

# FINANCIAL STATEMENTS

# BALANCE SHEET

## JUNE 30, 2011 AND DECEMBER 31, 2010

(Amounts in millions of Colombian pesos)

Assets	June 30	December 31
Cash and due from banks (Notes 4 and 26)	\$ 2,991,748.4	\$ 2,541,982.5
Money-market and related asset positions (Note 5)	271,979.1	214,647.1
<b>Investments (Notes 6 and 26)</b>	<b>10,718,785.5</b>	<b>10,834,944.4</b>
Trading, debt securities	468,912.0	884,052.5
Held to maturity	1,352,325.1	1,277,415.0
Available for sale, debt securities	1,687,258.9	2,655,013.9
Available for sale, capital securities	5,695,680.8	5,879,052.8
Transfer rights, investments available for sale, debt securities	1,485,529.2	121,275.2
Investments available for sale delivered in guarantee of derivatives and others, debt securities	29,798.8	18,909.2
Less: Provision	(719.3)	(774.2)
<b>Loans and financial leasing operations (Notes 7 and 26)</b>	<b>23,924,460.7</b>	<b>21,354,626.4</b>
Commercial, consumer and micro loans - secured	6,434,396.9	5,104,559.2
Commercial, consumer and micro loans - unsecured	18,272,047.4	17,024,229.7
Home mortgage loans	18,936.5	18,954.8
Less: Provision	(800,920.1)	(793,117.3)
<b>Acceptances, spot operations and derivatives (Notes 8 and 26)</b>	<b>289,045.0</b>	<b>191,980.8</b>
Bank acceptance debtors	17,160.4	27,372.9
Spot operations	18.2	(883.9)
Derivatives operations - speculation	203,916.6	162,695.3
Derivatives - hedging	67,949.8	2,796.5
<b>Accounts receivable (Notes 7, 9 and 26)</b>	<b>470,891.0</b>	<b>321,438.0</b>
Interest	240,807.1	202,810.5
Commissions and fees	17,427.5	16,557.4
Other	280,248.9	169,825.9
Less: Provision	(67,592.5)	(67,755.8)
<b>Marketable, foreclosed and restored assets (Note 10 and 26)</b>	<b>20,518.5</b>	<b>12,755.4</b>
Marketable assets	12.8	12.8
Foreclosed assets	67,339.9	54,075.6
Assets restored from leasing operations	659.3	743.9
Assets not used in the business	1,561.6	1,909.6
Less: Provision	(49,055.1)	(43,986.5)
<b>Property and equipment (Note 11)</b>	<b>423,491.3</b>	<b>362,475.3</b>
Land, buildings and construction in progress	223,476.9	212,060.2
Office equipment, furniture and fittings	117,948.2	113,146.6
Computer equipment	101,812.8	101,901.1
Vehicles	20.4	85.0
Importations in transit	141,714.6	89,847.7
Less: Accumulated depreciation and amortizations	(161,369.0)	(154,368.5)
Cost	423,603.9	362,672.1
Less: Provision	(112.6)	(196.8)
<b>Other assets (Notes 12 and 26)</b>	<b>1,125,382.7</b>	<b>746,978.4</b>
Permanent contributions	467.8	464.5
Prepaid expenses and deferred charges	307,153.6	70,971.7
Assets pending placement in leasing operations	37,677.3	42,022.8
Other	784,864.9	638,733.6
Less: Provision	(4,780.9)	(5,214.2)
<b>Valuation gains</b>	<b>868,367.5</b>	<b>782,613.8</b>
Low/minimum turnover or unquoted investments	332,248.4	244,266.8
Property and equipment	529,743.6	531,971.5
Other	6,375.5	6,375.5
<b>Valuation losses (Notes 6 and 26)</b>	<b>(112.3)</b>	<b>(718.8)</b>
<b>Total Assets</b>	<b>\$ 41,104,557.3</b>	<b>\$ 37,363,723.3</b>
Contingent accounts (creditor per contra)	6,547,822.9	5,435,105.8
Contingent accounts, debtor (Note 24)	2,917,031.1	1,060,301.4
Memorandum accounts, debtor (Note 25)	101,093,434.8	86,751,728.5
Memorandum accounts, creditor per contra	46,932,725.0	48,365,395.2
<b>Total contingent and memorandum accounts</b>	<b>\$ 157,491,013.8</b>	<b>\$ 141,612,530.9</b>

(Amounts in millions of Colombian pesos)

Liabilities and equity	June 30	December 31
<b>Deposits and demand accounts (Notes 13 and 26)</b>	<b>\$ 25,690,992.3</b>	<b>\$ 23,888,182.8</b>
Current accounts	5,949,638.4	5,947,885.0
Term deposits	6,208,898.3	5,927,925.1
Savings accounts	13,272,162.0	11,602,385.9
Other	260,293.6	409,986.8
<b>Money-market and related liability positions</b>	<b>1,700,729.5</b>	<b>201,181.9</b>
<b>Acceptances and derivatives outstanding (Note 8)</b>	<b>194,618.8</b>	<b>176,880.2</b>
Acceptances outstanding	17,160.4	29,964.9
Derivatives - speculation	177,442.8	136,670.3
Derivatives - hedging	15.6	10,245.0
<b>Bank loans and other financial obligations (Note 15)</b>	<b>3,964,404.1</b>	<b>4,008,154.0</b>
Other financial institutions in Colombia	912,682.5	956,573.8
Institutions abroad	3,051,721.5	3,051,580.2
<b>Accounts payable (Notes 16 and 26)</b>	<b>922,244.2</b>	<b>683,920.6</b>
Interest	57,037.0	93,903.3
Commissions and fees	4,359.6	4,251.7
Other	860,847.6	585,765.6
<b>Bonds outstanding (Note 17)</b>	<b>414,326.4</b>	<b>612,833.8</b>
<b>Other liabilities (Notes 18 and 26)</b>	<b>235,476.6</b>	<b>210,069.7</b>
Long-term employment liabilities	54,432.0	55,157.6
Income received in advance	10,548.7	9,989.3
Deferred income	17,048.9	17,265.0
Pensions	86,302.5	84,519.2
Other	67,144.5	43,138.6
<b>Accruals and provisions (Notes 19 and 26)</b>	<b>202,702.8</b>	<b>141,526.8</b>
Employment obligations	7,792.5	9,356.3
Taxes	156,022.8	95,243.9
Other	38,887.5	36,926.6
<b>Mandatorily convertible bonds</b>	<b>65,493.0</b>	<b>2,284,607.6</b>
<b>Total liabilities</b>	<b>33,390,987.6</b>	<b>32,207,357.4</b>
<b>Equity</b>	<b>7,713,569.7</b>	<b>5,156,365.9</b>
<b>Capital (Note 21)</b>	<b>2,854.4</b>	<b>2,382.3</b>
<b>Reserves (Notes 22)</b>	<b>4,638,966.6</b>	<b>2,259,711.7</b>
Legal reserve		
Appropriation of profits	1,603,486.8	1,446,261.5
Share premium	2,856,591.5	637,945.5
Statutory and occasional reserves	178,888.3	175,504.7
<b>Surplus:</b>	<b>2,565,091.6</b>	<b>2,501,091.3</b>
Accumulated unrealized gains on investments available for sale (Notes 23 and 26)	1,695,409.3	1,723,607.4
Unrealized gains(losses) on hedging derivatives	1,427.1	(4,411.1)
Valuation gains	868,367.5	782,613.8
Valuation losses (Note 6)	(112.3)	(718.8)
Profit for the period	506,657.1	393,180.6
<b>Total liabilities and equity</b>	<b>\$ 41,104,557.3</b>	<b>\$ 37,363,723.3</b>
<b>CONTINGENT ACCOUNTS - CREDITOR</b>	<b>6,547,822.9</b>	<b>5,435,105.8</b>
Emdorsements and guarantees	650,344.0	562,246.6
Letters of credit	227,992.6	184,742.3
Loans approved and pending disbursement	225,000.0	225,000.0
Credits opened - in process of award	1,002,100.0	341,033.0
Credits opened - awarded	123,764.3	17,292.9
Credits opened- credits	2,125,165.6	2,242,938.1
Credits opened - credit cards	1,353,588.5	1,294,617.2
Other contingencies	839,867.9	567,235.7
<b>Contingent accounts - debtor per contra</b>	<b>2,917,031.1</b>	<b>1,060,301.4</b>
<b>Memorandum accounts - debtor per contra (Note 25)</b>	<b>101,093,434.8</b>	<b>86,751,728.5</b>
<b>Memorandum accounts - creditor (Note 25)</b>	<b>46,932,725.0</b>	<b>48,365,395.2</b>
<b>Total contingency and memorandum accounts</b>	<b>\$ 157,491,013.8</b>	<b>\$ 141,612,530.9</b>

See the notes accompanying the financial statements.

# STATEMENT OF EARNINGS

Half-years ended on June 30, 2011 and December 31, 2010  
(Amounts in millions of Colombian pesos, except profit per share)

	Periods of account	
	January 1 - June 30, 2011	July 1 - December 31, 2010
<b>Direct operating income (Notes 26 and 27)</b>		
Interest and amortized discount on loans	1,050,603.2	959,863.0
Profit on sale of trading investments in debt securities	18,000.8	14,916.5
Profit on valuation of investments available for sale in debt securities	111,727.1	84,790.2
Profit on valuation of investments held to maturity	12,489.0	6,159.3
Profit on investments available for sale	29,326.3	69,699.2
UVR adjustment	276.0	26.2
Commissions and fees	283,568.2	291,552.4
Profit on short repo positions, and simultaneous and securities transfer operations	3,568.4	5,196.0
Profit on valuation of spot operations	246.8	57.1
Profit on valuation of derivatives - speculation	6,311,668.6	2,081,665.1
Exchange	164,865.6	99,623.0
Profit on sale of investments	8,071.6	11,161.6
Operating income, leasing operations	20,573.6	14,151.1
Sanctions for breaches of leasing agreements	155.8	132.0
<b>Direct operating expenses (Notes 26 and 27)</b>		
Interest on deposits and demand accounts	309,344.4	274,846.8
Interest on bank loans and other financial obligations	37,116.5	24,061.9
Commissions	67,538.1	57,730.5
Loss on valuation of derivatives - speculation	6,220,526.4	2,092,877.5
Exchange	251,706.2	48,178.4
Loss on short mreepo position, simultaneous operations and temporary securities transfers	3,347.5	9,376.8
Loss on valuation of spot operations	4,869.6	0.0
Loss on sales of loans	0.0	3.1
Loss on sale of investments	4,974.5	8,099.5
<b>Direct operating result</b>	<b>1,115,717.8</b>	<b>1,123,818.2</b>
<b>Other operating income (expenses) net</b>	<b>(46,841.2)</b>	<b>(172,162.4)</b>
<b>Operating income (Notes 26 and 27)</b>	<b>588,268.0</b>	<b>404,167.8</b>
Dividends and other capital surpluses	295,165.2	127,969.1
Other	293,102.8	276,198.7
<b>Operating expenses (Notes 26 and 27)</b>	<b>635,109.2</b>	<b>576,330.2</b>
Payroll	210,471.7	200,721.1
Other	424,637.5	375,609.1
<b>Operating result before provisions, depreciation and amortizations</b>	<b>1,068,876.6</b>	<b>951,655.8</b>
<b>PROVISIONS</b>	<b>412,518.0</b>	<b>412,159.3</b>
Investments	26.8	51.0
Loans and leasing operations	376,163.9	380,336.4
Loans	293,611.0	372,350.7
Leasing operations	2,835.7	504.9
Individual counter-cyclical component - consumer loans	22,568.5	1,761.4
Individual counter-cyclical component - commercial loans	57,148.7	5,719.4
Accounts receivable	27,721.4	29,204.0
Other accounts receivable	26,978.0	28,838.5
Counter-cyclical component - accounts receivable	743.4	365.5
Other (Note 28)	8,605.9	2,567.9
<b>Depreciation - own assets in use (Note 11)</b>	<b>21,178.4</b>	<b>20,633.9</b>
<b>Amortizations</b>	<b>26,900.2</b>	<b>27,337.1</b>
<b>Net operating result</b>	<b>608,280.0</b>	<b>491,525.5</b>
<b>Non-operating income (Notes 26 and 29)</b>	<b>67,691.3</b>	<b>57,002.4</b>
<b>Non-operating expenses (Notes 26 and 29)</b>	<b>11,480.8</b>	<b>10,220.5</b>
Loss on sale of foreclosed and restored assets	6.0	29.3
Loss on sale of property and equipment and other assets	5.6	50.2
Insurance losses	4,854.7	5,135.8
Other non-operating expenses	6,614.5	5,005.2
<b>Net non-operating result</b>	<b>56,210.5</b>	<b>46,781.9</b>
<b>Profit before tax</b>	<b>664,490.5</b>	<b>538,307.4</b>
<b>Income tax (Note 29)</b>	<b>157,833.4</b>	<b>145,126.8</b>
<b>Profit for the period</b>	<b>\$ 506,657.1</b>	<b>\$ 393,180.6</b>
<b>Profit per share (pesos)</b>	<b>1,888.2</b>	<b>1,650.4</b>

See the notes accompanying the financial statements.

# STATEMENT OF CHANGES IN EQUITY

Half-years ended on June 30, 2011 and December 31, 2010  
(Amounts in millions of Colombian pesos, except profit per share)

	Legal Reserve			Surplus accounts						
	Capital	Appropriation of Profit	Share Premium	Statutory and occasional reserves	Accumulated unrealized profit on investments	Accumulated unrealized loss on investments	Valuation gains	Valuation losses	Profit for the period	Total Equity
Balance at June 30, 2010	2,382.3	1,227,363.2	637,945.5	195,890.4	1,369,918.0	0.0	732,342.0	(503.0)	388,630.0	4,553,968.4
Distribution of net profit, January-June 2010				388,620.0					(388,620.0)	0.0
Increase in capital	-									
Increase in share premium			-							
Donation to the Bank Employees' Fund									(10.0)	(10.0)
Dividends declared between October 2010 and March 2011 at \$132.999964966594 per month per share on 238,229,762 paid shares				(190,107.4)						(190,107.4)
Increase in Legal Reserve from profit appropriation January-June 2010		218,898.3		(218,898.3)						0.0
Movement for the period					353,689.4		50,271.8	(215.8)		403,745.4
Unrealized profit or loss from asset and liability hedging						(4,411.1)				(4,411.1)
Net profit, July-December 2010									393,180.6	393,180.6
Balance at December 31, 2010	2,382.3	1,446,261.5	637,945.5	175,504.7	1,723,607.4	(4,411.1)	782,613.8	(718.8)	393,180.6	5,156,365.9
Distribution of net profit, July-December 2010				393,170.6					(393,170.6)	0.0
Increase in capital	472.1									472.1
Increase in share premium			2,218,646.0							2,218,646.0
Donation to the Bank Employees' Fund									(10.0)	(10.0)
Dividends declared between April and September, 2012 at \$135.79004408034 per month per share on 285,442,748 paid shares				(232,561.7)						(232,561.7)
Increase in legal reserve from appropriation of profit for July-December 2010		157,225.3		(157,225.3)						0.0
Movement for the period					(28,198.1)		85,753.7	606.6		58,162.1
Unrealized profit or loss on asset or liability hedging						5,838.2				5,838.2
Net profit, January-June 2011									506,657.1	506,657.1
Balance at June 30, 2011	2,854.4	1,603,486.8	2,856,591.5	178,888.3	1,695,409.3	1,427.1	868,367.5	(112.3)	506,657.1	7,713,569.7

See the notes accompanying the financial statements.

ALEJANDRO FIGUEROA JARAMILLO  
Legal Representative

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Chief Accountant T. P. 43967-T

GUSTAVO AVENDAÑO LUQUE  
Statutory Auditor T. P. 3154-T  
Member of KPMG Ltda.  
(See my report of February 7, 2011)

# STATEMENT OF CASH FLOWS

Six-month periods ended on June 30, 2011 and December 31, 2010  
(Amounts in millions of Colombian pesos)

	June 30	December 31
Cash flows from operating activities		
Profit for the period	\$ 506,657.1	393,180.6
Adjustments to reconcile profit for the period and net cash provided by operating activities		
Provision against investments	26.8	51.0
Provision against loans	373,328.1	379,831.5
Provision against leasing operations	2,835.7	504.9
Provision against receivables	27,721.4	29,204.0
Provision against foreclosed assets	7,752.8	1,866.5
Provision against property and equipment	0.0	0.0
Provision against other assets	806.7	668.3
Provision for severance	10,448.6	9,271.1
Provision for pensions	6,360.1	4,671.3
Depreciation	21,178.4	20,633.9
Amortizations	26,900.2	27,337.1
Profit on sale of investments, net	(3,097.1)	(3,062.1)
Profit on sale of loans, net	0.0	3.1
(Profit) loss on sale of foreclosed assets, net	(3,802.1)	(13,525.6)
Profit on sale of property and equipment, net	(7,347.4)	(1,651.8)
Recovery of provision against investments	(81.7)	(50.7)
Recovery of provision against loans	(202,611.9)	(222,568.2)
Recovery of counter-cyclical component of loans	(46,883.4)	(2,231.9)
Recovery of provision against leasing operations	(1,149.7)	(504.9)
Recovery of counter-cyclical component of leasing operations	0.0	(1,619.2)
Recovery of provision against accounts receivable	(11,937.6)	(16,108.9)
Recovery of provision against foreclosed assets	(2,082.0)	(5,921.0)
Recovery of provision against property and equipment	(84.2)	(348.9)
Recovery of provision against other assets	(571.1)	(38.8)
Recovery of other provisions	(2,274.3)	(3,109.9)
Profit on valuation of investments	(142,216.9)	(105,866.0)
Changes in operating assets and liabilities		
Increase accounts receivable	(165,236.9)	(42,830.8)
(Increase) Decrease foreclosed assets	(12,579.6)	12,276.4
(Increase) Decrease other assets	(385,233.5)	101,624.6
Increase Deferred income tax	(20,306.5)	(5,295.3)
Increase (Decrease) accounts payable	217,096.4	(434,678.5)
Increase (Decrease) other liabilities	24,349.3	(3,602.7)
Increase (Decrease) employment liabilities	4,596.6	(1,161.8)
Increase (Decrease) accruals and provisions	63,450.4	(62,637.2)
Payment of pensions	(4,576.8)	(4,671.3)
Payment of severance	(15,771.0)	(2,742.4)
Total adjustments	(240,992.0)	(346,284.1)
Net cash provided by operating activities	265,665.1	46,896.5
Cash flows from investment activities		
Decrease (Increase) investments	\$ 233,329.8	(3,760,983.8)
Increase loans	(2,477,787.5)	(2,472,149.0)
Increase leasing operations	(217,565.6)	(92,968.3)
(Increase) acceptances and derivatives	(97,064.2)	(17,248.1)
Additions to property and equipment	(252,732.8)	(133,645.8)
Proceeds of sale of foreclosed assets	2,947.7	8,540.8
Proceeds of sale of property and equipment	177,970.0	38,113.6
Net cash used in investment activities	(2,630,902.6)	(6,430,340.6)
Cash flows from financing activities		
Increase deposits and demand accounts	1,802,809.5	1,312,729.0
Increase (Decrease) Liability positions in money-market and related operations	1,499,547.6	(879,445.2)
Increase bank acceptances	17,738.6	19,484.0
(Decrease) Increase bank loans and other financial obligations	(43,749.9)	2,587,733.1
(Decrease) Increase Bonds outstanding	(198,507.4)	193.5
(Decrease) Increase mandatorily convertible bonds	(2,219,114.6)	2,284,607.6
Increase accumulated unrealized gains in hedging operations	5,838.2	(4,411.1)
Dividends paid	(211,334.5)	(188,678.0)
Donations	(10.0)	(10.0)
Increase in capital	472.1	0.0
Increase in share premium	2,218,646.0	0.0
Net cash provided by financing activities	2,872,335.6	5,132,202.9
Net increase (decrease) in cash and cash equivalents	507,098.0	(1,251,241.2)
Cash and equivalent at the beginning of the year	2,756,629.6	4,007,870.9
Cash and equivalent at the end of the year	\$ 3,263,727.4	2,756,629.6

See the notes accompanying the financial statements.