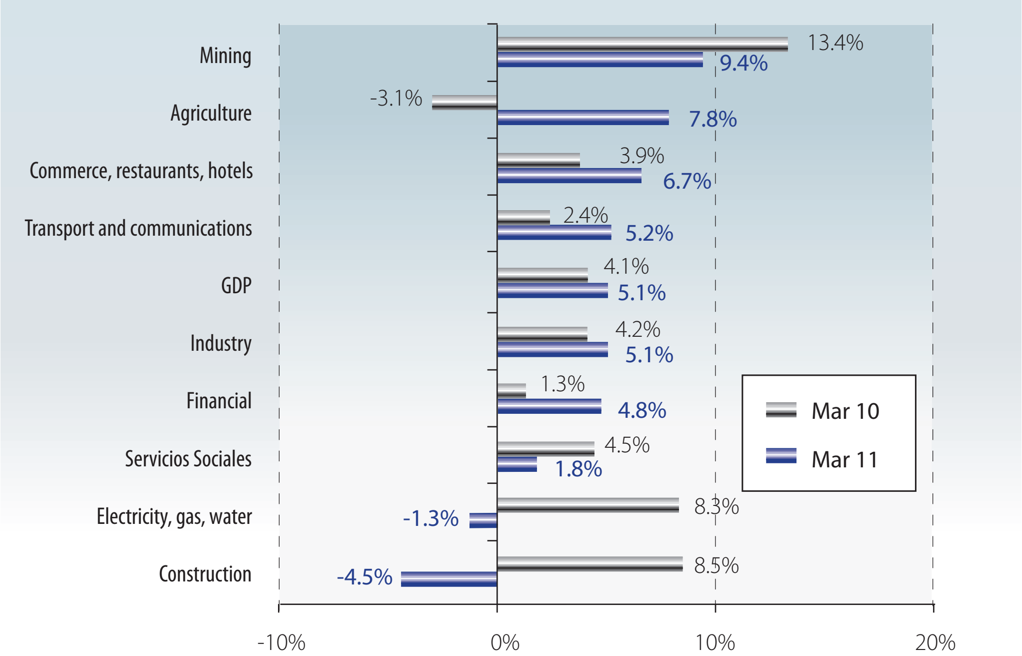
Source: DANE. Calculations: Economic Research Dept., Banco de Bogotá.

At sector level, variations in economic activity were supported by three sectors: mining, agriculture and commerce. In mining, oil production grew more than 15.0% and coal production about 6.5%; this recovery by coal was an important one, after the strong decline towards the close of 2010, when there were problems of extraction due to unusually heavy rains.

The agricultural sector grew 7.8%, the highest since the second quarter of 2002, with an expansion of the 6.6% in coffee products, due to better prices; and a remarkable recovery in other crops and animal husbandry. In commerce, as retailers had expected, the variation was 6.7%, with positive performance in credit, low interest rates, and a noticeable improvement in the employment market.

Further, industry, transport and the financial sector reported growth of 5.1%, 5.2% and 4.8%, respectively, in line with the dynamics of the economy in general. The improved figures of the financial sector are the result of an increase of 20% in lending, and improved indicators for formalization in the economy.

Graph 5: Economic growth by sectors (% annual variation)



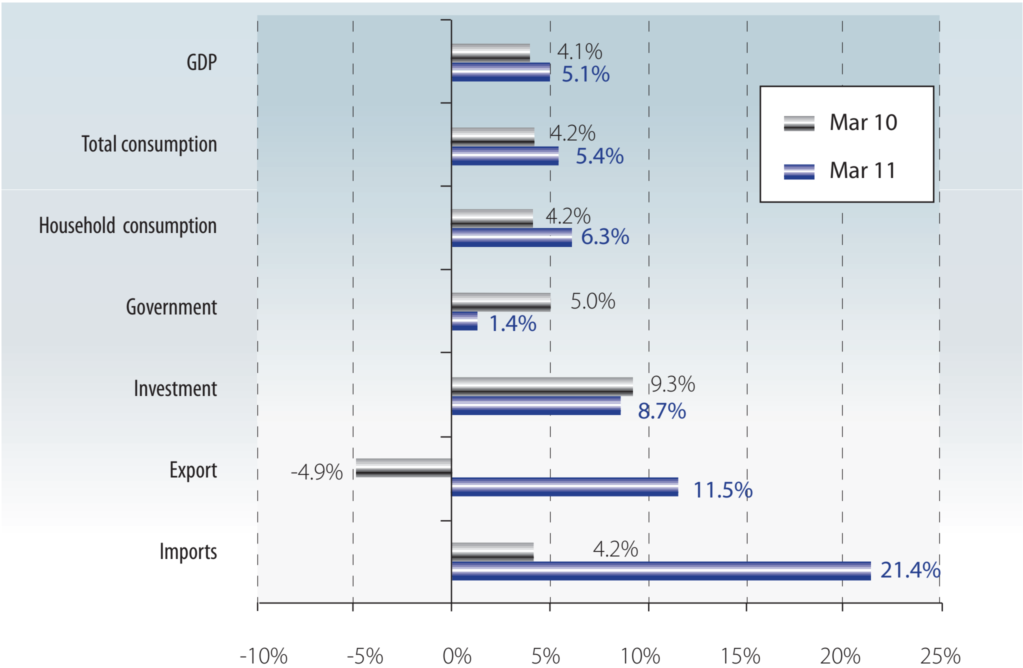
Source: DANE. Calculations: Economic Research Dept., Banco de Bogotá.

On the demand side, household consumption grew 6.3%, at a similar rate to that of the previous period, in the context in which consumer durables continued to strengthen, due to moderate prices, and the strong availability of credit. Gross fixed capital formation improved 8.7%, supported by non-residential investment, which increased 24%. Indeed, the recovery in this latter component is associated with the growing use of installed capacity, which is slightly above the historical average. In this case, the price factor, due to revaluation, has also been a decisive factor in the dynamics.

Against this background, internal demand grew 7.2%, the highest since the end of 2007.

Leading indicators suggest that the economy continues to be dynamic. In particular, in the second quarter, data show that mining and commerce made the most important contributions to GDP. In mining, oil production continued to grow at around 20%, aiming at production of more than 950,000 barrels of oil a day; and in commerce, retail trade in April showed annualized growth of over 20%, as a result of distant expensive interest rates. Demand data for energy and industrial production also suggest favourable performance of GDP in the second quarter.

Graph 6: Economic growth by component of demand (.% annual variation)



Source: DANE. Calculations of Economic Research Dept. Banco de Bogotá.

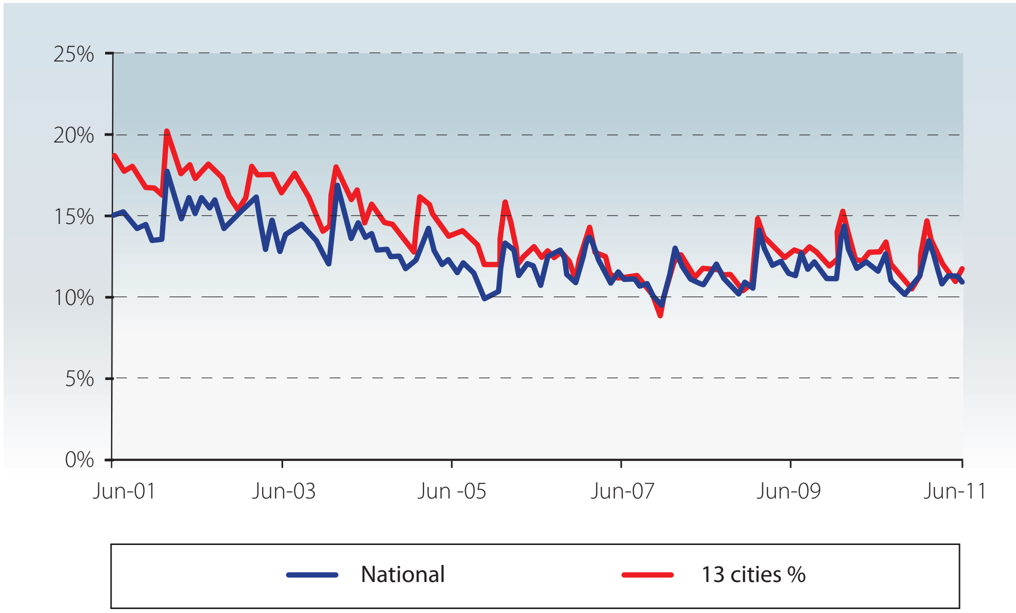
Therefore, Banco de Bogotá believes that the product gap should close in the second quarter, and that the growth rate of the economy should be close to 5.0% for the full year.

Positive results in employment

The results of the first half of 2011 showed a substantial improvement in the dynamics of the employment market. In effect, official figures from DANE confirmed that the urban unemployment rate (seasonally adjusted), receded to 11.8% in June from a level of 11.3% at the close of the previous year. This is encouraging, to the extent that it is below the non-inflation accelerating rate of unemployment, calculated by the Bank as 12.0%.

At all events, the results showed that the generation of new employment has concentrated basically in three sectors: commerce, services and industry. In particular, the June figures showed that the number of people occupied in these sectors account for 59.1% of new jobs created.

Graph 7: National and urban unemployment (%)



Source: DANE. Prepared by Economic Research Dept. Banco de Bogotá. The graph shows the unemployment rate reported by DANE. The Economic Research Dept de-seasonalizes it.

By contrast, the generation of jobs in the agricultural sector, representing 17% of total employment in the economy, continues to lag, due to the still-weak performance of the sector.

In quality and employment indicators, urban underemployment stood out, at a level of at 29.9%.

Inflation controlled after fears at the beginning of the year

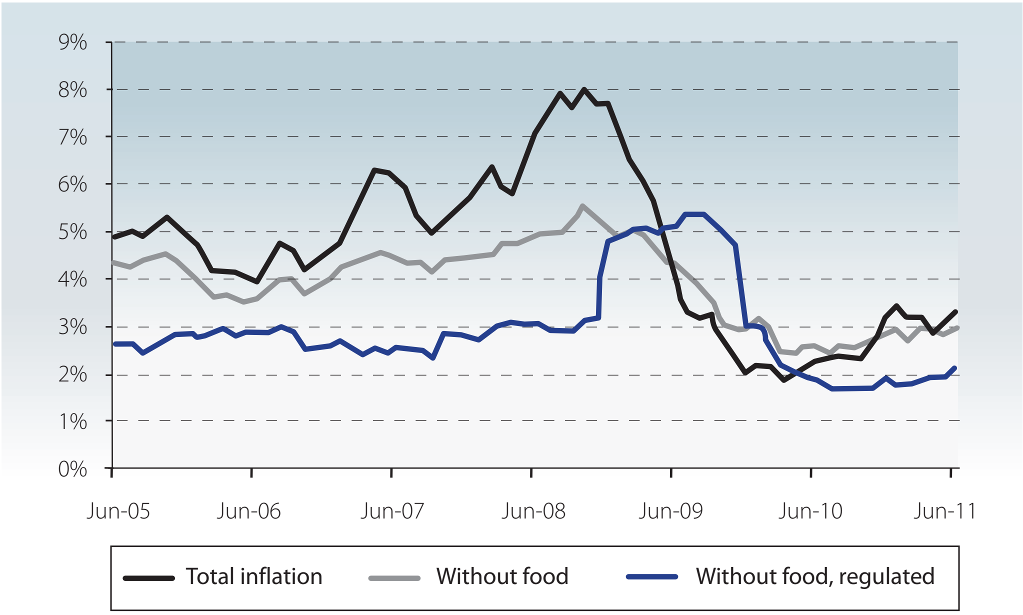
At the beginning of the year there were substantial concerns about inflation, which took expectations outside the central bank's target range (2.0%-4.0%), but prices have since been more moderate in have risen more moderately, and inflation today is at favourable levels.

The good results in inflation are due in the first instance to the fact that the impact of the adverse effects of bad weather was lower than initially feared. The two rainy seasons, in December and April, effectively pushed food prices upwards, but less sharply than expected, and the effect was diluted more rapidly than on previous occasions.

Likewise, the international commodities shock had a small effect on the local inflation, and it was largely offset by a stronger exchange rate.

Therefore, only some foods became more expensive due to the international situation, while inflation in tradables remained negative and close to zero, as it had during the previous year.

Graph 8: Total inflation and basic measurements (% annual variation)



Source: DANE. Calculations: Economic Research Dept., Banco de Bogotá.

Third, adjustments to monetary policy were effective in controlling expectations, and which at the beginning of the year had shown a threat of inflation to come. Finally, the absence of pressure on prices on the demand side was evident in the measurements of basic inflation, which, despite consecutive increases over the year, have been maintained at historically low levels, and lower than the midpoint of the target range.

On balance, total inflation which ended 2010 with 3.2%, fell to a minimum of 2.8% in April, and since then has had a modest upturn to 3.2%, 0.9 percentage points above the figure for the same month of 2010 (2.3%). With regard to inflation without food, the figure at June was 2.9%, compared to 2.5% in 2010; while the measurement which also excludes regulated goods recorded annual variation of 2.1%, in comparison to 1.8% in June 2010.

In the next few months, inflation will undergo some temporary increases, but without endangering the inflation target set by the central bank. Banco de Bogotá firmly believes that inflation will end the year at 3.2%.

Among the inflationary risks, there is the possible closure of the product gap, given the solid dynamics of activity. Further, commodities prices which have recently stabilized, may have additional upturns, and this may affect the performance of food and regulated goods (public transport, public services and fuels).

Finally, in the next few months, the base effect will act against inflation, given the small variations in prices recorded in the second half of 2010. But on the downside for risks, there is a world economy that is open to threat, inertia in inflation due to indexation, and the incidence of appreciation on tradable prices.

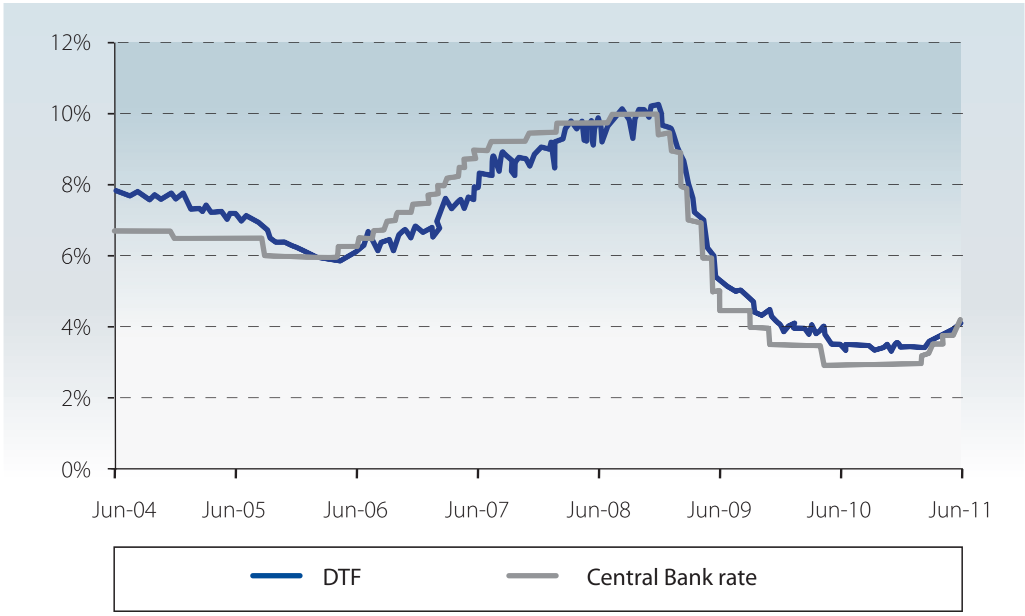
Changes in the cycle of monetary policy

Interest rates

During the first half of 2011, the central bank raised its reference rate on five occasions, from a historic low of 3.0% up to 4.25%. The withdrawal of the monetary stimulus took place in a context that if the intervention rate was held down to such low levels, this could not be justified given the recovery of activity and employment, and an environment of potential inflationary pressure. Therefore, Banco de Bogotá believes that the central bank will continue to increase its rate in the rest of the year, and close at closed 2011 at 5.0%.

For its part, the deposit rate DTF was at 4.19% at the close of the first half of 2011, 69 basic points above that of the end of the first half of 2010 (3.5%), and 72 basic points above the end of 2009 (3.47%). Actions in monetary policy have therefore continued to have an effect on market rates, encouraging savings, and reducing the attraction of borrowing.

Graph 9: Banco de la República interest rate and DTF AER. (%)



Source: Banco de la República. Calculations: Economic Research Dept., Banco de Bogotá.

Monetary aggregates

With regard to monetary aggregates, in the last week of June 2011 M1 and the monetary base reported balances of $56.6 billion and $40.5 billion, with annual increases of 15.5% and 15.1% respectively. M3 reported a balance of $229.4 billion, an annual variation of 14.2%. Here, it should be noted that savings accounts grew 23.2%, while term deposits have only grown 2.3% in the last year.

Among the interesting developments in the first half of the year, there has been the management of liquidity by the central bank, which adapted the liquidity expansion limits (repo), to meet the needs of the system. So, between January and May, the limit was gradually increased to $12 billion, while after the majority of Colombian Treasury paper (TES) due May 2011, limits were reduced to levels of between $5 and $7 billion.

Further, deposits held by the Colombian Treasury in the central bank have also helped to maintain adequate liquidity, and to maintain the effectiveness of monetary policy despite purchases of dollars, which implied an important injection of liquidity. It should be noted that in the period analyzed, the central bank neither bought nor sold TES, although the use of these instruments is not discarded as a tool for future sterilizations (the balance of TES on the central bank's balance sheet is $1.1 billion).

Dynamics of the external sector moderate

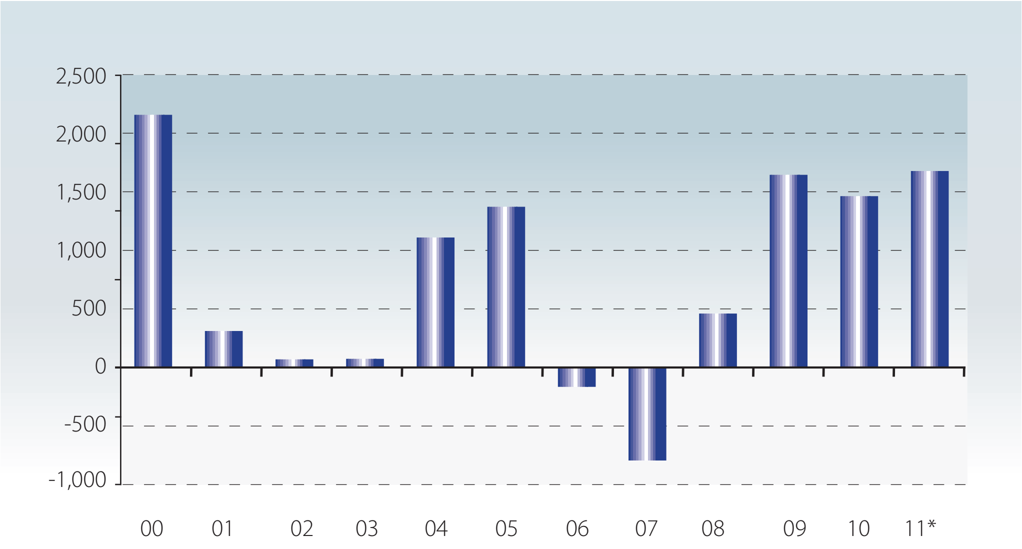
The balance of payments

At June 2011, foreign trade figures reflected a gradual recovery of world economic activity in the first half of the year, and confirmed the greater dynamism of the Colombian economy.

Hence, and following the DANE foreign trade reports, Colombia's exports totalled US$26,800 million FOB between January and June, an annual increase of 39.2%. This positive result was mainly due to increased traditional exports – commodities - in a context of favourable prices and growth in production volumes. The weighting of this item in total exports rose from 65% in June 2010 to 69% in June 2011.

Further, the non-traditional exports confirmed an improvement in the first half of the year, in a context of recovery in world demand. Thus, between January and June exports of these products totalled US$8,041 million, 12.1%, higher than the same period of 2010.

Graph 10: 12-month Accumulated Trade Balance (US$ million)



Source: DANE. Calculations: Economic Research Dept., Banco de Bogotá. * Accumulated 12 months, July 2010 to June 2011.

In imports, its recovery reflects the greater growth of consumption and investment in Colombia. So, at June 2011, imports totalled US$25,879 million CIF, an increase of 41.4% compared to the same period of 2010. By sectors, the fastest-growing groups of imports were capital goods (50.7%), while consumer durables grew at a rate of 34.8%.

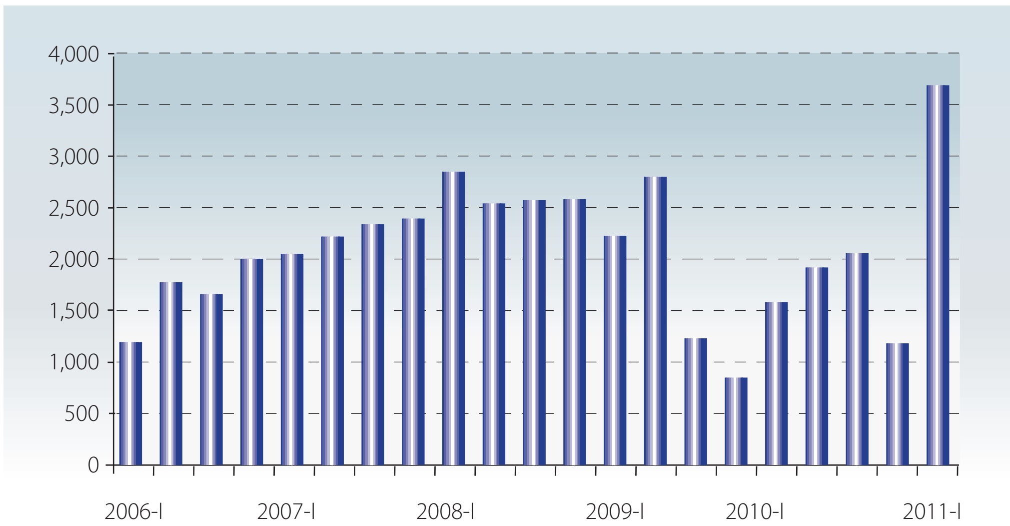
As a result, the trade balance showed a surplus of US$2,203 million FOB in the period January-June, 2011, US$221 million higher than for the same period of 2010 (US$1,981 million).

In terms of the balance of payments, although there was a current-account deficit in the first quarter, capital flows have more than compensated for that effect, generating a net currency surplus favouring the appreciation of the Colombian peso.

Taking account of the figures for the first quarter of 2011, foreign direct investment totalled US$3,698 million, which is 132.5% more than the first quarter of 2010. Of this total, 57% comport corresponds to investments in oil, gas and mining, due both to the potential Colombian deposits, and good prospects for commodities prices in the next few years.

The external sector's prospects for the rest of 2011 continue to be favourable, with flows which will continue to push up the revaluation of the Colombian peso. Exports will be led by the dynamics of the traditional sectors, which are undergoing an increase both in price and volume. Likewise, non-traditional exports will recover more firmly than in 2010, as Colombia's main trading partners also experience a better year, and with a positive evolution of commercial relations with Venezuela.

Graph 11: Foreign Direct Investment (US$ million)



Source: Banco de la República. Calculations: Economic Research Dept., Banco de Bogotá.

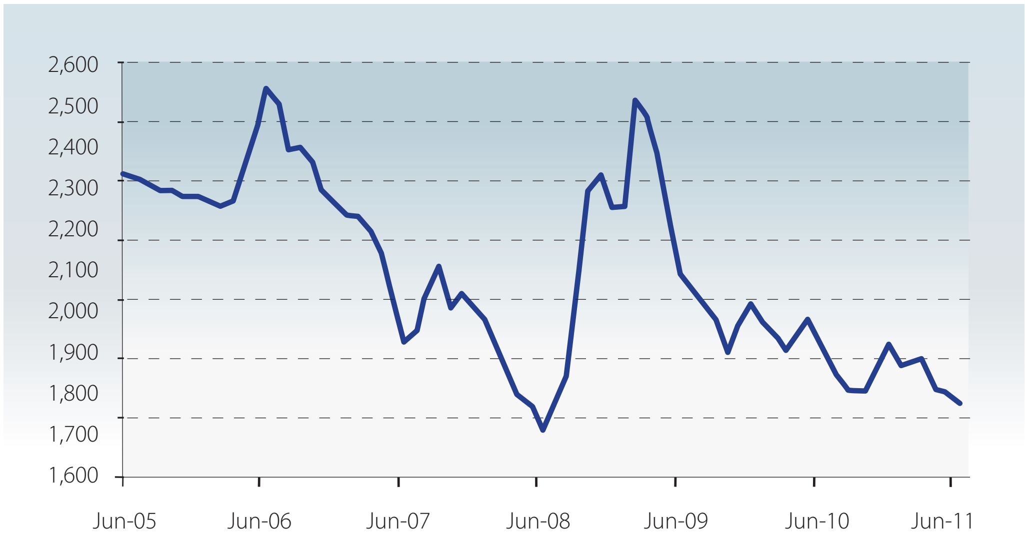
Further, capital inflows, particularly for foreign direct investment, will continue, mainly addressed to mining and energy. External public debt flows will become less important than in previous years, since the Government has undertaken to take on only as much debt as is necessary to attend to external debt majorities and interest payments, while the private sector can continue to take advantage of market opportunities to take on external debt at an attractive cost.

Exchange rates

In the first half of 2011, the Colombian Peso continued to appreciate against the dollar, in a context of general weakness of the dollar against the currencies in emerging markets. For Colombia, a stronger local currency is also explained by large flows of foreign direct investment, in particular towards mining and energy. Likewise, the major rating agencies (S&P, Moody's and Fitch) raised Colombia's rating to investment-grade, and this encouraged foreign portfolio investors to move in.

The concern of economic authorities at the revaluation of the Colombian peso was again expressed in some public statements, which generated uncertainties in the market, with speculation with regard to the continuity of daily purchases, or indeed, Government or central bank imposition of some type of capital controls in respect of external debt or foreign portfolio investment. So, in March, the central bank decided to extend its program of accumulation of international reserves by daily purchases of at least US$20 million, originally started in September 2010. In May, the central bank again extended the term of the program until at least September 2011.

Graph 12: Market Reference Rate (USD/COP monthly average)



Source: Financial Superintendency. Calculations: Economic Research Dept., Banco de Bogotá.

Further, the Government's commitment not to monetize dollars was observed, and the government even began to purchase dollars in order to attend to foreign debt majorities in early 2012, in order to accumulate at least US$1,200 million.

Therefore, at the close of the first half of 2011 the market reference rate (TRM) was $1,772.32, which represented annual revaluation of 7.4% compared to the first half of 2010 ($1,913.15).

Legislative reforms confirm good fiscal prospects

During the first half of the year, the Colombian Congress passed a number of economic reforms to consolidate the fiscal Colombia's mid-term fiscal position. On the one hand, there was a "Legislative Act" (i.e., an amendment to the Constitution), which established fiscal sustainability as a criterion of decision-making in the State. Second, a Legislative Act was passed regarding royalties, improving distribution and making it more equitable.

Finally, the "Fiscal Rule" was approved, setting the course for the maximum spending which the government may execute in accordance with its revenues. The approval of these reforms again confirmed the Government's commitment to fiscal policy, and the legislature's support for it.

As a result of legislative progress, and the sound of situation of public finances, the leading rating agencies have granted Colombia its long-awaited investment-grade rating. Standard and Poor's (March 16), Moody's (May 31) and Fitch Ratings (June 22) acknowledge the efforts made by Colombia in fiscal in in fiscal matters, and the successful economic policies which allowed it to overcome the international financial crisis appropriately; and they granted it a rating of BBB- or Baa3.

Growth in lending remains robust

According to the Financial Superintendency, at the end of May 2011 the assets of the Colombian banking system totalled $262.8 billion, an increase of 25.5% over June 2010.

In terms of loans (including leasing operations), the total was $177.6 billion, 30.6% higher than the same month of the previous year. This good performance is explained by the dynamism of local economic activity, in a context of strong growth in consumption and investment. By the same token, consumer loans had grown 30.9%, and commercial loans 32.5%.

Meanwhile, total investments were $53.7 billion, an annual growth of 13.4%. And deposits increased 17.3%, totalling $167.8 billion, the most dynamic sector being savings, with growth of 25.9%.

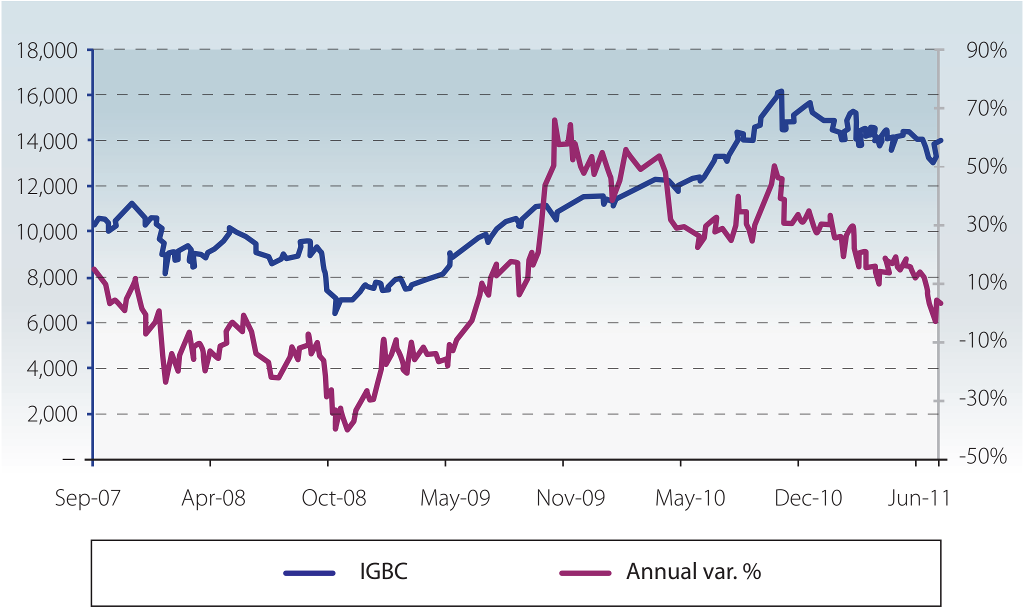
At May 2011, the profits of the banking system were $2.5 billion, 14.1% higher than the same period of the previous year. In terms of financial indicators for May, the average return on assets of the banks was 2.3%, and return on equity was 18.7%. In general, while profitability indicators have moderated slightly, the level of profits and equity confirm the solidity of the Colombian banking system.

To the extent that economic growth has recovered, households and businesses alike have been more optimistic, and therefore, the loan placements for the rest of 2011 will tend to continue to rise, even despite upward adjustments of domestic interest rates.

Valuation losses on the equities market

The equities market showed a general decline in values over the first six months of the year. The Colombian exchange indicator IGBC recorded a high at December 2010 at 15,805.05 points. The record was quite erratic over the year, from a maximum of 15,381 points in February, to a minimum of 13,767.12 at the beginning of May. It has since partly recovered. At the close of June, the IGBC was 14,067.73 points (9.2% below the close of 2010.

Graph 13: IGBC (index July 2001=1,000,.% anual variation)



Source: Bolsa de Valores de Colombia. Calculations: Economic Research Dept., Banco de Bogotá.

Principal Regulatory Measures

Among the regulatory measures issued in the first half of 2011, there are in particular rules for the financial sector on liquidity measurement, investments, derivatives, tax collections, the exchange market, the financial consumer, banking correspondence, and others. These measures are summarized in Annex I.

Ratings

During the first half of 2011, the Bank's performance has received the following ratings from the specialized agencies:

On May 31, 2011, Moody's Investors Services improved its rating for Banco de Bogotá foreign currency deposits from Ba2/Not prime to Baa3/Prime-3, stable outlook, this being the highest rating for Colombia for foreign currency deposits and bonds to Baa3 and Baa2 respectively. These results do not affect the financial strength or local currency deposit ratings

On March 16, 2011, Moody's Investors Services confirmed rating of financial strength C- and local currency deposits at Baa1/Prime -2 for the Bank with negative outlook, after the acquisition of BAC Credomatic. The negative outlook is based on Moody's concerns of possible transition risks (integration, additional management costs, and possibly increased loan costs derived from higher exposure to consumer lending), and pressure on profitability which might affect the Bank after the operation. However, the local currency long-term debt rating of Baa1 is a notch higher as a result of the very strong systemic support provided by the Bank, both due to its larger market share in deposits, and the broad willingness and capacity of the Colombian government to back the banking system.

Distinctions

Between January and June 2011, Banco de Bogotá won several distinctions:

- **Best bank in the country**

The magazine *Euromoney* selected Banco de Bogotá as the best bank in the country in its Euromoney Awards for Excellence 2011, highlighting the acquisition of BAC Credomatic, financial soundness and public recognition of the differentiated attention given to all segments of its public. The magazine made awards to the best financial institutions and Central America and the Caribbean, Latin America, Europe, the Middle East, Africa and Asia.

Further, readers of the specialist finance magazine World Finance, widely read and recognized worldwide, voted Banco de Bogotá as the best bank in Colombia.

For the 2011 awards, World Finance made an e-mail poll of its database of more than 40,000 readers and opinion leaders in the financial sector worldwide, and organizations of the highest reputation in each category, to be polled and thus select the winner for each category.

World Finance readers took account of the experience of more than 140 years in the market and the presence which Banco de Bogotá has achieved in more than 10 countries in different sectors of the financial system through its subsidiaries.

Further, it drew attention to the leadership of the Bank in the development of the financial system, being a group which develops a strategy based on differentiated attention and specialized customer services by segments, through its network of offices and subsidiaries, and this has strengthened its leading position in the region.

- **One of the 20 most important deals of 2010**

In the awards *Deal of the Year 2011*, made by the magazine The Banker, there was special mention of the acquisition of BAC Credomatic by Banco de Bogotá due to the implications which it has in the creation and development of a new regional group with a strong presence in more than 10 countries in the region, offering the Bank solid possibilities of growth

- **The bank with the best financial reputation in Colombia**

In the study made by *Reputation Institute and Goodwill Communications* for the magazine *Dinero*, which measures seven dimensions of public perception in respect of businesses that come to form different aspects of reputation, such as quality of offer, innovation, working environment, civic integrity, leadership and the economic results, the Bank was classed as the financial entity with the best reputation in Colombia.

The Bank and Subsidiaries – Consolidated Results

Highlights and results of Banco de Bogotá consolidated

Bank consolidated with real and financial sector subsidiaries		
$ millions	Jun-10	Jun-11
RESULTS AND BALANCE SHEET SUMMARY		
Profit for the period	389,254	580,424
Total assets	40,002,003	63,734,288
Loans	20,106,007	34,602,111
Investments	9,304,154	12,043,759
Total Liabilities	36,381,346	57,280,513
Deposits and demand accounts	25,281,863	39,175,801
Equity	3,620,658	6,453,776
INDICATORS OF PROFITABILITY AND EFFICIENCY		
ROA 1/	2.0%	1.9%
ROE 2/	22.1%	22.4%
Administrative efficiency 3/	5.1%	5.3%
Quality of loans and leasing operations 4/	2.7%	2.1%
Coverage of loan and leasing operations 5/	140.1%	137.8%

1/ Profit for the period/Annualized average assets
2/ Profit for the period/Annualized average equity
3/ Operating expenses/Average assets
4/ Past-due loans/Gross loans
5/ Loan provisions/Past-due loans

As part of its growth strategy and to improve services to customers and channel coverage, the Bank continues to grow at home and abroad.

At June 2011 consolidated total assets were $63.7 billion an annual variation of $23.7 billion (59.3%). Loans and financial leasing operations represent 54.3% of consolidated total assets and increased $14.5 compared to the same period of 2010 rising from $20.1 billion to $34.6 billion. This variation is basically due to the inclusion of BAC Credomatic assets in the consolidated group statements through Leasing Bogotá Panamá. Investments total $12.0 billion, an increase of $2.7 billion.

The Parent holds 55.6% of consolidated assets, BAC Credomatic holds 26.2% a BAC Credomatic and Corficolombiana 15.6%. The Parent holds 69.1% of loan and leasing operations, GAC Credomatic 27.5%and Corficolombiana 1.6%.

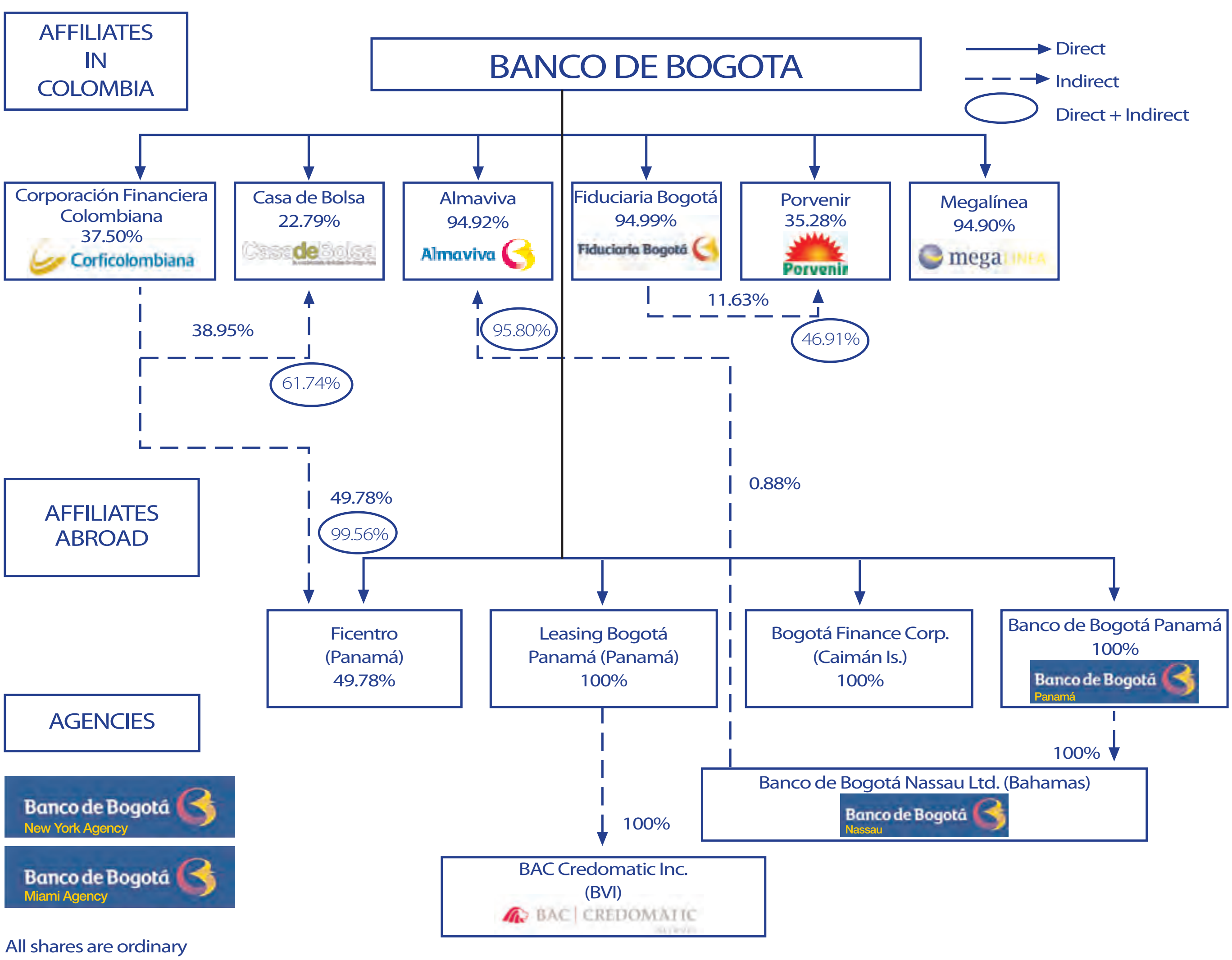
The consolidated loan quality indicator at June close is 2.1%, 64 basic points better than the previous year. Past-due loan coverage is 137.8%.

Consolidated liabilities totalled $57.3 billion, an increase of $20.9 billion (57.4%), and, as for assets, the main reason was the inclusion of BAC Credomatic in the consolidated balance sheet. Deposits and demand accounts totalled $39.2 billion in June 2011, representing 68.4% of total liabilities, an increase of $13.9 billion over the first semester of 2010.

Consolidated equity was $6.5 billion at June 2011, an increase of $2.8 billion on the same period of 2010, mainly due to the capitalization of Banco de Bogotá, Colombia, a through the issue of mandatorily convertible bonds: this in turn capitalized Leasing Bogotá Panamá top fund the acquisition of BAC Credomatic Inc.

At the close of June 20111 the consolidated net profit was $580,424 million, an increase of 49.1% ($191,170 million) compared to the first half of 2010; 27.7% of this is due to the inclusion of profits of Leasing Bogotá Panamá consolidated with BAC. At the June close consolidated ROE is 22.4% and consolidated ROA is 1.9%.

Highlights and results of subsidiaries in Colombia and abroad.



The following are the highlights of subsidiaries in Colombia and abroad in which the Bank held investments on June 30, 2011:

Corporación Financiera Colombiana S. A. (Consolidado)

At the close of June 2011, **assets** were $9.9 billion, growing 14.8% compared to June 2010. The main items were capital investments for $2.6 billion (26.7% of total assets) and investments in debt securities for $2.3 billion (23.5% of total assets).

Liabilities totalled \$6.9 billion, of which \$2.5 billion were interbank funds purchased and simultaneous and repo operations (25.3% of total assets) and \$1.8 billion were term deposits (17.8% of total assets).

Equity was \$3.0 billion, an increase of 15.9% on June 2010. This increase was mainly due to higher reserves and profits. The capital ratio was 33.43% at June 30.

The following are Coficolombiana's main highlights:

Corficolombiana Consolidated - Financial Statements Highlights				
Balance \$ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	Jun 11/Jun 10 Annual Var. 1/
Assets	8,679,842	9,962,015	14.8%	1,282,174
Investments in debt securities	2,532,421	2,336,293	-7.7%	(196,128)
Investments in capital securities	1,708,960	2,659,851	55.6%	950,891
Liabilities	6,055,977	6,920,906	14.3%	864,929
Equity	2,623,865	3,041,109	15.9%	417,244
Net profit January-June	264,361	373,634	41.3%	109,273

1/

The **net profit** for the half year was \$373,634 million, compared to \$264,361 million for the first half of 2010. The main reason for the increase was higher dividends, with valuation gains on debt and capital securities.

In the period January-June 2011, the business **in capital investments** generated revenues of \$248,311 million, of which \$74,513 million were dividends from companies in which the Company has an investment and \$173,798 million were valuation gains on variable-income investments (principally Fondo de Capital Privado, Banco de Occidente and Sociedad de Inversiones de Energía -SIE).

The valuation gains on debt securities came mainly from trading investments (\$22,336 million) and investments available for sale (\$60,432 million).

The operating result[3] was \$275,308 million, lower than for the first half of 2010 (\$301,067 million), mainly due to lower valuation gains on trading investments in capital securities.

3 Includes net financial income from valuation gains on debt securities, capital securities, exchanges, derivatives and commissions. It does not include losses on investments available for sale for \$122,133 million, since this had already been fully provided for.

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

As can be appreciated from the chart below, the Company has assets at June 2011 totalling $762,863 million, an increase of 32.0%; 41.7% of them are trading investments in capital securities for the yield stabilization reserve, intended to secure compliance with the minimum mandatory yield on managed funds.

Liabilities are $199,834 million and **equity** is $563,029 million an annualized increase of 21.4%. Computable capital is $518.700 million and the solvency margin is 42.8 times total assets managed in respect of computable capital [4]; this implies the capacity to manage an additional $2.7 billion.

Porvenir - Financial Statements Highlights

Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	Jun 11/Jun 10 Annual Var. 1/
Assets	577,941	762,863	32.0%	184,922
Liabilities	114,338	199,834	74.8%	85,496
Equity	463,603	563,029	21.4%	99,426
Net profit s- January-June	69,911	76,472	9.4%	6,561

1/

The net profit for the first half of the year was $76,472 million, an increase of 9.4% compared to the same period of the previous year. This is due to in increase in management commissions from $194,727 million in the first half of 2010 to $219,754 million in the same period of 2011, principally on the Mandatory Pensions Fund.

Fiduciaria Bogotá S.A.

At the close of the first half of 2011, **assets** were $175,366 million and equity was $129,291 million. **Liabilities** totalled $46,075 million, as shown below:

4 Under Decree 1797/1999, all managed assets, except for sovereign issues or endorsements, Banco de la Republica issues and the yield stabilization reserve, may not exceed 48 times computable capital.

Fidubogotá - Financial Statements Highlights

Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	Jun 11/Jun 10 Annual Var. 1/
Assets	166,753	175,366	5.2%	8,613
Liabilities	34,334	46,075	34.2%	11,741
Equity	132,419	129,291	-2.4%	-3,128
Net profit semestre	21,876	22,712	3.8%	836
Assets in trust	17,136,745	16,590,362	-3.2%	-546,383
Unit funds	2,877,875	2,983,416	3.7%	105,541
Personal pension funds (Fonpet and Ecopetrol)	7,037,817	6,946,298	-1.3%	-91,519
Property trust	2,335,244	2,581,425	10.5%	246,181
Management trust	3,477,770	2,477,260	-28.8%	-1,000,510
Other trusts (escrows)	1,408,039	1,601,963	13.8%	193,924

1/

The Company's **net profit** for the first half of the year was $22,712 million, an increase of 3.8% compared to the first half of 2010. Some 80% of operating income is represented by trust commissions $11,286 million (19%); $14,340 million (24%) by participation in consortia and $21,429 million (36%) by net unit fund income.

The total value of managed assets was $16.6 billion at June 2011, 3.2% less than at June 30, 2010. This was mainly because managed trusts fell $1.0 billion, in turn mainly due to the change of representation of the consortium that manages the water fund FIA – Financiamiento de Inversiones en Agua, was transferred its business from Fiduciaria Bogotá to Fiduciaria Bancolombia on January 1, 2011, as agreed in the consortium agreement [5].

Among new business in the period, there was the award of the business of EPM Aguas to manage a portfolio of $260,000 million for one year renewable, for a total project value of $1.3 billion, depending on the results of management.

Fiduciaria Bogotá also acted as awarding agent in the process of the first issue of Grupo Aval shares. Aside from the commission recorded in the period, the Company became one of the leaders in the management of complex business.

5 It should be noted that, according to the Financial Superintendency, that the person responsible for the consortium accounts is required to record all funds managed in trust memorandum accounts. Other participants only record funds associated with the consortium unit in respect of their own participation.

Almaviva S.A.

At the June close the Company has **assets** for $191,493 million, **liabilities** for $49,143 million and **equity** for $142,350 million. At the same date, the total value of goods deposited with the Company was $1,266,277 million. Almaviva maintains its leadership in customs agency, in which it competes with 209 other agencies.

The following are the highlights:

Almaviva - Financial Statements Highlights

Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	Jun 11/Jun 10 Annual Var. 1/
Assets	174,081	191,493	10.0%	17,412
Liabilities	36,230	49,143	35.6%	12,912
Equity	137,851	142,350	3.3%	4,499
Net profit for the year	3,848	4,702	22.2%	854

1/

During the first half of 2011 the **net profit** was $4,702 million. The main sources of revenue were warehousing ($40,528 million) and customs agency ($8,444 million). The variation compared to the same period of 2010 is mainly due to increases, matching the increase in foreign trade operations, greater dynamism in sales, and higher volumes of goods stored under warehouse receipts and bonds.

Further, and together with Banco de Bogotá and as the basis for the strategy of strengthening business synergy between the two, structured business projects were implemented to allow customers to obtain financing against pledges of goods.

Casa de Bolsa S.A.

At the close of June 2011 **assets** total $33,376 million, of which $11,861 million (35.5% of total assets) are investments and $8,274 million (24.8% of total assets) are receivables. **Liabilities** total $4,718 million and **equity** is $28,658 million. The main variations in assets and liabilities between June 2011 and June 2010 are in money-market repos and simultaneous operations. Net profit for the half year is $247 million.

The following are the highlights:

Casa de Bolsa - Financial Statements Highlights				
Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	Jun 11/Jun 10 Annual Var. 1/
Assets	74,623	33,376	-55.3%	-41,248
Liabilities	45,974	4,718	-89.7%	-41,256
Equity	28,649	28,658	0.0%	8
Net profit – January-June	100	247	146.2%	147

1/

Leasing Bogotá S. A. Panamá[6]

Wholly-owned by Banco de Bogotá Colombia, this Company was the vehicle for the purchase of BAC Credomatic Inc. in December 2010. At June 30, 2011 it had assets for US$1,973 million, of which US$1,920 million correspond to payment of all the shares of BAC Credomatic Inc.

Liabilities total US$276 million and correspond to the external financing required to pay for the operation. **Equity** is US$1,697 million, of which US$1,643 million corresponds to the capitalization of Banco de Bogotá Colombia on December 9, 2010. Net profit is US$88 million.

Leasing Bogotá Panamá- Financial Statements Highlights			
Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Annual Var. 1/
Assets	7	1,973	1,965
Liabilities	0	276	276
Equity	7	1,697	1,689
Net profit – January-June	0	88	88

1/

BAC Credomatic, Inc.

BAC Credomatic has **assets** at June 30, 2011 of US$8,408 million, of which US$5,344 million correspond to loans net of reserves (63.6% of total assets), and US$2,487 million to investments and liquid assets (29.6% of total assets). **Liabilities** are US$7,446 million, of which US$5,988 million are deposits (71.2% of the total). **Equity** is US$962

6 Leasing Bogotá Panamá without consolidating BAC Credomatic

million (11.4% of the total. **Net profit for the half-year** was US$100 million. Net interest margin was US$289 million, and commissions, revenues from services and other sources were US$171 million.

The highlights are as follows:

BAC Credomatic- Financial Statements Highlights

Balance US GAAP in US$ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	Jun 11/Jun 10 Annual Var. 1/
Assets	7,884	8,408	6.6%	524
Liabilities	7,036	7,446	5.8%	410
Equity	848	962	13.4%	114
Net profit for the year	79	100	26.3%	21

1/

Banco de Bogotá S.A. Panamá & Subsidiaria

At June 30, 2011, the Bank had **assets** for US$676 million, within which there were gross loans for US$ 369 million (54.6% of total assets) and investments available for sale of US$ 141 million (20.9% of total assets). 84.77% of loans correspond to Colombian customers – mainly government agencies and first-class private companies.

Liabilities at June 30, 2011 are US$ 617 million, almost entirely composed of deposits (99.4% of total liabilities). Banco de Bogotá S.A. Panamá has consolidated **equity** of US$58 million.

Banco de Bogotá Panamá Consolidado- Financial Statements Highlights

Balance US$ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	Jun 11/Jun 10 Annual Var. 1/
Assets	620	676	9.0%	56
Gross loans	355	369	3.9%	14
Investments available for sale, debt securities	152	141	-7.2%	-11
Liabilities	562	617	9.8%	55
Equity	58	58	0.0%	0
Net profit - January-June	3	3	-15.2%	-1

During the first half of 2011 **Net profit** was US$ 2.84 million, with loan income of US$5.9 million, investment income of US$2.5 million, dividends for US$ 0.5 million and expense on deposits for US$ 5.2 million.

Customer Service

Segments

Official

During the first half of 2011, the Bank, with its commitment to supporting official and public agencies at Municipal and Departmental level, implemented a range of financing mechanisms designed to increase its penetration with commercial lending. As a result of these initiatives, the public sector in several parts of the country was able to develop projects of significant economic and social impact.

The Bank continued with its strategy of strengthening the service model addressed to official banking, and opening its first Preference attention facility for official customers. Likewise, and in order to secure high standards of security and electronic operations of public agencies, it continued to implement its security procedures for the official sector.

Further, the strategy of promoting loyalty among official customers was strengthened through alliances with the Federation of Municipalities and ACH, designed to train public servants in changes of regulation and cash management products.

SMEs

The Bank aims to continue with its growth in market share, and during the first half of 2011 consolidated a special model for the SME segment, strengthening and broadening coverage. Today, the Bank is present with its model in 26 centres, and there is a commercial team formed by Account Managers, Commercial Executives and Product Specialists to attend to it.

26	Centres
12	Zone managers
96	SME managers
65	Commercial executives
2	Cash management coordinators
15	Cash management consultants
11	Leasing specialists
9	International consultants
5	Traders

The portfolio of products for the segment was strengthened with the launch of the Business Credit Card, especially designed for SME customers, focused on satisfying their needs, with assistance for this type of enterprise and an attractive loyalty scheme through the redemption of accumulated points.

The fifth version of the Gacela prize was also launched, sponsored by the Bank, and intended to provide recognition to companies outstanding for their good administrative practices and growth. In this version, regional awards will be made in the seven major cities.

Further, the loyalty rewards system for SME customers was continued, through an alliance with FUNDES Colombia. This strategic alliance, which has now been working for seven years, is designed to support growth and development among businesses through business formation courses. As of this year, 19 courses and 33 workshops were held for 8,000 customers in 26 major and intermediate cities.

Preference banking

In the first half of 2011, the Bank made progress in the strategy established for the Preference banking segment: to retain and deepen current customers, and make them more profitable; and to engage potential customers based on differentiated, profitable and specialized service models for each client belonging to the Basic, Medium and Premium Preference sub segments.

In line with this strategy, the remaining five premium offices planned at national level were opened in Cali, Bucaramanga, Bogota-North and Bogota-South, thus meeting the target for premium offices nationwide, with an exclusive service model in differentiated spaces offering specialized advisory services for commercial and investment banking.

The strategy will be strengthened with the launch of a comprehensive offer in second after 2011, including a complete portfolio of specialized products, with a pricing policy for product engagement, matched to the financial comportment of these customers. At the same time, and based on the sub-segmentation strategy, an "*Infinite*" credit card will be launched, addressed to the VIP Premium customers, with characteristics and alliances created for the customers to enjoy without limit.

Personal banking

in the first half of 2011, the offer of products was consolidated in the Personal banking segment with value proposals, portfolios, and a pricing policy for the engagement with products (or "packages", for each subsegment - children, the young, senior citizens, and personal) based on the new commercial strategy that gives importance to segmentation.

The construction of these portfolios by subsegment implied the launch of new products such as the new Basic Credit Card, Young Credit Card (*Joven*), and Growth Credit Card (*Crecer*). During the second half of the year, the personal package launch should take place for senior citizens, the young and portfolios for the child segment, with the relaunch of child savings accounts.

The Bank aims to strengthen the growth of its Personal banking segment with regard to the number of customers engaged and portfolio of products and services for them and in the first half of 2011, it designed and started up a new model of comprehensive study of payroll conditions of companies doing business with the Bank. The basic intention is to obtain deeper relations with employees, not only through payroll accounts but also through the complete range of products.

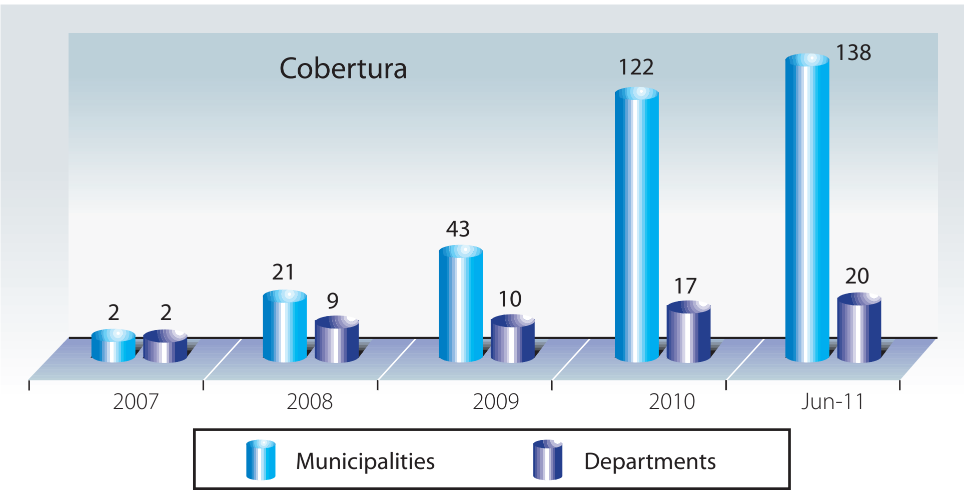
There has been continuity in strategies designed to increase the portfolio of payroll installment lending and other Personal banking products, with pre-approval campaigns, events and companies with major agreements with the bank, business recovery, a signature of new agreements, and continuous follow-up to operating processes and post-sales. This has enabled the Bank to engage new customers in all segments.

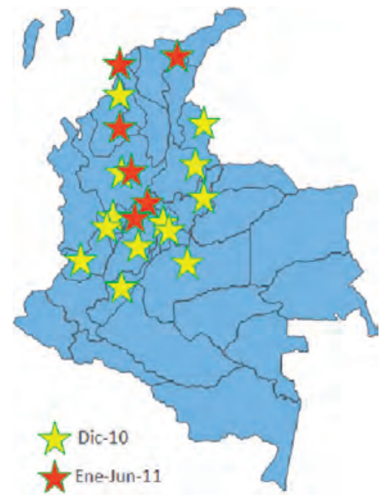
As a complement to the portfolio of products, and as a means of developing new set market segments, the Bank has formed a shared-brand alliance with Telefónica Movistar Colombia. In this, during 2011, the Movistar shared-brand card will be launched with exclusive benefits on basic charges, discounts for equipment, points plans, preferential rates, and so on.

Micro-finance

The Bank continues to contribute to the development of micro-business which forms the base of the productive and social pyramid of Colombia, by playing an active part in the process of financial inclusion, and working with the producing population in low-income groups.

The expansion of the services in micro-finance nationwide continued. In the first half of 2011, six new Business Units were opened, bringing the total to 138 municipalities in 20 departments. In the second half of 2011, coverage will be further widened, and will reach Nariño, Urabá-Antioquia, North Valle, the Middle Magdalena, and more municipalities on the Caribbean coast.





At the close of the first half of 2011, the Bank has provided financing and saving solutions for more than 34,000 Colombian families. More than 17% of them had never had a relationship with any financial institution before. Women heads of household are the major group of the bank's customers in this segment, and they have proved to be the best performers in terms of loan quality.

Channels

Electronic channels

In the first half of 2011, electronic channels were used in more than 108 million transactions, or 79.5% of total background bank transactions. The remaining 20.5% were transactions conducted in Bank offices.

In June, the Personal Internet channel was the strongest participant in the channel mix with 27% of the total. The business Internet channels and ATMs each accounted for 20% of total transactions. At June 2011, transactions in electronic channels grew 7.4% on an annual basis. Total Banco de Bogotá transactions grew 6.1% in the same period.

Channel mix (% share)			
Channel	Jun 2007	Jun 2010	Jun 2011
ATMs	22	20	20
Servilínea	8	4	2
Purchases in affiliates	4	4	5
Agilizador	2	1	1
Internet Personal	18	28	27
Internet Business	19	18	20
Non-banking correspondents	0	0	1
Mobile banking	0	2	1
ACH (originated operations)	1	3	2
Total electronic media	75	78	79
Offices	**25**	**22**	**21**

In 2001, electronic channels were reinforced by the concept "We're here to serve you 24 hours a day, 7 days a week". The strategy of mass communication is designed to promote electronic channels and migrate them from office transactions to Internet, mobile banking, Servilinea and the ATMs. In addition to reinforcing the use of channels for enquiries, service plans and loan payments, money transfers, and with quick and safe operation

Servilinea

The Servilinea channel is the object of work on migration to a new platform, with advance checks and the cleaning up of all navigation flow recordings, in order to standardize messages and change the way in which the channel communicates with customers, taking account of their profile. The Servilinea menu was optimized to facilitate access and navigation.

In the first half of 2011, there were 4,274,993 calls, for transactions in enquiries, public service payments, taxes, credit cards, blocks, and transfers between accounts at the Bank, and accounts with other banks. 87% of transactions were enquiries.

Internet

In the period January-June 2011, some 34 million transactions were conducted on the Internet personal channel. The number of transactions in June 2011 was 4.9% higher than that for June 2010.

Customers are able to use the Internet service for Personal banking in money transactions (payments, transfers), and non-money transactions (enquiries), which represent more than 90% of transactions on the channel.

Further, the Internet channel was used by companies, for almost 23 million transactions. Transactions at June 2011 had grown 18.5% compared to the number of transactions in June 2010.

The Internet service had an image facelift, and content was adjusted. Adjustments to the Internet facility are based on market trends, the Bank's new positioning, basic user needs, and some opportunities to improve the Internet portal from the previous version.

The new Internet portal shows gives access to all segments served by the Bank, with a broader visual space, using a language closer to the new way in which the Bank talks to its customers and users, delivers information more easily to visitors, provides effective communication of news and promotions involving the Bank, and discloses to the public relevant information which had previously been kept confidential.

Mobile banking

The Mobile Banking channel began to use the new SIMbrowsing technology, which allows customers to use their SIM cards from any mobile phone (Movistar), to perform transactions or make enquiries, pay obligations and effect transfers between an accounts easily, comfortably and safely. Customers can use their mobile phone to log in, assign channel passwords, and administer accounts and obligations. The new transaction was developed in the Mobile Banking channel for messages, allowing customers to use the Crediservice credit product.

During the first half of 2011, the Mobile Banking channel accumulated a total of 1,834,700 monetary and non-monetary transactions, alerts, and advices. This channel has become more important, since it is used as a communications channel to deliver information to customers in relation to the management of their products (security), or promotional information (marketing).

Mobile payments

During the first half of 2011, the service of mobile payments for business was developed, as an alternative scheme of collection which allows businesses with their own distribution scheme to collect sales made on the TAT channel, through text messages. The purpose of this project is to attend to a need of the distribution companies that face risks in cash handling.

Banking correspondents

New correspondent points were opened in Colsubsidio in Bogota and Grupo Exito in Facatativá, Bogotá, Cartagena, Armenia, Medellín and Bucaramanga for a total of 83 points with 952 terminals.

A total an average of 128,357 transactions a month were recorded, representing to the Bank a monthly average amount of $10,300 million collected, and $2,173 million paid to Bank customers.

Mobile banking correspondents

This new channel of correspondent banking seeks establish a model which broadens the network and guarantees the efficient and guarantees efficient operation with the coverage required by the Bank, taking advantage of new technologies through mobile telephony.

In the first half of 2011, local developments and field tests were undertaken with the customers engaged with the Bank, with positive results in the operative functional system, in advance of the launch and mass implementation of the channel.

ATMs

Banco de Bogotá retains its leadership in the ATH-ATMs nationwide, and at June 30 had 984 of the 2,479 machines of the ATH network, that is, 39.7% of machines, and 44.3% of total successful transactions.

During the first half of 2011, there were 36,921,594 ATM transactions in Bank ATMs, an average of 6,143,599 transactions a month, and 6,260 transactions per machine.

The transaction mix was as follows: 70.9% were made by the Bank customers, 22% by Grupo Aval customers, and 7.1% by customers of other networks.

Cheque depositories

At the close of June 2011, the Bank had 157 check depositories, reporting an average of 429 transactions per machine per month.

Office network

In the first half of 2011, six new conventional offices were opened in shopping malls in high impact zones and in Municipalities where the Bank was not previously present (Barbosa, Puerto Boyaca and San Pedro de los Milagros-Antioquia).

In addition, five Premium Offices were opened, forming part of the office project addressed to the subsegment of High-income Preference customers, with an important level of penetration. This type of office offers exclusive and personal attention, technology and integration with subsidiaries, which secure the maintenance and loyalty of this important group of customers

Sales contact centre

During the first half of 2011, the results management model of the Sales Contact Centre was consolidated, with the main focus on continuous improvement of management indicators (sales, activation, productivity, and the proper allocation of resources), which together enabled operations to become more efficient

The average monthly number of records increased by 7.3%, to 52,443 compared to 48,889 in the second half of 2010.

Activations of sales rose from 63% in the second half of 2010 to 69% in the first half of 2011.

Contact centre for services and operations

During the first half of 2011 the Contact Centre received 1,292,959 customer calls from all segments, accessing the line to express concerns or complaints, or to request information on operations effected with their products and services

2,756,398 outgoing calls were made to contact bank customers with campaigns for updating, "*habeas data*", telemarketing, confirmation of returned cheques, and location of customers.

Business and corporate portal

During 2011 activities have continued in relation to the change of platform, initiating Phase 1 of the Corporate Banking project. Further, at June 2011, there was a 4.4% increase in annual levels of transactions.

For this first half of the year, campaigns were run with our commercial staff, and the result was that minimum requirements of security were met for transaction services offered to public institutions. The requirements referred to the handling of the fixed IP address, and the requirement of the Token security device for all users belonging to these entities.

A new functional area was implemented, enabling monetary transaction requests to be sent, attaching a scanned and signed document from authorized persons in the customer company, in accordance with type of operation. This reduced the number of requests received by fax.

Products

Credit cards

The Bank launched new cards onto the market for the young (*Joven*), SME (*Pyme*), micro-business (*Microempresarios*) and low income (*Renta Baja*) segments, and in a strategic alliance with Movistar, launched the sale of credit cards to Movistar customers.

As a complement to this, actions are being taken to improve service to cardholders, as part of the most important initiatives is the possibility of access to the personal banking portal for clients with only a Credit Card.

In the period January-June 2011, the indicator for activation credit cards grew seven percentage points compared to the same period of 2010, and in April activations reached 82% of cards placed, compared to 75% in 2010. Activities were implemented such as the sending of offers by text message on cellphones, and the mounting of promotional campaigns to encourage positive first use of credit cards.

Debit cards

At June 30, 2011, the Bank had 1,545,896 active debit cards, an increase of 5.7% in the preceding year, and a total industry share 10.8%, in third place.

Between January and June 2011, purchasing billings totalled $595,308 million, growth annual growth of 21.2%, with the Bank ranked third in the industry.

The Bank, in alliance with the mass-transit system Transmilenio, developed a fast access service, offering clients with Electron debit cards the possibility to access the Transmilenio service by paying their fares with the card on the spot, rather than having to join queues or recharge trips.

In addition, for the Preference segment, the offer of the debit card will be complemented through an Upscale portfolio which enables its resources to be administered to receive additional benefits in terms of insurance and assistance, and this activity supports the segmentation strategy defined by the Bank.

The full activation of debit cards placed in the first half of 2011 was at a level of 47% in the first month, with growth of 12% compared to the same period the previous year, and activation at 90 days was 88%, 3% higher than in the same period of the previous year.

This suggests that our customers are being activated for channels in a short period of time, as a result of the “welcome” campaign, which in the first half of the year showed significant levels of effectiveness, as a result of which customer attention was drawn to the benefits of the debit card and electronic channels, and the characteristics of the value proposals were then reinforced, information being sent to a larger number of customers.

The activation of debit cards in shops was 14% in the first month, which is growth of 18% compared to the same period of the previous year, and activation of 43% at 90 days, which is 20% higher than for the first half of 2010.

During the first half of 2011, 22 alliances were formed with commercial establishments, in the categories of restaurants, entertainment, health, clothing, hotels and tourism; and this has been communicated to our customers with catalogues, text messages, and on the Bank's webpage.

Prepaid cards

For the first half of 2011, the number of Bank prepaid cards increased 20.5%, with 100,711 active cards and a total industry participation of 6.2% in Prepaid Cards. For the same period, prepaid cards billed $3,058 million, an annual increase of 20%.

Affinity cards

During the first half of 2011, developments were implemented to enable affinity cardholders to make payments of public services which had agreements with ATH. These payments can be made through the RedExpress dataphone network, installed in co-operatives.

At the close of the first half, the product had 165,000 cards, placed under 92 agreements, generating 2.8 million transactions.

Consumer credit

The principal strategies for the placement of credit were focused on deeper relations with current customers, through a mass pre-approval of credit products with multi-product offers, renewals of loans, and substitution of liabilities.

With regards to payroll installment credit, there was a strong commercial strategy, supported by events for brand activation in barracks and other premises of the forces of law and order, and public and private enterprise, which enabled the first half year to be closed with a balance of an installment credit of $1,347,867 million at the end of June, representing 29.9% of all consumer lending.

Changes in the Crediservice (revolving limit) product have had a positive result in placement and utilization. Disbursements have continued with placement and repositioning of the new product with pre-approvals and reinforcement for use and activation of customer limits engaged to the product, with positions in the first half of 2011 of $170,246 million, with an increase of 118.2% compared to the same period of the previous year.

There was also continuous improvement of current products, and during the first half year the products in the portfolio for the Premium segment were launched, with changes to policy for the substitution of liabilities, improved processes for student credit, and favourable changes in the characteristics of Crediservice with limit increases of $66,526 million.

Finally, the SME banking revolving limit was re-launched in May, and utilizations were no longer liquidated independently, instead a mode of monthly revolving liquidation was introduced, for a term of 36 months.

Insurance

At the close of the first half of 2011, the Bank broadened its insurance portfolio with new products, and increased market share of current products, securing growth of 38% compared to the same period of 2010 in the placement of unemployment insurance for loans. With regard to unemployment insurance for credit cards, starting in October last year, penetration was 66% in the period January-June 2011, in relation to the number of cards placed.

For this half-year, 51,767 unemployment insurance policies were placed with the loans of unrestricted destination, vehicles, payroll installment loans and credit cards through Bank offices, maintaining penetration of 67% on products.

As of April 2011, the portfolio of insurance products was increased with the implementation of the Protected Account, Protected Card and, Protected Bag/Wallet, Female Cancer and Serious Illness insurance accounts. These insurances were initially sold through a specialized call centre (telemarketing), to clients with savings accounts, current accounts or credit cards. For the Megabanco network, selling continues with the products *Megacanasta*, *Megafuturo*, and *Exequial* funeral insurance.

CEOIS commercial solutions

The products for commercial solutions (Commercial Cards and Acquirers Cards), for Business Banking had experienced important growth in the first half of 2011, based on aggregate product values and the determination of the Bank's salesforce to transmit them to the customer.

The Bank-Aviatur *Destinos* Card, a product designed exclusively to support business in the administration and control of travel-related expenses (air tickets, sea-tickets, overland fares, hotels and vehicle rental), had accumulated billings of $51,707 million for the half year, an increase of $9,066 million compared to the same period in 2010, that is, 21.3% growth.

Service

There was permanent follow-up to the management of service improvements. In the first half of the year the service quality study conducted by the market research company METIS gave an overall classification of 84.3% on the ISO 9000 scale, 0.9 points higher than the first half of 2010.

The comportment of the most important attributes was as follows:

Results of Service Quality Evaluations in Offices

Attribute rated by customers	Jan-Jun 2009	Jan-Jun 2010	Jan-Jun 2011
TOTAL SCORES BANCO DE BOGOTA	81.2	83.4	84.3
SCORE BY ATTRIBUTE:			
Pleasant manner	84.9	87.1	88.3
Warm and courteous treatment	83.4	86.0	88.3
Agility	77.0	79.8	84.6
Efficiency in providing service	82.4	85.0	86.2
Respect	89.3	90.7	90.4
Personal appearance	90.1	91.2	90.8
Interest in advising the customer	83.2	85.5	87.4
Quality of premises	85.5	87.1	86.0
Quality of ATM	82.2	83.2	83.9
Quality of phone communication	75.5	79.1	75.9

SOURCE: Service Quality Study Banco de Bogotá - Metis

In order to consolidate the strategy of services for each of the commercial segments of the Bank, the Service Management Department was restructured to provide an optimum response to the service model set for each segment. The current structure includes activity in Personal banking, Preference banking, SME, and CEOIS.

Attention to the financial consumer

With the activation of Law 1328/2009- the Financial Consumer Protection Regime -new challenges faced the Bank, across the entire organization. To respond to this need, an area named a SACF was formed within the Service Quality Department, with the principal objective of speaking for and implementing culture in issues of the financial consumer protection in the Bank.

Among its first tasks, the Department was required to take the lead and promote within areas in which the law would have the greatest impact, in actions designed to define the way forward in implementing improvements to processes, on the basis of the reasons for which financial consumers made complaints, and the principal risks arising for them in Bank operations.

As a result of this implementation, the Office of Financial Consumer Attention was created, and its main tasks were to administer financial consumer risks and ensure that the Bank's products and services are provided in an environment of due diligence, transparency, and other requirements of law.

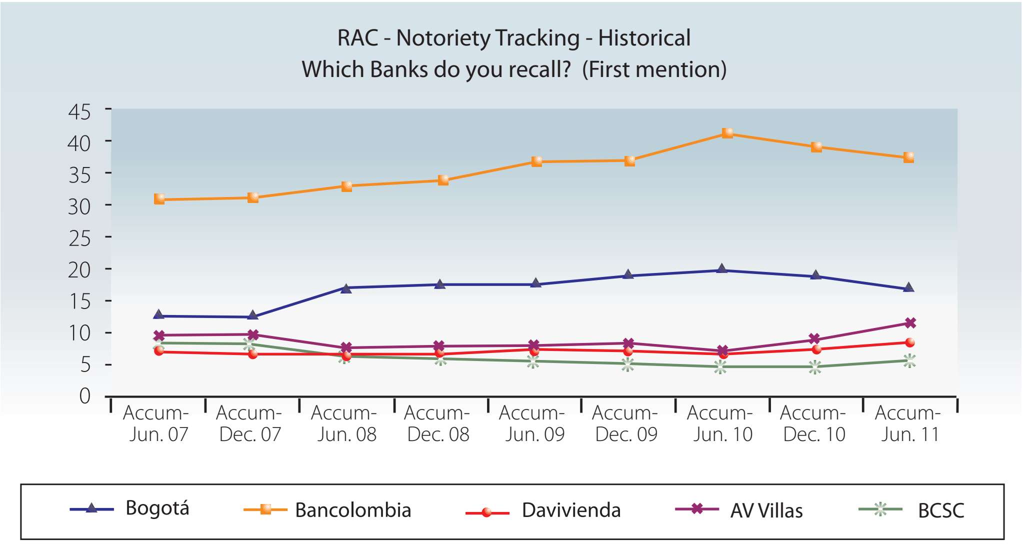
At the same time, and in order to improve internal customer satisfaction, research began into high impact tasks, with a view to setting up service agreements between areas and securing compliance with response times for critical processes which have a notorious impact on service to external customers.

With regard to attention to requests and claims, the Bank's Customer Service System received 236,877 contacts in the first half of 2011, of which 95% were requests, and only 5% were claims. These requirements were attended to within the times established in 75% of cases, and the remaining 25% required more time for further investigation.

With regard to external control entities, 887 cases were received from the Customers' Defender, 1202 from the Superintendency, and there were 3,089 petitions. All replies were issued promptly, and within the parameters established by each of those entities.

Image and Positioning

Top of Mind Brands - Category Banks



Supplier: Optimos/Corp. Publicitaria.

The Bank concentrated its brand strategy in the first half of 2011 on the preparation of the launch of its new institutional campaign. However, it ran some media campaigns to maintain its top of mind indicator ranking.

Internal brand program

In order to gain a greater staff commitment and loyalty in the challenge of assimilation of the new positioning, in February 2011 the campaign was launched "Between us all ", led by the President, calling on all staff nationwide to use their electronic mail to share ideas to make the Bank a bank close to Colombians.

The campaign, managed on the internal webpage "Between us all", produced 3,718 ideas by June 30, with the active participation of 80% of staff. In this way the bank offered a new opportunity for participation by employees, and some novel ideas were generated. Based on this, new projects can be developed, which will allow us to become more agile, with better services, and closer to our customers.

Mass advertising

The bank was on the air with its micro-finance campaign, as part of its presence in the mass media, bringing it closer to segments of the population which have now begun to see the Bank as an organization that looks for the benefit of its customers, and favours those who are building their life-project through their own business.

Based on this campaign, the Bank is taking the first step towards a shift in tone in its communications, repositioning itself in the quest for the concept of "going banking", whose fundamental proposal is to make a bank between two: the customer and the Bank construct something jointly, achieving a common good.

In research conducted prior to the launch, individuals read the going banking message as:

- *"Joint interaction with the Bank to achieve objectives for the common benefit, teamwork, working together"*
- *"Finding mutual benefit/mutual help for the benefit of both"*
- *"inviting us to become part of the Bank"*
- *"Feel part of the Bank/ a sense of belonging to the Bank/involvement with the Bank"*.

The campaign was launched on June 28, and three weeks after the launch, the result of campaign recall in association with brand showed high levels of penetration.

Management of Internal Processes

During the first half of the year, the Bank continued to introduce improvements to its technological infrastructure, and to support and optimize commercial activities. It will continue with projects to migrate from the central computer operating system, automate production, the life cycle of applications, and to comply with security standards.

Changes in technology infrastructure and operating processes

During the process of technology updates, migrations of versions of database drivers and operating systems were effected, and processing times were optimized. The main beneficiaries were the applications for Loans, Treasury, and administration of internal and external correspondence amongst other applications. At the same time, infrastructure equipment for communications was renewed, and the bandwidth was widened for a great number of offices.

In electronic channels, improvements were implemented into processes based on changes in the service platforms of the Call Centre and Servilinea, the technological infrastructure the business and corporate portal was modernized, new services were enabled for mobile banking and non-bank correspondents. In terms of physical channels, equipment was renewed, and other office equipment across the country was upgraded or changed out.

The execution of the Lean Banking project continued, with efficiency in processes and improvements in customer service levels, and with the conclusion of the implementation of improvements to the consumer credit origination processes and international accounts and operations; and implementation began on the improvements to post-sales and commercial credit processes.

And evaluation was made of the level of security of Bank information, and this brought about the implementation of improvements to IT processes mentioned in Superintendency Circular 14, developing procedures and policies published for information within the Bank. The development of the IT quality management program began, planned i9n the second half of 2010.

This compliance with Superintendency Circulars included the start of implementation of changes established in Circular 22, related to minimum requirements of security and quality for information-handling through the various media channels used to distribute Bank products and services for customers and users; the functionality regulated by Circular 35 was implemented for the calculation of provisions. Likewise, the area for the management of financial consumer services (SACF) was structured, as required by Law 1328- Financial Consumer Protection Regime.

In technology management, procedures were implemented and adjusted to make activities more agile and to standardize action; the restructuring, implementation and dissemination of the process of administration of incidents and requests, the management and scaling, requests, interactions and incidents, and attention to regional users

Internal Control System

The approach of the bank has always been designed to strengthen and optimize internal control systems and risk management, through a process led by senior management, applied at all levels of administration and executed by all staff.

This process is designed to obtain greater efficiency and effectiveness in activities; to provide adequate protection for assets and resources; to prevent and mitigate the occurrence of fraud, guarantee reliability, completeness and promptness in the reporting of financial and management information; to have appropriate mechanisms for the prevention and control of money-laundering and the financing of terrorism; and to secure compliance with applicable laws and regulations, and achieve adequate risk management.

The internal control systems are composed of a number of elements, on which the Bank is acting constantly.

Control environment. The express policies defined from the highest level of corporate government, a code of ethics and conduct disseminated and promoted within the Bank, existing procedures within the grasp of all staff; and an organizational culture which operates in all areas of the Bank; ongoing work to ensure that all employees have the knowledge, abilities, attitudes and values required available to them; and the culture and tools available to apply self-control

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

Control activities. Policies and procedures to control risks, in which particular importance is given to the segregation of functions, dual control, limits, authority levels, and matters related to accounting and technological factors. Control activities are selected and developed considering their reasonableness, their cost-benefit ratio, and their potential effectiveness to mitigate risks affect materially affecting the achievement of the Bank’s objectives.

Information and communication. The policies, procedures and specific controls to achieve security, quality and compliance with information generated, and appropriate communication of relevant information within the Bank and outside it.

Monitoring. Supervisory activities are established for each Head of Department, each member of senior management, and internal control functions.

Independent evaluation. The function of internal audit evaluates the internal control system independently of those responsible for its processes; it assesses the system and each of its elements, and verifies that they comply with the objectives of the organization. At the same time, internal control makes sure that the entities in the financial sector that consolidate with the Bank make their own evaluations and adopt appropriate measures to obtain a reliable internal control system.

It is a priority principle that the Bank's objectives should be achieved within reasonable levels of risk, and in the context of compliance with applicable regulations.

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

Internal Audit

The Audit Department is part of the Internal Control System. It performs activities within reference points in standards and international best practices it has resources and autonomy to perform its mission appropriately and independently. It is a principle of the Bank's administration that corrective action should be generated in response to the findings reported by the Audit Department.

Following conclusions of the evaluations made during the period, the risks for credit, market, operating, liquidity, money-laundering and the financing of terrorism have received adequate treatment in terms of observance of legal regulations, compliance with Board and senior management policies, and the application procedures in the context of appropriate and operative internal control.

Security

Security is an important task, and it is designed to protect customers and their assets, the Bank's own assets and those of the community in general. Part of this purpose required activities related to compliance with the information security model; investigation and management of fraud situations, in a conceptual scheme formed by fraud prevention and management. There were continuous improvements to the monitoring scheme for systems and transactions, and logical and physical security schemes were strengthened

In order to prevent or mitigate loss due to the occurrence of fraud, priority was also given to the provision of providing advisory services and information on risks and controls, and institutional training to Bank staff and customers, all of this combined with the cooperation with the authorities, and coordination with other institutions in the sector.

Financial Performance January - June 2011

The financial sector maintains its important role in Colombia's economic growth, with one of the largest contributions to GDP[7] (18.9% in the period January- June, 2011).

During the period, the financial sector accumulated profits for $2.9 billion, 16.2% higher than the first half of 2010, mainly due to intermediation and appropriate management of credit risk within regulatory criteria of evaluation and coverage.

At June 2011[8] the banking system had assets of $269.3 billion, gross loans of $180.2 billion and total investments of $55.4 billion, representing annual growth of 23.3%, 27.9% and 15.9%. ROA was 2.3% and ROE was 18.1%.

The loan quality indicator improved from 3.8% to 2.7%, as a result of better quality commercial, consumer, micro and home mortgage loans which varied from 2.8%, 5.9%, 5.8% and 3.9% in June 2010 to 1.8%, 4.4%, 4.6% and 3.1% in June 2011. At the same time, loan coverage also improved n rising from 4.8% to 4.6% and capital ratios were steady at 14.2% which reflects an adequate level of capitalization.

The Bank grew dynamically and made an outstanding contribution to the better figures of the banking system.

7 Financial establishments, insurance, property and business services
8 Source: Superintendencia Financiera de Colombia y Asobancaria

Market share[1/]						
	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Total Assets	13.1	13.6	14.0	13.8	14.6	15.3
Net loans	13.0	13.4	14.7	14.5	14.2	13.9
Fixed yield investments[2/]	8.7	9.7	8.1	8.8	10.4	11.0
Deposits and demand accounts	12.6	13.5	14.0	14.8	15.5	15.0
Current accounts	16.8	19.8	19.6	20.1	19.0	18.9
Savings accounts	11.2	13.6	13.5	14.2	14.8	15.2
Term deposits	13.5	10.0	12.6	13.9	15.9	13.4

1/ Source: Accounts transmitted by the Financial Superintenndency and Asobancaria. Share of total banks
2/ Includes line 196020, Guarantee deposits – debt securities in futures operations

At June 2011, there was outstanding performance in market share compared to the previous year of assets (66 bp), investments in net fixed income investments (58 bp) and in savings deposits (47 bp). The Bank retains its natural leadership in loans and deposits.

Profitability indicators

For the period January-June 2011, the Bank's ROA (2.6%) and ROE (15.6%) continued to perform better than the system as a whole. The chart below shows the results of the Bank, the System and the Peer Group.

Comparative profitability[1/]						
	BANCO DE BOGOTA		SYSTEM[2/]		PEER GROUP OR SIMILAR[3/]	
	ROA	ROE	ROA	ROE	ROA	ROE
Jan - Jun 2010	2.6	18.7	2.4	19.5	2.6	19.4
Jan - Jun 2011	2.6	15.6	2.3	18.1	2.4	17.5

1/ Source: Financial Superintendency and Asobancaria. Average YTD for balances and accumulated profit for January-June each year.
2/ Total system: Total Banks
3/ Peer/similar group: Bancolombia, Banco de Occidente, BBVA, Davivienda, Citibank, Banco Popular

Structure and Evolution of Assets

At June 2011, the balance of assets was $41,104,557 million, representing annual growth of 28.7%, with 15.3% of total assets in the banking system, as shown below:

Banks ranked by asset volumes				
	June 2010		June 2011	
Balance $ million	Assets	% share of Total	Assets	% share of Total
BANCOLOMBIA	43,533,826	19.9	54,818,340	20.4
BANCO DE BOGOTÁ	**31,933,256**	**14.6**	**41,104,557**	**15.3**
BANCO DAVIVIENDA	25,796,770	11.8	31,498,041	11.7
BBVA	19,342,040	8.9	23,261,206	8.6
BANCO DE OCCIDENTE	17,147,876	7.8	19,815,136	7.4
BANCO AGRARIO	13,561,205	6.2	15,079,923	5.6
BANCO POPULAR	11,955,352	5.5	13,678,771	5.1
RED MULTB. COLPATRIA	9,227,636	4.2	11,143,419	4.1
HELM	6,919,544	3.2	10,878,447	4.0
GNB SUDAMERIS	8,042,764	3.7	8,894,938	3.3
BCSC	7,724,231	3.5	8,612,885	3.2
CITIBANK	7,298,672	3.3	7,267,477	2.7
AV VILLAS	6,562,207	3.0	7,099,266	2.6
BANCO SANTANDER	6,616,900	3.0	6,933,375	2.6
HSBC	1,700,565	0.8	2,314,960	0.9
BANCOOMEVA	-	-	1,918,360	0.7
BANCO PICHINCHA S.A.	-	-	1,180,913	0.4
BANCO FINANDINA	-	-	963,608	0.4
BANCAMIA	605,476	0.3	828,725	0.3
BANCO WWB S.A.	-	-	770,572	0.3
BANCO FALABELLA S.A.	-	-	738,512	0.3
SCOTIABANK COLOMBIA S.A	354,301	0.2	332,859	0.1
PROCREDIT COLOMBIA	139,704	0.1	193,032	0.1
TOTAL BANCOS	**218,462,327**	**100.0**	**269,327,325**	**100.0**

The Bank's financial management is dynamic and is based on the recomposition of assets towards lower risk and appropriate return, as son in the chart below:

Composition of Assets				
Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	Jun 11 Share %
Productive assets	**26,373,201**	**35,373,605**	**34.1**	**86.1**
Interbank funds sold, repos and simultaneous asset operations	447,001	271,979	-39.2	0.7
Current and past-due performing, loans	19,264,348	24,328,347	26.3	59.2
Current	18,914,148	23,689,257	25.2	57.6
Past-due, performing	102,513	82,275	-19.7	0.2
Leasing operations, performing	247,686	556,815	124.8	1.4
Financial investments in debt securities	4,335,421	5,023,824	15.9	12.2
Capital investments available for sale	2,276,696	5,695,681	150.2	13.9
Staff loans	49,735	53,774	8.1	0.1
Fixed assets	**285,576**	**423,491**	**48.3**	**1.0**
Property and equipment after depreciation and provisions	285,576	423,491	48.3	1.0
Non-productive assets	**510,073**	**466,625**	**-8.5**	**1.1**
Foreclosed assets	64,554	69,574	7.8	0.2
Non-performing loans	442,164	391,190	-11.5	1.0
Non-performing leasing operations	3,209	5,844	82.1	0.0
Staff loans	145	17	-88.1	0.0
Other Assets	**5,658,140**	**5,763,950**	**1.9**	**14.0**
Cash and Banco de la República	3,302,355	2,766,084	-16.2	6.7
Goodwill	540,891	521,267	-3.6	1.3
Banks and other financial entities	249,735	219,739	-12.0	0.5
Receivables, acceptances and other assets	833,319	1,388,606	66.6	3.4
Net valuation gains	731,839	868,255	18.6	2.1
Provisions	-893,734	-923,114	3.3	-2.2
Total Assets	**31,933,256**	**41,104,557**	**28.7**	**100.0**

1/ Includes line 196020, Deposits in guarantee – debt securities in futures operations

Structure of Financial Intermediation

Productive assets totaled $35,373,605 million, representing annual growth of 34.1% and 86.1% of total assets at June 2011. This growth was mainly due to higher loans (current and past-due performing) $5,063,999 million, performing loans themselves having grown by $4,775,108 million and performing leasing operations by $309,129 million; capital investments available for sale $3,418,985 million, including the capitalization of Leasing Bogotá Panamá for the acquisition of BAC Credomatic Network.

Fixed assets grew 48.3% rising from $285,576 million in June 2010 to $423,491 million in June de 2011. The variation was mainly due to imports in transit related to the Leasing operation. The largest group of gross fixed assets is buildings (33.0%); imports in progress (24.2%) and office furniture fittings and equipment (20.2%).

At the close of June 2011, the liabilities mix was composed of 77.5% interest-bearing liabilities and 22.5% non-interest-bearing liabilities.

Interest-bearing Liabilities totalled $25,886,307 million, representing growth of 25.2%. The most important variations in this group were savings accounts, 27.9% ($2,896,567 million), bank loans and other financial obligations, 179.1% ($2,543,983) million) including loans to capitalize de Leasing Bogotá Panamá. **Interest-bearing liabilities** ($7,504,681 million) grew 12.0% or $801,232 million between June 2010 and June 2011, especially due to an annual increase in current accounts of de $936,335 million.

The **operating gap** (Productive assets/Interest bearing liabilities), rose from 127.6% to 136.6%, indicating the Bank's capacity to generate net operating income.

Financial structure of the balance sheet

Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %
Productive assets	26,373,201	35,373,605	34.1
Fixed assets	285,576	423,491	48.3
Non-productive assets	510,073	466,625	-8.5
Other assets + provisions	4,764,406	4,840,836	1.6
Total Assets	**31,933,256**	**41,104,557**	**28.7**

Continues

Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %
Interest-bearing liabilities	**20,675,839**	**25,886,307**	**25.2**
Savings accounts	10,375,595	13,272,162	27.9
Term deposits	6,973,984	6,208,898	-11.0
Other deposits and demand accounts	212,571	260,294	22.5
Subordinated bonds	612,640	414,326	-32.4
Mandatorily convertible bonds	0	65,493	
Interbank funds bought, repos, simultaneous liabilities, short position	1,080,627	1,700,729	57.4
Bank loans and other obligations	1,420,421	3,964,404	179.1
Non-interest-bearing liabilities	**6,703,449**	**7,504,681**	**12.0**
Current accounts	5,013,304	5,949,638	18.7
Tax collections	597,166	85,652	-85.7
Other non-interest bearing liabilities	1,092,979	1,469,390	34.4
Total Liabilities	**27,379,287**	**33,390,988**	**22.0**
Total Equity	**4,553,968**	**7,713,570**	**69.4**
Total Liabilities and Equity	**31,933,256**	**41,104,557**	**28.7**
Operating gap 1/	127.6%	136.6%	
Equity exposure without fixed assets 2/	11.2%	6.0%	
Equity exposure with fixed assets 3/	17.5%	11.5%	
Average total Assets 4/	29,981,296	38,868,550	29.6
Average productive operating assets 4/ 5/	25,694,622	34,179,552	33.0
ROA	**2.6%**	**2.6%**	
Profitability of productive operating assets 6/	**3.0%**	**3.0%**	

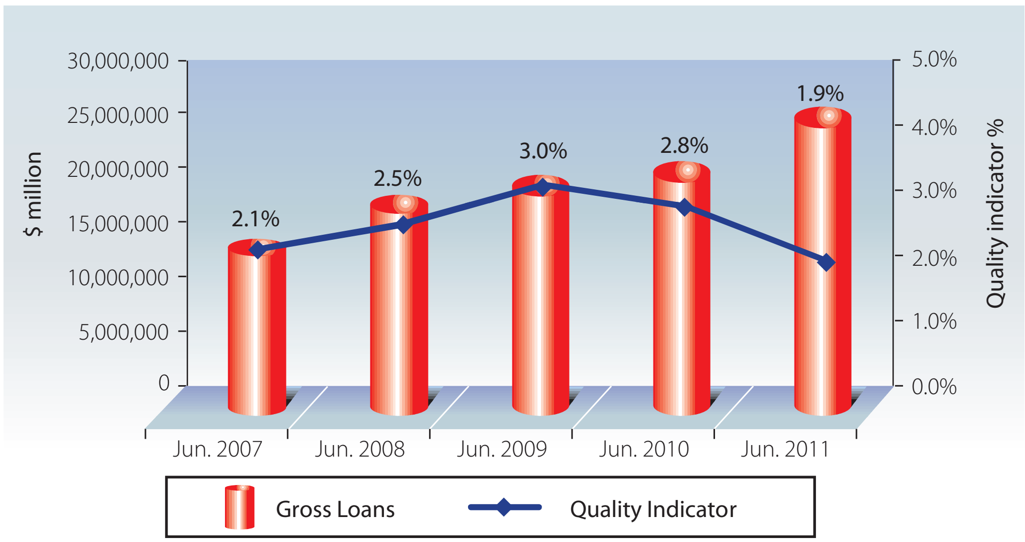
1/ Operating Gap = Productive assets /Interest-bearing liabilities
2/ Equity exposure without fixed assets = Non-productive assets / Equity
3/ Equity exposure with fixed assets = Fixed and non-productive assets / Equity
4/ Average calculated on YTD (December-June)
5/ Productive operating assets include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

Loans and Leasing Operations

Evolution of loans

Banco de Bogotá's loans have increased steadily over time, attending to the various market segments.

Evolution of Gross Loans



At June 2011, net loans and leasing operations totalled $23,924,461 million, representing growth of 26.3% or $4,981,536 million compared to the same month of 2010. Market share was 13.9%.

Portfolio Structure

At June 2011 gross loans and leasing operations totalled $24,725,381 million, representing 25.4% growth compared to June 2010, and 60.2% of the Bank's assets.

In **composition by currency,** 90.5% of gross balances were in local currency ($22,369,511 million), and the remaining 9.5% in foreign currency ($2,355,869 million). In the latter group, 57.0% correspond to operations in Colombia ($1,342,102 million), 24.4% to the Miami Agency ($574,899 million) and 18.6% to the New York Agency ($438,869 million).

Loans			
Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %
Current loans	18,914,148	23,689,257	25.2
Past-due performing [1/]	102,513	82,275	-19.7
Past-due non-performing [2/]	442,164	391,190	-11.5
Total Gross loans	**19,458,825**	**24,162,721**	**24.2**
Current leasing	244,352	555,332	127.3
Past-due performing leasing [3/]	3,334	1,484	-55.5
Past non-performing leasing [4/]	3,209	5,844	82.1
Gross leasing operations	**250,896**	**562,660**	**124.3**
Total gross loans and leasing operations	**19,709,721**	**24,725,381**	**25.4**
Loan provisiones	-766,796	-800,920	4.5
Total net loans and leasing operations	**18,942,925**	**23,924,461**	**26.3**
Total Past-due loans and leasing operations	**551,220**	**480,792**	**-12.8**
Total Assets	**31,933,256**	**41,104,557**	**28.7**
Share of net loans in total assets	59.3%	58.2%	
Written off in the period ($ million)	96,983	117,215	
Past-due loans/Gross loans	2.8%	1.9%	
Loan provisions/Past-due loans	139.1%	166.6%	
Past-due non-performing loans/Gross loans	2.3%	1.6%	
Loan provisions/Non-performing loans	172.2%	201.7%	
Past-due loans /Equity	12.1%	6.2%	

1/ Commercial loans up to 3 months, consumer and micro up to 2 months, home mor3gage up to 4 months.
2/ Commercial over 3 months, consumer and micro over 2 months and home mortgage over 4 months.
3/ Leasing operations in arrears 1-2 months
4/ Leasing operations in arrears more than 2 months

By **economic sector**, the largest share of loans was in services (25.8%), followed by manufacturing (17.1%), commerce (16.6%), and acquisition of goods and services (15.9%).

Loans and Leasing by economic sector

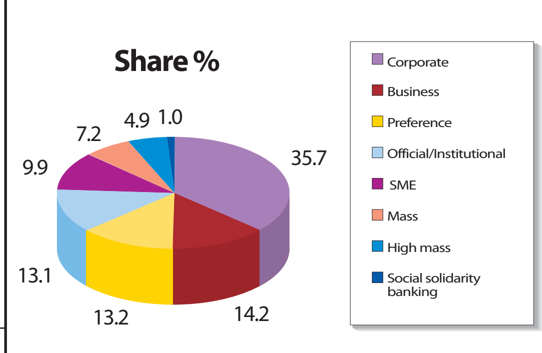
Balance $ million	June 2010	Share %	June 2011	Share %
Services [1/]	4,721,773	24.0	6,388,640	25.8
Manufacturing	3,787,923	19.2	4,221,669	17.1
Commerce	4,133,242	21.0	4,098,437	16.6
Acquisition of goods and services and housing [2/]	2,571,187	13.0	3,926,448	15.9
Agriculture and mining	1,801,918	9.1	2,118,866	8.6
Public administration and defence	1,245,821	6.3	1,990,079	8.0
Construction	950,975	4.8	1,382,540	5.6
Other	496,882	2.5	598,701	2.4
Total Loans	**19,709,721**	**100.0**	**24,725,381**	**100.0**

1/ Transport and communications, business services, health, education recreation and culture, financing of sales of foreclosed assets.
2/ Includes: Credit cards at June 2010 of $851,781 million and at June 2011 of $987,605 million

In classification by **Segments**, the largest share was in corporate (35.7%), followed by business (14.2%), preference (13.2%), official and institutional (13.1%) and SME (9.9%).

Gross loans by segment in June 2011 *

Balance $ million	
Corporate	8,829,853
Business	3,498,869
Preferential	3,257,292
Official and Institutional	3,232,988
SME	2,447,002
Mass	1,783,078
High mass	1,218,088
Social banking and solidarity	258,409
Micro	199,801
Total gross loans and leasing operations	24,725,381



* Source: Banco de Bogotá – Information of Profitability Cube (DWH).

Gross loans and leasing by **mode** had the following composition at June 2011: commercial, $19,986,427 million equivalent to 80.8%; consumer, $4,513,568 million (18.3%); micro, $206,449 million (0.8%); and home mortgage, $18,937 million (0.1%).

The Bank maintains its leadership in the commercial loan market, as can be seen in its balance sheet structure where this mode of loan accounts for 19.1 percentage points more than the average for the banking system (61.7%).

Gross loans and leasing operations

Balance $ million	June de 2010		June de 2011		Jun 11/Jun 10
Tipo	Volume	Share %	Volumen	Share %	TC %
Commercial	15,916,259	80.8	19,986,427	80.8	25.6
Consumer	3,569,766	18.1	4,513,568	18.3	26.4
Micro	204,477	1.0	206,449	0.8	1.0
Home mortgage	19,218	0.1	18,937	0.1	(1.5)
Total gross loans and leasing operations	**19,709,721**	**100.0**	**24,725,381**	**100.0**	**25.4**

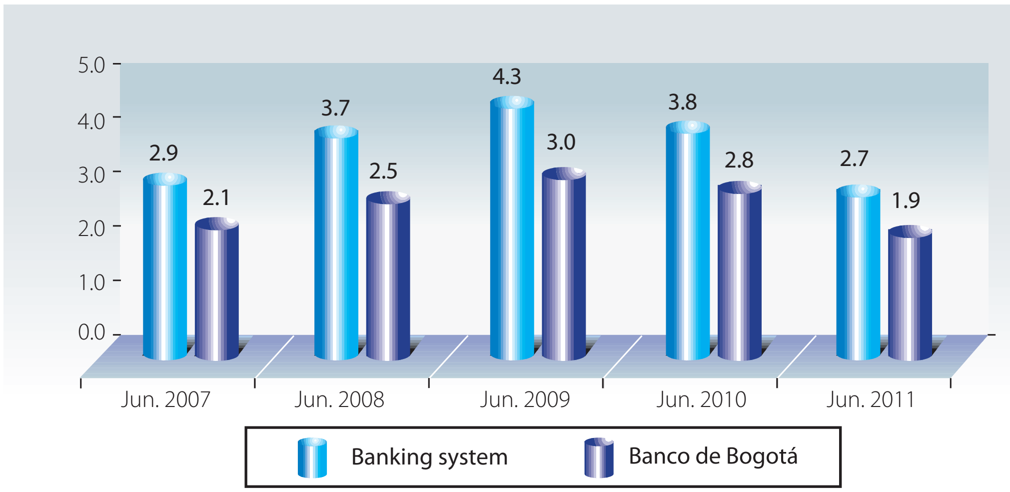
At June 2011, the Bank support the Business sector mainly with ordinary loans for $17,930,975 million and development loans of $878,439 million, with a market share of 18.0% and growth of 25.6% compared to June 2010.

The Bank has a market share of 8.9% in **Consumer loans**. This group consists mainly of non-tied loans for $1,373,577 million, payroll installment loans for $1,347,867 million, credit cards for $863,454 million and vehicle purchase loans for $572,320 million, amongst others, equivalent to 30.4%, 29.9%, 19.1% and 12.7% of total consumer loans, respectively.

Loan quality

At June 2011, the **traditional loan quality indicator**, defined as total past-due loans as a percentage of total loans, was 1.9% ($480,792 million of past-due accounts) which was 78 basic points better than the Banking System as a whole (2.7%) with $4,910,860 million if past-due accounts. Further the quality indicators for the Bank's commercial and consumer portfolios, at 1.4% and 4.0%, were 1.8% and 4.4% better than the System.

Loan quality * (%)



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

Loans by risk category

Following Superintendency guidelines, Banks classify their loans as "A", "B", "C", "D" or "E" risks. In Banco de Bogotá, each client risk is classified centrally and monthly as required by regulations.

The processes that determine the risk classification are known as the Commercial Risk Models (MRC), and the Consumer Risk Model (CRO), regulated in Circular 100/1995.

Of the total of gross loans, the indicator for Class A loans rose from 90.7% to 93.0% between June 2010 and June 2011. As a result, loans classed "B","C", "D" y "E" fell from 9.3% to 7.0% in that period. In individual terms, Category B fell from 4.9% to 3.8%, Category C from 1.9% to 1.5%, and categories D and E from 2.5% to 1.7%.

Gross loans and leasing operations by risk category

Balance $ million	June 2010		June 2011	
Classification	Volume	Share%	Volume	Share %
A	17,869,389	90.7	23,000,466	93.0
B	967,099	4.9	932,456	3.8
C	373,699	1.9	372,941	1.5
D	415,265	2.1	296,633	1.2
E	84,269	0.4	122,884	0.5
Total gross loans and leasing operations	**19,709,721**	**100.0**	**24,725,381**	**100.0**

Commercial loan classifications improved from 90.5% to 92.6% in A and 9.5% to7.4% in B, C and D, as a result of lower levels of arrears, as can be seen from the ageing table below.

Commercial loans and leasing operations by risk category

Balance $ million	June 2010		June 2011	
Classification	Volume	Share%	Volume	Share %
A	14,400,413	90.5	18,516,700	92.6
B	899,061	5.6	868,152	4.3
C	317,418	2.0	325,857	1.6
D	239,862	1.5	171,708	0.9
E	59,505	0.4	104,010	0.5
Total commercial loans and leasing operations	**15,916,259**	**100.0**	**19,986,427**	**100.0**

The consumer portfolio also improved quality, with A risks rising from 91.4% to 94.6%, and B, C and D falling from 8.6% to 5.4%, also as a result of lower levels of arrears.

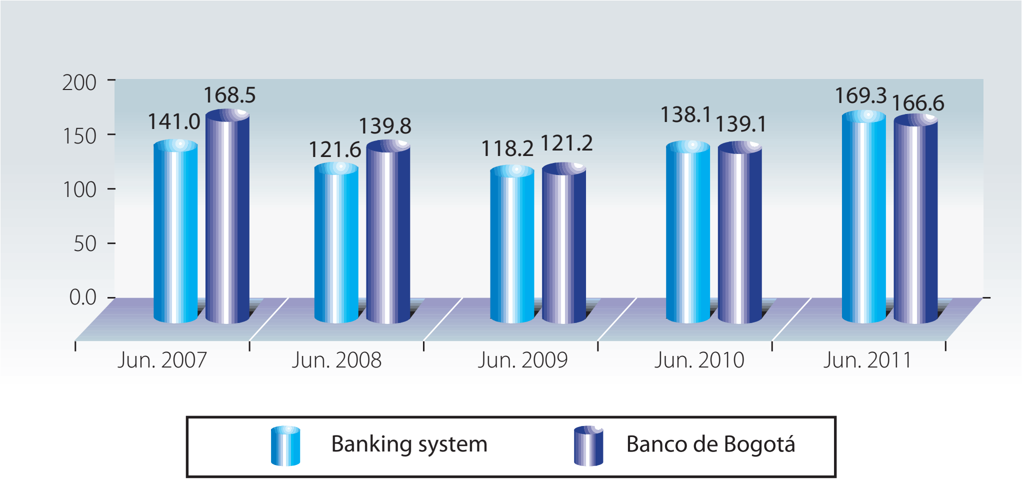
Consumer loans and leasing operations by risk category

Balance $ million	June 2010		June 2011	
Classification	Volume	Share%	Volume	Share %
A	3,262,248	91.4	4,269,841	94.6
B	64,636	1.8	61,705	1.4
C	53,875	1.5	45,683	1.0
D	173,211	4.9	123,795	2.7
E	15,796	0.4	12,545	0.3
Total consumer loans and leasing operations	**3,569,766**	**100.0**	**4,513,568**	**100.0**

Provisions and coverage

At June 2011, Banco de Bogotá has solid cover of past-due accounts, at 166.6%. Balance sheet provisions against possible losses total $800,920 million, an increase of 4.5% compared to the same close in 2010, $766,796 million.

Loan cover indicator * (%)



* Loan and leasing provisions/Past-due loan and leasing accounts

$798,666 million of these provisions are individually allocated to probabilities of default and LGD of related guarantees. The difference of $2,254 million corresponds to the General Provision, which is 1% of the balance of micro and home mortgage loans.

At June 2011, 71.3% of the balance of provisions was for commercial loans, 27.2% for consumer loans and 1.4% for micro, home mortgage and General Provision.

Effect of provisions on earnings

Loan and accounts receivable provisions				
Balance $ million	June 2010	December 2010	June 2011	Jun 11/Jun 10 Growth %
Opening balance	**790,641**	**839,731**	**860,873**	**8.9**
+ Increase due to provision of integration with Leasing Bogotá	5,587	0	0	-100.0
+ Provision expensed 1/	393,836	411,928	404,356	2.7
+ Exchange adjustment	45	21	-971	-2,239.4
- Recoveries	242,847	243,033	262,583	8.1
- Written- off/condoned	107,531	147,773	133,162	23.8
Closing Balance	**839,731**	**860,873**	**868,513**	**3.4**

1/ Includes transfer of Megabanco equity

During the first half of 2011, Banco de Bogotá recorded an increase in loan and receivable provisions of $404,356 million, exchange adjustment of $-971 million and income from recoveries of $262,583 million. Loans and receivables were written off and condoned for $133,162 million.

Loans to regional government

Loans to government total $1,423,755 million or 5.8% of total loans. Of this total, $447,461 million correspond to Departments and Municipalities.

Restructurings

At June 2011, restructurings totalled $876,321 million, or 3.5% of total loans. Provisions have been made against them for $234,175 million, or 29.2% of total loan provisions. The details are as follows:

Restructurings - June 2011						
	CAPITAL			PROVISIONS		
Balance $ million	Balance	% of total	% of gross loans	Balance	% of total	% of total provisions
Ordinary	458,685	63.2%	1.9%	75,153	43.4%	9.4%
Law 617	117,671	16.2%	0.5%	17,884	10.3%	2.2%
Law 550 – Approved	91,698	12.6%	0.4%	48,525	28.0%	6.1%
Reorganization Law.1116 Approved	56,517	7.8%	0.2%	31,317	18.1%	3.9%
Moratoriums in execution	647	0.1%	0.0%	443	0.3%	0.1%
Reestructurings approved	725,220	100.0%	2.9%	173,322	100.0%	21.6%
Reorganization Law 1116 in process	96,149		0.4%	37,189		4.6%
Liquidations	25,030		0.1%	22,747		2.8%
Law 550 – in process	29,430		0.1%	441		0.1%
Moratoriums in process	492		0.0%	476		0.1%
Reestructurings in process	151,102		0.6%	60,853		7.6%
Total Reestructurings	876,321		3.5%	234,175		29.2%
Total gross loans	24,725,381		100.0%	800,920		100.0%

The distribution of approved restructurings $725,220 million, is as follows: 63.2% Ordinary, 16.2% Law Ley 617, 12.6% Law 550, 7.8% Reorganization Law 1116 and 0.1% moratoriums in execution; and provisions total $173,322 million.

The restructurings in process, $151,102 million, represent 0.6% of total gross loans. There are provisions of $60,853 million against them. The balance of **liquidations** was $25,030 million with provisions of $22,747 million.

Fixed- yield investments

During the first half of 2011 the **local market in public debt** maintained its downward trend. Long term rates fell some 44 basic points in the twelve months to June 2011. Short term rates rose 31 basic points in the same period. UVR spreads fell about 120 basic points for medium and long-term maturities over the twelve month period.

The liquidity of the **private debt market** was squeezed in the first half of 2011. The volume of placements fell from $6.3 billion in the first half of 2010 to $2.8 billion in the first half of 2011.

Both **public and private dollar issues** in emerging countries benefited from low rates in the United States and the improved rating of the Republic of Colombia.

As can be seen in the chart below, at June 30, 2011, the value of the fixed-yield portfolio was $5,023,824 million, representing 12.2% of total assets, compared to 13.6% a year before. Of this total, $4,806,246 million (95.7%) are securities of the Colombian operation, $126,727 million (2.5%) belong to the New York Agency and $90,851 million (1.8%) to the Miami Agency.

Total financial investments in debt securities

Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	Jun 11/Jun 10 Annual Var.1/
Trading	450,609	260,337	-42.2%	-190,272
Available for sale	2,276,736	3,202,587	40.7%	925,851
Held to maturity	1,178,861	1,334,094	13.2%	155,233
TOTAL FINANCIAL INVESTMENTS, LOCAL CURRENCY	**3,906,206**	**4,797,018**	**22.8%**	**890,812**
Trading	15,290	-	-100.0%	-15,290
Available for sale	230,040	-	-100.0%	-230,040
Held to maturity	9,934	9,228	-7.1%	-705
TOTAL FINANCIAL INVESTMENTS, FOREIGN CURRENCY	**255,263**	**9,228**	**-96.4%**	**-246,035**
TOTAL PORTAFOLIO, COLOMBIAN OPERATION	**4,161,469**	**4,806,246**	**15.5%**	**644,777**
Total Portafolio Miami	68,319	90,851	33.0%	22,532
Total Portafolio New York	105,633	126,727	20.0%	21,094
TOTAL BANK	**4,335,421**	**5,023,824**	**15.9%**	**688,403**

1/ Absolute variation

The investment portfolio for fixed-yield investments in the **Colombian operation** increased $644,777 million in the twelve months to June 2011. This was mainly due to local currency investments available for sale ($925,851 million), since the surplus funds from the mandatorily convertible bond issue were put to use and the Bank continued with its strategy of taking larger positions in local currency fixed-yield paper.

The volume of local currency trading investments in the Colombia operation fell $190,272 million, after sales of fixed-rate TES for $199,032 million.

Local currency investments held to maturity increased due to the higher level of mandatory investments in Agricultural Development issues associated with the growth of the local currency deposit base.

Foreign currency investments in the Colombian operation fell due to profit-taking which started in the second half of 2010, to take advantage of low rates in dollars. No new positions were taken because the profitability of dollar bonds and cover offered by the market was not attractive compared to other local investment options.

Portfolios of public debt and other issues

The balance of **public debt in TES and Yankees** was $3,530,240 million at June 2011, an increase of 19.8% compared to June 2010. These are investments available for sale, and part of the Bank's financial investments. The share of TES and Yankees in the total portfolio rose from 67.9% in June 2010 to 70.3% in June 2011. At the same time, the share TES and Yankees in total assets fell from 9.2% to 8.6%.

The portfolio of public debt in TES is mainly (88.4%) in fixed-rate issues and 11.6% in TES UVR. The **foreign currency public debt** portfolio consists of Yankees maturing through to 2012.

The balance of **other debt securities** rose 7.5% or $103,804 million, compared to June 2010, mainly due to the increase in Agricultural Development issues.

Public and private debt portfolios

Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	Jun 11/Jun 10 Annual Var.[2/]
Trading	378,140	158,299	-58.1%	-219,840
Available for sale	2,319,773	3,117,991	34.4%	798,219
Held to maturity	247,729	253,950	2.5%	6,220
TOTAL TES and YANKEE [1/]	**2,945,642**	**3,530,240**	**19.8%**	**584,599**

1/ Includes debt reduction issues and Bonos de Paz.
2/ Absolute variation

Continues

Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	Jun 11/Jun 10 Annual Var.[2/]
Trading	144,108	310,613	115.5%	166,504
Available for sale	292,629	84,596	-71.1%	-208,033
Held to maturity	953,042	1,098,375	15.2%	145,333
OTHER DEBT SECURITIES	1,389,780	1,493,584	7.5%	103,804
TOTAL FIXED-YIELD PORTFOLIO	4,335,421	5,023,824	15.9%	688,403
TOTAL ASSETS	31,933,256	41,104,557	28.7%	9,171,302
TES and Yankee / Total Fixed-yield Portfolio	67.9%	70.3%		
TES and Yankee / Total Assets	9.2%	8.6%		
Other debt securities / Total Assets	4.4%	3.6%		
Total Debt securities / Total Assets	13.6%	12.2%		

1/ Includes debt reduction issues and Bonos de Paz.
2/ Absolute variation

Variable-yield investments

The Bank's individual financial statements at June 2011 records capital investments in financial and technical services entities for a value of $5,694,978 million, net of a provision for $703 million, see chart below. This total represents 13.9% of the Bank's total assets.

Capital investments

Balances in $ million	June 2010	December 2010	June 2011
Corporación Financiera Colombiana	1,884,419	2,327,340	2,375,582
Adm. Fondos Pensiones y Cesantías Porvenir	142,656	156,969	175,375
Almaviva	29,741	29,741	29,741
Fiduciaria Bogotá	80,567	80,567	80,567
Pizano S. A.	11,592	11,592	11,592
Casa de Bolsa	3,940	3,940	3,940

Continues

Balances in $ million	June 2010	December 2010	June 2011
Megalínea	1,025	1,476	1,476
Other [1/]	3,399	3,399	3,535
Total Local currency	**2,157,338**	**2,615,023**	**2,681,806**
Banco de Bogotá Panamá	94,501	94,542	87,544
Leasing Bogotá Panamá	14,716	3,159,392	2,925,555
Visa Inc.	9,304	9,259	-
Other [2/]	837	837	775
Total Foreign currency	**119,358**	**3,264,030**	**3,013,874**
Provision against investments available for sale	**-757**	**-758**	**-703**
Total capital investments	**2,275,939**	**5,878,295**	**5,694,978**

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 of Banco de Bogotá Panamá and Leasing Bogota Panamá between June 2011 and December 2010, is explained by the difference in Exchange rates used ($1,772.32 and $1,913.98, respectively). The variation in Visa Inc. Is the result of the sale of all the 68,738 shares in February 2011, at a price of US$75.9 per share.

Among the significant variations in subsidiaries, there is the effect of the policy to strengthen equity, in which the Bank used share dividends to capitalize Corficolombiana with $72,191 million, and Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir with $18,405 million in the first half of 2011.

Marketable and foreclosed assets and assets restored

At June 30, 2011 foreclosed assets net of provision accounted 0.05% of the Bank's net assets. The balance increased 8.7% from June 2010, from $62,552 million to $67,999 million; 81.9% correspond to real property and 18.1% to movable assets and securities (shares, securities, trust rights and movable assets restored to the leasing unit).

In the first half of 2011 the Foreclosed Assets Department and the Commercialization Unit mounted intensive programs to sell foreclosed assets with the support of the Property Department and the Bank's salesforce, maintaining a clear and structured selling policy. Since 1999 and up to 2011 1,301 items of property have been sold for $310,255 million (book value $303,451 million).

As part of this process of selling the foreclosed assets, 16 properties were sold in the first half of 2011 for a total of $6,117 million (book value $2,828 million), and at the close there were 7 sales agreements in the process of deeding or registration at the appropriate office for $1,196 million (book value $1,289 million).

As a result of the acquisition of Megabanco a trust formed with Fiduciaria Helm Trust was received, containing loans and foreclosed assets. The latter were managed and sold by the Administrative Division through the Foreclosed Asset Department; which sold 27 properties during the period for $1,630 million (book value $4,418 million), an d at the close another 6 were in the process of deeding or registration at the appropriate office for a value of $281 million (book value $416 million).

Total sales in the period were therefore $7,747 million (book value $7,246 million).

Marketable and forerclosed assets, assets restored

Balance $ million	Real property	Movable assets and securities	Total Assets
GROSS FORECLOSED ASSETS			
Balance at December 31, 2010	42,485	12,334	54,820
+ Received	16,048	79	16,127
- Discharged	2,820	127	2,948
Net movement	13,228	-48	13,180
Balance at June 30, 2011	55,713	12,286	67,999
PROVISION AGAINST FORECLOSED ASSETS	81.9%	18.1%	
Balance at December 31, 2010			42,795
+ Provision expensed			7,650
- Recovered and written off; previsions used			2,772
Net movement			4,878
Balance at June 30, 2011			47,673
NET FORECLOSED ASSETS			
Balance at December 31, 2010			12,025
+ Net variation in gross foreclosed assets			13,180
- Net variation in provision against foreclosed assets			4,878
Net movement			8,302
Balance at June 30, 2011			20,326
Marketable assets			13
Assets not used in the banking business			179
Balance at June 30, 2011			20,519

At June 30, 2011, the provision against foreclosed assets is $47,673 million, giving cover of 70.1%. In the first half of 2011 provisions were charged for $7,650 million and there were recoveries of provisions, uses of provisions and write-offs totaling $2,772 million.

External liabilities

At June 2011, the Bank's external liabilities were $33,390,988 million, an increase of 22.0% compared to June 2010, principally due to higher deposits and demand accounts, up $3,115,538 million; bank loans and other financial obligations, up $2,543,983 including the loans to capitalize Leasing Bogotá Panamá; and interbank funds purchased, repos, simultaneous liability operations and short positions for $620,102 million.

Total external liabilities

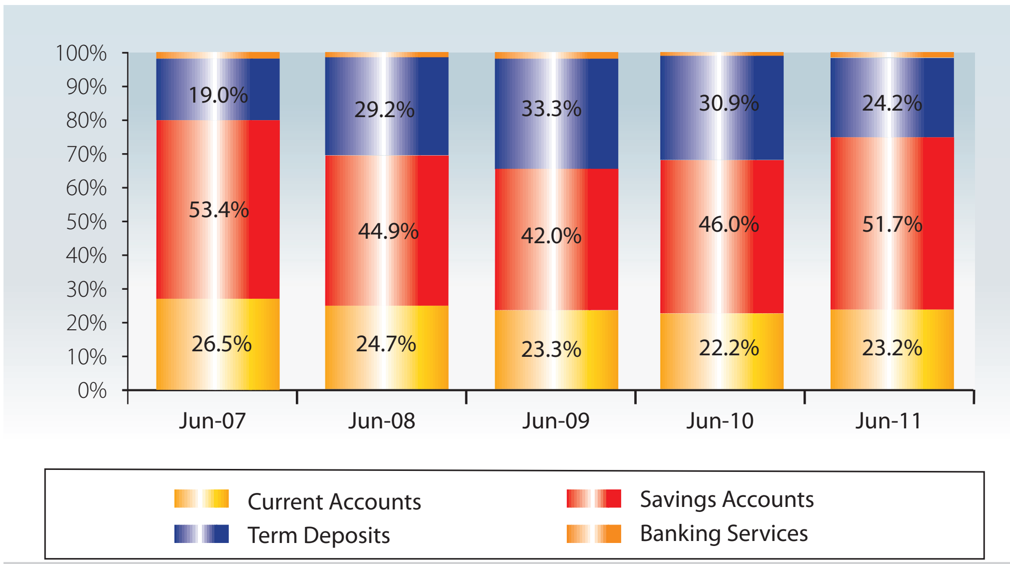
Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	% of total [2/] Jun 11
Deposits and demand accounts	22,575,454	25,690,992	13.8	76.9
Bank loans and other financial obligations	1,420,421	3,964,404	179.1	11.9
Interbank funds purchased, repos,				
simultaneous liability				
Operation s and short positions	1,080,627	1,700,729	57.4	5.1
Accounts payable	1,117,170	922,244	-17.4	2.8
Other liabilities [1/]	415,579	438,179	5.4	1.3
Subordinated bonds	612,640	414,326	-32.4	1.2
Mandatorily convertible bonds	0	65,493		0.2
Acceptances outstanding	157,396	194,619	23.6	0.6
Total external liabilities	**27,379,287**	**33,390,988**	**22.0**	**100.0**

1/ Includes accruals and provisions and other liabilities
2/ % of total external liabilities

Deposits and demand accounts

At June 2011 the Bank continued to optimize its deposit mix. The composition was as follows: savings, 51.7%; term deposits, 24.2%; current accounts, 23.2% and other deposits and banking collection services, 1.0%. The average cost of funds taken from the public was 2.6% in the period. At the close, deposits and demand accounts represented a 15% share of the total market in the banking system.

Evolution of deposits and demand accounts



Deposits and demand accounts

Balance $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	of total [2/] Jun 11
Current accounts	5,013,304	5,949,638	18.7	23.2
Savings	10,375,595	13,272,162	27.9	51.7
Term deposits	6,973,984	6,208,898	-11.0	24.2
Bank collection services	14,181	46,455	227.6	0.2
Other Deposits	198,390	213,838	7.8	0.8
Total deposits and demand accounts	**22,575,454**	**25,690,992**	**13.8**	**100.0**
Deposits and demand accounts /External liabilities	82.5%	76.9%		

1/ % of total deposits and demand accounts

At June 2011, **current accounts**, totalled $5,949,638 million, an increase of $936,335 million (18.7%) on June 2010, representing a market share of 18.9%.

Savings accounts totalled $13,272,162 million, 27.9% ($2,896,567 million) up on the preceding June and representing a market share of 15.3%, 57 basic points more than June 2010. The average cost of these deposits was 2.9% during the period.

Term deposits at June 2011 totalled $6,208,898 million with an average cost of 3.9% in the period, representing a Banking System market share of 13.4%.

Equity

The Bank's equity at June 2011 was $7,713,570 million, an increase of $3,159,601 million over June 2010. The difference is explained by higher reserves, valuation gains and unrealized gains.

Total **reserves** are $4,638,967 million, an increase of $2,577,768 million over June 2010. The Legal Reserve rose $2,594,770 million, and the occasional reserves fell $17,002 million. The Legal Reserve rose due to the share Premium arising from the conversion of mandatorily convertible bonds for $2,219,115 million in the period, mostly in March when 95.5% of the November 2010 bond issue was converted.

Profits for the periods were appropriated equivalent to 56.3% and 39.9%, following distribution proposals for the profits of the first and second halves of 2010, approved by the General Meetings. The occasional reserves fell with the use of part of them to pay dividends.

The most significant **net valuation gains** for $136,416 million correspond to valuation gains on property and equipment for $29,431 million and investments available for sale of $106,771 million, mainly for Leasing Bogota Panamá ($81,989 million) and Porvenir ($24,931 million).

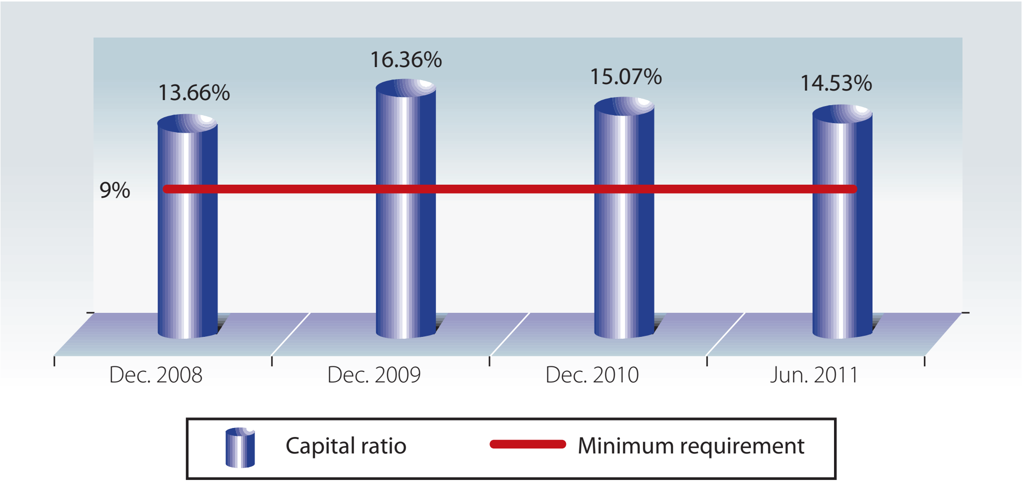
The variation in **accumulated unrealized gains** on investments available for sale for $325,491 million is mainly due to the variation in the share price of Corporación Financiera Colombiana from $28,380 in June 2010 to $34,000 in June 2011.

Equity				
Balances in $ million	June 2010	June 2011	Jun 11/Jun 10 Growth %	June 2011 Share [1/]
Capital	2,382	2,854	19.8	0.0
Reserves	2,061,199	4,638,967	125.1	60.1
Accumulated profit or loss				
- Not realized on investments available for sale	1,369,918	1,695,409	23.8	22.0
- Hedging derivatives	0	1,427	0.0	0.0
Net valuation gains	731,839	868,255	18.6	11.3
Profit for the period	388,630	506,657	30.4	6.6
TOTAL EQUITY	4,553,968	7,713,570	69.4	100.0
ROE	18.7%	15.6%		

1/ % of Total Equity

Capital ratios

Consolidated



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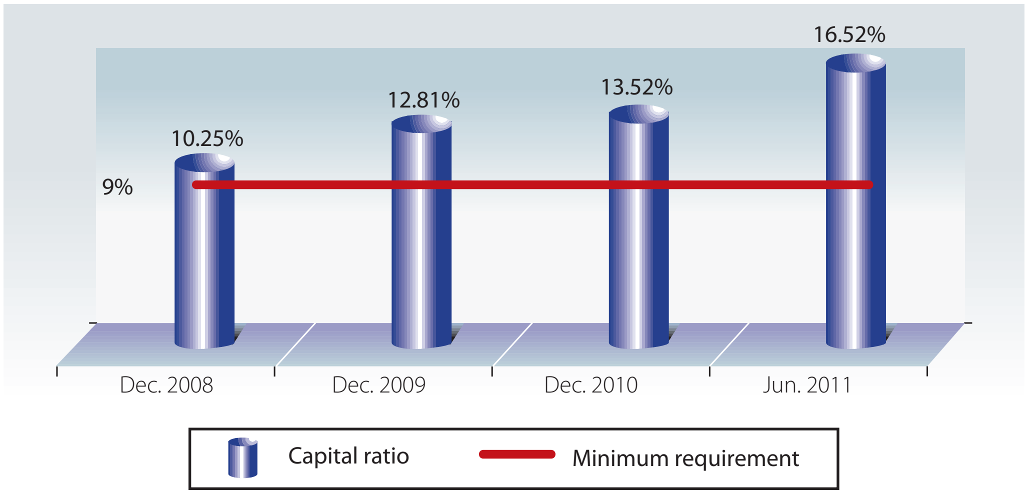
Individual



At June 2011 the Bank's capital ratios were: 14.5% Banco de Bogotá consolidated with subsidiaries and 16.5% unconsolidated.

The consolidated and unconsolidated ratios are in excess of the regulatory minimum .

Consolidated and individual capital ratios

Million $	Jun-11 Consolidate	Jun-11 Individual
Computable capital	**8,028,460**	**6,547,666**
Tier I	7,121,498	4,811,615
Tier II	906,962	1,736,051
Risk-weighted assets	**55,235,487**	**39,644,670**
Credit risk	48,757,958	35,930,606
Market risk	6,477,529	3,714,064
Capacity for growth	**33,969,628**	**33,107,173**
Capital ratios	**14.53%**	**16.52%**
Tier I equity/Risk-weighted assets	12.89%	12.14%
Risk weighted assets /Computable capital	6.9	6.1

At June 2011, consolidated and individual computable capital increased from the level of June 2010 due to the capitalization and subsequent conversion of mandatorily convertible bonds for $2.3 billion de pesos.

Net profit

During the period Banco de Bogotá earned net profits of $506,657 million. The net profit of the Banking System for the period was $2,924,297 million, and the Bank's contribution was therefore 17.3% of the total:

Classification of Banks by accumulated net profit

	January - June 2010		January - June 2011	
Balance $ million	Volume	Ranking	Volume	Ranking
BANCOLOMBIA	600,680	1	697,140	1
BANCO DE BOGOTÁ	**388,630**	**2**	**506,657**	**2**
BANCO DAVIVIENDA	246,832	3	300,150	3
BBVA	232,430	4	229,826	4
BANCO AGRARIO	216,712	5	220,577	5
BANCO DE OCCIDENTE	207,173	6	214,342	6
BANCO POPULAR	186,490	7	193,212	7
RED MULTB. COLPATRIA	77,363	9	112,806	8
BCSC	82,265	8	101,278	9
AV VILLAS	65,607	12	75,052	10
CITIBANK	73,060	10	66,450	11
HELM	62,056	13	62,459	12
BANCO SANTANDER	52,974	14	61,245	13
GNB SUDAMERIS	66,998	11	55,791	14
BANCAMIA	5,170	15	15,148	15
BANCO PICHINCHA S.A.	-	-	14,765	16
BANCO FINANDINA	-	-	14,136	17
BANCO FALABELLA S.A.	-	-	8,818	18
BANCO WWB S.A.	-	-	6,526	19
BANCOOMEVA	-	-	6,148	20
PROCREDIT COLOMBIA	-4,545	17	-993	21
SCOTIABANK COLOMBIA S.A	-3,347	16	-5,188	22
HSBC	-20,157	18	-32,048	23
TOTAL BANKS	**2,536,390**		**2,924,297**	

The most dynamic sources of profits for the System were the net interest margin and the fall in net provisions resulting from better management of credit risk.

As can be seen from the earnings statement chart, the growth in net profit in the first half of 2011 compared to the same period of 2010 was 30.4%, ($118,027 million) mainly due to higher dividends from subsidiaries $134,181 million (much of this from Leasing Bogotá Panamá $129,900 million); net interest income $43,189 and net income from debt securities investments $42,908 million, amongst other variations.

Earnings

Million $	January - June 2010	January - June 2011	Jan-Jun. 11 Jan-Jun. 10 Growth %
Interest income [1/]	977,556	1,075,177	10.0
Net income from investments in debt securities	127,418	170,326	33.7
Net income from derivatives, spot operations and exchange	42,489	-321	-100.8
Net derivatives income	45,454	91,142	100.5
Net spot operation income	-1,173	-4,623	294.0
Net Exchange income	-1,791	-86,841	4,749.3
Interest expense	351,757	406,189	15.5
Net interest, valuations, derivatives and exchange income	**795,706**	**838,993**	**5.4**
Net commission income [2/]	232,710	238,074	2.3
Net financial margin	**1,028,416**	**1,077,068**	**4.7**
Other operating income [3/]	21,741	12,790	-41.2
Net loans and receivables provisions	18,850	60,842	222.8
Loan and receivables provisions	261,697	323,425	23.6
Loan and receivables provisions recoveries	-242,847	-262,583	8.1
Countercyclical component, individual provision	132,139	80,461	-39.1
Provision against foreclosed assets	1,572	7,753	393.2
Administrative expenses	577,474	626,808	8.5
Administrative expenses	421,451	452,802	7.4
Indirect taxes and other contributions [4/]	110,624	125,927	13.8
Depreciation and amortization	45,399	48,079	5.9
Dividends of affiliates and subsidiaries	160,984	295,165	83.4

1/ Includes the financial component of the leasing unit.

Continues

2/ Includes sale of chequebooks and savings passbooks

3/ Includes: Rental of safety deposits, suppler discounts, cables, postage, telephones, commercial information and other

4/ Includes taxes, deposit insurance, Superintendency contribution and bank transaction tax.

Million $	January - June 2010	January - June 2011	Jan-Jun. 11 Jan-Jun. 10 Growth %
Provision against investments	19	27	39.3
Other provisions	580	853	47.0
Operating profit	**480,506**	**608,280**	**26.6**
Net non-operating income	46,496	56,210	20.9
Profit before tax	**527,001**	**664,490**	**26.1**
Income tax	138,371	157,833	14.1
Net profit	**388,630**	**506,657**	**30.4**

The net financial margin of $1,077,068 million was partly used to pay administrative expenses ($626,808 million) and net loan and receivables provisions and the countercyclical component of the individual provision ($141,303 million).

Net financial margin

Income from debt securities investments increased $42,908 million, as follows: trading investments income fell $2,743 million and income from investments available for sale and investments held to maturity rose $44,693 million and $957 million respectively.

Income from trading investments fell mainly due to the lower value of the portfolio (down $190,272 million), represented principally by fixed-yield TES

In investments available for sale, income rose with the larger size of the portfolio $925,851 million, principally in fixed-yield TES. Also there was income from sales of $29,326 million in the period, compared to $28,666 million in the second half of 2010.

The increased income on investments held to maturity was mainly due to higher volumes and the inflation index, since most of these investments are linked to CPI or UVR. In the first half of 2010 these indexed securities earned an average of 4.7%, this rose to 5.6% 2011.

Net income from derivatives, spot operations and Exchange fell $42,810 million (100.8%), for the reasons given below:

a) **Net derivatives income** rose $45,689 million, because: a) the Exchange rate fell $141.66 in the first half of 2011, bringing income from re-expression, b) better use was made of the wider spread sometimes appearing between the local and offshore curves (mainly arbitrage with US banks) and the margin from the sale of synthetic products to real-sector customers.

b) **Income from spot operations** fell $3,449 million basically due to Exchange rate volatility in the first half of 2011.

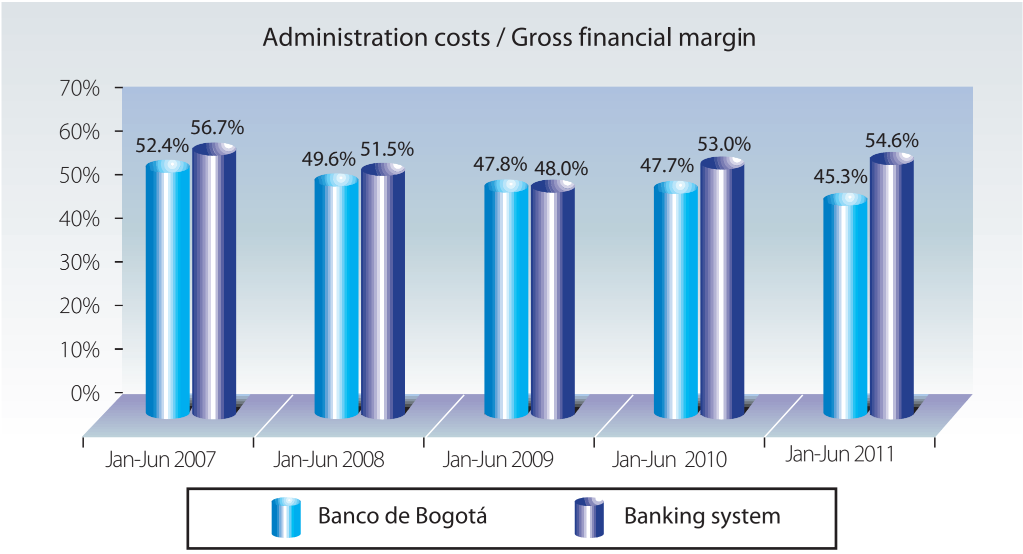
c) **Net exchange income** fell $85,050 million with the increase in the long position (more assets tan liabilities) in foreign currency assets compared to the first half of 2010 (up US$639 million), because the exchange rate fell $141.66 pesos in the first half of the year, causing an expense on re-expression.

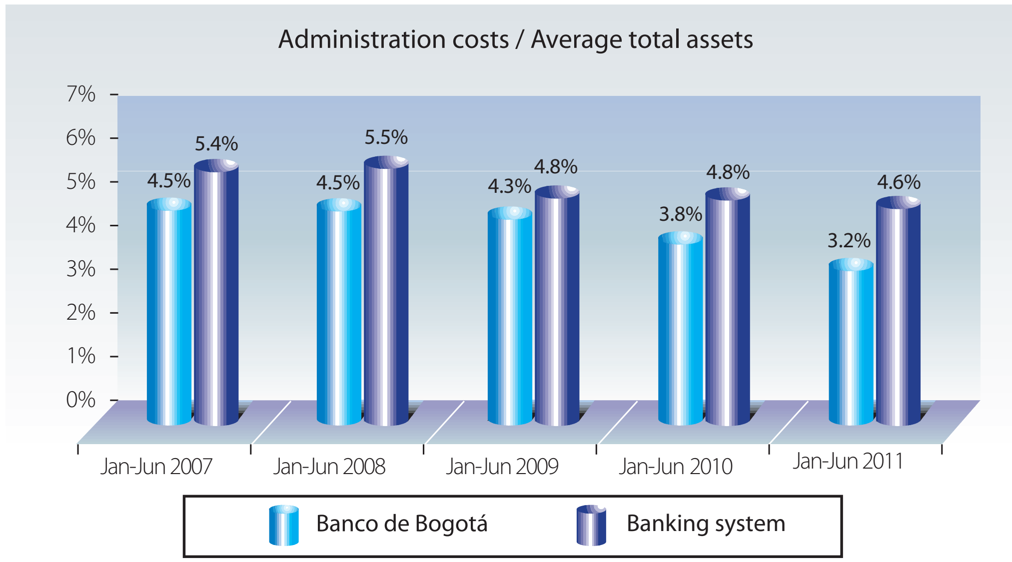
During this period the **net commission income** totalled $238,074 million, an increase of 2.3% compared to the first half of 2010.

Administrative Efficiency

The administrative expense for the first half of 2011 was $627,661 million including surcharges and other for $55,968 million; 33.5% was for payroll, 20.1% taxes and other contributions; and 46.4% general overhead. For the same period of 2010 payroll accounted for 34.0%, taxes for 19.1% and 46.8% for general overhead.

Administrative efficiency





Administrative efficiency – banking system

	Total administrative expense / Average total assets		Total administrative expense / Gross financial margin	
	Jan-Jun 10	Jan-Jun 11	Jan-Jun 10	Jan-Jun 11
BANCO DE BOGOTA	**3.8%**	**3.2%**	**47.7%**	**45.3%**
BANCOLOMBIA	5.2%	5.0%	55.0%	57.9%
OCCIDENTE	4.4%	3.9%	46.9%	49.5%
POPULAR	4.4%	4.0%	48.7%	48.3%
CITIBANK	6.2%	6.9%	55.0%	64.3%
BBVA	1.5%	1.6%	55.3%	64.7%
SANTANDER	4.4%	4.6%	64.8%	66.2%
DAVIVIENDA	5.2%	5.2%	57.0%	55.4%
TOTAL BANKING SYSTEM	**4.8%**	**4.6%**	**53.0%**	**54.6%**

The indicators *Administrative expense/Gross financial margin* are the best in the banking system total and the best of the peer group banks. This is because administrative expense grew 8.6% while average assets grew 29.7% and gross financial margin grew 14.4% in the first half of 2011.

Risk

The following is a summary of risk management in the Bank during the first half of 2011.

Credit Risk

In the first half of 2011, as part of strategies set for new consumer credit customers, a number of improvements were introduced into INNOVA, the decision tool for granting credit. Among the most important of them was the integration of the INNOVA into the liability customer engagement flow for pre-approvals of credit products. This was designed to encourage the offer of asset and liability product packages from the moment that a customer becomes engaged. Another improvement relates to adjustment in the calculation of income and capacity for indebtedness for customers requesting the payroll installment loan product, and this enables that approval strategies and credit exposure to be optimized.

In 2011 also development also has begun on the flow vehicle purchase credit, in the integrated financial information system (SIIF). This involves the logic of the decision engine for the administration of business strategies, and credit policies established for this type of loan. It enabled decision-making to be optimized, based on the customer's risk profile, and comprehensive management of all information and the process expressing of applications, from the time they are received through to disbursement.

Further developments were introduced in order to offer credit products in a more agile manner, integrating consultation and validation of customer information with the use of parameters and definitions of credit risk, in accordance with customer profiles. The strategy enabled products such as student loans (*Crediestudiantil*), and the youth card (*Tarjeta Joven*) to be placed more widely, using the Bank's salesforce at the universities, along with the offer of credit for the acquisition of shares in Grupo Aval.

With regard to strategies designed for the management of current consumer loan customers, the operating process was optimized for risk evaluation through mass campaigns, achieving greater standardization and automation and process control. This meant that the activities of deeper penetration of customers can continue to be developed more efficiently, in order to offer cross-sales of products, or increased or updated limits, "topping up" products, and administration of preventive blocking.

Regarding to commercial loans, the process of monthly evaluation and follow-up continued, taking account of statistical models which include payment record and financial information about customers. In addition, there were improvements to the early warning systems for customers classed A and B who show operating losses or high levels of indebtedness in their most recent financial statements, or customers who are classed at a higher level of risk by other financial institutions. During June 2011, 17 Loan Evaluation Committee meetings were held, covering all regions and commercial segments.

These Committee meetings made reviews to establish whether customers identified had a risk higher than those perceived by the models, taking account of the particularities of each customer. This follow-up identified risk situations which might affect the performance of these customers, and set in train an action plan for managing them.

In addition, as there was a quarterly follow-up of commercial loans by economic sector, evaluating 25 macro sectors, in order to monitor risk levels and the concentration of commercial lending. This evaluation enables controls to be exercised to ensure that macro sectors evaluated and did not offer risks of more than 10% to the Bank, and that action plans could be implemented if a particular sector was showing a change in those risk levels.

Among the improvements introducing the first half of 2011 for credit risk management, was a development and optimization of follow-up reports, issued monthly for commercial, consumer and micro-loans. These reports are reviews of the evolution of, and variation in, loan quality indicators, and provide follow-up to groups of each type of loan, and distribution of the placement of loans by commercial segment and type of loan.

Liquidity Risk

During the first half of 2011, the Bank continued to manage liquidity risk with the Superintendency standard model (Chapter 6, Accounting and Finance Circular), in respect of rules for liquidity risk management using the basic principles of the liquidity risk management system SARL.

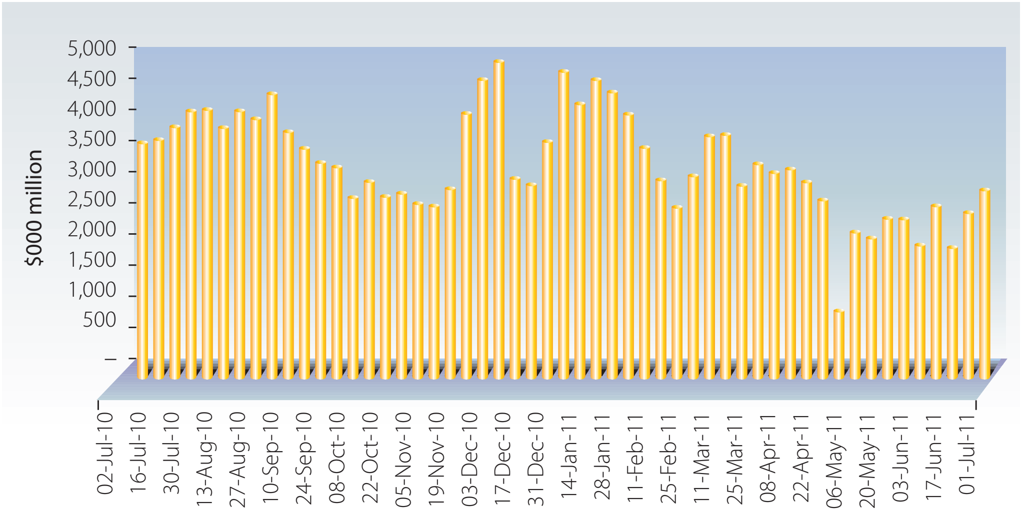
SARL sets minimum standards of prudence to the observed in operations for the efficient management of liquidity risk, and aspects to be taken into account for the future development of the internal models.

The following is a summary of the Bank's liquidity risk indicators and 7, 15 and 30 days during the first half of 2011.

Short-term liquidity risk indicators				
$ millions	Average	Minimum	Maximum	Latest
IRL 7 days	2,803	811	4,415	2,728
IRL 15 days	2,091	147	3,667	1,938
IRL 30 days	1,115	-561	2,866	963

It should be noted that during this period, is the Bank maintained sufficient funds for operations, with a positive in risk indicator at 7 days. The 7-day indicator performed favourably, reflecting the risks in the liquidity scenarios in the financial system as a whole.

Evolution of 7-day liquidity risk indicator



Market Risk

The market risk management system (SARM) guides the management of risks attributable to adverse movements in market prices or rates. This is a fundamental part of strategy and decision-making process of the Bank's treasury operations.

The business strategies are established within market limits approved by the Board, seeking a balance in the risk/return relationship. The limits for the various instruments and portfolios are defined as a function of the value at risk (VaR), which potentially arises with the impact of variations in specific risk factors such as interest rates (Rho), exchange rates (Delta), and volatility (Vega), in incongruence with the annual budget set by senior management.

The measurement of market risk, following the Superintendency model, shows a market value at risk (VaR) at June 2011 is of $334,326 million, as shown in the chart below:

Market VaR by risk factor

Million $	June 2011	December 2010	June 2010	Var. Jun/11-Dec/10	Var. Dec/10-Jun/09
Peso interest rate	276,720	262,779	149,759	13,940	113,020
Foreign currency interest rate	10,203	4,231	12,248	5,973	(8,017)
UVR interest rate	32,283	40,320	19,310	(8,037)	21,010
Exchange rate	14,821	2,195	858	12,626	1,337
Shares	239	1,475	1,438	(1,236)	38
VeR TOTAL	**334,266**	**311,000**	**183,612**	**23,266**	**127,388**
Impact on capital ratios (Basic points)	171	143	103	28	40

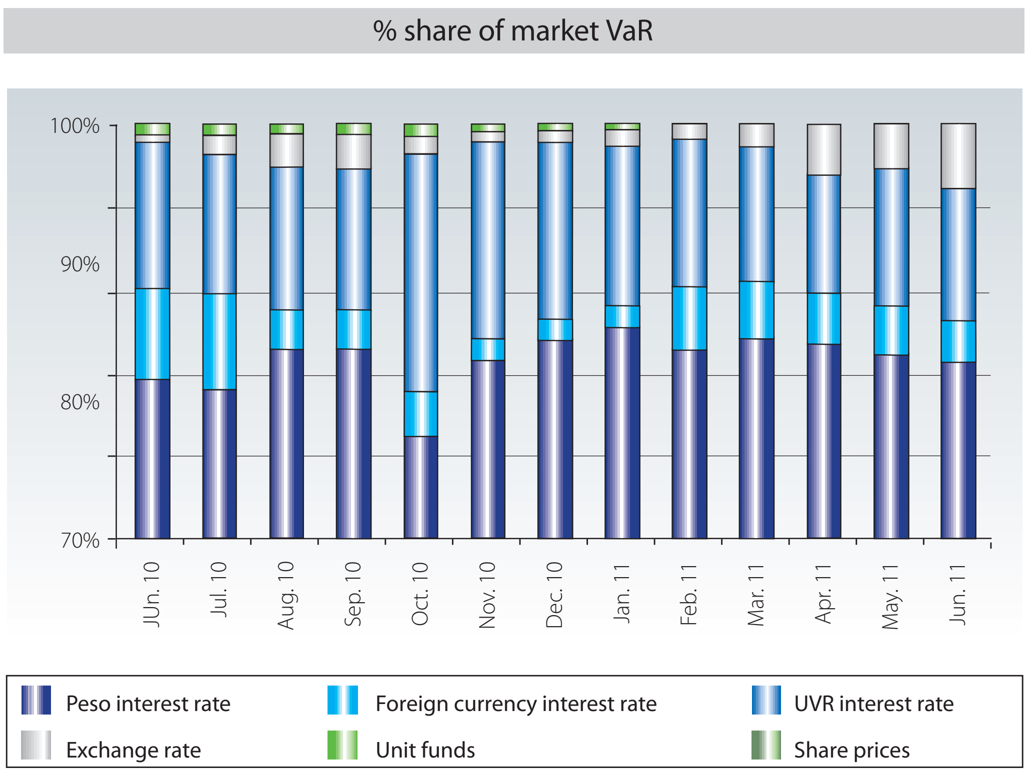
*Net = Assets – Liabilities + Derivatives

During the first half of 2011, VaR fluctuated between a minimum of $328,364 million and a maximum of $355,865 million, with an average of $342,628 million. The capital ratio was affected by 171 basic points.

Maximum, mínimum and average VaR
January-June 2011

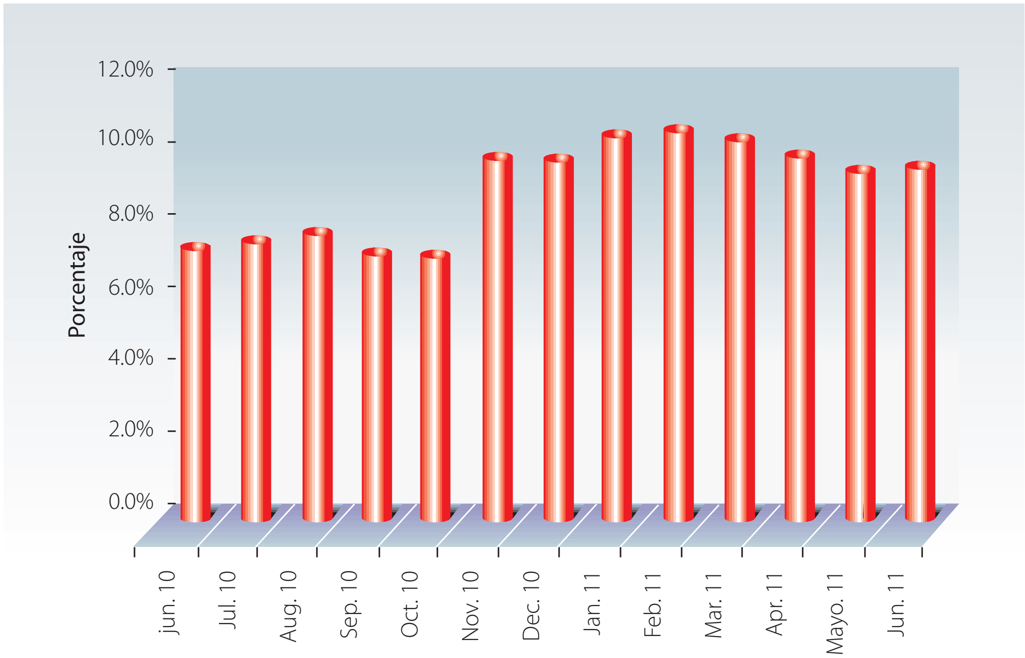
Million $	Minimum	Average	Maximum
Peso interest rate	273,721	287,757	299,312
Foreign currency interest rate	5,277	11,632	15,847
UVR interest rate	29,322	34,669	40,490
Exchange rate	3,227	8,133	14,821
Shares	228	437	1,440
VaR Total	**328,364**	**342,628**	**355,865**

The graph below "Percentage share of Market VaR ", shows the relative weighting of each of the risk factors in total VaR for the Bank in the last year. Here, it can be seen that the positions which had greatest impact on VaR are associated with peso interest rates and UVR rate factors. If we add the part played by peso, foreign currency and UVR interest-rate factors these accounts for an average of 97.5%.



For its part, and as a consequence of the comportment of VaR, market risk- weighted assets as a percentage of total risk weighted assets (RWA), increased on average by 189 basic points, an average of 9.8% of total RWA during the first half of 2011.

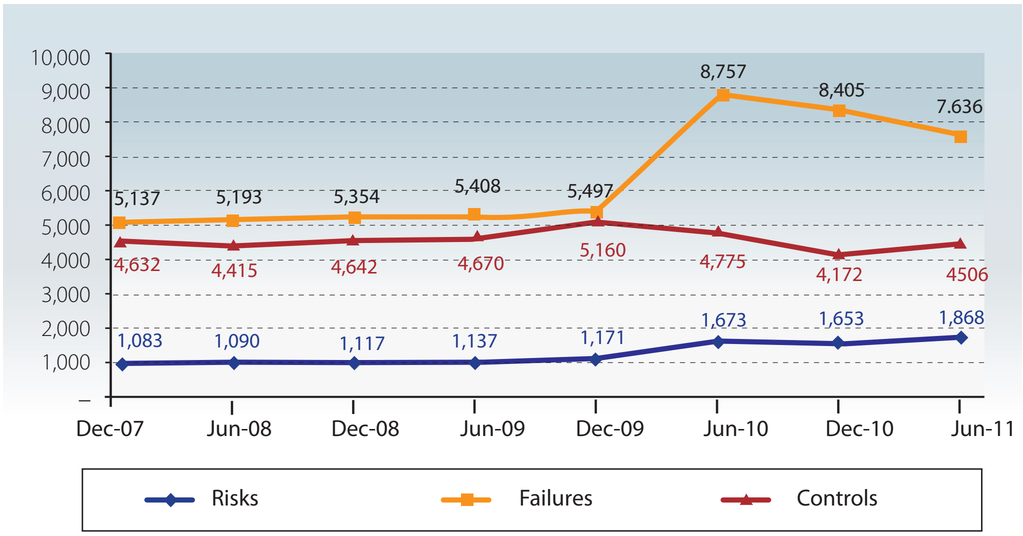
Market risk VaR / Total RWA



Operating Risk

Since December 2007, the Bank has been updating its risk profiles at each half yearly closing, in order to include changes originating in processes, new risks and improved controls (attention to requirements, development and implementation of new projects, etc.). The graph below shows the evolution of the Bank's risk profile.

	Dec-07	Jun-08	Dec-08	Jun-09	Dec-09	Jun-10	Dec-10	Jun-11
Processes evaluated	193	196	199	200	200	194	170	170



At the close of the first half of 2011, there were 4,581 operating risk events, of which execution and administration process represent 50% of losses, followed by external fraud with 42.8%, and employment relations with 5.4%.

Business Contingency Plan

As of April 2011, the functions of the Business Continuity Plan were transferred from Operating Risk Department to the Banking Services Department in the Systems and Operations Division. The latter has been implementing the technological infrastructure required by the Bank at the end of 2010 in order to provide support for Treasury and International processes in the Contingency Computer Centre, and in the Contingency Operations Centre.

Likewise, there were 22 tests recovery plans, of which five were complete tests and 17 were partial: 16 of them were evaluated as satisfactory, and in the remaining six, points for improvement were identified, and subsequently solved or are now in the process of adjustment.

Sensitization and training plan

423 staff were trained on the spot and 141 and form part of the process recovery teams; and 72 are officers of the SENA courses (Managers, Heads of Service, and PAB-SENA), and the remainder are bank staff supporting the business continuity plan management.

At the same time, during May, an event was held for certification in continuity for training purposes in the regions and areas of micro-finance, collections and the Call

Centre. The intention is that in future, these officers will be able to retransmit their training to their respective regions or areas.

Finally, in June 2011, new campaigns were mounted throughout the Bank for staff to take a virtual course in the business continuity plan. 11,517 staff have taken the course so far.

Disaster Recovery Plan (DRP)

During the first half of 2011, the Technology Department engaged in the following activities related to DRP: support for servers used in PDP services, security console, Endomarketing - including Entre Todos, SAS, New Host Transport - mail, clearing, consolidated loans, SOA and IPS (perimeter security); installation and configuration of the new storage frame for activation of the Tertiary copy, both for the mainframe and for open systems. Adjustment of the configuration of the Telmex links is supporting the Datacredito connection, so that the switching of the main link to the contingency link will be automatic, and configuration of the contingency balancer for internal services of Terminal Server, Onbase, CRM, Bizagi, Intranet, Innova., Mantiz, Discoverer and SISA applications.

The version of the central IBM contingency program was updated, and contingency communications channels were installed with Banco de la Republica, Deceval, the stock exchange and Swift Alliance.

At the same time, seven closed tests were run to check the function of infrastructure and applications supported, ensuring that updates played both infrastructure and applications have been synchronized in the alternative computer centre.

Real contingencies

Unprogrammed real contingencies related to the service is provided by the Siscoi (OID), OpenCard (credit card), CRM, Summit, Wcentral (clearing), Mantiz,. Business Portal and online services offered by the mainframe computer were attended to, and emergency operation was maintained for up to 88 hours, with favourable recovery times, and minimal effect on the Bank's operations.

Likewise, and to meet commitments made to the Financial Superintendency, on April 30, 2011 the alternative computer centre (CCA) processes for month ends and online services was activated for 46 hours, with satisfactory recovery times.

Follow-up with control bodies

The Statutory Auditor and the Comptroller made half yearly follow-ups independently for SARO, and requirements were attended to by the Operating Risk Department.

Legal Risk

With regard to the legal risks to which the Bank is exposed, it should be noted that contingencies have been duly provided against where appropriate.

The Bank, following instructions in Superintendency Circular 66/2001, made a valuation of claims against the Bank based on the analysis and opinions of the lawyers responsible.

Note 31 to the Financial Statements details the cases against the Bank.

Money-Laundering and Financing of Terrorism

The Bank continues with its commitment to manage the risk of money-laundering and financing of terrorism, in order to prevent and control any use which gives the appearance of legality to assets of the proceeds of criminal activities, or to channel funds towards terrorist activities, or is proscribed by local law.

In the first half of 2011, the Bank engaged in SARLAFT activities, which are in accordance with the regulations of the Banking Law Article 102 and Law 195/1995, Law 1121/2006 and Title I, Chapter 11 of the Superintendency Basic Legal Circular, establishing responsibilities for the supervised institutions in SARLAFT matters.

The risk management scheme for SARLAFT maintains its regulatory structure, as required by Circular 26 of June 2008, Point 4 .1, based on the four stages of the Superintendency's method, adopted by the Bank.

The Bank applied the SARLAFT methodologies, procedures and policies set forth in the related manual, and following the methodology approved by the Board. During this half-year, the process of identification, measurement and control was affected for each of the risk factors in customers, channels, products and jurisdictions; and this information is duly documented.

The Bank has designed controls related to the customer factor, which allows it to mitigate exposure to the risk of money-laundering and the financing of terrorism. These controls are managed to keep the residual risk for this factor at a low level.

The process of control of user transactions it is done through monitoring through the ATM network, cash desks at offices in relation to collections, advances, beneficiaries of bank checks, collections through vouchers and barcodes, remittances, and endorsement operations. The analysis of these operations is made in terms of amount, frequency, type of user, average, card type, number of transactions, user origin, account type, agreements, etc.. The intention is to identify the habits of users in order to detect unusual items which are then analyzed and processed as required by local law.

As a means of mitigating inherent AML risk, the Bank has specific controls for procedures related to channels, which in the first half of 2011 enabled it to obtain an appropriate level of residual risk.

In this half-year, the jurisdictional risk was at a low residual value. For this factor, control and transaction follow-up was affected in the different centres where the Bank operates, through the SMT-.SARLAFT application, with additional analyses through the various channels on which follow-up is exercised. Further, the jurisdiction factor was also analyzed considering international jurisdictions, based on a follow-up of foreign currency operations.

The comportment of the product risk factor at the end of the half-year was at a minimal level, mitigating the consolidation residual risk of the Bank. Under the terms of Article 102 of the Banking Law, office managers and CEOI managers effect control on customer and user transactions in order to ensure that the Bank is not being used by criminals in the execution of unlawful activities, using tools and instruments developed as appropriate for such work.

Attention to the requirements of the authorities responsible for investigating money-laundering and financing of terrorism-related cases, and the crimes from which they arise, was implemented in accordance with the legal procedures adopted by the Bank, matching the terms of the Code of Ethics and Conduct and the SARLAFT procedure manual, where the instructions of Colombian regulations are framed within the general concept of banking secrecy, and the raising of the same.

According to the results of the various stages related to SARLAFT and reports of the supervisors, the Comptroller and the Statutory Auditor, and the pronouncements of the Board in relation to reports presented by the Compliance Officer, the Bank applies appropriate AML risk management practices, in line with related regulatory parameters.

Corporate Social Rfesponsibility - CSR

The Bank continued to make progress in the design of its CSR policy, which has been developed as a result of the incorporation of good practices and experiences of BAC Credomatic in strategic matters such as the inclusion of financial education, responsibility for the environment, and social investment.

During the first half of 2011, the Bank's actions taken in 2010 were compiled in a report on sustainability, prepared with the Global Reporting Initiative methodology (version GRI-G3), and with the support of the supplement of indicators for the financial sector GRI. With this methodology, the Bank was able to make a clear identification of its stakeholders and relevant priority matters in sustainability in financial sector business.

The Bank's social responsibility arises from a recognition of the impact which is operations have on the lives of individuals and their environment. The Bank has a standing commitment to manage and support a series of initiatives which stimulate economic and social growth, performing its duty to society, and generating benefits for its stakeholders.

The organization is constantly committed to the economic growth of Colombia, and the improvement of the quality of life there, encouraging financial education, the broadening of coverage, access to the financial system, and support for micro-business and SMEs.

An example of this can be seen during the period under report, in which important alliances with entities such as FUNDES and SENA were consolidated, to provide business formation and education and finance to these segments. Another action taken in this area is the training given to coffee-growers, seeking to obtain a deeper knowledge of them, with the use of non-conventional channels, making them a pioneer group in the penetration of the Banking system. The component of financial education received some $700 million in the first half of the year.

At the same time, the Bank continues to support the growth of its staff, and is continually looking for options to generate professional promotion, a healthy working climate, and the quest for welfare. During the first of 2011, it acted in this area with the process for intervention and construction of action plans for leaders, as a result of the first measurement of organizational climate in the Bank made by the Great Place to Work Institute, an expert and specialist in this type of issue. In also, work was done on the planning of the second internal measurement, which will be effected in September 2011.

In the same vein, the Bank invested about $433 million in formation and development programs for staff during the period. Some 2000 individuals took part in a range of high-level, in-depth courses. The Bank has made a clear decision that training and instruction are strategic actions for the organization, since they secure an adequate response to change and challenges posed to the financial sector.

Further, and as part of its commitment to the social development of Colombia, the Bank supported activities and public events with a strong cultural content, making a number of events accessible to a public which would otherwise have had little or no access to this important benefits, thus facilitating democratization of art and culture in this country.

In the area of social investment, the Bank has acted through Corporación Banco de Bogotá to encourage education, with some causes which feed the philanthropic spirit of the organization. During the first half of 2011, donations were made of some $938 million to 62 foundations and social causes requiring this type of assistance for their projects among underprivileged groups in society.

Finally, the Bank recognizes the environmental impact of its operations and of its value chain, and turns this into initiatives and implementation of good practices to reduce, prevent or offset the environmental impact of the business. Therefore, in the first half of 2011, the "Green Committee" was formed as a group of 20 volunteers whose environmentalist vision has brought them to design initiatives intended to promote the culture of administrative eco-efficiency and care for the environment. The initiative seeks to implement a pilot program, which will be of benefit to staff, the organization and the environment.

Operations with Shareholders and Administrators

Operations with shareholders administrators are in line with the general policy of the Bank. These operations are duly specified in note 26 to the Financial Statements

The Bank reports that in accordance with the terms of Article 57 of Decree 2649/1993, the information and statements appearing in the Financial Statements have been duly verified and obtained from the accounting records of the Bank, prepared in accordance with accounting rules and principles established in Colombia.

Intellectual Property and Copyright

In the terms of Section 47.4 of Law 603/2000, the Bank has for many years established policies of observance of rules on intellectual property and copyright, in relation to the products and services required by or proper to its work, as appropriate. The areas of Systems, Marketing and the Comptroller conduct checks across the country to control compliance with these policies, and the requirements of law. Further, the Bank, where applicable, keeps registrations of its name, brands, products, services and publications valid.

Disclosures and Control of Financial Information

In the terms of Article 47 of Law 964/2005, the Legal Representatives of the Bank during the first half of 2011 discharged the responsibility of establishing and maintaining appropriate systems of disclosure, follow-up and control of financial information, for which purpose they effectively relied on systems of control and follow-up, and on specialized risk areas, to ensure that the financial information transmitted to the various organizations is appropriate. The Legal Representatives, are aware of the responsibility implied in the handling of different risks in the banking business, and are fully aware of the way in which they match the general strategy of the Bank, and are informed as to processes, the structural business and the nature of the activities.

The Legal Representatives provide permanent support and follow-up to the Bank's business, issuing directives regarding the granting of credit, setting policies and limits of action by type of market, product or business unit, defining the risk profile of the Bank; they adopt measures as required to face new financial risks; they establish the organizational structure required and evaluate the methods used in risk management, using modern technological infrastructure, and clear, concise and timely information tools, to exercise permanent control on *1- credit and counterpart risk. 2- market risk, 3 – liquidity risk, 4-operating and legal risk, and 5- money-laundering risk* inherent in the Banking business, as recorded in **note 33** to the Financial Statements.

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

Further, the Legal Representatives make evaluations with the Audit Committee, the Statutory Auditor and the Board, of the operations and internal controls which enable the Bank to record, process, summarize and appropriately present financial information. At the same time, it analyzes cases which may affect the quality of financial information, and methodological changes in their evaluation.

The Immediate Outlook for the Bank

In the second half of 2011, the Bank will consolidate objectives defined in its strategic planning which will enable it to continue to commit itself increasingly to the process of penetration of the banking system, and in social responsibility and the growth of Colombia, as a solid, efficient and leading member of the financial system. As part of this, the Bank will deepen its relations with its customers and make them more profitable, improving the value of the of offer of value available to them, and increasing its presence and coverage in Colombia and abroad through optimum channels, specialized models, qualified staff, and its range of subsidiaries, technological and physical infrastructure, and its collective strategy for inorganic growth.

Directors and President

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

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

PRESIDENT

Alejandro Figueroa Jaramillo

Annex 1

Important Regulatory Measures

Liquidity in the Economy

In the first half of 2011, the central bank made five successive increases to the base rate. Having maintained the base rate of 3% for more than 10 months, the bank decided to increase it by 25 basic points at meetings of February 25, March 18, April 29, May 30 and June 17, leaving a rate of 4.25% at the close of June 2011. In the same period, the central bank adjusted the monetary expansion window (Lombard Rate), on the same occasions as the base rate, increasing from 2% in January 2011 to 3.25% at the June close.

Investments

Superintendency Circular 21 of May 27, 2011 amended the Basic Accounting and Financial Circular with regard to the valuation of capital investments. A specific methodology was established for valuing securities listed on the Securities Register, and for securities quoted only on foreign exchanges, and securities listed on foreign exchanges and also authorized to be quoted in Colombia.

Likewise, in Resolution 833 of May 30, 2011, there was an amendment to Chapter 4 (Method for the Valuation of Variable Yield Securities", in the "Information Supply System for the Valuation of Investments", specifically, information was updated with regard to the valuation of capital investments listed in the foreign securities quotation systems authorized in Colombia, and material and representative securities representing participation in stock exchange-listed funds dealt in Colombia.

Operations with Derivatives

The exchange BVC, in Derivatives Regulatory Bulletin 003 of January 26, 2011, amended Circular 1 on the derivatives market, to define that dealing times for exchange futures would be from 8 a.m. to 4:30 p.m., and for equity futures, from 8:30 a.m. to 4 p.m.

On February 25, 2011, Derivatives Bulletin 5 amended Derivatives Circular 1, to issue instructions regarding the implementation of the new futures contract on the COLCAP equity index, adjustments to the methods provided for the calculation of theoretical prices of futures contracts, and the minimum quantity for registration of TES futures.

On May 30, 2011, in Derivatives Bulletin 10, an amendment was made to the Derivatives Circular 1 to adjust the method of calculation of closing prices of TES futures. Subsequently, on June 30, 2011, in Derivatives Bulletin 12, a further amendment was made to the Circular 1, to adjust obligations of participants in the market-makers program for TES futures.

Finally, in Derivatives Bulletin 13 of June 30, 2011, and amendment was made to the Derivatives Circular 1, with regard to the rate applied to dollar/peso exchange rate futures, and tariff prerogatives for the market-makers program in exchange rate futures.

Exchange Operations

The central bank in Regulatory Circular DCIN-83 of January 28, 2011 made an amendment to point 10 "Procedure Applicable to Exchange Operations", to define certain points relating to procedures for channelling currency, and the registration of international capital investments, financial investments, and investments in assets abroad.

On May 18, 2011, tax authority DIAN Resolution 5605 amended Resolution 4083/1999. The list of exchange references was updated with regard to those to be used by exchange market intermediaries, to provide information to DIAN Special Administrative Unit.

Agricultural Development Paper

Superintendency Circular 45 of April 19, 2011, provided information on the calculation of mandatory investments in agricultural development paper (TDA) for the quarter April-June 2011. As a result, the total of investments in TDA to be maintained by each institution is reported in accordance with the information transmitted by it and information on agricultural and equity placements, supplied by FINAGRO

Plan of Accounts - PUC

Superintendency Circular 48 amended the financial sector PUC through the creation and change of name of certain subaccounts, in order to provide an appropriate detail of revenues and write-offs by type of loan. The subaccounts amended including those related to income, the execution of agricultural extension programs, collections, recoveries, goods on deposit, and others.

Superintendency Circular in 11 of March 18, 2011 creates accounts and subaccounts in PUC for the financial sector, the insurance sector, and the securities market. It unifies the denomination of subaccount 8261 of the PUC of the financial and insurance sectors, and subaccount 8761 of the securities market sector PUC "Yields and Profit/Loss on Sale of Debt Securities".

Minimum Monthly Salary

Decree 33 of January 11, 2011 amends Decree 4834/2009, to increase the minimum monthly salary for 2011, to $535.600. The decision was taken due to the fact that the inflation reported by the statistical bureau DANE was 3.17%, while the estimate for inflation reported by the central bank - which was the basis for the issue of Decree 4034 - was 2.7%. This meant that there had been an underestimate of the increase required to increase the purchasing power of the minimum monthly salary.

Judicial Deposits

On January 17, 2011, the Financial Superintendency issued Resolution 79 certifying the rate of interest for liquidation of yields on judicial deposits and other items specified in Article 20 of Law 1285/2009. It was established that the interest rate should be 0.6% AER. This value corresponds to the average of the five best rates of interest for savings accounts offered in the market, in accordance with information sent by the Banks to the Superintendency.

Clearing and Settlement of Cheques

The central bank Circular DSP-153 of March 16 amends Point 2 "System of Electronic Clearing of Cheques CEDEC", in manual of the Payment Systems Department. This clarifies that the central bank will not review or modify files corresponding to records of checks of participating institutions.

National Interbank Electronic Clearing

Central bank Circular DSP-152 of January 24, 2011 amended Point1 "National Interbank Electronic Clearing CENIT ".

The Circular announces the entrance into production of Asopagos S.A.S. as the authorized entity and operator for information in CENIT, and the inter-operator and interbank tariffs which it will charge. Further, there is information on new points of security for the sending files to the CENIT system.

Tax Collection

On January 26, 2011, the tax authority DIAN issued Resolution 686 to amend the Supplement to Resolution 8699/2003, and introduce a number of measures in relation to the reception and collection of taxes and duties administered by the DIAN.

Resolution 4769 of April 28, 2011 extends the time allowed for the presentation of exogenous tax information for taxpayer organizations affected by the rainy season emergencies. This establishes that all taxpayers who are in who are registered in the census prepared by the local Committees in the Municipalities may present this information up to June 15, 2011.

Decree 859 of March 23, 2011 regulates the Tax Code and Decree 4825/2010. It establishes that the wealth tax for account of legal entities, individuals and companies whose net worth is $1,000 million or more, and the surcharge on this tax for those whose net worth is $3,000 million or more, can be amortized against the equity revaluation account or against earnings for the year in years 2011-2014, but the amount paid will not be allowable against income tax.

Intellectual Property and Copyright

Superintendency Circular 16 of February 15, 2011 issues instructions on compliance with intellectual property and copyright rules, in order to ensure that supervised institutions have appropriate internal control systems for this. It determines that the statement of compliance with intellectual property and copyright rules, contained in the Management Report mandatorily issued at the close of each accounting period, must contained sufficient evidence to guarantee that the software installed, in use, or in the possession of the organization, has the appropriate licences.

Emergency Measures for the Rainy Season

Superintendency Circular 019 of February 18, 2011 requests information required by the Comptroller General with regard to savings accounts, current accounts, and other financial products opened to receive and manage funds intended to mitigate the effects of the rainy season disasters at national and regional level.

On April 6, 2011, Resolution 7/2011 was published to regulate the validity of the guarantee of Fondo Agropecuario de Garantías (FAG), for loans for account of debts affected by the rainy season emergency. It was therefore established that for loans current at June 1, 2010, or granted subsequently, and which went into arrears between June 2, 2010 and June 30, 2011 the guarantees issued by FAG would be valid for 720 calendar days from the date that arrears began, as indicated by the lender.

New Entities

External Circular DSP-101 of March 1, 2011 announced the entry of Banco Finandina into the processes of clearing, receipt and return of cheques in Bogotá. It was announced that on that March 18, 2011 would mark the beginning of the participation of Banco Finandina in the cheque clearing and c settlement service, and that of other instruments of payment of the central bank.

Resolution 736 of May 12, 2011, authorized the functioning of a banking establishment which was the result of the conversion of a consumer finance company. This authorized functioning of Banco Falabella, previously CMR Falabella.

Loans Between Companies and Shareholders

Decree 858 of March 23, 2011 establishes the percentage of the inflationary component which does not constitute income, capital gains, costs or expenses, and the minimum annual yield on loans between companies and partners. It was established that 81.70% is the inflationary component which does not constitute income for the financial yields of individuals and estates pending liquidation which are not required to keep books of account; and that 81.7% was the inflationary component for financial yields distributed by investment funds, mutual funds, and securities funds.

Further, it is established that for income tax purposes, the presumption is that all cash loans made by companies to their partners or shareholders, or vice versa, generate a minimum annual yield of 3.47%, equal to DTF at December 31, 2010.

Ordinary Bank Interest

Resolution 487 of March 31, 2011 certifies ordinary bank interest (IBC), for the modes of micro, consumer and ordinary loans. The IBC was set at 17.69% for consumer and ordinary loans, and 29.33% AER for micro loans. These rates are valid between April 1 and June 30, 2011, for the calculations of usury rates for these types of loan.

Resolution 1047 of June 30, 2011 certifies the IBC for consumer, ordinary and micro loans. It sets a rate of 18.63% AER for consumer and ordinary loans, and 32.33% AER for micro loans. These rates are valid between July 1 and September 30, 2011.

Replacement of Cheques

Central bank Circular DSP-159 of May 20, 2011 amends Point 9 "Procedure for payments in Banco de la Republica". It adds a requirement to present a blank promissory note with a letter of instruction completed, as shown on Annexes 6 and 7, for the replacement of cheques out of court, where the individual value is 10 minimum monthly salaries or less.

Currency Operations

Central bank regulatory circular DODM-317 of April 12, 2011 amends Point 19. "Systems of negotiation of dealing and recording for currency operations". This clarifies the special conditions for the recording of currency operations, in areas such as the type of operation and the currency involved. Additionally, it is stated that the administrators of systems for dealing and recording currency operations must specify the procedure for the annulment or modification of operations performed on the system.

Regulatory Circular DCIM-83 of May 23, 2011 amends Point 10 “Procedures applicable to exchange operations”. It issues instructions for the recording of portfolio investments made from abroad, and investments in securities listed on foreign quotation systems, made in the performance of agreements and the integration of stock exchanges. Annex 19 is added, for “Registration of portfolio capital investments from abroad - modes other than currency”

Financial Consumers

Circular 44 of April 19, 2011 requests supervised institutions to update their contact data for consumer service areas. Here, a request is made for contact data of two members of staff of each institution for the transmission of urgent cases received at the Superintendency’s point of contact.

Through Circular 46 of May 2, 2011, instructions are given for the follow-up of activities to implement the financial consumer attention system (SAC). Representatives of trust companies and pension management funds are required to send the Form with the classification related to the level of development of the entity on each of the topics which is part of the SAFC, in matters such as policy, procedures and documentation.

Loans

A Circular of February 25, 2011 reports the broadening of the increase in the amount period of validity of the special credit limit in local currency “Financial intermediary liquidity”, in order to maintain support for financial entities in purchases of loans and the discount of documents for micro businesses and SMEs. At the same time, the amount of the limit is increased by $35,000 million, and validity is extended until the funds are exhausted.

Circular 17 amends Circular 100/1995, with regard to individual provisions against loans. The formula for the calculation of interest income on loans and leasing operations accumulated during the quarter is amended. Further, it is clarified that the term “real” in formulas for indicators given there means that the calculation should be made on deflated figures.

Transfer Prices

Resolution 6755 of June 15, 2011 cancels Resolution 11188/2010. This eliminates the requirement that taxpayers in the transfer price regime should send tax information through Form 1525, given the problems of applicability detected in it.

Resolution 6790 of June 16, 2011 sets out procedures for the presentation of information on transfer prices, to be presented through electronic media. It specifies procedures for the dispatch and information to be disclosed on individual and consolidated return forms reporting transfer prices

Elimination of Forms

Circular 25 of June 30, 2011 cancels some forms in the Basic Accounting and Financial Circular, in order to rationalize information to be sent by supervised institutions to the Superintendency. This eliminates forms related to assets and liabilities indexed in foreign currency, fraud by municipality, programmed savings accounts, and AFC, amongst other things

Provision of Services Through Correspondents

Circular 26 of June 30, 2011 gives instructions related to the provision of services through correspondents. Chapter 15 is added to Title I of the Basic Legal Circular, to specify services which can be provided by credit establishments, exchange brokers and exchange market intermediaries through correspondents.

Further, conditions are specified for risk management, moral acceptability, infrastructure, human resources and information-handling regarding customers and users, and to be met by correspondents with whom agreements are to be made.