BANCO DE BOGOTÁ S.A.

Notes to the Financial Statements

At June 30, 2014 and December 31, 2013
(In millions, except the exchange rate and net earnings per share)

(1) Reporting Entity

Banco de Bogotá S.A. is a private entity headquartered in the city of Bogotá D.C. it was incorporated through Public Instrument No. 1923, drawn up and authenticated on November 15, 1870 by Notary Public No. 2 in Bogotá D.C. its license to operate was renewed once and for all by the Colombian Superintendency of Finance. The duration of the Bank, as established in its by-laws, extends to June 30, 2070. However, it may be dissolved or extended prior to that date. The business of the Bank is to perform all operations and to enter into all contracts legally authorized for commercial banks, subject to the requirements and limitations imposed by Colombian law.

The following are the most representative amendments to its by-laws:

- Banco de Bogotá S.A. formally merged through absorption with Banco del Comercio S.A. (the absorbed company or transferor) via Public Instrument Number 3594, drawn up on December 30, 1992 and authenticated by Notary Public No. 11 in the city of Bogota.
- Article forty-two (42) of the corporate by-laws on distribution of dividends, which are to be decreed in equal parts for all subscribed and fully paid shares, was amended through Public Instrument Number 1722, drawn up on June 5, 1997 and authenticated by Notary Public No. 11 in the City of Bogotá.
- Banco de Bogotá S.A. amended its by-laws through Public Instrument Number 0891, drawn up on April 11, 2002 and authenticated by Notary Public No. 11 in the city of Bogotá. The amendment updates the duties of the Bank's governing bodies, which include, in addition to others, specific responsibilities related to approval, dissemination and control of compliance with the provisions set forth in the Good Governance Code.
- The merger by absorption between Banco de Bogotá S.A. (the absorbing company or transferee) and Banco de Crédito y Desarrollo Social – MEGABANCO S.A. was executed through Public Instrument 3690 drawn up on November 7, 2006 and authenticated by Notary Public No. 11 in the city of Bogotá.
- Acquisition intended for Leasing Bogotá S.A. (the acquired company) to be absorbed by and integrated into Banco de Bogotá (the acquirer) was formalized through Public Instrument No. 4608, drawn up on May 24, 2010 and authenticated by Notary Public No. 38 in the city of Bogotá.

The Bank was operating on June 30, 2014 with ten thousand four (10,004) employees on contract, three hundred thirty-three (333) working under civil apprenticeship agreements and one thousand one hundred twenty-one (1,121) temporary staff members, plus one thousand two hundred eighty-five (1,285) employees contracted with Megalínea. Through outsourcing with specialized companies, the Bank also employs a total of three thousand five hundred thirty-nine (3,539) persons at six hundred three (603) offices, five (5) corporate service centers (CSC), four (4) small business service centers, fifty (50) collection and payment offices, eighteen (18) business advisory offices, ninety-three (93) non-own-code bank branch extension offices, thirteen (13) bank extension offices, eleven (11) Premium offices, six (6) centers specialized in housing, one thousand eight hundred seventeen (1,817) banking correspondents, thirteen (13) Servicajas, two (2) customer-only service offices, eight (8) payroll installment lending offices with special services, twenty-five (25) payroll installment lending centers, five (5) core offices, two (2) agencies abroad, one in New York City and the other in Miami, and one (1) branch in Panama City, which is licensed to operate as a local bank.

In addition, Banco de Bogotá S.A. owns one hundred percent (100%) of the foreign subsidiaries described in Note 6.

The accompanying financial statements combine the assets, liabilities and earnings of its offices in Colombia and its agencies in New York and Miami, and the bank branch in Panama City, but do not consolidate the financial statements of Banco de Bogotá with those of its subordinates. The consolidated financial statements are prepared separately.

The Banco de Bogota S.A. is a subordinate of Grupo Aval Acciones y Valores S.A.

(2) Principal Accounting Policies

a) Basic Accounting Policy

The policies on accounting and preparation of the Bank's financial statements are consistent with the accounting principles generally accepted in Colombia and the instructions imparted by the Colombian Superintendency of Finance.

b) Cash Flow Statement and Cash Equivalents

The indirect method was used to create the cash flow statement in this report. For the purpose of that statement and in addition to cash, the Bank considers as cash equivalents loan positions under 90 days that are readily convertible to cash and have little risk of significant changes in value.

c) Money Market Assets and Liability Operations and Similar Positions

This account records interbank funds, repos, simultaneous operations and the temporary transfer of securities, as explained below.

Ordinary Interbank Funds

These are funds the Bank places with or receives directly from another financial institution, with no agreement to transfer investments or loans. Also included in this category are overnight operations conducted with financial institutions outside the country, using the Bank's own funds.

The interest income generated by the operation is entered in the statement of operations.

Repurchase Operations (Repos)

Asset Position

These are transactions in which secured funds are placed in other financial institutions. The Bank purchases investments in debt securities with a commitment to sell them back to the counterpart at a fixed price, plus a fixed rate of interest, on a specific date not to exceed one year. The value entered in this account is the value of the disbursed funds and the purchased investments are entered in contingent accounts. The accrued interest is entered in accounts receivable.

Liability Position

These are transactions involving the receipt of secured funds. The Bank sells investments in debt securities with a commitment to repurchase them at a certain price, plus interest, on a specified date not to exceed

one year. The values received are entered as liabilities and the investment sold is reclassified within the investment portfolio in the account entitled "Investments sold under repurchase agreements". Accrued interest is entered as accounts payable.

Simultaneous Operations

The asset and liability positions in simultaneous operations are similar to those in repo operations. This type of transaction does not allow for restrictions on mobility of the securities in question, nor may the initial amount be calculated with a discount on the market price of the securities involved in the transaction.

The securities received in money market operations (repos and simultaneous) are valued daily at fair market price, based on the prices published by the trading systems, and the collateral received or pledged is valued similarly in memorandum accounts.

Money market operations are entered in contingent accounts to recognize and disclose receipt of the respective security.

The yields agreed in money market operations are calculated exponentially during the term of the transaction. Accordingly, these returns represent income (for lending operations) or an outlay (for liability operations) and are recognized in the income statement according to the principle of accrual accounting.

The entry for collateral pledged in repo and simultaneous operations is reclassified, within the same investment account, to a transfer rights account until the operation is complete. It also is registered in contingent memorandum accounts.

The collateral received in repo and simultaneous transactions is entered in memorandum accounts and is only entered in balance sheet accounts when the so-called short position is sold.

Securities Lending

In securities lending operations, one party (the "originator") transfers possession of the securities (involved in the transaction) to the other party (the "recipient") under an agreement to re-transfer them on the same date or at a later date. Simultaneously, the recipient transfers to the originator possession of other securities or a sum of money equal to or greater than the value of the securities in the operation.

When the operation is reversed, both the originator and the recipient must restore possession of securities of the same kind and characteristics as those received in the transaction, or the sum of money received, as the case may be.

d) Investment Securities

This account includes investments acquired by the Bank to maintain a secondary liquidity reserve, to gain direct or indirect control of any company in the financial or service sector, to comply with legal or regulatory requirements, or for the sole purpose of eliminating or reducing the market risk to which the assets, liabilities and other items in the financial statements are exposed.

All the Bank’s investments are valued using information provided by INFOVALMER S.A., which is a pricing service. It supplies the information required to value the investments in each segment of the market (prices,

rates, curves, margins, etc.) and issues and provides methods to value the investments needed to comply with the corporate business, doing so in accordance with the parameters set forth in Chapter I of the Basic Accounting and Financial Circular issued by the Colombian Superintendency of Finance.

The various types of investment are classified, valued and recorded as indicated in the following table.

Trading		
Characteristics	**Valuation**	**Entered on the books**
Short term Securities acquired to turn a profit on short-term price fluctuations.	Investments in the form of debt securities are valued based on the price determined by the valuation pricing service. On days when the fair price cannot be found or estimated, these securities are valued exponentially, based on the internal rate of return. This procedure is performed daily.	The difference between the actual market value and the immediately preceding value is registered as a gain or loss in the value of the investment, and the balancing item affects earnings for the period. This procedure is performed daily. Investments are valued at market prices, as of the same day they are acquired. Therefore, changes or differences between the purchase price and the market value of investments also are recorded as of the purchase date.

Held to maturity		
Characteristics	**Valuation**	**Entered on the books**
Term to maturity These are securities the Bank seriously intends to hold to maturity or to the redemption date and has the legal, contractual, financial and operational capacity to do so These investments may not be used in liquidity operations nor for repos, simultaneous operations or securities lending, unless they are forced or mandatory investments subscribed in the primary market and the other party in the operation is the Central Bank of Colombia (Banco de la República), the General Office of Public Credit and the National Treasury or entities supervised by the Colombian	Exponentially, according to the internal rate of return calculated at the time of purchase, based on a year with 365 days When there is objective evidence of a loss due to deterioration in the value of these assets, the book value will be reduced directly and the loss will be recognized in the earnings for the period. This procedure is performed daily.	The present value is entered as an increase in the value of the investment, and its balancing item is recorded in the earnings for the period. Required yield pending collection is recorded as an increase in the value of the investment. Consequently, collection of any such yield should be recorded as a decline in the value of the investment. This procedure is performed daily.

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Held to maturity		
Characteristics	**Valuation**	**Entered on the books**
Superintendency of Finance They also may be delivered to a central counterparty clearing house as a guarantee to back compliance with operations it has accepted for clearing and settlement.		

Available for sale – debt securities		
Characteristics	**Valuation**	**Entered on the books**
One year up to November 22, 2013 and six (6) months as of that date. These are securities the Bank seriously intends to hold for at least six (6) months from the date they were classified in this category, and has the legal, contractual, financial and operational capacity to do so. On the first business day following completion of that six-month period, these securities may be reclassified as "held for trading" or "held to maturity". If not, they will remain classified as "available for sale". Securities classified as investments "available for sale" may be delivered as collateral guarantees to a central counterparty clearing house to back compliance with operations it has accepted for clearing and settlement. Likewise, these investments may be used for liquidity operations, repos, simultaneous operations or securities lending.	Investments in debt securities are valued on the basis of the price determined by the valuation pricing service. On days when the fair price cannot be found or cannot be estimated, these securities are valued exponentially, based on the internal rate of return. This is a daily procedure.	Changes in these securities are entered on the books as follows. - The difference between the present value on reappraisal day (calculated exponentially from the internal rate of return calculated at the time of purchase, based on a year with 365 days) and the immediately preceding value is recorded as an increase or decrease in the value of the investment, and is credited or charged to the nominal accounts. - The difference between market value and the present value calculated according to the preceding paragraph is entered in the equity accounts as an unrealized accumulated gain or loss. This procedure is performed daily.

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Available for sale – equity securities		
Characteristics	**Valuation**	**Entered on the books**
No term Investments whereby the Bank becomes joint owner of the issuer. This category includes securities with high, medium, low or minimal turnover or unlisted securities and those held by the Bank as controlling interest in its capacity as a parent company or head office, in or outside the country. For the purpose of their sale, these investments need not be held for six (6) months.	• Equity securities listed in the national registry of securities (RNVE) (Spanish acronym): These are valued according to the price determined by the valuation pricing services authorized by the Colombian Superintendency of Finance Mutual funds and securitizations are valued according to the unit of value calculated by the management company on the day prior to valuation. • Equity securities quoted only on foreign stock exchanges: These are valued based on the price determined by the valuation pricing services authorized by the Colombian Superintendency of Finance. If there is no valuation method, the most recent closing price in the last five (5) trading days shall be used, including the valuation day, or the simple average of the closing prices reported in the last 30 days. If they are traded on more than one foreign stock exchange, the value on the home market will be used. The price of the security is to be converted into domestic currency. • Equity securities listed in foreign securities exchange systems authorized in Colombia: These are valued at the price supplied by the valuation pricing services authorized by the Colombian Superintendency of Finance. • Equity securities not listed on a stock exchange:	Low or minimum turnover or unlisted - The difference between the market or updated value of the investment and the book value is recorded as follows: If greater, it is used first to reduce the provision or for a downward adjustment in value until exhausted, and the excess is recorded as an equity surplus. - If less, the difference is used to reduce the equity surplus until exhausted, and the remainder is recorded as a loss in market value. - When dividends or profits are distributed in kind, including those from capitalization of the equity reappraisal account, the portion entered on the books as an equity surplus is treated as income, chargeable to the investment, and that surplus is reversed. - When dividends or profits are distributed in cash, the amount entered as an equity surplus is recorded under income, thereby reversing that surplus. The amount of dividends that exceeds it is recorded as a decline in the value of the investment. High or medium turnover The updated market value of securities with high and medium turnover or those quoted on internationally recognized foreign stock exchanges is recorded in the equity accounts as an unrealized accumulated gain or loss and credited or charged to the investment, as the case may be. This procedure is performed daily. Dividends or profits distributed in cash or

(Continued)

Available for sale – equity securities		
Characteristics	**Valuation**	**Entered on the books**
	These are valued at the price determined by the valuation pricing service designated as official for the respective segment. When the pricing service has no method for valuing these investments, institutions shall increase or decrease the acquisition cost in proportion to the percentage of ownership interest the investor has in subsequent variations in the issuer's equity, calculated on the basis of certified financial statements at June 30 and December31 of each year, or the most recent ones, if known.	kind, including those from capitalization of the equity reappraisal account, are entered as income up to the amount pertaining to the investor with respect to profits or reappraisal of the issuer's equity, as recorded by the latter from the date the investment was acquired, chargeable to accounts receivable.

Investment Reclassification

For an investment to remain in any of the classification categories, it must comply with the characteristics or conditions particular to the type of investments in that category.

The Colombian Superintendency of Finance may order the institution to reclassify a security at any time, if it does not comply with the characteristics particular to the category in which it is classified or when reclassification is required for better disclosure of the financial situation.

Investments may be reclassified pursuant to the following allowance:

Reclassification from investments held to maturity to investments held for trading is possible in any of the following circumstances:

- Significant deterioration in the conditions of the issuer, its parent company, its subordinates or its affiliates.

- Changes in regulations that make it impossible to maintain the investment.

- Mergers that lead to reclassification or sale of the investment to maintain the previous interest-rate risk position or to adjust to the credit risk policy established beforehand by the resulting entity.

- Other unforeseen events, subject to prior authorization by the Colombian Superintendency of Finance.

Reclassification from investments available for sale to investments held for trading or held to maturity is possible in any of the following circumstances:

- Completion of the six (6) month period applying to this classification.

- When the investor loses its capacity as a parent or controlling company, if this circumstance involves a decision to dispose of the investment or the primary intent is to profit from short-term price fluctuations, as of that date.

- When the conditions of the issuer, its parent company, its subordinates or its affiliates have deteriorated significantly.

- When changes in regulations make it impossible to maintain the investment.

- When mergers lead to reclassification or sale of the investment to maintain the previous interest-rate risk position or to adjust to the credit risk policy established beforehand by the resulting entity.

- When the investment goes from low or medium turnover or unquoted to high or medium turnover.

When investments held to maturity or available for sale are reclassified as trading investments, the rules on reappraisal and accounting applicable to the latter are to be observed. Consequently, unrealized gains or losses are treated as income or expenses on the date of reclassification.

Securities reclassified as trading investments may not be reclassified again.

Investment Repurchase Rights

This account records investments that represent collateral guarantees for investment repurchase agreements.

All economic rights and benefits associated with the value of these investments are preserved by the Bank and it retains all risks inherent in that value, even though legal ownership is transferred when the operation is carried out in the money market.

These securities continue to be valued daily and entered on the balance sheet and the statement of operations pursuant to the method and procedure applicable to investments classified as “trading,” “held to maturity” and “available for sale,” depending on the category in which they were listed prior to acquisition of the repurchase agreement.

Investments Pledged as Collateral Guarantees

These are investments in debt securities pledged as collateral to back compliance with operations accepted for clearing and settlement by the Central Counterparty Clearing House.

These securities are valued daily and entered on the balance sheet and the statement of operations pursuant to the method and procedure applicable to the category in which they were listed prior to being pledged as collateral.

Allowances or Losses, by Credit Risk Rating

The price of "trading" investments for which there is no fair price on the day of reappraisal and the price of investments classified as "held to maturity" must be adjusted on each reappraisal date, based on the credit risk rating and pursuant to the following criteria:

Unrated Issues or Allowances:

Securities with no external rating or those issued by unrated entities are classified as follows:

Category/Risk	Characteristics	Allowances
A-Normal	They comply with the terms agreed on in the instrument, and the issuer has sufficient capacity to pay the principal and interest.	None required
B- Acceptable	This classification pertains to issues with uncertainty factors that could affect the capacity to continue to service the debt adequately. In addition, the financial statements and other available data show weaknesses that might affect the issuer's financial situation.	The net value may not exceed eighty percent (80%) of the acquisition cost, the net face value of amortization up to the valuation date.
C- Appreciable	These are issues with high or medium probability of default on prompt payment of principal and interest. Moreover, the financial statements and other available data show weaknesses in the issuer's financial situation that could jeopardize recovery of the investment.	The net value may not exceed sixty percent (60%) of the acquisition cost. In the case of debt securities, their book value may not exceed eighty percent (80%) of their net face value of amortization prior to the valuation date.
D- Significant	These are issues that default on the terms agreed in the instrument. In addition, the respective financial statements and other available data show serious weaknesses in the issuer's financial situation, so much so that there is very little likelihood of recovering the investment.	The net value may not exceed forty percent (40%) of the acquisition cost.
E-Uncollectable	Issuers with financial statements and other available data suggesting the investment is uncollectible. Also, if there are no financial statements at December 31 and June 30 of each year.	The value of these investments is provisioned in its entirety.

Externally-rated Issues or Issuers

Debt securities with one or more ratings and those ranked by external credit rating agencies recognized by the Colombian Superintendency of Finance may not be recorded for an amount that exceeds the following percentages of the net face value of amortization prior to the valuation date.

Long-term Rating	Maximum Value %	Short-term Rating	Maximum Value %
BB+, BB, BB-	Ninety (90)	3	Ninety (90)
B+, B, B-	Seventy (70)	4	Fifty (50)
CCC	Fifty (50)	5 and 6	Zero (0)
DD,EE	Zero (0)	5 and 6	Zero (0)

The respective issuer's rating is used to estimate the allowances for time deposits.

The allowance for investments classified as "held to maturity" and for which a fair value can be determined, as stipulated for "trading" securities or those "available for sale," is the difference between the book value and said price.

Internal or external government debt securities issued or backed by the nation, those issued by the Central Bank of Colombia and those issued or backed by the Guarantee Fund for Financial Institutions (FOGAFIN) are not subject to these provisions.

e) Loans and Financial Leases

These accounts record loans made according to the different types of authorized lending. The funds used to extend loans come from the Bank's own resources, the public (in the form of deposits), and other external and internal sources of funding.

Loans are entered on the books at their disbursement value, except in the case of factoring operations, which are recorded at cost.

The loan portfolio is classified into four (4) types of credit:

Commercial

These are loans made to persons or legal entities to develop organized business activities. They are different from microcredit.

Consumer

These loans, regardless of the amount, are made to persons to finance the acquisition of consumer goods or the payment of non-commercial or non-business services. They are different from microcredit.

Mortgage

These loans, regardless of the amount, are granted to persons for the purchase of new or used housing, or the construction of individual homes. As provided for under Law 546/ 1999, they are denominated in constant-value units (UVR-Spanish acronym) or in domestic currency, and are backed by a first mortgage on the property being financed.

The payback period ranges from a minimum of five (5) years to a maximum of thirty (30). These loans may be prepaid all or in part at any time, without penalty. In the event of partial prepayments, the borrower is entitled to decide if the amount paid will go to reduce the monthly installment or the mortgage payback

period. These loans also have a remunerative rate of interest, which is applied to the outstanding balance denominated in UVRs or in pesos. Interest is charged in arrears and may not be capitalized. The amount of the mortgage may be for as much as seventy-percent (70%) of the value of the property, as determined by the purchase price or by a professional appraisal done within six (6) months before the loan is granted. Loans to finance low-income housing may be for as much as eighty percent (80%) of the value of the property. In all cases, the property being financed must be insured against fire and earthquake.

Microcredit

These are the loans referred to in Article 39, Law 590/2000, or as amended, substituted or expanded, and those made to micro-businesses where the primary source of repayment is the income derived from their commercial activity.

The borrower's debit balance may not exceed one hundred twenty (120) times the minimum monthly wage (SMMLV: Spanish acronym) provided for by law at the time the loan is approved. The "debit balance" is understood as the sum the micro-business still owes on loans from the financial sector and other sectors, as listed in the records of the database operators consulted by the respective lender, excluding mortgage loans and adding the value of the new loan.

A micro-business is understood as any unit of economic pursuit established by a private person or legal entity to engage in rural or urban business, farming, industrial, commercial or service activities, with a staff of no more than ten (10) workers and total assets that do not exceed five hundred (500) times the minimum monthly wage (SMMLV) in effect at the time.

Credit Risk Assessment Criteria

The Bank continuously assesses the risk inherent in its loan assets. This is done when a loan is granted and throughout the life of the loan, even in cases of restructuring. The Credit Risk Management System (SARC – Spanish acronym) was designed and adopted for that purpose. It is comprised of credit-risk management policies and processes, reference models to estimate or quantify anticipated losses, a system of allowances to cover credit risk, and processes for internal control.

Loans are granted on the basis of what is known about the potential borrower, the borrower's creditworthiness, and the terms of the loan agreement to be entered into. Among others, these include the financial terms of the loan, the collateral, sources of payment and the macroeconomic conditions to which the borrower might be exposed.

The loan approval process involves a series of variables established for each of the portfolios. These make it possible to identify borrowers who fit the Bank's risk profile. The segmentation and discrimination processes for loan portfolios and their potential borrowers serve as the basis for their rating. The methods and procedures included in the loan approval process make it possible to monitor and control credit exposure for the different individual portfolios and the aggregate portfolio alike, thereby avoiding an excessive concentration of lending per borrower, economic sector, economic group, risk factor, etc.

The Bank constantly monitors and ranks lending operations pursuant to the loan approval process, which is founded on several criteria; namely, information on the historical pattern of portfolios and loans; the particular characteristics of borrowers, their loans and the collateral backing them; the borrower's credit history or reputation with other institutions; financial information that provides an understanding of the

borrower's financial situation; and the macroeconomic and sector variables that might affect the normal development of lending operations.

When assessing regional government agencies, the Bank verifies compliance with the provisions set forth in Law 358/1997, Law 550/ 1999 and Law 617 / 2000.

Loan Assessment and Re-rating

The Bank evaluates the risk to its loan portfolio, making changes in the respective ratings when justified in light of new analysis or information.

It fulfills this obligation by considering the borrower's credit history with other lenders, particularly if the information provided by credit reporting agencies or other sources shows the borrower has any restructured loans at the time of the assessment.

Nevertheless, the Bank assesses and reclassifies the loan portfolio i) when loans fall into arrears after being restructured, in which case they must be reclassified immediately, and ii) during the months of May and November, at the very least, recording the results of the assessment and reclassifying as needed at the close of following month.

Credit Risk Rating

Commercial and consumer loans are classified and rated in the respective risk categories pursuant to the rules outlined in Chapter II of Basic Accounting and Financial Circular 100/1995, as detailed in Attachment 3 on application of the Commercial Loan Reference Model (MRC in Spanish) and Attachment 5, which contains instructions on the Consumer Loan Reference Model (MRCO in Spanish). Credit risk assessment is based on a variety of criteria; namely, information on the historical performance of portfolios and loans, the particular characteristics of borrowers, their credit history with other lenders, financial information, and sector and macroeconomic variables, as indicated below.

Category	New	Existing Commercial Loans	Existing Consumer Loans
"AA"	New loans that are rated "AA" when approved.	Loans with a rating equivalent to "AA", based on the legally approved MRC method.	Loans with a rating equivalent to "AA", based on the legally approved MRCO method.
"A"	New loans that are rated "A" when approved should be assigned to this category.	Loans with a rating equivalent to "A", based on the legally approved MRC method	Loans with a rating equivalent to"A", based on the legally approved MRCO method.
"BB"	New loans that are rated "BB" when approved should be assigned to this category.	Loans with a rating equivalent to"BB", based on the legally approved MRC method.	Loans with a rating equivalent to"BB", based on the legally approved MRCO method.
"B"	New loans that are rated "B" when approved should be assigned to this category.	Loans with a rating equivalent to "B", based on the legally approved MRC method.	Loans with a rating equivalent to"B", based on the legally approved MRCO method.

Category	New	Existing Commercial Loans	Existing Consumer Loans
"CC"	New loans that are rated "CC" when approved should be assigned to this category.	Loans with a rating equivalent to "CC", based on the legally approved MRC method	Loans with a rating equivalent to "CC", based on the legally approved MRCO method.
"Default"		Existing loans 150 days or more past due.	Consumer loans more than 90 days past due.

The following table shows the equivalent risk ratings for commercial and consumer loans used in the borrowing reports and for entries in the financial statements of the Bank.

Group Category	Reporting Categories	
	Commercial	Consumer
A	AA	AA
		"A" - currently 0-30 days past due
B	A	"A" - currently over 30 days past due
	BB	BB
C	B	B
	CC	CC
	C	C
D	D	D
E	E	E

The following equivalences are used when the Bank classifies its customers as being in default, based on application of the reference models adopted by Colombian Superintendency of Finance.

Group E = Clients in default with an assigned LGD equal to one hundred percent (100%).

Group D = All other clients rated as being "in default".

For the purpose of equivalence in consumer loans, the "current arrears" shown in the foregoing table are understood at the maximum posted by the borrower for aligned products at the evaluation date.

The Bank must classify borrowers in higher risk categories when it is aware of additional elements of risk to support this change.

Mortgage loans and microcredit are placed in the following categories, taking "loan arrears aging" into account:

Category	Microcredit loans	Mortgage Loans
"A" Normal Risk	Existing loans up to one (1) month past due	With installments current or up to two (2) months past due
"B" Acceptable Risk	Loans over one (1) and up to two (2) months past due	More than two (2) and up to five (5) months past due
"C" Appreciable Risk	Loans over two (2) and up to three (3) months past due	More than five (5) and up to 12 months past due
"D" Significant Risk	Loans over three (3) and up to four (4) months past due	More than 12 and up to 18 months past due
"E" Risk of Being Uncollectible	Loans over four (4) months past due	More than 18 months past due

Restructuring Processes

Restructuring a loan is understood as any exceptional mechanism implemented through any legal steps taken to enable borrowers to discharge their obligations appropriately in the face of real or potential constraints to their ability to pay by amending the terms originally agreed on. Agreements reached under Law 550/ 1999, Law 617/ 2000 and Law 1116/ 2006, or as amended or supplemented, also are regarded as restructured, as are special restructurings and novations.

Tax Reform Act 617/2000

In restructuring derived from the tax and financial reform programs subscribed under the terms of Law 617/ 2000, sovereign guarantees were provided for loans contracted by regional government agencies with financial institutions supervised by the Colombian Superintendency of Finance, provided the requirements set forth in that legislation were met and the fiscal adjustment agreements were entered into before June 30, 2001. The respective guarantee could be as much as forty percent (40.0%) for loans outstanding at December 31, 1999 and up to one hundred percent (100.0%) in the case of new loans used for tax adjustment.

These restructurings reversed the allowances constituted for the sovereign-guaranteed portion of the restructured debt. The restructured portion not guaranteed by the government kept the rating it had at June 30, 2001.

If the restructuring agreement is not fulfilled, the borrower is classified in the category occupied prior to restructuring or in a higher risk category.

To improve their rating after restructuring, borrowers must comply fully with all the terms and conditions outlined in the restructuring agreement.

If a regional government agency defaults on the agreement, the portion of the outstanding debt not backed by a sovereign guarantee on the date of default is reclassified in risk category ”E”.

Restructuring Agreements

For loans restructured before Law 550/1999 took effect, the Bank suspended interest accrual on outstanding loans at the onset of restructuring negotiations and maintained the rating the loans had at that particular point in time. However, a client in risk category “A” was reclassified to at least category “B” and an allowance equal to one hundred percent (100.0%) of the accounts receivable was made.

When a client is admitted to the restructuring process under the terms of Law 1116/ 2006, the Bank suspends interest accrual and classifies the client in a risk category consistent with his/her situation at the time. If that situation subsequently worsens or the proposed agreement is perceived as not meeting the Bank’s expectations, the rating is reviewed and the debt is reclassified in the pertinent risk category. If no agreement is reached or if the courts order a legal settlement, the client is classified as being “in default”.

Special Criteria for Reclassifying Restructured Loans

Restructured loans may keep the rating they had immediately prior to restructuring, provided the restructuring agreement leads to an improvement in the borrower's ability to pay and/or reduces the likelihood of default. If restructuring contemplates grace periods for the repayment of principal, said rating is maintained only when those periods do not extend beyond one (1) year as of the date the agreement is signed.

Loan ratings may improve or the "default" condition may be changed after loans have been restructured, but only if the borrower demonstrates a pattern of repaying the principal regularly and effectively, in accordance with normal credit behavior, and provided the borrower's ability to pay is maintained or improves.

f) Write-offs

A loan that is fully-provisioned (100%) may be written off if the Bank's management believes it is uncollectable or offers only a remote and uncertain possibility of recovery, provided the Bank's legal counsel and agencies specializing in debt collection through the courts believe all possible means of collection have been exhausted.

A write-off does not relieve officers of their responsibility for having approved and managed the loan, nor does it release them from the obligation to continue efforts to collect it.

The Board of Directors is the only body with the authority to approve the write-off of loans considered to be losses.

g) Allowance for the Loan Portfolio and Accounts Receivable

The Bank has a system of allowances to cover credit risk. These allowances are calculated on the outstanding balance, using the reference models for the commercial loan portfolio (MRC in Spanish) and the consumer loan portfolio (MRCO in Spanish). The allowances for mortgages and microcredit are based on the client's record of arrears.

Commercial and Consumer Loans

The Bank uses the commercial and consumer reference models established by the Colombian Superintendency of Finance to estimate allowances.

The allowances based on the reference models are calculated as the sum of the "pro-cyclical individual component (PIC)" and the "counter-cyclical individual component (CIC)". The respective methodologies are defined in terms of the accumulative phase applied by the Bank, which includes indicators related to deterioration, efficiency and loan portfolio growth.

The PIC is the expected loss calculated for the entire portfolio with matrix A; that is, the result obtained by multiplying the debtor's exposure, by the probability of default (hereinafter, PD) for matrix A and the loss given default (hereafter LGD) associated with the debtor's collateral, as provided for in the respective reference model.

The CIC is the maximum value between the counter-cyclical individual component in the previous period (t-1) affected by the exposure, and the difference between the expected loss calculated with matrix B and the expected loss calculated with matrix A at the time the allowance (t) was calculated.

The processes used to segment and discriminate the loan portfolio and potential borrowers constitute the basis for estimating expected losses using the Commercial Loan Reference Model (MRC). The latter is founded on segments differentiated by the level of the borrower's assets, pursuant to the following criteria:

Commercial Loan Classification by Asset Level	
Company Size	**Asset Level**
Large companies	More than 15,000 SMMLV
Medium-sized companies	Between 5,000 and 15,000 SMMLV
Small companies	Less than 5,000 SMMLV

All private individuals with commercial loans are grouped into the category of the model labeled "Persons".

The Consumer Reference Model (MRCO) is based on segments differentiated by products and the lending institutions that grant those loans. The idea is to preserve the peculiarities of the market niches and the products being made available.

The following are the segments defined for MRCO by the Bank:

- General - Automobiles: Loans to purchase automobiles.

- General - Others: Loans to purchase consumer goods other than automobiles. Credit cards are not included in this segment.

- Credit Card: Revolving credit to purchase consumer goods with a credit card.

The commercial and consumer reference models make it possible to identify the components of expected losses, according to the following parameters.

a. Probability of Default (PD)

This is the probability that borrowers will default within a 12-month period.

Probability of default is defined pursuant to the following matrices established by the Colombian Superintendency of Finance

Commercial Loans

Rating	Large Company		Medium-sized Company		Small Company		Persons	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	1.53%	2.19%	1.51%	4.19%	4.18%	7.52%	5.27%	8.22%
A	2.24%	3.54%	2.40%	6.32%	5.30%	8.64%	6.39%	9.41%
BB	9.55%	14.13%	11.65%	18.49%	18.56%	20.26%	18.72%	22.36%
B	12.24%	15.22%	14.64%	21.45%	22.73%	24.15%	22.00%	25.81%
CC	19.77%	23.35%	23.09%	26.70%	32.50%	33.57%	32.21%	37.01%
Default	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Consumer Loans

Rating	Matrix A			Matrix B		
	General - Automobiles	General - Others	Credit Card	General - Automobiles	General- Others	Credit Card
AA	0.97%	2.10%	1.58%	2.75%	3.88%	3.36%
A	3.12%	3.88%	5.35%	4.91%	5.67%	7.13%
BB	7.48%	12.68%	9.53%	16.53%	21.72%	18.57%
B	15.76%	14.16%	14.17%	24.80%	23.20%	23.21%
CC	31.01%	22.57%	17.06%	44.84%	36.40%	30.89%
Default	100.0%	100.0%	100.0%	100,00%	100,00%	100,00%

In this way, the probability of migrating between the current rating and “default” status within the next 12 months is calculated for each borrower-segment of the commercial and consumer loan portfolios, based on the general credit-risk behavior cycle.

b. Loss Given Default (LGD)

Loss give default is defined as the economic loss the Bank would incur if any of the default situations were to occur. The LGD for borrowers in the “default category” would increase gradually, concordant with the days that transpire after their classification in that category.

Loan collateral must be taken into account to calculate the losses expected in the event of default and, therefore, to determine the extent of allowances.

The Bank considers admissible collateral as a guarantee that has been duly developed, has a value established on the basis of technical and objective criteria, offers legally effective support for payment of the secured loan, and is reasonably easy to execute.

To evaluate the backing offered and the possibility of realizing each guarantee, the Bank takes the following factors into account: nature, value, coverage and liquidity of the guarantee, as well as the potential cost of its realization and the legal requirements necessary to make it enforceable.

The following is the LGD, by type of collateral guarantee.

(Continued)

Commercial Loans

Type of Guarantee	LGD	Days past Default	New LGD	Days past Default	New LGD
Inadmissible guarantee	55%	270	70%	540	100%
Subordinated loans	75%	270	90%	540	100%
Admissible financial collateral	0 – 12%	-	-	-	-
Commercial and residential real estate	40%	540	70%	1080	100%
Assets furnished in real estate leasing	35%	540	70%	1080	100%
Assets furnished in non-real estate leasing	45%	360	80%	720	100%
Other collateral	50%	360	80%	720	100%
Collection rights	45%	360	80%	720	100%
Unsecured	55%	210	80%	420	100%

Consumer Loans

Type of Guarantee	LGD	Days past Default	New LGD	Days past Default	New LGD
Inadmissible guarantee	60%	210	70%	420	100%
Admissible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate	40%	360	70%	720	100%
Assets furnished in real estate leasing	35%	360	70%	720	100%
Assets furnished in leasing other than real estate	45%	270	70%	540	100%
Other collateral	50%	270	70%	540	100%
Collection rights	45%	360	80%	720	100%
Unsecured	75%	30	85%	90	100%

To equate the different types of collateral found in loan agreements with the segments listed earlier, the Bank classifies them by groups, as follows:

1. Inadmissible guarantees: These include, among others, cosigners, endorsers and guarantees through payroll deductions.

2. Admissible financial collateral includes the following:

   - Cash collateral deposits: This collateral guarantee has zero percent (0%) LGD.
   - Stand-by letters deemed as admissible guarantees: This collateral guarantee has zero percent 0% LGD.
   - Loan insurance: This collateral guarantee has twelve percent (12%) LGD.
   - Sovereign guarantees (Law 617/2000): This collateral guarantee has zero percent (0%) LGD.
   - Collateral issued by guarantee funds: This collateral guarantee has twelve percent (12%) LGD.
   - Pledge on securities issued by financial institutions: This collateral guarantee has twelve percent (12%) LGD.

3. Collection rights represented by:

   - Escrow accounts
   - Pledge of revenue from regional and decentralized agencies of all types

4. Real estate and residential property. The following classify as collateral:

   - Mortgage trusts
   - Collateral in the form of real estate

5. Property rented out under real estate leasing agreements. Properties leased out under the following contracts are classified in this category:

   - Real estate leasing.
   - Residential leasing

6. Assets rented out under non-real estate leasing agreements. Assets leased out under the following contracts are classified in this category:

   - Machinery and equipment leasing
   - Vehicle leasing
   - Leasing of furniture and fixtures
   - Leasing of ships, trains and airplanes
   - Leasing of computer equipment
   - Leasing of livestock
   - Leasing of software

7. Other collateral. The following collateral is classified in this category:

   - Pledges on processed inventories
   - Pledges on input – commodities
   - Pledges on equipment and vehicles
   - Collateral certificates or warehouse bonds

8. No guarantee: All guarantees not listed in any of the foregoing sections and all unsecured loans are classified in this category by the Bank.

Accordingly, each borrower has a different LGD, depending on the type of collateral guarantee supporting the operation.

Because collateral guarantees are an important factor in calculating expected losses, the policies and criteria the Bank applies to them are described below.

Policy on Admitting and Managing Collateral Guarantees

Collateral guarantees are additional support the Bank requires from its clients to reduce the risks inherent in lending. These guarantees are not considered payment instruments.

Policy on Requiring Additional Guarantees

- When required pursuant to the law on credit limits.
- Preferably, loans for more than three (3) years should have admissible collateral guarantees.
- Collateral guarantees may not be shared with any of the client's other creditors, unless shared to the same degree with the Bank's subordinates outside the country, with its affiliates or in syndicated loans.

Formalities for Establishing Collateral Guarantees when Granting Loans

- Collateral guarantee incorporation documents must be written according to the instructions prepared for that purpose by the Legal Department of the Bank.

- The following applies to collateral guarantees, when constituted:

  - In the case of a collateral guarantee constituted on non-residential property, the value on the date it is furnished is that obtained through a professional appraisal done no more than three (3) years earlier.

  - For collateral guarantees furnished on machinery and/ or equipment, the value is determined according to the age of the item. Specifically, if the machinery or equipment is less than one year old, the value will be the invoiced value for three years. If more than one year old, it will be the professionally appraised value at the execution date.

  - In the case of collateral guarantees constituted on vehicles, the reference values published by Fasecolda are used or, if not available, the commercial appraisals published by the Ministry of Transportation are used.

  - With respect to collateral guarantees constituted on other goods or assets, the value of the guarantee on the date of constitution pertains to the professionally appraised value.

Managing Guarantees

- It is the borrower's responsibility to maintain the collateral guarantee appropriately. The commercial officer for the account must verify compliance with this rule, doing so by:

  - Supervising establishment of the collateral guarantee
  - Verifying the existence and validity of insurance policies
  - Verifying all required documentation and information, and making sure it is filed properly.

- The Collateral Guarantee Control System facilitates this job by providing:

  - Information on expiration of insurance policies
  - Information on documents

- The Document Management Center is responsible for the suitable custody of collateral guarantees.

Distribution of Collateral Guarantees

- A loan may be backed by collateral belonging to the borrower or by collateral owned by someone other than the borrower.

- Collateral guarantees are allocated for up to 100% of the outstanding balance on the loan.

Open Collateral Guarantees

- When a collateral guarantee covers several borrowers, priority in allocation is given to those with the largest PD.

- When several loans have the same PD, because they pertain to the same borrower, priority in allocation is given the loan with the largest outstanding balance.

- Collateral guarantees pending allocation to the loans they secure are allocated in ascending order of LGD.

- For loans with no deferred payments, the exposed balance of the loan (principal, interest, others) is sent for distribution.

- For loans with deferred payments, the exposed balance of the loan is sent once the deferred payments have been deducted.

Closed Guarantees

The respective loan is covered only up to 100% of the outstanding balance, without exceeding the legal limit of the value of the guarantee.

Reappraising Collateral Guarantees

External Circular 043/2011 includes the instructions on mandatory assessment of admissible collateral for loans, based on the following criteria:

- Real estate for residential use:

A professional appraisal is required to constitute the guarantee. The appraisal is valid for one year, after which the value of the collateral must be updated pursuant to the following indexes:

- Urban and Rural Real Estate Reappraisal Index (IVIUR in Spanish) for property in Bogotá D.C.

- Landed Property Reappraisal Index (IVP in Spanish) for the rest of the country.

- Non-residential real estate:

To furnish collateral, it must be professionally appraised. The appraisal shall be valid for no more than three (3) years. At the end of that period, and at least every three (3) years thereafter, a new professional appraisal is required to update the value of the property.

- Machinery and equipment

In the case of machinery and equipment that is new or less than one year old, the purchase price shown on the respective invoice or on the borrower's books shall be used as the value of the collateral.

In the case of machinery and equipment more than one year old, the value of the collateral at the time it is furnished shall be the professionally appraised value.

This value will be applicable for three (3) years. After that period, and at least every three (3) years, a new professional appraisal must be done to update the value of the collateral.

- Collateral constituted on vehicles

Vehicles classified in the Fasecolda Price Listing: The value of the respective vehicle when the collateral is furnished and at subsequent monthly updates shall be the price published in this listing.

Vehicles not classified in the Fasecolda Price Listing: The Bank may use the information on commercial appraisals published by the Ministry of Transportation or apply the procedure described earlier for machinery and/or equipment to determine the value of these assets.

- Collateral constituted on securities

The value for reappraisal provided by a price supplier authorized by the Colombian Superintendency of Finance is used in these cases.

- Collateral constituted on other assets

This should be the value obtained through a professional appraisal and its updating. The appraisal must be carried out pursuant to the particular characteristics of the asset.

c. Exposed Value of the Asset

In the commercial and consumer loan portfolios, the exposed value of the asset is understood as the current outstanding balance with respect to principal, interest, accounts receivable for interest, and other receivables.

Mortgage Loans and Microcredit Loans

General Allowance

The general allowance is at least one percent (1%) of total gross mortgage loans and microcredit.

The Bank continuously maintains allowances equal to no less than the following percentages of the balance pending payment:

Category	Microcredit loans		Mortgage loans		
	Principal %	Interest and Other Items %	Secured Principal (%)	Unsecured Principal (%)	Interest and Other Items %
A – Normal	1	1	1	1	1
B – Acceptable	3.2	100	3.2	100	100
C – Appreciable	20	100	10	100	100
D – Significant	50	100	20	100	100
E – Uncollectible	100	100	30	100	100

In the case of mortgage loans, if the loan remains in category "E" for two (2) consecutive years, the rate of allowances on the secured portion increases to sixty percent (60.0%). If one (1) more year transpires under such conditions, the allowance rate on the secured portion is raised to one hundred percent (100.0%).

Effect of Admissible Guarantees on the Constitution of Individual Allowances

For the purpose of establishing individual allowances, a collateral guarantee secures only the principal of a loan. Therefore, the amortizable balance of loans secured with admissible collateral guarantees is provisioned according to the percentage pertaining to the loan category, applied as follows:

- For the unsecured portion of mortgage loans, the percentage is applied to the difference between the unpaid balance and one hundred percent (100%) of the value of the collateral. For the secured portion, it is applied to one hundred percent (100%) of the balance of the secured debt.

- For microcredit, the percentage is applied to the difference between the unpaid balance and seventy percent (70%) of the value of the collateral. In these cases, depending on the nature of the guarantee and the amount of time the loan is past due, only the percentages of the total value of the guarantee, as listed in the following tables, are considered for provisioning.

Non-mortgage Guarantee	
Time Past Due	Percentage of Coverage
0 to 12 months	70%
Over 12 and up to 24 months	50%
Over 24 months	0%

Mortgage Guarantee or Admissible Mortgage Trust Guarantee	
Time Past Due	Percentage of Coverage
0 to 18 months	70%
Over 18 and up to 24 months	50%
Over 24 and up to 30 months	30%
Over 30 and up to 36 months	15%
Over 36 months	0%

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Alignment Rules

The Bank aligns the ratings of its borrowers according to the following criteria.

a. Prior to establishing allowances and equating ratings, it conducts a monthly internal alignment for each borrower, placing loans of the same type to the same borrower in the highest risk category.

b. Relevant legal stipulations indicate the Bank is obliged to consolidate its financial statements. For that reason, loans of the same type to the same borrower are assigned to the same risk category.

h) Recognizing Income from Yield and Financial Leases

Interest income on loans and financial leases is entered on the books when accrued.

Suspension of Interest Accrual

In the case of loans, the Bank suspends interest accrual, monetary correction, exchange adjustments and other income when a loan is in arrears. This is done pursuant to the following table:

Type of Loan	Arrears Over:
Commercial	3 months
Consumer	2 months
Mortgage	2 months
Microcredit	1 month

Consequently, the statement of operations is not affected until these items are actually collected. Up to that time, the respective entry is made in memorandum accounts.

Moreover, interest accrual is suspended as of the first day past due in the event of loans for which interest accrual has been suspended in the past.

In cases where the interest recorded in memorandum accounts or balances written off, including principal, interest and other proceeds, is to be capitalized as a result of restructuring or other types of agreements, it is recorded as a deferred credit and amortized in the statement of operations in proportion to the amounts actually received.

Special Rule on Allowances for Receivables (Interest, Monetary Correction, Leasing Payments, Exchange Adjustment and Other Items)

When the Bank suspends the accrual of yield, monetary correction, exchange adjustments, leasing payments and other income from these items, a full allowance is made for the total amount accrued and not collected under those headings.

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Enforcement of Act 1676/2013 on Factoring

Pursuant to Title IX, Article 87, paragraph two in Law 1676/ 2013, which is added to Article 7 of Law 1231/2008, Banco de Bogota S.A. does not prevent the free circulation of the invoices issued to it by suppliers of goods and services.

i) Customers´ Acceptances, Spot Transactions and Derivatives

Banker´s Acceptances

These are commercial transactions in which the Bank, having signed a bill of exchange as the accepter, is obliged to pay a third party (the beneficiary), within a specified period, a bill of exchange drawn by one of its clients (the requester) as a result of the purchase/sale of merchandise for a certain amount.

Banker's' acceptances have a maximum maturity of one (1) year and may originate only with transactions involving the import or export of merchandise or the purchase/sale of movable goods within the country.

When these bills of exchange are accepted, their value is entered simultaneously under assets and liabilities as "current banker's acceptances". If not presented for payment at maturity, they are classified as "non-current banker's acceptances". If, upon payment, they have not been covered by the purchaser of the merchandise, they are reclassified to the loan account as "covered banker's acceptances".

At maturity, banker's acceptances are subject to the reserve requirement applicable to instruments payable on demand and before thirty (30) days.

Spot Transactions and Derivatives

Spot transactions are cleared and settled within three (3) business days immediately after the date on which they are agreed.

The Bank records transactions with financial derivatives. The main feature of these operations lies in the fact that their fair value depends on one or more underlying factors and their clearing or settlement is done later. These transactions are conducted for various reasons, the following being the main ones.

- To offer products tailored to the client's needs. One such function, among others, is to hedge the client's financial risks.
- To structure portfolios for the Bank by taking advantage of opportunities for arbitrage between different curves, assets and markets.
- The Bank uses derivative operations to hedge asset and liability risk positions on its balance sheet and to act as a broker with clients concerning exchange and interest rates on local and foreign markets.

Types of Financial Derivatives:

The Bank employs different strategies by mixing basic derivatives (forwards, call and put options and swaps) or by combining them with other financial instruments. These strategies can be put together and marketed as a "product," thereby creating a wide range of solutions with different functions in terms of cost and earnings, all within the established limits and without incurring unauthorized risk.

The different combinations and/or strategies are valued, managed, controlled and entered on the books according to their basic components.

- **Forwards**

  A forward contract is a tailor-made derivative drawn up between two (2) parties who agree to purchase/sell a specific quantity of an underlying instrument at a future date. The basic terms and conditions are established when the contract is entered into; namely, the price, the date the underlying instrument will be delivered and how. Forwards are settled on the due date through physical delivery of the underlying instrument or by settling any differences, depending on the agreed mode of delivery. The latter may be modified during the term of the forward contract, by mutual agreement between the parties.

  Forwards traded in the over-the-counter market (OCM) may be settled and cleared later, through the Central Counterparty Risk Exchange.

- **Options**

  An option is a contract that gives the holder the right or option, but not the obligation, to purchase or sell a specific amount of an asset at a set price on a set date, or during a specified period of time. The other party to the contract is obliged to sell or buy the asset on the date the holder chooses to exercise the option, pursuant to the conditions established to that effect in the contract with respect to quantity, quality and price.

- **Swaps**

  A swap or financial exchange is an operation in which two parties agree to exchange a series of cash flows that are calculated according to certain contractual conditions and settled on specific dates agreed at the onset of the operation.

  The purpose of swaps is to reduce risks stemming from fluctuations in currency exchange rates and/or interest rates. Generally speaking, they are contracts used to hedge long-term operations with more than one residual flow.

  Swaps may involve interest rates or contracts in which the cash flows paid by both parties are in the same currency, or foreign exchange or currency swaps where the operational flows are denominated in different currencies.

  There are two types of interest rate swaps: fixed-for-floating and floating-for-floating.

  An interest rate swap (IRS) is a contract between two parties who want to exchange one stream of future interest rate payments for another, held at different interest rates. In this type of swap, there is normally no exchange of the principal, and the swap is expressed in a single currency.

  A cross-currency swap (CCS) is an agreement between two parties to exchange the principal of a loan in one currency for the principal of a loan in other currency, for a set period of time. During that time, each party pays the interest on the principal received in the swap. On amortization dates and/or when the contract matures, the principals are exchanged back into the original currencies at the agreed rate of exchange.

There are three types of currency swaps: fixed-for-fixed, floating-for-floating, and fixed-for-floating.

- **Futures**

A futures contract is a standardized agreement with respect to its expiration date, size or face value, the characteristics of the respective underlying instrument, and where and how it is to be delivered (in cash or kind). It is negotiated on an exchange and settled through a central counterparty clearing house (CRCC in Spanish).

Banco de Bogotá in Colombia trades standardized financial derivatives on the Colombian Stock Exchange (BVC, hereinafter), which in turn establishes the rules for trading and participation by the different members of the market. The trading system managed by the BVC is known as X-Stream.

The CRCC manages the clearing and settlement of operations and respective risk control. It also acts as the central counterpart in the market for standardized derivatives that are traded on the BVC, or operations traded in the over-the-counter market (OCM) and novations with the CRCC.

Accordingly, once these operations are entered into the trading system, the CRCC comes between the participants, acting as the buyer and reciprocal seller of all positions open in the market.

Banco de Bogotá acts as a general settlement member of the CRCC. Therefore, it is able to settle and clear its own operations and those of non-settlement members and third party non-settlement members with whom it has signed an agreement to that effect.

Pursuant to the operating requirements of the CRCC-organized market for standardized derivatives, the Bank has structured two types of financial services:

- The first, which is designed to support its condition as an investor in its own position, deals in standardized derivatives.
- The second uses the Bank's position as a settlement member for persons and legal entities (non-settlement members) to manage guarantees and carry out clearing and settlement processes with the Central Counterparty Risk Exchange.

The Bank registers notional bond futures and specific reference securities under this item, as well as dollar/peso exchange futures, in accordance with the general terms and conditions listed below:

	Notional Bond Futures	**Exchange Rate Futures**
Underlying Asset	Theoretical bond known as a notional bond and fixed-rate class B TES in pesos, specific references	The TRM for the day, as calculated and certified by the Colombian Superintendency of Finance
Contract Size	COP$ 250	US$ 50,000 or US$5,000 (MINI CONTRACT)
Contract Generation	Monthly and quarterly cycle In the March cycle	Quarterly cycle within the March cycle, to have maturities up to one year / six (6) maturities
Settlement Method	Physical delivery	Financial
Last Trading Day	Wednesday in the first week of the maturity month	Wednesday in the second week of the maturity month
Contract Expiration (Maturity) Date	Friday in the first week of the maturity month	Thursday in the second week of the maturity month

Recording and Valuing Financial Derivatives:

Financial derivatives may be traded for any of the following purposes:

- Hedging risk in other positions
- Speculation

The way financial derivatives are entered on the books depends on why they were negotiated. In addition to derivatives for speculative purposes, the Bank registered financial derivatives to hedge assets and liabilities in foreign currency, as authorized by the Board of Directors on October 26 and December 28, 2010.

Yet, regardless of the purpose of the operation, financial derivatives that yield a positive fair value; that is, one favorable to the Bank, are recorded under assets, separating the value of the right from the value of the obligation, except in the case of options, where the entry is made in a single account. Those yielding a negative fair value; that is, one unfavorable to the Bank, are entered under liabilities, with the same separation being made. Also, there is no netting between the favorable and unfavorable balances of different operations, even if they are of the same type.

1. Financial Derivatives for Speculative Purposes

These operations are listed on the balance sheet as of the date they are entered into and at their fair value.

On the date financial derivatives are settled, the balances in the balance sheet accounts are cancelled out, and any difference is entered as a profit or loss in the respective accounts in the statements of operations, as appropriate. If the cumulative balance of the derivative is positive on that date, it is recorded as income; if negative, it is entered as an outlay. This procedure is performed independently for each instrument and for each settlement.

In the case of basic financial derivatives, the price supplier provides the information for their reappraisal, such as interest rates, discount rates, reference curves, margins and indexes, among others. This is according to Chapter 16, Title I of the Basic Legal Circular issued by the Colombian Superintendency of Finance.

Type of Operation	Valuation and Accounting
Currency Forwards	The valuation method used by the Bank for forward and spot currency operations is based on bringing the future flows (obligations and rights) in the operation to present value (usually, one of these two flows is denominated in US dollars and the other in Colombian pesos). Each flow is brought to present value using the market discount rates for dollars and Colombian pesos for the term remaining in each operation. Once the present values of the flows are identified, those denominated in foreign currency are converted to US dollars and re-expressed in Colombian pesos using the representative market rate of exchange (TRM), as calculated and certified by the Colombian Superintendency of Finance.
Options	The market value of currency options taken by the Bank is estimated using the Black and Scholes method.

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Type of Operation	Valuation and Accounting
	The data used in the model to value options are obtained from the authorized price supplier. The initial entry pertains to the premium actually paid/received, and the changes in fair value with respect to the initial value actually paid are recorded in the statement of operations. The rights and obligations are entered in contingent accounts. When the Bank purchases a call or put option, the premium paid and the daily variations in fair value are entered under assets. When the Bank sells an option, the premium received and the daily variations in fair value are recorded under liabilities. On the contract settlement date, the balances pertaining to the value of the right and the obligation are cancelled out, and any difference is entered as a profit or loss on the reappraisal of derivatives.
Swaps	Valuing a swap involves bringing each of the future flows to present value (discounted) and converting them into the base accounting currency. To do so, the Bank updates the market data (interest and exchange-rate curves) and, according to the particular features of each operation, it projects the future flows of each swap operation. The sum of the present values of the flows projected for receipt is recorded as a right, and the sum of the series of flows projected for delivery is entered as an obligation.
Futures	With derivatives of this type, losses and gains are settled daily. The Central Counterparty Risk Exchange (CRCC) reports daily on the results of settlement between the parties and proceeds to debit or credit the losses or gains made. In the case of notional bond futures and specific reference TES, if the Bank has a short position upon contract maturity, it notifies the CRCC of the security with which it wants to fulfill its obligation, according to the specifications of the basket of deliverables, and transfers it through the security depositories (DCV and / or DECEVAL). For dollar/peso exchange futures, settlement upon contract maturity is made against the underlying price (TRM) published on the last trading day. The value of the obligation to be recorded on the seller's balance sheet in Colombian pesos (a right for the buyer) is the price of each unit of the futures contract, as reported by the BVC on the reappraisal date, multiplied by the number of contracts and by the face value of each one. The value of the right to be registered on the seller's balance sheet in Colombian pesos (an obligation for the buyer) is the price of each unit set in the futures contract, multiplied by the number of contracts and by the face value of each one. Because futures are cleared and settled daily, the value of the obligation is equal to the value of the right. These values are updated day by day, according to the market price of the respective future, and the effect on profit and loss is equivalent to the variation in the fair price of the future. Novation forwards are forward operations traded on the over-the-counter market, and the

(Continued)

Type of Operation	Valuation and Accounting
	counterparts in these operations mutually agree to take them to a central counterparty risk exchange for clearing and settlement. The agreement is governed by the framework contract between the respective parties until the date the risk exchange intervenes as a counterpart in the operation. As of that moment, its rules apply and, therefore, the framework contract signed previously by the initial counterparts to the financial instrument ceases to have effect. The respective central counterparty risk exchange also must ensure the Colombian Superintendency of Finance has access to information on these operations, if so required. The accumulated balance registered in the balance sheet up to the day the central counterparty risk exchange actually accepts the operation is entered that same day, in the name of said exchange, as an account receivable or an account payable, as the case may be. That account is cancelled out in the process of clearing and settling these operations, pursuant to the rules of the respective central counterparty risk exchange.

2. Financial Derivatives for Hedging

Derivates used to hedge the exchange risk posed to the Bank by its investments in affiliates and agencies outside the country are handled in a special way from an accounting standpoint. These operations are intended to protect the Bank's assets and liabilities in foreign currency from the exchange risk generated by the structural positions of its affiliates and agencies abroad.

The Board of Directors of Banco de Bogotá, in compliance with the policy to protect its exchange risk balance in the structural positions of its foreign subsidiaries, decided as of December 2010 to designate as hedging instruments a series of derivative transactions (dollar-peso forward operations) that are clearly identified in the application used.

The way financial derivatives for hedging are entered on the books depends on the type of hedging involved. The following applies to hedging for assets and liabilities in foreign currency.

- The value of the daily aliquot resulting from accrual of the implicit reappraisal or devaluation agreed in the financial derivative and the movement in the exchange rate is entered in the respective sub-account in the statement of operations, according to the implicit reappraisal or devaluation agreed in the derivative, calculated using the representative market rate of exchange (TRM) for the trading day.

- Accumulated profit or loss on a financial derivative is recorded in the statement of operations, as indicated in the preceding paragraph, and the difference is entered in the equity account under "Unrealized accumulated gains or losses on financial derivatives for hedging – Hedging assets or liabilities in foreign currency," with the respective sign.

- On the date hedging ends, the accumulated result of the financial derivative used for this type of coverage, which appears in the equity sub-account under "Unrealized accumulated gain or loss on financial derivatives for hedging - Hedging assets or liabilities in foreign currency," is transferred to the statement of operations, specifically to the respective sub-account for derivatives.

The primary positions hedged are registered as follows:

a. The primary position continues to be registered at its respective face value on each date, in the same balance sheet and statement of operations accounts, using the same method and procedure as would be the case if it were not hedged.

b. At the start of hedging with financial derivatives, the present value of the primary position is registered in memorandum accounts.

Peso/US dollar forward operations with different maturity profiles are the financial derivatives used for hedging. Although these derivatives hedge against exchange risk, they generate volatility in the statement of operations, given the variation in other associated risk factors, such as dollar/peso devaluation curves (interest rate differential). The objective in the way hedging is treated from an accounting standpoint is to isolate the effect on the statement of operations caused by the volatility attributed to variations in risk factors other than the exchange risk. This is done by recording only income/losses from exchange re-expression and agreed devaluation in the statement of operations, while the portion of the variation in fair value pertaining to other factors (changes in the forward curve, the passing of time, etc.) is entered in the equity accounts.

j) Foreclosed Assets, Salable and Returned Assets and Those Not Used in the Corporate Business

The value of assets received by the Bank through foreclosures on outstanding loans in its favor is registered in this account.

Foreclosed real estate is accepted on the basis of a professional commercial appraisal. Movable assets, shares and equities are accepted at their market value.

The following are the conditions for registering assets received through foreclosure:

- The initial entry is based on the value decided by the courts or agreed on with the debtors.

- When an asset received through foreclosure is not in marketable condition, its cost increases with the necessary expenses incurred to make it so.

If the difference between the value for which the asset was received and the value of the loan to be paid represents a credit for the borrower, it is registered as an account payable. If the value of the asset does not cover the entire liability, an allowance equivalent to the difference is made.

Salable assets are registered at their acquisition or production cost, which includes the direct and indirect costs and expenses incurred by the Bank to place them in condition for sale or use.

Leased assets returned to the Bank by clients or tenants who default or do not exercise their option to buy are recorded as returned assets and are not subject to depreciation.

Assets not employed in the corporate business are those the Bank has for its own use, but are no longer dedicated to the pursuit of its business activities. These assets depreciate until disposed of and are calculated together with the Bank's fixed assets to determine the limits established by the Colombian Superintendency of Finance with respect to investments in construction and the acquisition of real estate.

k) Allowance for Salable Assets, Foreclosed Assets, Returned Assets and Those Not Used in the Corporate Business

Real Estate

Individual allowances are constituted using the model developed by the Bank and approved by the Colombian Superintendency of Finance. The model estimates the maximum loss expected on the sale of foreclosed real estate, based on the history of recoveries on assets sold and including expenses incurred in the receipt, upkeep and sale of such properties, which it groups into common categories to estimate the base allowance rate. This rate is adjusted by means of a factor that takes into account the time transpired since receipt of the asset and is applied over a maximum period of forty-eight (48) months until eighty percent (80.0%) of the allowance is achieved. However, in the event an extension is not requested prior to expiration of the deadline for disposal of the property, or if an extension is not granted, the Bank must constitute, pursuant to its internal models, an additional allowance up to 80% of the value of the foreclosed asset. This is done once the two (2) years have transpired.

Moveable Assets

In the case of movable assets received through foreclosure, an allowance equivalent to thirty-five percent (35.0%) of the acquisition cost is established within the year following receipt, and increased during the second year by another thirty-five percent (35.0%) until it represents seventy percent (70.0%) of the book value of the asset prior to the allowance. If the legal deadline for sale expires and no extension is authorized, the allowance must equal one hundred percent (100.0%) of the book value. If an extension is granted, the remaining thirty percent (30.0%) shall be constituted within that extended time period.

Notwithstanding the aforementioned rules on allowances, foreclosed movable assets in the form of bonds are to be valued by applying the criteria contemplated for that purpose in Chapter I of the Basic Accounting and Financial Circular, considering their classification as securities for trading, available for sale or held to maturity.

The allowance for assets received through foreclosure or returned leased assets may be recovered when these assets are sold for cash. If they are loaned or leased, the profits resulting from their transfer from assets to the loan and financial leasing account are deferred during the term agreed on for the operation in question.

Rules on the Legal Deadline for Sale

Assets received through foreclosure are to be sold within two (2) years of the date of their acquisition. However, they may be registered on the books as fixed assets, when they are necessary for the normal course of business and provided the limits on investment in assets are met.

An extension in the deadline for their disposal may be requested from the Board of Directors. However, regardless of the situation, the request must be submitted before the legal deadline expires.

The respective request must demonstrate it has been impossible to sell the property, notwithstanding due diligence to that effect. In any case, the deadline may not be extended for more than two (2) years as of the date the initial legal deadline expired. During the extension period, efforts to dispose of these non-performing assets must continue.

(Continued)

l) Property and Equipment

This account registers tangible assets acquired, constructed or in the process of being imported, built or assembled that are employed routinely to develop the business and have a useful life of more than one (1) year. The amounts include the direct and indirect costs and expenses accrued until such time as the asset is placed in working condition.

Special, non-routine additions, improvements and repairs that significantly increase the useful life of assets are entered as increased value. Outlays for maintenance and repairs made to preserve these assets are charged to expenses, as accrued.

Depreciation is recorded using the straight-line method, based on the number of years of useful life estimated for the asset. The following are the annual depreciation rates used for each item listed under assets:

• Buildings	5%
• Office equipment, furniture and fixtures	10%
• Computer equipment	20%
• Vehicles	20%

The Bank records the acquisition cost and all other expenses accrued to import assets for lease as “property, plant and equipment,” even if they have yet to be received.

m) Branches and Agencies

Movement in operations between General Management and the offices, and between the offices and agencies outside the country is recorded in this account.

The balances are reconciled daily and pending items are put in order within no more than thirty (30) calendar days.

Each time the accounts are closed, the net balances that reflect the sub-accounts of the branches and agencies are reclassified by moving them to the asset or liability accounts, and respective income and expenses are acknowledged.

n) Prepaid Expenses and Deferred Charges

Prepaid expenses are outlays made by the Bank to develop its business. Their benefits are received in different periods, are recoverable, and assume successive delivery of the services to be received.

Deferred charges are costs and expenses the benefits of which are received in future periods. They cannot be recovered. Amortization is recognized as of the date they help to generate income.

Accrual or amortization is done as follows:

(Continued)

Prepaid Expenses

- Insurance, over the life of the policy.
- Rentals during the prepaid period.
- Equipment maintenance, during the life of the contract.
- Hardware and software updating and maintenance.
- Other prepaid expenses during the period when the services are received or costs and expenses are accrued.

Deferred Charges

- Remodeling is amortized during a period of no more than two (2) years.
- Computer software is amortized in a period of no more than three (3) years.
- Stationary and office supplies are amortized when actually consumed.
- Improvements to rented property are amortized over the shorter term of the respective lease, excluding renewals and the probable useful life of the improvements.
- The discount on the sale of securities is amortized within the redemption period.
- The deferred income tax “debit” for temporary differences is amortized upon compliance with the legal and regulatory requirements stipulated in the tax law.
- Advertising and publicity are amortized during a period equal to the accounting period. However, in the case of expenses for advertising and publicity to launch a new product or to bring about a change in image, the amortization period may be no more than three (3) years.
- The equity tax is amortized during the period from 2011 to 2014, based on Decree 514/2010 which added Article 78 of Decree 2649/1993.
- Contributions and memberships, during the prepaid period.
- Commissions and fees paid for issues or acquisitions are amortized during a period of three (3) years.
- The other deferred charges are amortized during the estimated period.

o) Intangible Assets

The unamortized balance for goodwill originating with the purchase of Banco de Crédito y Desarrollo Social MEGABANCO S.A. and AFP Horizonte Pensiones y Cesantías S.A. is amortized over a period of twenty

(20) years, using the exponential method outlined in Chapter XVII of the Basic Accounting and Financial Circular issued by the Colombian Superintendency of Finance.

p) Assets to be Placed under Lease Contracts

New assets acquired by the Bank that have yet to be leased out because some requirement for their legalization is pending are registered in this account.

q) Trust Rights

This account records the rights acquired in a mercantile trust that affords the trustee or the beneficiary the possibility of exercising them in accordance with the trust agreement or the law.

The transfer of one or more assets by the trustor or the beneficiary to the trustee is registered, for accounting purposes, at the adjusted cost, so the transfer generates no profit for the trustor and profits will affect earnings only when the asset or assets placed in trust are “actually” sold to third parties

r) Reappraisal

- Reappraisal gains on investments in equity securities available for sale are recorded on the basis of variations in the issuer’s equity.

- Reappraisal gains on real estate are determined by the difference between the net cost of the property and the value of commercial appraisals done by recognized, independent professional appraisers or appraisal firms. In the event of a loss in the market value, an individual allowance is made for each property, based on the standard of prudence.

- Reappraisal gains on artistic and cultural works are recorded based on the condition of such works, their originality, size, technique and the prices quoted for similar works.

s) Prepaid Income

The Bank uses this account to record deferred income and income received in advance in the development of its business, which is amortized during the period when it is accrued or the respective services are rendered.

t) Retirement Pensions

At the close of each period, the Bank prepares an actuarial study pursuant to the method indicated by the Colombian Superintendency of Finance to determine the present value of all future obligations, by charging them to the statement of operations.

In accordance with Decree 4565 of December 7, 2010, the Bank developed an actuarial estimate to determine the percentage amortized by December 2009 and the portion yet to be provisioned, so as to amortize the outstanding balance based on the financial statements at December 31, 2010 and up to the year 2029.

Retirement pension payments are charged to the provision established for that purpose.

u) Estimated Liabilities and Provisions

The Bank registers allowances to cover estimated liabilities, considering:

- A right has been acquired and, consequently, there is an obligation;
- Payment becomes due or is likely;
- The allowance is justifiable, quantifiable and verifiable.

Estimates for taxes, contributions and memberships also are registered in this account.

v) Converting Transactions into Foreign Currency

Transactions in foreign currencies other than U.S. dollars are converted into U.S. dollars then restated in Colombian pesos at the representative market rate of exchange calculated on the last business day of the month and certified by the Colombian Superintendency of Finance. The respective rates at June 30, 2014 and December 31, 2013 were $1,881.19 (in pesos) and $1,926.83 (in pesos),

w) Equity Tax

Through Tax Reform Act 1370, which was passed in December 2009, the national government created an equity tax for the tax years from 2011 to 2014. It is charged to persons and legal entities at a rate of 6% on their net worth at January 1, 2011.

For accounting purposes, the Bank treats the entire tax as a liability, payable in eight (8) installments during the period from 2011 to 2014, against deferred charges that are amortized during the same 2011-2014 period, based on Decree 514/2010 which added Article 78 of Decree 2649/1993.

x) Deferred Tax Debit/Credit

This account lists the temporary differences between commercial income and taxable income. It is canceled out when the differences generating it are reversed.

y) Contingent Accounts

These accounts register operations in which the Bank acquires a right or assumes an obligation contingent on a future event that may or may not occur, depending on future, eventual or remotely possible factors. Financial returns and the financial component of leasing payments are registered in debtor contingent accounts as of the moment accruals in the loan and leasing accounts are suspended.

Leases that are about to expire are an important aspect of these accounts. The current portion consists of payments and options to buy that are set to expire within the next year. The non-current portion of such agreements is the part that expires after the first year.

Values transferred under repo or simultaneous operations are recorded in debtor and creditor contingent accounts.

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z) Memorandum Accounts

These asset and liability accounts record thirty-party operations that do not affect the financial situation of the Bank, given their nature. They also include tax memorandum accounts registering the data required to prepare tax returns, as well as accounts used for fiscal purposes, internal control or those containing general information of interest to management.

aa) Net Earnings per Share

Net earnings per share were calculated at June 30, 2014 and December 31, 2013 based on the average number of subscribed and paid shares outstanding during each six-month period. These came to 307,471,032 and 295,971,331 for each period, in that order. Respective earnings per share came to $2,389 (in pesos) and $2,149 (in pesos).

bb) Related Parties

The Bank records asset and liability balances as well as income and expenses accrued in each period for transactions with economically-related parties, such as shareholders, members of its Board of Directors and senior management, as well as entities that are subordinate and part of the combined operation, this is done pursuant to External Circular No. 100/1995, Chapter IX; External Circular No. 002/1998, Chapter III; Single Decree 2555/2010, Part 6, Section I; and the Commercial Code, Chapter V.

cc) Alignment with International Accounting Standards

The Technical Regulatory Framework (TRF) applicable to the preparers of financial information in Group 1 was established by means of Decree 2784/2012 and its amendments. Banco de Bogotá S.A. is part of that group, according to the classification criteria outlined in said decree. The aforementioned TRF includes the International Financial Reporting Standards (IFRS) issued in Spanish on January 1, 2013 by the International Accounting Standards Board (IASB) and must be applied in the preparation of consolidated financial statements. The Bank also must apply the TRF in the preparation of individual statements, apart from non-application of International Accounting Standard (IAS) 39 and International Financial Reporting Standard (IFRS) 9 with respect solely to treatment of the loan portfolio and its deterioration, as per Colombian Government Decree 1851/2013. Instead, it applies Chapter II of the Basic Accounting and Financial Circular, with its attachments, and the Single Accounts Plan currently in effect, as per External Circular 038/2013 issued by the Financial Superintendency of Colombia. The draft of Decree 1851 also proposes non-application of ISA 39 and IFRS 9 for recognition and reappraisal of investments.

Application of these standards is mandatory for the Bank as of January 1, 2014. The financial statements at December 31, 2014 will be the last ones prepared according to the current accounting standards in effect for the Bank, pending transition to the IFRS. During the next (4) years following the effective date of IFRS

According to Article 4, Law 1314/2009, the tax rules are autonomous and independent of those applicable to accounting and financial information. Pursuant to Article 165, Law 1607/2012, during the four (4) years after the date the IFRS take effect, the tax bases for the items included in tax returns will remain unchanged.

(3) Principal Differences between the Special Accounting Standards and the Accounting Standards Generally Accepted in Colombia

The special accounting standards established by the Colombian Superintendency of Finance differ somewhat from the accounting standards generally accepted in Colombia. The following are some examples.

Investments in Equity Securities Available for Sale

Reappraisal losses (a negative difference between the book value and the market or cash value) on low or medium turnover or unlisted equity securities available for sale are registered under assets and equity as a reduction in their value. According to the generally accepted standard, an allowance is made in these instances and charged to expenses. In the case of investments in high or medium turnover equity securities available for sale, updating the market value directly affects the book value listed under assets and the unrealized accumulated gain or loss in equity.

Property, Plant and Equipment

The generally accepted accounting standards indicate the net value of property, plant and equipment with an adjusted value more than twenty (20) times the minimum monthly wage (SMMLV – Spanish acronym) at the close of the accounting period must be marked to market or present value, with the necessary reappraisals and allowances entered on the books. The special norms contain no such requirements for assets of this type.

Additional Paid-in Capital

The special rules require additional paid-in capital to be recorded as part of the legal reserve, while the generally accepted accounting standard calls for it to be entered separately, under equity.

Adjustments for Inflation

Comprehensive inflation adjustments for accounting purposes, as provided for in regulatory decrees 2649 and 2650 of December 29, 1993, were eliminated as of January 2001. Accounting adjustments for inflation accumulated up to December 31, 2000 in non-monetary assets and liabilities will be part of their balances for all accounting purposes.

Financial Statements

Decree 2649/1993 indicates the statement of changes in financial position is a basic financial statement. The Colombian Superintendency of Finance does not require it.

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(4) Cash and due from banks

Detail of cash in domestic currency and foreign currency expressed in domestic currency:

		June 30	December 31
Domestic currency:			
Cash	$	959,124	837,046
Central Bank of Colombia		2,674,523	2,366,674
Banks and other financial institutions		64,265	46,326
Clearing		5,643	406
Remittances in transit		264	1,042
Cash allowance		(29)	(74)
		3,703,790	3,251,420
Foreign currency expressed in domestic currency:			
Cash		6,062	4,002
Central Bank of Colombia		17	17
Banks and other financial institutions		1,467,543	631,987
Remittances in transit		1,226	1,093
		1,474,848	637,099
	$	5,178,638	3,888,519

Cash allowance

Movement in the cash allowance:

		June 30	December 31
Opening balance	$	74	36
Expensed allowance		0	38
Recovery of allowance		(13)	0
Write-offs		(32)	0
Closing balance	$	29	74

Cash and deposits in domestic currency with the Central Bank of Colombia are part of the mandatory cash reserve the Bank is required by law to maintain on the deposits received from its customers.

The reconciliation items outstanding for more than thirty (30) days at June 30, 2014 and December 31, 2013 came to $29 and $74, respectively. They are provisioned in full.

There are no other restrictions on cash.

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(5) Money market assets and similar positions

Detail of interbank funds sold and repurchase agreements (repos):

	June 30		December 31	
	Balances	Average yield	Balances	Average yield
Domestic currency				
Ordinary interbank funds	$ 25,000	3.89%	87,200	3.15%
Commitments to transfer investments in simultaneous operations	220,126	3.84%	880,982	3.22%
Total asset positions in domestic currency	245,126		968,182	
Foreign currency				
Ordinary interbank funds sold	57,236	0.18%	886	2.41%
Total asset positions in domestic currency	57,236		886	
Total money market positions	$ 302,362		969,068	

Money market and related operations at June 30, 2014 and December 31, 2013 were regarded as cash equivalents, since they mature in less than ninety (90) days.

There are no restrictions on interbank funds sold or on repurchase agreements (repos).

(6) Investment securities, net

Debt securities for trading

	June 30	December 31
Domestic currency:		
Sovereign issued or guaranteed public debt	$ 92,610	734,897
Other public debt	98,237	114,252
Mortgage loan securitization issues	42,341	70,215
Non-mortgage loan securitization issues	2,228	6,607
Financial institutions	52,948	139,289
Issued by foreign banks	1,924	5,334
Total domestic currency	290,288	1,070,594
Foreign currency:		
Sovereign issued or guaranteed public debt	14,036	6,874
Issued by foreign banks	41,571	40,928
Multilateral lenders	15,261	15,813
Other securities	20,471	21,336
	91,339	84,951
	$ 381,627	1,155,545

(Continued)

Available for sale

		June 30	December 31
Domestic currency:			
Sovereign issued or guaranteed	$	2,339,297	2,521,482
Total domestic currency		2,339,297	2,521,482
Foreign currency:			
Other public debt		14,596	0
Issued by foreign banks		135,942	32,686
Multilateral lender		511	0
Total foreign currency		151,049	32,686
	$	2,490,346	2,554,168

The Colombian Superintendency of Finance amended sub-item 3.3 "Investments Available for Sale" in External Circular 033/2013 by reducing the one-year holding period to six (6) months. By virtue of that circular, institutions were allowed to reclassify in any category investments that had been classified up to November 22, 2013 as “available for sale”. The Bank reclassified $ 677,000 in investments (book value) and the effect generated on the income statement was $ 6,415 in revenue.

Held to maturity

		June 30	December 31
Domestic currency:			
Sovereign issued or guaranteed	$	142,113	174,191
Other public debt		1,356,781	1,203,489
Total domestic currency		1,498,894	1,377,680
Foreign currency:			
Foreign governments		24,641	23,278
Total foreign currency		24,641	23,278
	$	1,523,535	1,400,958

Investment repurchase rights

Detail of investment repurchase rights:

		June 30	December 31
Available for sale			
Sovereign issued or guaranteed	$	1,167,166	142,533
Pledged as collateral			
Sovereign issued or guaranteed		93,356	112,651
	$	1,260,522	255,184

The Bank assessed the credit risk of its investments in public debt at June 30, 2014 and December 31, 2013, with the exception of sovereign issued or guaranteed debt, securities issued by the Central Bank of Colombia and those issued or guaranteed by FOGAFIN (Fondo de Garantías de Instituciones Financieras-

(Continued)

Guaranty Fund for Financial Institutions). The rating, based on that assessment, was “A”; that is, investment with normal risk.

There are no legal or economic restrictions on investments, except for investment repurchase rights and securities pledged as collateral, which were pledged to the counterparties in repurchase or reverse repo operations and to the Central Counterparty Risk Exchange, in that order.

Equity securities available for sale

Company name		June 30							
		Capital stock	% Held	Adjusted Cost	Equity Value	Reappraisal (Deprec.)	Allowance	Unrealized Gain (Loss)	Rating
Low and minimal turnover or unlisted shares									
Investments abroad									
Banco de Bogotá S.A. Panamá	USD	61	100.00	$ 114,304	127,347	13,043	0	0	A
Bogotá Finance Corporation		0	100.00	94	159	65	0	0	A
Corporación Financiera Centroamericana S.A Ficentro		1	49.78	729	29	0	729	0	E
Grupo APC SA		8	0.05	7	0	0	7	0	A
Leasing Bogotá S.A. Panamá		2,670	100.00	5,161,810	5,162,453	643	0	0	A
				$ 5,276,944	5,289,988	13,751	736	0	
Investments in Colombia									
A Toda Hora S.A.	COP$	333	20.00	264	1,366	1,102	0	0	A
ACH Colombia S.A.		6,595	11.91	1,138	2,782	1,644	0	0	A
Almacenes Generales de Depósito ALMAVIVA S.A.		349	94.92	29,741	148,035	118,294	0	0	A
Cámara de Compensación de Divisas		2,500	3.19	80	133	53	0	0	A
Cámara de Riesgo Central de Contraparte S.A.		40,367	1.13	456	357	(99)	0	0	A
Casa de Bolsa S.A.		15,223	22.79	3,940	6,191	2,251	0	0	A
Cifin S.A		8,273	8.68	1,456	2,498	1,042	0	0	A
Deceval S.A. Depósito Centralizado de Valores de Colombia		12,051	1.61	554	871	317	0	0	A
Fiduciaria Bogotá S.A.		26,793	94.99	123,340	193,452	70,112	0	0	A
Gestión y Contacto		1,027	2.04	254	348	94	0	0	A
Megalínea		111	94.90	1,476	2,583	1,107	0	0	A
Pizano S.A.		69,812	16.85	23,244	38,590	15,346	0	0	A
Redebán Multicolor S.A.		10,119	2.44	966	2,026	1,060	0	0	A
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A.		99,237	36.51	381,539	575,471	193,932	0	0	A
	COP$			$ 568,448	974,703	406,255	0	0	
High turnover and listed shares									
Investments in Colombia									
Corporación Financiera Colombiana S.A.	COP$	2,106	38.19	3,083,869	3,083,869	0	0	2,029,794	A
				3,083,869	3,083,869	0	0	2,029,794	
Investments abroad									
Banco Latinoamericano de Comercio Exterior	USD	826	0.01	115	115	0	0	59	A
				115	115	0	0	59	
Total				$ 8,929,376	9,348,675	420,006	736	2,029,853	

(Continued)

Company name		December 31 Capital stock	% Held		Adjusted Cost	Equity Value	Reappraisal (Deprec.)	Allowance	Unrealized Gain (Loss)	Rating
Low and minimal turnover or unlisted shares										
Investments abroad										
Banco de Bogotá S.A. Panamá	USD	56	100.00	$	107,223	113,002	5,779	0	0	A
Bogotá Finance Corporation		0	100.00		96	162	66	0	0	A
Corporación Financiera Centroamericana S.A Ficentro		1	49.78		747	30	0	747	0	E
Grupo APC S.A.		8	0.05		8	8	0	0	0	A
Leasing Bogotá S.A. Panamá (1)		1,971	100.00		5,004,761	5,035,438	30,677	0	0	A
				$	5,112,835	5,148,640	36,522	747	0	
Investments in Colombia										
A Toda Hora S.A.	COP	333	20.00		264	1,350	1,086	0	0	A
ACH Colombia S.A.		6,595	11.91		1,138	2,785	1,647	0	0	A
Almacenes Generales de Depósito Almaviva S.A.		349	94.92		29,741	141,193	111,452	0	0	A
Cámara de Compensación de Divisas		2,500	3.19		80	136	56	0	0	A
Cámara de Riesgo Central de Contraparte S.A.		40,367	1.13		456	343	(113)	0	0	A
Casa de Bolsa S.A.		15,223	22.79		3,940	6,024	2,084	0	0	A
Cifin S.A		6,000	8.68		521	2,411	1,890	0	0	A
Deceval S.A. Depósito Centralizado de Valores de Colombia		12,051	1.61		554	1,063	509	0	0	A
Fiduciaria Bogotá S.A.		26,793	94.99		123,340	172,573	49,233	0	0	A
Gestión y Contacto		1,027	2.04		254	419	165	0	0	A
Megalínea		111	94.90		1,476	2,186	710	0	0	A
Pizano S.A.		69,812	16.85		23,244	38,005	14,761	0	0	A
Redebán Multicolor S.A.		10,119	2.44		966	1,761	795	0	0	A
Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A. (2)		97,513	35.28		460,257	644,100	183,843	0	0	A
				$	646,231	1,014,349	368,118	0	0	
High turnover and listed shares										
Investments in Colombia										
Corporación Financiera Colombiana S.A.	COP	2,081	38.19		3,147,431	3,147,431	0	0	2,130,133	A
					3,147,431	3,147,431	0	0	2,130,133	
Investments abroad										
Banco Latinoamericano de Comercio Exterior	USD	826	0.01		112	112	0	0	54	A
					112	112	0	0	54	
Total				$	8,906,609	9,310,532	404,640	747	2,130,187	

1) Through its subsidiary Leasing Bogota S.A. Panama, Banco de Bogota acquired a 100% direct and indirect stake in BBVA Banco Bilbao Vizcaya Argentaria (Panama) S.A. on December 19, 2013. It also acquired 100% of the subscribed and outstanding shares of Grupo Financiero Reformador of Guatemala on December 23, 2013 through its subsidiary Credomatic International Corporation (an institution consolidated by Leasing Bogota Panama S.A.).

2) Porvenir completed the merger by absorption of AFP Horizonte Pensiones y Cesantías S.A. through public instrument 2250 issued by Notary Public 65 in the city of Bogotá and registered with the Bogotá Chamber of Commerce.

Low turnover shares were valued at June 30, 2014 and December 31, 2013 using the equity variation method based on certificates issued by the statutory auditor and/or legal representative of each institution. In no case were these certificates dated prior to March 31, 2014, since internal policy dictates they are to be requested quarterly or annually.

(Continued)

Investment maturity

	June 30				
	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Trading investments, debt securities	$ 46,767	134,588	50,458	149,814	381,627
Held to maturity, debt securities	1,466,593	56,942	0	0	1,523,535
Available for sale, debt securities (*)	241,295	616,743	732,199	2,160,631	3,750,868
Equity securities	0	0	0	8,929,376	8,929,376
	$ 1,754,655	808,273	782,657	11,239,821	14,585,406

	December 31				
	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Trading investments, debt securities	$ 280,546	577,019	138,879	159,101	1,155,545
Held to maturity, debt securities	1,291,892	109,066	0	0	1,400,958
Available for sale, debt securities (*)	212,072	667,565	724,364	1,205,351	2,809,352
Equity securities	0	0	0	8,906,609	8,906,609
	$ 1,784,510	1,353,650	863,243	10,271,061	14,272,464

* Includes securities recorded as repurchase rights and pledged as collateral that are part of the portfolio of investments available for sale in the form of debt securities.

Investment allowance

Equity securities available for sale

Detail of movement in the investment allowance:

		June 30	December 31
Opening balance	$	747	763
Allowance charged to operating expenses		7	30
Recovery of investment allowance		(18)	(46)
Closing balance	$	736	747

(Continued)

Qualitative information

Objectives

Banco de Bogotá conducts its treasury operations pursuant to the policies and limits set by its Board of Directors. These are consistent with prevailing regulations and aim to maximize the risk-return ratio on portfolios and/or managed assets, while taking advantage of opportunities that arise in the markets where it operates.

Continuous follow-up on internal and external economic variables, as well as constant monitoring and control exercised by the Risk Management Division with respect to the way investments are handled, constitute the backbone of efforts by the Bank´s Treasury to achieve these objectives.

Markets where the Bank's Treasury operates:
• Internal public debt
• Private debt
• Public and private fixed income in F/C
• Foreign exchange
• Over-the-counter market (OCM) derivatives
• Standard derivatives
• Money market

Philosophy on Risk-taking:

Active involvement by the senior management of the Bank and its Board of Directors in the area of investment and risk, supported by a range of tools and the existence of well-defined processes and qualified personnel, ensures adequate management of the risks to which the organization is exposed.

Moreover, constant follow-up and control with respect to the limits on risk and treasury management, accompanied by coordination and effectiveness in decision-making on investments, allow for strategies that are coherent with the objectives of the Bank, its approved budget and its general policies on management of assets and liabilities.

The Bank has policies and procedures to manage the risks generated by operations of this type, and they are what define the framework within which business is conducted.

The limits on maximum exposure to market risks or value at risk (VaR), by type of operation, and the risk associated with each of the instruments that make up the different portfolios (sensitivities or impact on portfolio value due to movement in interest rates or related factors - impact of changes in fair prices and specific risk factors: interest rate (Rho), exchange rate (Delta) and volatility (Vega)) are defined in this way.

Credit risk also is a key consideration when dealing in financial derivatives. Therefore, models have been developed to calculate credit exposure by taking the future potential exposure of operations into account.

The result of the Bank's portfolio management strategies is assessed by comparing the sources of income versus the sources of risk for each portfolio to determine if profits come from taking positions (on exchange or interest rates), brokerage activities, or from the structure of the portfolios (the passing of time).

(Continued)

Markets – Fixed Income

Flattening of the public debt curve in response to the pattern in macroeconomic variables involved a rise in rates at the short end of the curve and a downward adjustment at the long end. At the short end, fixed–rate TES maturing in October 2015 rose by 43 bp in the first half of 2014, closing at 5.01%. This performance was due primarily to the onset of an upward cycle of adjustments in the Central Bank's benchmark interest rate. In fact, during the period in question, the country's monetary authority raised its policy rate on three occasions, placing it at 4% by the end of June.

The rate on TES maturing in July 2024 dropped 24 bp during the course of the year and was 6.56% at the end of the first six months. The main factor behind this valuation was the announcement by JP Morgan that it was increasing Colombia's weight in the GBI EM Global Diversified, from 3% to 8%.

JP Morgan's announcement, in March, led to a change in the strategy for the domestic debt portfolio, since the projected buyer flow would more than offset the macroeconomic factors that influenced the rise in rates. Accordingly, positions were taken in the middle and long parts of the curve, where the largest valuations were anticipated.

As for the portfolio of securities in foreign currency, the main driver was the downward correction in 10-year rates on US Treasuries. During the first six months of the year, Treasuries fell 50 basis points to 2.53%, due to a build-up in forward guidance by the Fed, as well as episodes of risk aversion in response to geopolitical conflicts in Eastern Europe and the Middle East.

In this context, positions in peso-denominated corporate bonds payable in dollars (global) were increased and there were additional purchases of corporate bonds in the Latin American financial sector, with maturities up to five years, hedging the exchange rate at 90 days.

Foreign Currency and Derivatives

The USD-COP exchange rate was $ 1881.19 pesos by the end of the first half of 2014. This represents a drop of 2.37% from its value at the close of 2013. Accordingly, the Colombian peso was among the strongest foreign currencies against the dollar during the six months under review, partly because of portfolio investment flows, which rose 129% in the first six months, versus the same period in 2013, according to the figures in the exchange balance.

The upward pressure on peso revaluation was contained partly by the Central Bank's dollar purchases, which came to USD1,600 (USD14 per session, on average) during the first half of the year. For the second half, the Central Bank said it plans to buy as much as USD 2,000 between July and September. This implies an average of up to USD32 per day.

There were increases all along the forward curve, reflecting the Central Bank's policy rate hikes. For example, the 12-month rate went from 3.1% to 3.8%, taking in almost the entire 75bp increase in the benchmark rate. In contrast, there was less of an increase in the three-month rate during that period (from 2.3% to 2.7%), influenced by a temporary drop in the own-cash position of banks. This separated the devaluations in the shorter maturities from their theoretical levels.

Derivative operations were conducted during the first half of 2014 for intermediation or to capitalize on opportunities for arbitrage involving exchange and interest rates in local and foreign markets. In addition, currency hedging transactions were conducted for assets in dollars in the form of investments in foreign subsidiaries and agencies.

The derivative portfolios featured combinations of basic contracts, such as forwards, futures, options or swaps, to be complemented with other products (e.g. TES, securities in foreign currency).

A bid to offer products to all the segments was developed hand-in.-hand with the sales force. This initiative was supported by training and guidance, as well as efforts to innovate and renew products that give customers added value. Work to deepen financial structures based on derivatives continued, so as to provide clients with ways to optimize their financing and investment strategies.

Periods with devaluation rates below theoretical levels (e.g. late March and June) continue to be used to advantage, generating synthetic financing at rates in Colombian pesos (COP) that are attractive to clients.

(7) Loans and financial leases, net

Detail of the loan portfolio, by type:

		June 30	December 31
Ordinary loans	$	32,051,880	29,134,913
Loans with resources from other institutions		1,147,760	966,624
Non-recourse factoring		145,648	119,451
Letters of credit, covered		136,859	120,488
Collateral and guarantees, covered		18	1,372
Bank overdrafts, checking account		185,682	117,224
Discounts		230,025	208,108
Credit cards		2,103,755	1,942,214
Reimbursements, in advance		99,726	410,761
Loans to micro-enterprises and SMEs		247,744	232,311
Microcredit loans		327,920	316,304
Mortgage loans		972,739	700,446
Foreign loans, repaid		0	168
Leased out real estate		725,724	537,351
Leased out movables		958,560	916,834
Loans to builders		83,729	20,477
Total loan portfolio, by type	$	39,417,769	35,745,046

Detail of the loan portfolio, by economic sector:

	June 30						
	Commercial	Consumer	Microcredit	Mortgage	Financial Leases	Total	% Held
Sector							
Agriculture, livestock, hunting, forestry and fishing	1,016,818	141,942	18,262	10,161	44,179	1,231,362	3.12%
Capital investor	91,520	212,138	2,399	32,995	19,206	358,258	0.91%
Salaried persons	415,884	5,096,998	35,709	691,425	95,047	6,335,063	16.07%
Mining and quarrying	1,155,709	7,797	196	795	62,107	1,226,604	3.11%
Manufacturing industries	5,718,763	120,225	33,374	17,297	385,447	6,275,106	15.92%

(Continued)

	June 30						
	Commercial	Consumer	Microcredit	Mortgage	Financial Leases	Total	% Held
Supply of electricity, gas, steam & air conditioning	1,934,695	307	76	0	7,145	1,942,223	4.93%
Water distribution; waste water evacuation and treatment, waste management and environmental sanitation activities	149,414	3,814	1,146	308	5,100	159,782	0.41%
Construction	3,141,575	69,907	3,415	10,788	277,164	3,502,849	8.89%
Wholesale & retail; Automobile & motorcycle repair	4,648,721	518,789	163,920	64,550	221,979	5,617,959	14.25%
Transport, storage	2,470,851	228,017	14,433	34,172	151,470	2,898,943	7.35%
Accommodations and food services	180,355	53,363	19,898	6,391	17,458	277,465	0.70%
Information and communications	710,858	17,287	2,443	2,828	15,937	749,353	1.90%
Financial and insurance activities	3,178,185	6,844	124	1,196	12,468	3,198,817	8.12%
Real estate activities	740,612	24,435	466	3,487	98,106	867,106	2.20%
Professional, scientific and technical activities	1,152,281	541,123	19,454	66,377	78,042	1,857,277	4.71%
Administrative services and support activities	646,886	22,802	2,366	3,099	70,201	745,354	1.89%
Public administration and defense; social security plans with mandatory affiliation	982,264	0	0	0	4,646	986,910	2.50%
Education	221,129	16,727	906	5,340	32,137	276,239	0.70%
Human health care and social assistance activities	446,922	53,544	875	18,215	75,039	594,595	1.51%
Artistic, entertainment and recreational activities	57,389	84,106	1,032	628	3,961	147,116	0.37%
Other service activities	120,712	30,392	7,407	2,687	7,445	168,643	0.43%
Activities of individual households as employers	12	540	9	0	0	561	0.00%
Activities of extraterritorial organizations and entities	103	71	10	0	0	184	0.00%
Total, by economic use	$ 29,181,658	7,251,168	327,920	972,739	1,684,284	39,417,769	100%

	December 31						
	Commercial	Consumer	Microcredit	Mortgage	Financial Leases	Total	% Held
Sector							
Agriculture, livestock, hunting, forestry and fishing	965,894	140,796	16,692	6,380	45,477	1,175,239	3.29%
Capital investor	88,644	205,935	2,029	25,969	17,691	340,268	0.95%
Salaried persons	410,292	4,768,269	34,740	503,924	66,934	5,784,159	16.18%
Mining and quarrying	1,112,621	7,861	175	535	65,974	1,187,166	3.32%
Manufacturing industries	5,267,212	114,544	30,751	11,484	285,164	5,709,155	15.97%
Supply of electricity, gas, steam & air conditioning	1,614,115	284	58	0	6,074	1,620,531	4.53%
Water distribution; waste water evacuation and treatment, waste management and environmental sanitation activities	138,938	3,758	970	61	5,664	149,391	0.42%
Construction	2,818,823	64,329	3,479	7,528	245,818	3,139,977	8.78%
Wholesale & retail Automobile & motorcycle repair	4,515,690	498,639	161,516	45,038	209,060	5,429,943	15.19%
Transport, storage	2,306,796	223,523	14,993	21,027	141,336	2,707,675	7.57%
Accommodations and food services	158,657	50,499	19,181	3,233	15,546	247,116	0.69%
Information and communications	765,372	15,996	2,350	2,256	14,665	800,639	2.24%
Financial and insurance activities	2,635,206	6,243	129	460	11,255	2,653,293	7.42%
Real estate activities	632,541	22,996	522	2,659	75,612	734,330	2.05%

(Continued)

	December 31						
	Commercial	Consumer	Microcredit	Mortgage	Financial Leases	Total	% Held
Professional, scientific and technical activities	810,182	501,738	17,202	47,593	65,082	1,441,797	4.03%
Administrative services and support activities	538,318	20,378	1,877	1,306	69,468	631,347	1.77%
Public administration and defense; social security plans with mandatory affiliation	912,384	0	0	0	438	912,822	2.55%
Education	204,018	16,385	782	3,814	30,407	255,406	0.71%
Human health care and social assistance activities	438,819	48,081	811	14,956	73,785	576,452	1.61%
Artistic, entertainment and recreational activities	48,567	48,761	1,006	277	4,678	103,289	0.29%
Other service activities	101,961	29,463	7,032	1,946	4,057	144,459	0.40%
Activities of individual households as employers	8	502	9	0	0	519	0.00%
Activities of extraterritorial organizations and entities	46	27	0	0	0	73	0.00%
	26,485,104	6,789,007	316,304	700,446	1,454,185	35,745,046	100%

The Bank assessed one hundred percent (100.0%) of its loan portfolio, interest and other items at June 30, 2014 and December 31, 2013.

Detail of the loan portfolio, by rating:

	June 30						
				Allowances (2)			
	Capital	Interest and financial component	Other items (1)	Capital	Interest	Others	Admissible guarantee
Commercial							
A - Normal	$ 27,576,020	232,391	105,487	381,567	4,228	226	14,665,550
B - Acceptable	747,583	13,510	531	24,590	1,750	122	324,366
C - Appreciable	503,706	9,977	558	52,258	5,802	423	278,391
D - Significant	220,635	10,111	4,003	130,083	10,207	3,988	66,710
E - Uncollectible	133,714	7,097	4,826	125,532	6,662	4,826	2,683
	29,181,658	273,086	115,405	714,030	28,649	9,585	15,337,700
Consumer							
A - Normal	6,709,648	81,957	29,090	174,441	5,873	839	1,157,704
B - Acceptable	147,165	4,373	392	15,799	2,010	176	7,640
C - Appreciable	135,959	3,521	622	25,334	2,882	535	7,960
D - Significant	201,818	6,852	1,912	149,561	6,785	1,900	16,953
E - Uncollectible	56,578	2,486	37,061	56,035	2,490	36,823	1,847
	7,251,168	99,189	69,077	421,170	20,040	40,273	1,192,104
Microcredit							
A - Normal	292,764	6,420	753	2,928	249	165	101,342
B - Acceptable	9,424	227	95	301	227	95	3,205
C - Appreciable	5,776	136	88	1,155	132	88	2,080
D - Significant	3,911	109	73	1,956	109	72	1,226
E - Uncollectible	16,045	493	640	16,044	492	640	7,911
	327,920	7,385	1,649	22,384	1,209	1,060	115,764
Mortgages							
A - Normal	969,478	5,431	657	9,695	71	9	1,483,537
B - Acceptable	1,999	30	4	195	21	4	1,856

(Continued)

	June 30						
				Allowances (2)			
	Capital	Interest and financial component	Other items (1)	Capital	Interest	Others	Admissible guarantee
C - Appreciable	979	14	5	268	16	5	804
D - Significant	198	8	4	40	1	4	234
E - Uncollectible	85	0	3	70	1	3	23
	972,739	5,483	673	10,268	110	25	1,486,454
Financial leases							
A - Normal	1,542,183	7,437	8,017	22,574	139	130	0
B - Acceptable	90,231	653	74	2,421	31	7	0
C - Appreciable	38,473	683	185	4,142	329	51	0
D - Significant	12,205	528	224	7,069	503	221	0
E - Uncollectible	1,192	152	211	1,192	152	211	0
	1,684,284	9,453	8,711	37,398	1,154	620	0
Gen. Allowance	0	0	0	13,007	0	0	0
Total Loan Portfolio by Rating	$ 39,417,769	394,596	195,515	1,218,257	51,162	51,563	18,132,022

	December 31						
				Allowances (2)			
	Capital	Interest and financial component	Other items (1)	Capital	Interest	Others	Admissible guarantee
Commercial							
A - Normal	$ 24,878,941	203,877	45,226	348,763	3,592	173	12,421,161
B - Acceptable	772,798	13,707	423	28,020	2,452	127	259,988
C - Appreciable	475,532	5,485	545	50,186	3,454	427	256,094
D - Significant	220,146	10,564	3,838	125,903	10,542	3,827	54,593
E - Uncollectible	137,687	8,113	5,014	132,812	7,624	5,014	1,212
	26,485,104	241,746	55,046	685,684	27,664	9,568	12,993,048
Consumer							
A - Normal	6,299,705	74,710	31,075	185,588	4,340	729	1,028,911
B - Acceptable	121,436	3,419	333	13,511	1,445	149	7,488
C - Appreciable	131,996	3,461	594	25,059	2,733	495	7,971
D - Significant	172,652	6,200	1,804	132,066	6,150	1,796	16,231
E - Uncollectible	63,218	2,733	35,924	63,482	2,736	35,988	1,422
	6,789,007	90,523	69,730	419,706	17,404	39,157	1,062,023
Microcredit							
A - Normal	283,888	5,871	534	2,839	197	114	99,051
B - Acceptable	7,345	178	67	235	177	67	2,462
C - Appreciable	4,837	122	65	967	122	65	1,663
D - Significant	3,287	81	63	1,643	81	64	1,167
E - Uncollectible	16,947	490	698	16,961	490	698	6,365
	316,304	6,742	1,427	22,645	1,067	1,008	110,708
Mortgages							
A - Normal	698,777	3,472	421	6,988	45	6	937,440
B - Acceptable	1,087	14	1	211	13	2	905
C - Appreciable	359	6	2	123	4	2	262
D - Significant	116	7	2	40	1	2	174
E - Uncollectible	107	0	3	74	1	3	47
	700,446	3,499	429	7,436	64	15	938,828

(Continued)

	December 31						
				Allowances (2)			
	Capital	Interest and financial component	Other items (1)	Capital	Interest	Others	Admissible guarantee
Financial leases							
A - Normal	1,369,335	6,040	6,796	22,740	117	102	0
B - Acceptable	48,356	352	115	1,713	24	8	0
C - Appreciable	22,812	435	102	2,690	276	49	0
D - Significant	11,457	392	152	6,180	391	150	0
E - Uncollectible	2,225	184	204	2,225	184	205	0
	1,454,185	7,403	7,369	35,548	992	514	0
Gen. Allowance	0	0	0	10,167	0	0	0
Total Loan Portfolio by Rating	$ 35,745,046	349,913	134,001	1,181,186	47,191	50,262	15,104,607

(1) "Other Items" include payments on behalf of clients, fees, commissions, staff advances and other sundry accounts receivable. See Note (9).

(2) The portfolio registered $18,709 and $19,238 in principal and interest at June 30, 2014 and December 31, 2013. These items need not be provisioned and, therefore, are entered as a deferred payment. See Note (18).

Detail of the loan portfolio, by geographic region:

	June 30						
				Allowances			
	Capital	Interest and financial component	Other Items (1)	Capital	Interest and financial component	Other items	Admissible guarantee
Commercial							
Bogotá	$ 13,195,996	135,919	97,822	334,194	14,250	5,303	7,584,929
Antioquia	4,668,014	34,212	3,640	106,577	3,824	1,115	1,624,801
West	2,983,196	24,529	2,836	80,383	3,065	585	1,891,650
East	1,712,997	17,296	3,127	51,421	3,026	757	1,660,511
Coast	2,794,043	34,284	3,343	70,609	2,482	984	1,707,501
Central	732,955	10,335	3,712	32,595	1,797	841	868,308
Miami	1,490,064	6,327	0	18,304	78	0	0
New York	1,566,354	10,041	922	19,081	122	0	0
Panama	38,039	143	3	866	5	0	0
	29,181,658	273,086	115,405	714,030	28,649	9,585	15,337,700
Consumer							
Bogotá	5,013,190	49,142	40,377	189,891	8,111	16,190	578,332
Antioquia	550,411	10,717	6,684	49,790	2,263	4,888	220,275
West	495,220	9,810	5,937	45,261	2,368	5,341	225,633
East	454,910	10,020	4,816	47,528	2,414	4,074	118,990
Coast	329,776	9,276	5,857	41,719	2,383	5,043	21,255
Central	407,661	10,224	5,406	46,981	2,501	4,737	27,619
	7,251,168	99,189	69,077	421,170	20,040	40,273	1,192,104
Microcredit							
Bogotá	74,574	1,417	413	5,634	255	274	32,409
Antioquia	41,074	821	183	2,444	111	107	12,446
West	45,264	899	203	3,161	166	134	16,042
East	38,939	894	198	2,536	124	132	10,576
Coast	44,870	991	270	3,321	160	180	20,138
Central	83,199	2,363	382	5,288	393	233	24,153
	327,920	7,385	1,649	22,384	1,209	1,060	115,764

(Continued)

	June 30						
				Allowances			
	Capital	Interest and financial component	Other Items (1)	Capital	Interest and financial component	Other items	Admissible guarantee
Mortgages							
Bogotá	405,672	2,404	293	4,359	57	17	639,866
Antioquia	171,295	919	112	1,727	11	2	262,789
West	100,596	530	67	1,009	7	1	142,715
East	120,347	652	80	1,276	19	2	184,395
Coast	89,995	506	62	1,036	9	1	125,932
Central	84,834	472	59	861	7	2	130,757
	972,739	5,483	673	10,268	110	25	1,486,454
Financial leases							
Bogotá	913,436	5,278	7,889	18,163	628	436	0
Antioquia	261,220	1,246	340	6,103	150	78	0
West	158,540	722	108	3,651	107	21	0
East	164,070	1,059	198	4,974	173	60	0
Coast	138,725	872	54	3,116	82	11	0
Central	48,293	276	122	1,391	14	14	0
	1,684,284	9,453	8,711	37,398	1,154	620	0
General Allowance	0	0	0	13,007	0	0	0
Total portfolio	$ 39,417,769	394,596	195,515	1,218,257	51,162	51,563	18,132,022

	December 31						
				Allowances			
	Capital	Interest and financial component	Other items (1)	Capital	Interest and financial component	Other items	Admissible guarantee
Commercial							
Bogotá	$ 12,060,176	115,501	38,884	319,192	13,344	5,325	6,890,778
Antioquia	4,233,822	28,971	3,337	102,592	4,126	1,046	1,507,499
West	2,646,818	22,591	2,971	81,095	3,093	670	1,591,101
East	1,564,740	13,753	3,008	47,589	2,709	748	1,541,699
Coast	2,600,525	37,157	3,366	70,218	2,608	1,029	698,668
Central	689,946	9,007	3,467	30,759	1,572	750	763,303
Miami	1,317,981	6,347	0	17,115	107	0	0
New York	1,342,375	8,284	0	16,213	100	0	0
Panama	28,721	135	13	911	5	0	0
	26,485,104	241,746	55,046	685,684	27,664	9,568	12,993,048
Consumer							
Bogotá	4,647,844	45,590	39,830	186,612	6,894	14,638	469,110
Antioquia	522,560	9,751	6,217	52,376	2,145	4,745	224,250
West	470,869	9,197	8,438	48,030	2,177	6,485	203,795
East	440,531	8,984	4,609	46,601	2,103	3,916	116,527
Coast	308,027	7,768	5,597	40,655	1,957	4,864	19,313
Central	399,176	9,233	5,039	45,432	2,128	4,509	29,028
	6,789,007	90,523	69,730	419,706	17,404	39,157	1,062,023
Microcredit							
Bogotá	75,423	1,344	361	5,989	239	261	31,803
Antioquia	38,592	710	141	2,222	88	98	11,289
West	41,358	779	194	3,372	151	149	14,046
East	39,178	870	176	2,777	127	119	11,752
Coast	39,187	801	224	3,014	141	163	18,082
Central	82,566	2,238	331	5,271	321	218	23,736
	316,304	6,742	1,427	22,645	1,067	1,008	110,708

(Continued)

	December 31						
				Allowances			
	Capital	Interest and financial component	Other items (1)	Capital	Interest and financial component	Other items	Admissible guarantee
Mortgages							
Bogotá	309,304	1,713	196	3,379	37	11	418,929
Antioquia	122,246	548	69	1,224	8	1	163,537
West	72,469	326	45	727	3	0	91,251
East	79,637	358	48	800	5	1	112,265
Coast	59,583	284	35	732	8	1	75,751
Central	57,207	270	36	574	3	1	77,095
	700,446	3,499	429	7,436	64	15	938,828
Financial leases							
Bogotá	760,789	3,934	6,619	17,820	528	378	0
Antioquia	254,630	1,097	282	5,898	122	56	0
West	130,034	559	87	3,416	81	14	0
East	137,679	795	179	4,505	154	49	0
Coast	130,834	738	39	2,670	96	7	0
Central	40,219	280	163	1,239	11	10	0
	1,454,185	7,403	7,369	35,548	992	514	0
General allowance	0	0	0	10,167	0	0	0
Total portfolio	$ 35,745,046	349,913	134,001	1,181,186	47,191	50,262	15,104,607

Detail of the loan portfolio, by monetary unit:

	June 30			December 31		
	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total
Commercial	$ 23,902,101	5,279,557	29,181,658	21,920,776	4,564,328	26,485,104
Consumer	7,251,168	0	7,251,168	6,789,007	0	6,789,007
Microcredit	327,920	0	327,920	316,304	0	316,304
Mortgages	972,739	0	972,739	700,446	0	700,446
Financial leases	1,652,511	31,773	1,684,284	1,418,996	35,189	1,454,185
	$ 34,106,439	5,311,330	39,417,769	31,145,529	4,599,517	35,745,046

Detail of the loan portfolio, by maturity:

	June 30				
	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Commercial	$ 14,687,593	7,436,550	3,818,819	3,238,696	29,181,658
Consumer	2,908,251	2,894,014	1,057,809	391,094	7,251,168
Microcredit	144,113	156,971	26,720	116	327,920
Mortgages	120,102	99,259	110,695	642,683	972,739
Financial leases	439,305	546,360	267,112	431,507	1,684,284
Total portfolio	$ 18,299,364	11,133,154	5,281,155	4,704,096	39,417,769

(Continued)

	December 31				
	Up to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Commercial	$ 13,265,912	6,968,873	3,318,632	2,931,687	26,485,104
Consumer	2,915,830	2,660,262	925,447	287,468	6,789,007
Microcredit	200,799	104,805	10,700	0	316,304
Mortgages	112,100	73,233	80,713	434,400	700,446
Financial leases	411,209	516,691	237,896	288,389	1,454,185
Total portfolio	$ 16,905,850	10,323,864	4,573,388	3,941,944	35,745,046

Restructured loans agreements and arrangements with creditors:

	June 30								
						Allowances			
	No. of Loans	Principal	Interest	Other items	Total	Principal	Interest	Other items	Guarantee
Commercial									
A - Normal	483	$ 199,560	5,672	32	205,264	2,469	132	24	77,082
B - Acceptable	500	237,838	5,009	84	242,931	7,324	1,059	64	110,038
C - Appreciable	1,183	276,760	5,795	171	282,726	27,143	3,984	150	133,378
D - Significant	1,361	106,096	4,438	986	111,520	66,051	4,409	977	29,191
E - Uncollectible	1,016	123,164	6,243	774	130,181	114,906	5,780	774	9,836
	4,543	943,418	27,157	2,047	972,622	217,893	15,364	1,989	359,525
Consumer									
A - Normal	7,303	52,271	549	102	52,922	2,953	84	78	4,235
B - Acceptable	1,916	14,258	205	42	14,505	2,222	48	35	919
C - Appreciable	5,672	41,750	623	172	42,545	8,772	336	151	3,049
D - Significant	3,480	34,317	740	385	35,442	25,239	726	381	3,914
E - Uncollectible	901	10,537	396	200	11,133	10,374	396	200	101
	19,272	153,133	2,513	901	156,547	49,560	1,590	845	12,218
Microcredit									
A - Normal	1,114	8,809	56	67	8,932	88	27	59	2,878
B - Acceptable	179	1,626	4	20	1,650	52	4	20	539
C - Appreciable	133	1,258	12	20	1,290	252	8	20	446
D - Significant	105	926	4	21	951	463	4	21	305
E - Uncollectible	345	3,062	42	130	3,234	3,062	41	130	1,157
	1,876	15,681	118	258	16,057	3,917	84	250	5,325
Mortgages									
A - Normal	21	584	4	1	589	6	1	0	433
B - Acceptable	2	11	0	0	11	11	0	0	0
C - Appreciable	3	50	0	1	51	5	0	1	49
D - Significant	4	73	0	3	76	16	0	3	72
E - Uncollectible	1	13	0	1	14	13	0	1	0
	31	731	4	6	741	51	1	5	554
Financial leases									
A - Normal	8	178	0	0	178	2	0	0	88
B - Acceptable	1	122	0	0	122	2	0	0	0
C - Appreciable	35	16,327	369	19	16,715	1,816	253	19	4,708
D - Significant	19	2,147	117	7	2,271	1,646	112	7	300
E - Uncollectible	14	489	83	4	576	489	83	4	0
	77	19,263	569	30	19,862	3,955	448	30	5,096
Totals									
A - Normal	8,929	261,402	6,281	202	267,885	5,518	244	161	84,716
B - Acceptable	2,598	253,855	5,218	146	259,219	9,611	1,111	119	111,496
C - Appreciable	7,026	336,145	6,799	383	343,327	37,988	4,581	341	141,630
D - Significant	4,969	143,559	5,299	1,402	150,260	93,415	5,251	1,389	33,782
E - Uncollectible	2,277	137,265	6,764	1,109	145,138	128,844	6,300	1,109	11,094
	25,799	$ 1,132,226	30,361	3,242	1,165,829	275,376	17,487	3,119	382,718

(Continued)

	December 31								
						Allowances			
	No. of Loans	Principal	Interest	Other items	Total	Principal	Interest	Other items	Guarantee
Commercial									
A - Normal	447	$ 200,294	4,492	27	204,813	2,358	63	16	75,337
B - Acceptable	579	257,925	7,093	89	265,107	8,656	1,747	66	64,845
C - Appreciable	1,048	252,878	2,441	195	255,514	25,385	1,883	181	106,581
D - Significant	1,261	90,189	3,097	877	94,163	54,833	3,053	874	17,242
E - Uncollectible	1,038	127,178	6,861	845	134,884	121,244	6,374	845	8,950
	4,373	928,464	23,984	2,033	954,481	212,476	13,120	1,982	272,955
Consumer									
A - Normal	6,200	48,868	527	106	49,501	2,546	107	77	4,153
B - Acceptable	1,893	14,578	250	43	14,871	2,172	72	32	870
C - Appreciable	4,685	43,667	790	177	44,634	9,188	426	133	2,980
D - Significant	2,629	27,273	751	310	28,334	20,812	742	308	3,158
E - Uncollectible	977	10,244	383	202	10,829	10,244	383	202	131
	16,384	144,630	2,701	838	148,169	44,962	1,730	752	11,292
Microcredit									
A - Normal	1,027	8,268	47	49	8,364	83	21	41	2,657
B - Acceptable	146	1,209	8	14	1,231	39	8	14	427
C - Appreciable	122	1,015	6	15	1,036	203	6	15	322
D - Significant	77	591	7	12	610	296	7	12	204
E - Uncollectible	276	2,381	36	103	2,520	2,381	36	103	984
	1,648	13,464	104	193	13,761	3,002	78	185	4,594
Mortgages									
A - Normal	22	272	2	0	274	3	0	0	261
B - Acceptable	4	63	0	0	63	4	0	0	60
C - Appreciable	3	48	0	1	49	5	0	1	47
D - Significant	1	25	0	1	26	6	0	1	24
E - Uncollectible	1	13	0	1	14	13	0	1	0
	31	421	2	3	426	31	0	3	392
Financial leases									
A - Normal	8	248	0	0	248	2	0	0	109
B - Acceptable	1	232	0	0	232	5	0	0	0
C - Appreciable	25	11,707	235	17	11,959	1,360	160	17	1,752
D - Significant	21	1,024	85	6	1,115	572	84	6	16
E - Uncollectible	16	1,324	140	7	1,471	1,324	140	7	0
	71	14,535	460	30	15,025	3,263	384	30	1,877
Totals									
A - Normal	7,704	257,950	5,068	182	263,200	4,992	192	134	82,517
B - Acceptable	2,623	274,007	7,351	146	281,504	10,876	1,827	112	66,202
C - Appreciable	5,883	309,315	3,472	405	313,192	36,141	2,475	347	111,682
D - Significant	3,989	119,102	3,940	1,206	124,248	76,519	3,886	1,201	20,644
E - Uncollectible	2,308	141,140	7,420	1,158	149,718	135,206	6,932	1,158	10,065
	22,507	$ 1,101,514	27,251	3,097	1,131,862	263,734	15,312	2,952	291,110

(Continued)

Restructured loans agreements and arrangements with creditors, by economic sector:

	June 30					
	Ordinary and extraordinary	Approved Debtor restructuring plans	Liquidation	Law 550/99	Law 1116/06	Law 617/00
Artistic, entertainment and recreational activities	$ 619	0	0	0	536	0
Human health care and social assistance activities	3,583	0	0	89	7,194	0
Administrative services and support activities	3,217	0	994	0	3,732	0
Financial and insurance activities	535	0	4,966	0	4	0
Real estate activities	1,994	0	139	2,005	8	0
Professional, scientific and technical activities	18,317	165	110	496	12,969	0
Public administration and defense; social security plans with mandatory affiliation	54,043	0	0	15,599	0	57,033
Agriculture, livestock, hunting, forestry and fishing	21,183	54	6,193	20,528	21,953	0
Accommodation and food services	4,019	0	0	0	522	0
Salaried persons	114,002	130	173	0	1,458	0
Wholesale and retail trade; automotive and motorcycle repair	99,192	24	7,870	1,418	82,829	0
Construction	11,331	0	10,956	661	69,675	0
Water distribution; waste water evacuation and treatment; waste management; environmental sanitation activities	258	0	1,023	0	64	0
Education	18,836	0	0	0	0	0
Mining and quarrying	3,307	0	0	437	14	0
Manufacturing industries	206,230	633	14,570	16,457	126,960	0
Information and communications	10,914	0	12,577	192	835	0
Other service activities	1,805	0	0	0	804	0
Capital investors	6,242	69	14	0	213	0
Supply of electricity, gas, steam and air conditioning	1,262	0	5,308	0	99	0
Transport, storage	34,212	0	103	277	5,985	0
Activities of industrial households as employers	8	0	0	0	0	0
	$ 615,109	1,075	64,996	58,159	335,854	57,033

(Continued)

	December 31					
	Ordinary and extraordinary	Approved Debtor restructuring plans	Liquidation	Law 550/99	Law 1116/06	Law 617/00
Artistic, entertainment and recreational activities	$ 512	0	0	0	553	0
Human health care and social assistance activities	3,743	0	0	98	194	0
Administrative services and support activities	3,157	0	2,389	0	3,800	0
Financial and insurance activities	560	0	4,859	0	4	0
Real estate activities	1,449	0	234	2,005	8	0
Professional, scientific and technical activities	16,399	194	348	496	13,320	0
Public administration and defense; social security plans with mandatory affiliation	55,279	0	0	18,753	0	65,131
Agriculture, livestock, hunting, forestry and fishing	20,248	54	11,222	20,535	8,375	0
Accommodation and food services	3,846	0	0	0	523	0
Salaried persons	108,732	130	97	0	1,108	0
Wholesale and retail trade; automotive and motorcycle repair	103,285	25	9,860	1,498	59,945	0
Construction	10,975	0	11,067	760	64,796	0
Water distribution; waste water evacuation and treatment; waste management; environmental sanitation activities	361	0	0	0	1,021	0
Education	19,934	0	0	0	0	0
Mining and quarrying	3,234	0	0	494	13	0
Manufacturing industries	207,418	640	25,595	17,470	122,461	0
Information and communications	11,584	0	871	204	14,151	0
Other service activities	1,436	0	0	0	803	0
Capital investors	6,199	68	0	0	290	0
Supply of electricity, gas, steam and air conditioning	3,021	0	0	0	100	0
Transport, storage	31,994	0	33	380	1,164	0
Activities of industrial households as employers	9	0	0	0	0	0
	$ 613,375	1,111	66,575	62,693	292,629	65,131

Restructured loans agreements and arrangements with creditors, by geographic area:

	June 30						
				Allowances			
Risk category	Capital	Interest and financial component	Other items (1)	Capital	Interest and financial component	Other items	Admissible guarantee
Commercial							
Bogota	$ 396,266	10,293	440	98,448	7,795	437	141,510
Antioquia	251,561	6,533	724	44,752	3,686	702	52,889
West	114,271	954	135	20,765	547	135	70,097
East	106,920	3,756	351	38,582	2,557	326	55,860
Coast	37,824	4,239	179	7,764	447	172	12,154
Central	36,576	1,382	218	7,582	332	217	27,015
	943,418	27,157	2,047	217,893	15,364	1,989	359,525

(Continued)

Risk category	June 30						
				Allowances			
	Capital	Interest and financial component	Other items (1)	Capital	Interest and financial component	Other items	Admissible guarantee
Consumer							
Bogota	56,408	818	375	16,729	492	355	10,017
Antioquia	21,693	404	132	7,167	261	125	568
West	17,171	291	91	5,605	177	84	342
East	15,874	323	90	5,986	215	81	465
Coast	14,418	277	85	5,064	179	80	232
Central	27,569	400	128	9,009	266	120	594
	153,133	2,513	901	49,560	1,590	845	12,218
Microcredit							
Bogota	4,646	21	90	1,141	18	89	1,805
Antioquia	2,376	7	34	622	5	33	722
West	1,364	16	19	384	15	19	434
East	1,477	14	26	405	9	25	473
Coast	1,571	11	27	494	9	27	799
Central	4,247	49	62	871	28	57	1,092
	15,681	118	258	3,917	84	250	5,325
Mortgages							
Bogota	533	4	6	48	1	5	419
West	7	0	0	1	0	0	0
East	135	0	0	1	0	0	135
Coast	56	0	0	1	0	0	0
	731	4	6	51	1	5	554
Financial leases							
Bogota	14,096	394	11	2,858	308	11	1,799
Antioquia	897	37	8	326	37	8	0
West	235	31	1	78	31	1	0
East	3,750	94	9	538	59	9	3,042
Coast	285	13	1	155	13	1	255
	19,263	569	30	3,955	448	30	5,096
Totals							
Bogota	471,949	11,530	922	119,224	8,614	897	155,550
Antioquia	276,527	6,981	898	52,867	3,989	868	54,179
West	133,048	1,292	246	26,833	770	239	70,873
East	128,156	4,187	476	45,512	2,840	441	59,975
Coast	54,154	4,540	292	13,478	648	280	13,440
Central	68,392	1,831	408	17,462	626	394	28,701
Total	$ 1,132,226	30,361	3,242	275,376	17,487	3,119	382,718

Risk category	December 31						
				Allowances			
	Capital	Interest	Other items	Capital	Interest	Others	Guarantee
Commercial							
Bogota	$ 575,771	13,248	464	109,543	7,954	461	110,897
Antioquia	55,962	1,794	616	23,957	1,574	603	12,862
West	124,271	1,108	157	25,083	574	157	72,134
East	94,723	2,601	395	37,684	2,298	368	41,364
Coast	43,456	4,178	186	8,663	350	183	12,438
Central	34,281	1,055	215	7,546	370	210	23,260
	928,464	23,984	2,033	212,476	13,120	1,982	272,955

(Continued)

	December 31						
				Allowances			
Risk category	Capital	Interest	Other items	Capital	Interest	Others	Guarantee
Consumer							
Bogota	50,982	793	340	14,755	501	313	8,944
Antioquia	22,083	469	128	7,519	305	115	686
West	18,989	372	94	5,926	231	82	370
East	15,233	341	92	5,406	223	80	376
Coast	13,514	300	80	4,491	198	72	390
Central	23,829	426	104	6,865	272	90	526
	144,630	2,701	838	44,962	1,730	752	11,292
Microcredit							
Bogota	4,152	27	72	1,116	23	70	1,610
Antioquia	2,015	7	26	425	5	25	593
West	1,485	18	20	326	16	20	460
East	1,141	10	14	225	8	13	372
Coast	1,305	7	24	330	6	22	663
Central	3,366	35	37	580	20	35	896
	13,464	104	193	3,002	78	185	4,594
Mortgages							
Bogota	411	2	3	29	0	3	392
Antioquia	0	0	0	2	0	0	0
West	8	0	0	0	0	0	0
Central	2	0	0	0	0	0	0
	421	2	3	31	0	3	392
Financial leases							
Bogota	12,139	298	14	2,180	225	15	1,861
Antioquia	918	37	7	338	37	7	16
West	238	30	0	52	29	0	0
East	1,240	95	9	693	93	8	0
	14,535	460	30	3,263	384	30	1,877
Totals							
Bogota	643,455	14,368	893	127,623	8,703	862	123,704
Antioquia	80,978	2,307	777	32,241	1,921	750	14,157
West	144,991	1,528	271	31,387	850	259	72,964
East	112,337	3,047	510	44,008	2,622	469	42,112
Coast	58,275	4,485	290	13,484	554	277	13,491
Central	61,478	1,516	356	14,991	662	335	24,682
Total	$ 1,101,514	27,251	3,097	263,734	15,312	2,952	291,110

Restructured loans, agreements and arrangements with creditors, by monetary unit:

Restructured loans, agreements with creditors, bankruptcy proceedings, liquidations, Law 550/ 1999, Law 1116/ 2006 and Law 617/2000, by monetary unit:

	June 30			December 31		
	Currency			Currency		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Commercial	$ 938,411	5,007	943,418	925,174	3,290	928,464
Consumer	153,133	0	153,133	144,630	0	144,630
Microcredit	15,681	0	15,681	13,464	0	13,464
Mortgages	731	0	731	421	0	421
Financial leases	19,263	0	19,263	14,535	0	14,535
	$ 1,127,219	5,007	1,132,226	1,098,224	3,290	1,101,514

(Continued)

Loans purchased and sold

Detail of loans sales and purchases, cash and binding.

Purchases

			Average terms negotiated at June 30	
	June 30	December 31	Rate	Term
Purchase				
Acerías Paz del Río S.A.	$ 8,756	10,095	7.26	Up to 3 mos.
Banco Agrario De Colombia	34	0	9.25	Up to 172 mos.
Banco AV Villas	0	158	9.35	Up to 127 mos.
Banco BBVA	6,602	39,084	9.83	Up to 236 mos.
Banco Caja Social	4,659	16,148	9.83	Up to 176 mos.
Banco Colpatria	6,754	24,946	9.74	Up to 231 mos.
Banco de Bogotá S.A. - Panamá	0	20,200	2.86	Up to 60 mos.
Banco Corbanca	942	3,528	9.41	Up to 216 mos.
Banco Davivienda	8,622	24,736	9.78	Up to 177 mos.
Banco Helm Bank	340	462	9.55	Up to 174 mos.
Bancolombia	23,087	71,898	9.82	Up to 235 mos.
Banco Bancoomeva	4,418	10,328	9.89	Up to 237 mos.
Brand Solutions Ltda.	0	1,481	9.45	Up to 3 mos.
C. I. Denim Factory	2,065	1,560	Libor +1.35	Up to 2 mos.
C.I Color Siete S.A.S.	81	40	Libor +2.40	Up to 4 mos.
Camilo Andres Orozco	0	50	9.45	Up to 2 mos.
Canal Digital	640	222	10.39	Up to 2 mos.
Carvajal Pulpa y Papel	2,004	2,389	7.21	Up to 3 mos.
Cemex Colombia S.A.	0	26,696	7.45	Up to 6 mos.
Cemex Soluciones	39,899	48,098	7.19	Up to 5 mos.
Centrogal	262	210	10.22	Up to 2 mos.
Cesal S.A.S	0	700	9.45	Up to 5 mos.
Concrelec Ltda.	0	1,806	9.45	Up to 5 mos.
Consulcons Ltda,	0	108	19.91	Up to 3 mos.
Cooperativa Financiera Confiar	99	535	9.95	Up to 126 mos.
Dupon de Colombia	0	1,222	10.90	Up to 5 mos.
Diaco S.A.	5,246	8,064	15.13	Up to 1 mo.
Dupon de Colombia	1,223	0	12.34	Up to 2 mos.
Elimarc	58,500	0	6.57	Up to 6 mos.
Ferraceros	111	59	15.33	Up to 3 mos.
Finesa S.A.	82,806	82,080	DTF+3.5	Up to 72 mos.
Geoespectro	0	726	9.45	Up to 5 mos.
Gildardo de Jesus Vargas	0	277	9.45	Up to 3 mos.
Hector Tiberio Valencia	0	130	9.45	Up to 2 mos.
Icollantas	143	562	12.81	Up to 3 mos.
Inoxideas	287	0	14.85	Up to 4 mos.
Jose Henry Castro Cerquera	63	99	Libor +2.30	Up to 4 mos.
Kaeser Compresores de Colombia	0	408	9.45	Up to 3 mos.
Kellogs	169	3,234	8.73	Up to 1 mo.
Logistica Sanchez Polo	0	472	9.45	Up to 3 mos.
Machado & Molina	0	56	9.45	Up to 1 mo.
Metrokia	936	4,621	7.19	Up to 1 mo.
Minas Paz del Río S.A.	18,851	16,179	7.20	Up to 3 mos.
Pabsa	424	1,121	12.33	Up to 3 mos.
Perazza S.A.S.	0	442	9.45	Up to 5 mos.
Precisagro S.A.S.	1,596	1,083	11.88	Up to 2 mos.
Productos Quimicos Andinos PQA	245	1,582	10.48	Up to 4 mos.
Propilco	317	582	10.95	Up to 2 mos.

(Continued)

	June 30	December 31	June 30 Rate	June 30 Term
Quimicos OMA	0	1,275	9.45	Up to 3 mos.
Serprocons Ltda.	0	2,466	9.45	Up to 5 mos.
Sofas a	12,885	16,026	7.86	Up to 1 mo.
Sigma Petroleum Company S.A.S	0	10	9.45	Up to 1 mo.
Synthesis	0	300	9.24	Up to 6 mos.
Vireo Sandino Colombia	800	0	8.80	Up to 2 mos.
Zapata's y Divisions S.A.	96	171	Libor +1.80	Up to 4 mos.
Total purchases	293,962	448,725		
Sales				
Banco de Bogotá Miami Agency	14,109	0	Libor +1	Up to 5 mos.
Banco de Bogotá New York Agency	19,188	121,314	Libor +4	Up to 3 mos.
Banco de Bogotá S.A. - Colombia	24,071	0	Libor +3	Up to 3 mos.
Refinancia	0	172,349		
Total sales	$ 57,368	293,663		

Loans Written-off

Detail of loans written off:

	June 30			December 31		
	Capital	Interest	Total	Capital	Interest	Total
Commercial	$ 51,290	5,341	56,631	24,921	2,941	27,862
Consumer	177,267	13,847	191,114	154,223	12,915	167,138
Microcredit	14,089	1,598	15,687	7,824	1,109	8,933
Financial leases	1,493	115	1,608	292	40	332
Total	$ 244,139	20,901	265,040	187,260	17,005	204,265

Loan Portfolio Allowance

Movement in the loan portfolio allowance, by loan type:

	Commercial	Consumer	Microcredit	Mortgages	Financial leases	General Allowance	Total
Balance at June 30, 2013	$ 646,144	387,062	20,168	3,706	30,614	6,089	1,093,783
Expensed allowance	241,955	308,843	17,079	4,212	13,035	4,310	589,434
Write-offs charged to the allowance	(24,921)	(154,223)	(7,824)	0	(292)	0	(187,260)
Recovered allowances	(177,479)	(121,976)	(6,778)	(482)	(7,809)	(232)	(314,756)
Exchange adjustment	(15)	0	0	0	0	0	(15)
Balance at December 31, 2013	685,684	419,706	22,645	7,436	35,548	10,167	1,181,186
Expensed allowance	254,066	310,749	19,462	3,523	15,551	3,270	606,621
Write-offs charged to the allowance	(51,290)	(177,267)	(14,089)	0	(1,493)	0	(244,139)
Recovered allowances	(174,062)	(132,018)	(5,634)	(691)	(12,208)	(430)	(325,043)
Exchange adjustment	(368)	0	0	0	0	0	(368)
Balance at June 30, 2014	$ 714,030	421,170	22,384	10,268	37,398	13,007	1,218,257

The objective of External Circular 026, dated June 2012 and issued by the Colombian Superintendency of Finance, is to increase the level of allowances for banks that report an increase in non-performing consumer loans. This is according to a special formula provided by the regulatory body, based on the growth rate of nonperforming loans, in real terms, adjusted by the CPI.

(Continued)

External Circular 026 took effect in December 2012. At that time, the Bank registered $ 20,688 in additional allowances on its books. This amounts to 0.5% additional provisioning on consumer operations. The allowance was adjusted monthly until March 2014.

Application of this measure is temporary and must continue if real growth in nonperforming loans is positive, and for up to six months after a reduction in that indicator is apparent and it remains below zero.

The conditions for not having to calculate this additional allowance were met in March 2014, and the cumulative amount ($ 23,655) was recovered that month.

Public sector

Loans to the public sector at June 30, 2014 and December 31, 2013 amounted to $2,314,237 and $2,168,299, respectively, and accounted for 5.87% and 6.07% of the Bank's total loan portfolio. Loan allowances came to $28,582 and $27,626. Consequently, 1.26% and 1.27% of the portfolio is covered, in that order.

Loan Portfolio: New York and Miami Agencies and the Panama Branch

Loans by the Bank's agencies in New York and Miami and the Panama Branch at June 30, 2014 and December 31, 2013 are classified and rated pursuant to External Circular 100/1995 issued by the Colombian Superintendency of Finance. They came to:

	USD		June 30	December 31
New York Agency	833	$	1,566,354	1,342,375
Miami Agency	792		1,490,064	1,317,981
Panama Branch	20		38,039	28,721
	1,645		3,094,457	2,689,077
New York Agency allowance	(10)		(19,081)	(16,213)
Miami Agency allowance	(10)		(18,304)	(17,115)
Panama Branch	0		(866)	(911)
	1,625	$	3,056,206	2,654,838

(8) Customers´ acceptances and derivatives

Detail of acceptances, spot translations and derivatives:

	June 30			December 31		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Banker's acceptances						
Current banker's acceptances	$ 107,802	201,862	(94,060)	175,500	176,506	(1,006)
Spot transactions						
Foreign exchange sale rights	17,815	0	17,815	9,301	0	9,301
Foreign exchange purchase rights	49,148	0	49,148	36,756	0	36,756
Foreign exchange sale obligations	(17,825)	0	(17,825)	(9,291)	0	(9,291)
Foreign exchange purchase obligations	(49,148)	0	(49,148)	(36,756)	0	(36,756)
	(10)	0	(10)	10	0	10

(Continued)

	June 30			December 31		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Speculative forwards						
Foreign exchange sale rights	3,805,791	(165,334)	3,971,125	4,441,250	(1,523,698)	5,964,948
Foreign exchange purchase rights	222,534	(2,981,596)	3,204,130	1,414,752	(2,896,527)	4,311,279
Foreign exchange sale obligations	(3,704,364)	165,620	(3,869,984)	(4,402,821)	1,545,515	(5,948,336)
Foreign exchange purchase obligations	(221,548)	3,067,532	(3,289,080)	(1,394,741)	2,921,152	(4,315,893)
	102,413	86,222	16,191	58,440	46,442	11,998
Forwards – hedging						
Foreign exchange sale rights	3,601,070	(18,708)	3,619,778	1,351,093	(1,909,375)	3,260,468
Foreign exchange purchase rights	0	(75,243)	75,243	171,477	(840,072)	1,011,549
Foreign exchange sale obligations	(3,454,639)	18,804	(3,473,443)	(1,336,340)	1,941,388	(3,277,728)
Foreign exchange purchase obligations	0	75,527	(75,527)	(170,734)	846,040	(1,016,774)
	146,431	380	146,051	15,496	37,981	(22,485)
Futures						
Currency sale rights	525,099	0	525,099	1,024,936	0	1,024,936
Currency purchase rights	1,273,760	0	1,273,760	1,593,654	0	1,593,654
Securities sale rights	4,630	0	4,630	16,129	0	16,129
Currency sale obligations	(525,099)	0	(525,099)	(1,024,936)	0	(1,024,936)
Currency purchase obligations	(1,273,760)	0	(1,273,760)	(1,593,654)	0	(1,593,654)
Securities sale obligations	(4,630)	0	(4,630)	(16,129)	0	(16,129)
	0	0	0	0	0	0
Swaps						
Foreign currency rights	493,960	(259,990)	753,950	380,287	(452,061)	832,348
Interest rate rights	270,530	(68,447)	338,977	116,083	(217,852)	333,935
Foreign exchange obligations	(474,578)	270,022	(744,600)	(362,469)	476,824	(839,293)
Interest rate obligations	(258,182)	81,146	(339,328)	(96,766)	235,586	(332,352)
	31,730	22,731	8,999	37,135	42,497	(5,362)
Options						
Foreign exchange call options	2,750	1,360	1,390	9,438	3,191	6,247
Foreign exchange put options	7,337	22,715	(15,378)	2,264	15,302	(13,038)
	10,087	24,075	(13,988)	11,702	18,493	(6,791)
	$ 398,453	335,270	63,183	298,283	321,919	(23,636)

Banco de Bogota had delivered $93,356 and $112,651 in TES to the Central Counterparty Clearing House by June 30, 2014 and December 31, 2013, in that order, as collateral to perform these operations on the standard derivatives market of the Colombian Stock Exchange (Note 6).

The following is a breakdown of operations at closing on June 30, 2014 and December 31, 2013.

Speculation forwards

	June 30		December 31		
	Dollar Balance (US$)	**Peso Balance ($)**	**Dollar Balance (US$)**	**Peso Balance ($)**	**Objective**
Currency purchase rights (peso/dollar)	1,675	$ 3,150,238	2,213	$ 4,263,808	Hedging through forward sales contracts with clients and other bank book positions (dollar/ peso).
Currency purchase rights (Other than peso/dollar)	29	53,892	24	47,471	Hedging through forward sales contracts with clients (foreign currency/peso and foreign currency/foreign currency) and other bank book positions.
	1,704	$ 3,204,130	2,237	$ 4,311,279	

(Continued)

	June 30		December 31		
	Dollar Balance (US$)	**Peso Balance ($)**	**Dollar Balance (US$)**	**Peso Balance ($)**	**Objective**
Currency purchase obligations (peso/dollar)	(10)	$ (3,234,969)	0	$ (4,269,170)	Peso flows from purchase forwards for USD 1,674.6. (dollars/pesos) and flows for USD 10,155.4, Miami Agency.
Currency purchase obligations (Other than peso/dollar)	0	(427)	0	(708)	Peso flows from purchase forwards (foreign currency/peso)
	(29)	(53,684)	(24)	(46,015)	Peso flows from forward sales contracts
	(39)	$ (3,289,080)	(24)	$ (4,315,893)	
Currency sale/purchase Rights (peso/dollar)	0	$ 3,916,540	0	$ 5,917,651	Peso flows from forward sales contracts for USD 2,028.
	0	18,909	0	20,203	Peso flows from forward sales contracts.
Currency sale rights (Other than peso/dollar)	19	35,676	14	27,094	Forward hedges with clients (foreign currency/foreign currency) and other bank book positions.
	19	$ 3,971,125	14	$ 5,964,948	
Currency sale obligations (peso/dollar)	(2,028)	$ (3,815,906)	(3,062)	$ (5,900,313)	Hedging through forwards with clients and other bank book positions (dollar /peso).
Currency sale obligations (Other than peso/dollar)	(29)	(54,078)	(25)	(48,023)	Hedging through forwards with clients (foreign currency /foreign currency) and other bank book positions.
	(2,057)	$ (3,869,984)	(3,087)	$ (5,948,336)	

Forward hedges

	June 30		December 31		
	Dollar Balance (US$)	**Peso Balance ($)**	**Dollar Balance (US$)**	**Peso Balance ($)**	**Objective**
Foreign exchange purchase Rights (peso/dollar)	40	$ 75,243	525	$ 1,011,549	Flow to hedge a net asset position of USD 1,806.4.
Foreign exchange purchase obligations (peso/dollar)	0	(75,527)	0	(1,016,774)	
	40	$ (284)	525	$ (5,225)	
Foreign exchange sale rights (peso/dollar)	0	$ 3,619,778	0	$ 3,260,468	Peso flow to hedge a net asset position of USD 1,806.4.
Foreign exchange sale obligations (peso/dollar)	(1,846)	(3,473,443)	(1,701)	(3,277,728)	
	(1,846)	$ 146,335	(1,701)	$ (17,260)	

(Continued)

Futures

	June 30		December 31		
	Dollar Balance (US$)	**Peso Balance ($)**	**Dollar Balance (US$)**	**Peso Balance ($)**	**Objective**
Foreign exchange purchase rights	672	$ 1,273,760	821	$ 1,593,654	USD 32,3 in TRM futures contracts and USD 640,2 in novations.
Foreign exchange sale rights	0	525,099	0	1,024,936	USD 38,3 in TRM peso-flow futures and USD 238,9 in novations.
	672	$ 1,798,859	821	$ 2,618,590	
Currency purchase obligations	0	$ (1,273,760)	0	$ (1,593,654)	USD 32,3 in TRM peso-flow futures and USD 640,2 in novations.
Currency sale obligations	(277)	(525,099)	(530)	(1,024,936)	USD 38,3 in TRM futures and USD 238,9 in novations.
	(277)	$ (1,798,859)	(530)	$ (2,618,590)	
Securities purchase obligations	0	$ 4,630	0	$ 16,129	Peso flows in CRC securities contracts.
	0	(4,630)	0	(16,129)	Peso flows in CRC securities contracts.
	0	$ 0	0	$ 0	

Swaps

	June 30		December 31		
	Dollar Balance (US$)	**Peso Balance ($)**	**Dollar Balance (US$)**	**Peso Balance ($)**	**Objective**
Currency rights	106	$ 198,827	152	$ 292,518	Cross currency swaps in which the Bank receives a rate of interest in dollars or euros and pays a rate of interest in pesos. Hedges other swap book positions and bank book operations.
	0	555,123	0	539,830	Peso flows from cross currency swaps where the Bank receives a rate of interest in pesos and pays a rate of interest in dollars or euros.
	106	$ 753,950	152	$ 832,348	
Currency obligations	(296)	$ (557,741)	(296)	$ (571,208)	Cross currency swaps where the Bank receives a rate of interest in dollars or euros and pays a rate of interest in pesos. Hedges other swap book positions and bank book operations.
	0	(186,859)	0	(268,085)	Peso flows from cross currency swaps where the Bank receives a rate of interest in pesos and pays a rate of interest in dollars or euros.
	(296)	$ (744,600)	(296)	$ (839,293)	

(Continued)

	June 30		December 31		
	Dollar Balance (US$)	**Peso Balance ($)**	**Dollar Balance (US$)**	**Peso Balance ($)**	**Objective**
Interest rate rights	117	$ 219,963	116	$ 223,293	Dollar interest rate swaps (IRS) where the Bank receives fixed/floating interest rates in dollars and pays floating/fixed interest rates in dollars, where the fair price is positive.
	0	119,014	0	110,642	Peso interest rate swaps (IRS) where the Bank receives fixed/floating rates and pays floating/fixed interest rates.
	0	0	0	0	Peso interest rate swaps where the Bank receives a fixed rate and pays a floating rate (BRI– Bank Reference Indicator).
	117	$ 338,977	116	$ 333,935	
Interest rate obligations	(117)	$ (220,400)	(115)	$ (222,348)	Peso interest rate swaps in which the Bank receives a floating rate (IRS) and pays a fixed rate.
	0	(118,928)	0	(110,004)	Peso interest rate swaps (IRS) in which the Bank receives a fixed/floating rate and pays a floating/fixed rate.
	(117)	$ (339,328)	(115)	$ (332,352)	

Dollar-peso options with clients at closing on June 30, 2014 and December 31, 2013:

Portfolio of dollar/peso options

	June 30		December 31		
	Dollar Balance (US$)	**Peso Balance ($)**	**Dollar Balance (US$)**	**Peso Balance ($)**	**Objective**
Issue or sale of put and call options in foreign currency	381	$ 757,512	421	$ 831,020	Plain vanilla CALL and PUT options (dollar/peso) issued. (The value in pesos is the face value of each option at its strike rate, pursuant to External Circular 042/ 2008.)
Total obligations in options	381	$ 757,512	421	$ 831,020	
Currency call and put purchases	493	$ 983,244	473	$ 919,023	Plain vanilla CALL and PUT options (dollar/peso) issued. (The value in pesos pertains to the face value of each option at its strike rate, as per External Circular 042/ 2008.)
Total option rights	493	$ 983,244	473	$ 919,023	

(Continued)

(9) Accounts receivable, net

Detail of interest and accounts receivable:

		June 30	December 31
Interest			
Letter of credit	$	385,143	342,315
Financial component		9,453	7,598
Interbank funds sold and repurchase agreements		20	36
		394,616	349,949
Commissions and fees		18,707	18,813
Payments on behalf of clients		31,623	28,579
Sundry accounts receivable (1)		145,185	86,609
		195,515	134,001
Dividends		30,766	37,789
Leasing own asset		219	183
Operational leasing rent		100	60
Promissory notes from sellers of movable goods		35,127	34,209
Prepayments – contracts and suppliers		505,127	580,553
		571,339	652,794
Allowance		(102,725)	(97,453)
		1,058,745	1,039,291
(1) Detail other accounts receivable:			
Employee advances		416	601
Cash shortfalls		346	2,705
Clearing shortfalls		876	250
Insurance claims		1,851	1,582
Uncollectibles – undefined responsibility		1,010	1,042
Compensation – Credibanco		12,684	14,368
ATM shortfalls, withdrawals and advances		1,474	1,443
Own leasing operations		926	2,063
Electronic transactions in process		2,253	1,518
Transfers to the National Treasury		27,269	26,779
Savings account shortfalls		15,965	14,536
Banco República (Central Bank)- Citibank New York		2,645	2,645
Forward compliance		3,134	1,996
Increased income tax payment year 2013		63,966	0
Sundry items		10,370	15,081
	$	145,185	86,609

(Continued)

Allowance for accounts receivable

Movement in allowances, by type of loan:

	Commercial	Consumer	Microcredit	Mortgages	Financial leases	Total
Balance at June 30, 2013	$ 34,470	55,449	1,704	61	1,221	92,905
Allowance charged to operating expenses	16,475	27,492	2,099	81	726	46,873
Write-offs	(2,942)	(12,915)	(1,109)	0	(40)	(17,006)
Condoned	(3,021)	(1,516)	(112)	(31)	0	(4,680)
Recovery	(7,751)	(11,949)	(507)	(32)	(400)	(20,639)
Balance at December 31, 2013	37,231	56,561	2,075	79	1,507	97,453
Allowance charged to operating expenses	16,395	29,715	2,530	103	714	49,457
Write-offs	(5,339)	(13,847)	(1,598)	0	(116)	(20,900)
Condoned	(2,547)	(1,605)	(138)	(9)	0	(4,299)
Recovery	(7,506)	(10,511)	(600)	(38)	(331)	(18,986)
Balance at June 30, 2014	$ 38,234	60,313	2,269	135	1,774	102,725

(10) Salable, foreclosed and returned assets and those not used in the corporate business, Net

Detail:

	June 30				December 31			
	Cost	Allowance	% Allow.	Net	Cost	Allowance	% Allow.	Net
Salable assets								
Land	$ 13	(13)	100%	0	$ 13	(13)	100%	0
	13	(13)	100%	0	13	(13)	100%	0
Assets returned from leasing contracts:								
Machinery and equipment	896	(764)	85%	132	676	(604)	89%	72
Vehicles	329	(329)	100%	0	129	(129)	100%	0
	1,225	(1,093)	89%	132	805	(733)	91%	72
Assets not used in the corporate business:								
Land	1,239	(1,239)	100%	0	1,239	(1,239)	100%	0
	1,239	(1,239)	100%	0	1,239	(1,239)	100%	0
Foreclosed assets:								
Movable assets	13,521	(11,703)	87%	1,818	13,632	(11,330)	83%	2,302
Non-residential real estate	65,911	(50,122)	76%	15,789	65,149	(48,060)	73%	17,089
	79,432	(61,825)	78%	17,607	78,781	(59,390)	75%	19,391
Total	$ 81,909	(64,170)	78%	17,739	$ 80,838	(61,375)	75%	19,463

Foreclosed assets at June 30, 2014 and December 31, 2013 accounted for zero point zero three percent (0.03%) of the Bank's total assets. The Bank believes the fixed nature and materiality of these assets will have no significant negative impact on its financial statements. .

(Continued)

Detail of foreclosed and returned assets, by duration of tenure:

June 30		Under 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total	Allowance
Foreclosed assets:							
Real estate	$	6,480	38,586	173	20,672	65,911	50,122
Movables		2,768	1,226	169	9,358	13,521	11,703
		9,248	39,812	342	30,030	79,432	61,825
Returned assets							
Movables		549	626	50	0	1,225	1,093
	$	549	626	50	0	1,225	1,093

December 31		Under 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total	Allowance
Foreclosed assets:							
Real estate	$	4,082	39,690	592	20,785	65,149	48,060
Movables		2,779	1,324	169	9,360	13,632	11,330
		6,861	41,014	761	30,145	78,781	59,390
Returned assets		129	626	50	0	805	733
Movables	$	129	626	50	0	805	733

The appraisals on approximately 90% of all foreclosed assets were done in the last two year.

The Bank takes the following steps to sell foreclosed assets.

- The manager of the office receiving the foreclosed asset is responsible for its management and for controlling any costs that might be appropriate.

- The Bank has hired a sales force specializing in real estate to promote sales, to help the commercial area manage any offers, to visit the regions regularly to strengthen the marketing of foreclosed real estate, to support efforts to obtain and apply the rules and regulations on urban development, to support the standardization managers and the office managers in marketing their assigned foreclosures, and to hold committee meetings to follow up on and attend to ongoing business.

- Regular visits are made to properties throughout the country to familiarize the sales force and management with the real estate the Bank has for sale. The strengths of each property are identified, as is its potential for sale and its state of preservation. This is done to guide sales efforts effectively.

- The commercial area is trained to market foreclosures, with an average of two visits per year to each of the Bank's regional offices. The topic of marketing foreclosed assets also is included in the training provided to managers, operations chiefs, SENA apprentices and all other employees. This leads to a strong commitment and excellent results.

(Continued)

- Sales are promoted through advertisements in the leading national newspapers and in the Bank's real estate magazine. There is an associative advertising contract with the daily newspaper El Tiempo to publish information on these properties. The result has been quite satisfactory in terms of the volume of customers contacted through these media. El Tiempo also publishes information on the Bank's real estate offers in Portafolio and ADN, which are daily newspapers, and in Cambio magazine. El Tiempo earns a commission of 1% on the sale of published properties.

- Regular meetings are held with real estate companies throughout the country to encourage them to promote our foreclosures. The commission offered to these firms ranges from 1% to 3% on actual sales.

- The Bank's real estate magazine contains information on the inventory nationwide. Each edition of the magazine is sent to the Bank's offices, where employees are invited to play an active role in the sales process. The magazine also is sent to potential clients via email.

- Information is sent directly to potential clients, and a list of properties is published on the Bank's website: www.bancodebogota.com.co

- The neighbors of our properties are contacted and encouraged to promote their sale. They are offered a commission of 1% as an incentive to bring in interested customers. This commission is payable on actual sales.

- There is an ongoing search for information on very special situations, such as land use plans (POT: Spanish acronym) for the locality where the property is situated, urban development requirements, definitions of use and density, as well as partial plans, inclusion in the so-called local sanitation line for access to the public utilities network, topographical surveys and official opinions on zoning, among others. This gives the Bank firsthand, relevant information for selling foreclosed properties.

- The Bank has an incentive program to encourage its employees to bring in customers who are interested in purchasing these properties. The incentive is delivered when the sale is made.

- The Bank has an attorney to handle any legal problems concerning foreclosed assets and to keep them free of encumbrances and in legal condition to be sold.

- The Bank constantly maintains, fixes and repairs these properties as required to keep them in good condition and, consequently, to attract the market of potential customers.

Foreclosed movable assets at June 30, 2014 and December 31, 2013 include mostly shares, as detailed below.

	June 30		
Company	No. of Shares	Adjusted Delivery	Allowance
Pizano S.A.	1,048,961	$ 6,647	6,647
Enka de Colombia S.A.	39,094,489	1,213	1,213
Inca S.A.	23,937,576	1,097	1,097
Desarrolladora de Zonas Francas	89,588,592	292	292
Zona Franca de Bogotá S.A.	7,043,754	23	23
Inversiones Furatena S.A	25	201	201
Promotora La Alborada	434,866,324	139	139
CI Metales y Derivados	23	1,269	296

(Continued)

December 31			
Company	No. of Shares	Adjusted Delivery	Allowance
Pizano S.A.	1,048,961	$ 6,647	6,647
Enka de Colombia S.A.	39,094,489	1,213	1,213
Inca S.A.	23,937,576	1,097	1,097
Desarrolladora de Zonas Francas	89,588,592	292	292
Zona Franca de Bogotá S.A.	7,043,754	23	23
Inversiones Furatena S.A	25	201	201
Promotora La Alborada	434,866,324	139	139
CI Metales y Derivados	23	1,269	74

These foreclosed shares are investments available for sale as equity securities and are assessed at their intrinsic value.

Allowance for salable foreclosed assets, returned assets and those not used in the corporate business

Movement in the allowance:

	Salable assets	Foreclosed and returned assets	Assets not used in the corporate business	Total
Balance at June 30, 2013	$ 13	56,929	1,279	58,221
Expensed allowance	0	6,115	0	6,115
Write-offs	0	(816)	0	(816)
Allowance used in sales	0	(855)	0	(855)
Recoveries	0	(1,250)	(40)	(1,290)
Balance at December 31, 2013	13	60,123	1,239	61,375
Expensed allowance	0	4,050	0	4,050
Allowance used in sales	0	(453)	0	(453)
Recoveries	0	(802)	0	(802)
Balance at June 30, 2014	$ 13	62,918	1,239	64,170

(11) Property and equipment, net

There were insurance policies at June 30, 2014 and December 31, 2013 covering risk of theft, fire, earthquake, violent protest, riot, explosion, volcanic eruption, power failure, and loss or damage to real estate, offices and vehicles.

There are no mortgages or reservations of title on these assets, nor have they been pledged as mortgage collateral.

Real estate reappraisal is supported by appraisals done in 2013, 2012 and 2011.

Respective depreciation charged to expenses in the periods ended June 30, 2014 and December 31, 2013 came to $29,047 and $27,295.

(Continued)

Detail of property and equipment

	June 30			
	Cost	Accumulated depreciation	Allowance	Net
Land	$ 29,721	0	0	29,721
Ongoing construction	16,616	0	0	16,616
Buildings	196,172	(60,186)	(18)	135,968
Office equipment, furniture & fixtures	165,690	(75,565)	0	90,125
Computer equipment	149,936	(65,013)	0	84,923
Imports in transit	80	0	0	80
	558,215	(200,764)	(18)	357,433
Deferred depreciation	0	55	0	55
	558,215	(200,709)	(18)	357,488
Assets leased out under operating agreements	5,452	(826)	(47)	4,579
	$ 563,667	(201,535)	(65)	362,067

	December 31			
	Cost	Accumulated Depreciation	Allowance	Net
Land	$ 29,554	0	0	29,554
Ongoing construction	11,940	0	0	11,940
Buildings	192,266	(58,069)	(20)	134,177
Office equipment, furniture & fixtures	158,105	(69,855)	0	88,250
Computer equipment	149,688	(62,176)	0	87,512
Imports in transit	160	0	0	160
	541,713	(190,100)	(20)	351,593
Deferred depreciation	0	(78)	0	(78)
	541,713	(190,178)	(20)	351,515
Assets leased out under operating agreements	3,538	(331)	(31)	3,176
	$ 545,251	(190,509)	(51)	354,691

Movement in property, equipment and assets leased out under operational agreements:

Assets		Balance at June 30	Exchange difference	Additions	Withdrawals	Balance at December 31
Land	$	29,721	0	350	183	29,554
Ongoing construction		16,616	0	5,254	578	11,940
Buildings		196,172	0	7,737	3,831	192,266
Office equipment, furniture & fixtures		165,690	(21)	10,394	2,788	158,105
Computer equipment		149,936	(7)	13,624	13,369	149,688
Imports in transit		80	0	0	80	160
Assets leased out under operating agreements		5,452	0	1,914	0	3,538
Total Assets	$	563,667	(28)	39,273	20,829	545,251

(Continued)

Movement in the allowance for property and equipment:

		June 30	December 31
Opening balance	$	51	290
Expensed allowance [1]		36	24
Income recovery - recoveries [2]		(22)	(263)
Closing balance	$	65	51

(1) At June 30, 2014 and December 31, 2013, includes $18 and $24 in respective allowances charged to operating lease expenses.
(2) At June 30, 2014 and December 31, 2013, includes $3 and $1 in respective recoveries on operating leases.

(12) Other assets, net

Prepaid expenses and deferred charges

Balance and movement in prepaid expenses and deferred charges for the period ended at June 30, 2014 and December 31, 2013:

		Balance at June 30	Charges	Credits	Balance at December 31
Prepaid Expenses					
Insurance	$	2,632	3,110	1,433	955
Rent		684	920	492	256
Equipment maintenance		482	196	420	706
Software & hardware update and maintenance		656	832	1,679	1,503
Others		111	67	218	262
		4,565	5,125	4,242	3,682
Deferred Charges					
Remodeling		2,617	823	2,355	4,149
Computer software		32,515	7,798	14,799	39,516
Office supplies and stationary		2,390	3,082	3,137	2,445
Improvements to property taken on lease		20,563	3,291	5,707	22,979
Discounts on bond sales		6,266	1,265	2,662	7,663
Deferred income tax debit (1)		17,108	67,081	68,949	18,976
Advertising and publicity		165	158	75	82
Taxes (2)		48,050	9,828	30,341	68,563
Contributions and memberships		91	4,477	4,433	47
Commissions and fees paid for issues and acquisitions		6,004	1,606	4,232	8,630
La Sabena University academic programs		450	0	0	450
Site repairs and electrical installations		4,127	1,412	2,571	5,286
Others		8,040	4,637	5,275	8,678
		148,386	105,458	144,536	187,464
	$	152,951	110,583	148,778	191,146

(Continued)

(1) Detail of deferred tax debit/credit at June 30, 2014 and December 31, 2013:

		June 30	December 31
Deferred tax credit:			
Fixed assets	$	82	59
Different between tax income and income on the books from reappraisal of investments, forwards, swaps, futures and options		10,438	13,267
Deferred charges		1,698	2,035
Industry and commerce tax		4,890	3,615
Deferred tax credit, net		17,108	18,976
Deferred tax liability:			
Fixed assets		101	32
Different between tax income and income on the books from reappraisal of investments, forwards, swaps, futures and options		58,995	109,320
Retirement pension reserve		4,872	4,872
Total deferred tax liability		63,968	114,224
Deferred tax, net	$	(46,860)	(95,248)

(2) Detail of amortization of the equity tax and the tax surcharge at June 30, 2014 and December 31, 2013:

		June 30	December 31
Equity tax declared	$	274,253	274,253
Accumulated amortized amount		(226,259)	(205,690)
Unamortized balance	$	47,994	68,563

Goodwill

Detail of amortization:

		Balance at June 30	Increase through additions	Amortization	Balance at December 31
Megabanco		453,898	0	12,007	465,905
AFP Horizonte		88,998	91,746	2,748	0
	(*)	542,896	91,746	14,755	465,905

(*) Includes $1,584 in amortization charged to sundry expenses from previous years at June 30.

Banco de Crédito y Desarrollo Social – MEGABANCO S.A.

Goodwill was derived from the acquisition of ninety-four point ninety-nine percent (94.99%) of the shares in Banco de Crédito y Desarrollo Social - Megabanco S. A. This acquisition cost $ 613,294, payable in twenty (20) years, and was authorized by the Colombian Superintendency of Finance through Resolution No. 917 issued on June 2, 2006.

(Continued)

Detail of allocation of goodwill initially determined for each business line, accumulated amortization and the balance at June 30:

Business Line	(%) Held		Book Value of Goodwill	Accumulated Amortization	Balance
Commercial	32.7%	$	200,794	52,186	148,608
Consumer	30.8%		188,616	49,022	139,594
Payroll installment lending	27.0%		165,774	43,085	122,689
Vehicles	6.7%		41,207	10,710	30,497
Microcredit	2.8%		16,903	4,393	12,510
TOTAL	100.0%	$	613,294	159,396	453,898

Through an independent expert, the Bank annually reappraises, at market prices, the business lines associated with goodwill to determine if there has been any loss owing to a decline in goodwill. If so, the goodwill allocated to that line will be amortized up to the amount of the estimated loss.

The most recent reappraisal of the business lines to which goodwill was allocated was done by Incorbank S.A. on January 31, 2014, pursuant to the Bank's financial statements at closing on November 30, 2013. It reflects no shortcomings whatsoever that might signal any possible deterioration, since the market value (or fair value) exceeds the book value for each line of business. Therefore, no additional amortization for deterioration is required

The following are highlights of some of the opinions expressed by the experts who appraised the business lines to which goodwill derived from the acquisition of Megabanco was allocated.

- The goodwill value was allocated to five lines of business; namely, commercial loans, consumer loans, payroll installment lending, vehicle loans and microcredit. The general criteria for defining these lines include their relative share of the firm, their business approach, profitability, and potential for creating value.

- The business lines were appraised using the dividend discount model. Experts consider it to be the most appropriate for appraising the value of financial institutions. Employed widely by first-tier investment banks, it projects the flow of available dividends over a period of 10 years, plus an end value, and discounts them at an appropriate rate.

- The reappraisal at market prices and the book value of each line of business are compared to determine whether or not there is a loss in the value of the goodwill allocated to each business line. Consequently, there is a loss through deterioration in value when the reasonable value of a line of business is less than its book value.

- Initial allocation and reappraisal on the acquisition date (June 2006), plus reappraisal on the merger date (November 2006), as well as the first reappraisal update (November 2007) were done by the firm Estrategias Corporativas. The second through the sixth reappraisal updates (November 2008 to November 2013) were done by PricewaterhouseCoopers Asesores Gerenciales. The seventh (November 2013) was done by Incorbank.

(Continued)

AFP Horizonte Pensiones y Cesantías S.A.

The goodwill generated by the acquisition of sixteen point seventy-five percent (16.75%) of the shares in AFP Horizonte Pensiones y Cesantías S.A. was entered on the books as instructed by the Colombian Superintendency of Finance. The purchase cost $ 91.746, payable in twenty (20) years, and was authorized through Resolution No. 0628/2013 issued by the Colombian Superintendency of Finance.

Business line	Held (%)		Book value of goodwill	Accumulated amortization	Balance
Pension and severance funds	100.0%	$	91,746	2,748	88,998
Total	100.0%	$	91,746	2,748	88,998

In this sense, the depreciation accumulated between the acquisition date (April 18, 2013) and June 30, 2014 was recorded in its entirety in the statement of operations for the first half of 2014.

Other assets – others

Detail:

		June 30	December 31
Permanent contributions	$	494	494
Trust rights (1)		35,899	26,313
Staff loans (2)		61,203	64,944
Letters of credit with deferred payment		8,101	4,812
Deposits, in guarantee and judicial		30,281	11,519
Tax withholding		112,965	0
Artistic and cultural goods		4,022	4,084
Movable assets		1,310	1,310
Accumulated amortization of movable assets		(476)	(324)
Prepaid income tax		84,011	0
Prepaid industry and commerce tax		6,385	0
VAT deductible from income tax		15,572	15,383
ATH corporate contract with Oracle		3,709	5,916
Participation account -SAP corporate technology project		3,960	4,950
Inventory of stationary in stock and Digipass tokens		2,845	2,858
Others		8,717	7,563
	$	378,998	149,822

(1) Trust rights

Detail:

		June 30			December 31		
		Balance	Reappraisal	Allowance	Balance	Reappraisal	Allowance
Megabanco S.A.merger	$						
Non-performing assets		0	700	0	0	1,657	0
Foreclosed assets from San Jerónimo del Yuste		2,702	0	2,270	2,702	0	2,270
Avenida Colombia Cali Project		33,197	1,648	0	23,611	1,821	0
	$	35,899	2,348	2,270	26,313	3,478	2,270

(Continued)

The value of allowances and reappraisal gains on trust rights were adjusted in line with the information certified by the trust companies. They are responsible for applying policies and preparing the financial statements for trusts, which must comply with the accounting principles generally accepted in Colombia and the instructions imparted by the Colombian Superintendency of Finance.

(2) Staff loans

The Bank assessed one hundred percent (100%) of the staff loans. The following is the respective rating at June 30, 2014 and December 31, 2013.

	June 30				December 31			
Rating	Consumer	Mortgage	Total	Allowance	Consumer	Mortgage	Total	Allowance
A	$ 13,665	47,268	60,933	824	14,685	50,253	64,938	885
B	156	0	156	8	0	0	0	0
C	91	0	91	4	0	0	0	0
D	23	0	23	7	6	0	6	5
E	0	0	0	0	0	0	0	16
	$ 13,935	47,268	61,203	843	14,691	50,253	64,944	906

Staff loans for housing and automobiles are secured with admissible guarantees.

Allowance for other assets

Detail of the allowance for other assets at June 30, 2014 and December 31, 2013:

	June 30	December 31
Staff loans	$ 843	906
Artistic and cultural goods	301	301
Other allowances	6,384	6,415
	$ 7,528	7,622

Movement in the allowance for other assets:

	June 30	December 31
Opening balance for the period	$ 7,622	6,687
Expensed allowance for the period	151	1,104
Recovery) of allowance for other assets	(245)	(132)
Write-offs	0	(37)
Closing balance for the period	$ 7,528	7,622

(13) Deposits and demand accounts

Time deposits

Classification of time certificates of deposit by maturity:

Domestic currency	June 30	December 31
Issued for under 6 months	$ 1,768,144	2,055,830
Issued for 6 months to under 12 months	1,273,407	1,111,417
Issued for 12 months to under 18 months	294,795	409,285
Issued for 18 months or more	5,956,709	5,055,752
	9,293,055	8,632,284

(Continued)

Foreign currency	June 30	December 31
Issued for under 6 months	3,211,340	2,217,511
	$ 12,504,395	10,849,795

An ordinary cash reserve was constituted at June 30, 2014 and December 31, 2013 on deposits in domestic currency, as per the following percentages.

Deposits and demand accounts under 30 days	11.00%
Deposits from public institutions	11.00%
Deposits and demand accounts over 30 days	11.00%
Time certificates of deposit:	
Under 180 days	4.50%
180 to under 360 days	4.50%
360 to under 540 days	4.50%
Ordinary savings deposits	11.00%
Term savings deposits	11.00%
Trust deposits and creditors	11.00%
Trading investment repurchase agreements	11.00%

Others

Detail of other deposits and demand accounts:

	June 30	December 31
Domestic Currency		
Trust funds and special accounts	$ 316	299
Banks and correspondents	93,451	110,294
Special deposits	190	55,156
Demand accounts for banking services	108,164	164,204
Bank collection services	25,998	23,277
Total domestic currency	228,119	353,230
Foreign Currency		
Banks and correspondents	10,478	28,791
Special deposits	40,918	7,698
Demand accounts for banking services	29,041	30,460
Total Foreign Currency	80,437	66,949
Total Other Deposits and Demand Accounts	$ 308,556	420,179

(14) Money market liabilities and similar positions

Detail:

	June 30		December 31	
	Balance	Average yield	Balance	Average yield
Domestic currency:				
Ordinary interbank funds purchased	99,000	3.89%	0	0.00%
Commitments to transfer investments in simultaneous operations	$ 1,168,454	3.94%	143,063	0.19%
Overnight operations	118,991	0.00%	10,680	0.00%
	1,386,445		153,743	
Foreign currency:				
Ordinary interbank funds purchased	216,337	0.36%	175,342	0.40%
	$ 1,602,782		329,085	

(Continued)

(15) Borrowing from banks and other financial obligations

Detail in domestic currency and in foreign currency expressed in domestic currency

Institution		June 30 Equivalents in USD	Short Term (1 yr.)	Medium Term (1-3 yrs.)	Long Term (3-5 yrs.)	Long Term Over 5 yrs.	Total
Domestic currency							
Banco de Comercio Exterior		0	$ 45,932	162,283	76,468	19,425	304,108
Fondo para el Financiamiento del Sector Agropecuario - FINAGRO		0	55,466	151,424	77,684	9,618	294,192
Financiera de Desarrollo Territorial S.A.- FINDETER		0	24,051	161,819	114,602	165,727	466,199
Foreign currency							
Banco de Comercio Exterior		45	2,921	49,267	33,187	0	85,375
Foreign banks	1 and 2						
Banco Itau		10	18,812	0	0	0	18,812
Baneschile		32	60,198	0	0	0	60,198
Bank of Montreal		12	22,574	0	0	0	22,574
Bank of Tokyo		50	0	94,060	0	0	94,060
Branchbankingtrustc		10	18,812	0	0	0	18,812
Citibank		85	159,692	0	0	0	159,692
Cobank		72	13,131	121,903	0	0	135,034
Commerce Bank Miami		15	0	0	28,217	0	28,217
Commerzbank		20	18,812	18,812	0	0	37,624
Commerzbank Frankf		22	41,574	0	0	0	41,574
Corp Interamericana de Inversiones		15	0	28,218	0	0	28,218
Deutsche Bank - Ccc		45	83	85,483	0	0	85,566
Deutsche Bnk Us Nyc		33	62,079	0	0	0	62,079
Fith Third Bank- Cincinatti		10	18,812	0	0	0	18,812
Hsbc Bank		40	75,247	0	0	0	75,247
Scotiabank		15	28,218	0	0	0	28,218
Standard Chartered Bank		47	87,786	0	0	0	87,786
Sumitomo Bank Ny		14	27,089	0	0	0	27,089
Toronto Dominion Bank		30	56,436	0	0	0	56,436
Wells Fargo Bank		165	309,549	0	0	0	309,549
International organizations							
Corporación Andina de Fomento	1	150	282,178	0	0	0	282,178
		$ 937	$ 1,429,452	873,269	330,158	194,770	2,827,649

1. The average monthly cost of interest accrued on financing is $1,470.
2. These loans are backed by personal collateral.

The interest paid on these loans comes to $22,501 in domestic currency and $8,842 in foreign currency.

The balance with respect to foreign borrowing is due to the turnover in these loans, which are paid at maturity with the institution's own resources, through transfers to the accounts of creditor banks, as is customary in the market.

(Continued)

Institution		December 31 Equivalents in USD	Short Term (1 yr.)	Medium Term (1-3 yrs.)	Long Term (3-5 yrs.)	Long Term Plus 5 yrs.	Total
Domestic currency							
Banco de Comercio Exterior		0	$ 81,466	96,935	24,349	3,285	206,035
Fondo para el Financiamiento del Sector Agropecuario -FINAGRO		0	99,236	142,448	68,938	6,113	316,735
Financiera de Desarrollo Territorial S.A. - FINDETER		0	44,712	163,782	95,584	127,449	431,527
Foreign currency							
Banco de Comercio Exterior		3	3,780	107	2,569	30	6,486
Foreign banks	1 and 2						
Bank Of Tokyo		50	0	96.342	0	0	96,342
Citibank, NA- LBF		44	85,251	0	0	0	85,251
Cobank –CCC		101	70,075	124,861	0	0	194,936
Commerzbank AG, Luxemburg		76	146,439	0	0	0	146,439
Corp Interamericana de Inversiones		18	0	34,683	0	0	34,683
Deutsche Bank – CCC		88	44,758	125,028	0	0	169,786
Hsbc Bank USA, NA		45	86,707	0	0	0	86,707
JP Morgan Chase Bank, NA		70	134,878	0	0	0	134,878
Standard Chartered Bank		62	119,271	0	0	0	119,271
Baneschile		19	37,600	0	0	0	37,600
Banco Itau		20	38,537	0	0	0	38,537
Bank of Montreal		22	42,390	0	0	0	42,390
Bofa		20	38,536	0	0	0	38,536
Scotiabank		20	38,536	0	0	0	38,536
Wells Fargo Bank, NA		208	400,459	0	0	0	400,459
International organizations							
Corporación Andina de Fomento	1	55	105,976	0	0	0	105,976
		921	$ 1,618,607	784,186	191,440	136,877	2,731,110

1. The average monthly cost of interest accrued on financing is $1,470.
2. These loans are backed by personal collateral.

The interest paid on these loans comes to $22,501 in domestic currency and $7,043 in foreign currency.

The balance with respect to foreign borrowing is due to the turnover in these loans, which are paid at maturity with the institution's own resources, through transfers to the accounts of creditor banks, as is customary in the market.

(16) Accounts payable

Detail of interest payable:

	June 30	December 31
Deposits and demand accounts	$ 76,025	68,155
Loans from banks and other financial obligations	11,771	12,634
Bonds, outstanding	52,682	68,648
Money market operations	72	14
	$ 140,550	149,451

(Continued)

Others

Detail of other accounts payable:

		June 30	December 31
Dividends	$	195,714	181,124
Rent		397	21
Bank transaction tax		18,645	25,867
Sales tax payable		10,155	9,840
Purchase commitments		3,339	2,278
Suppliers		68,767	71,580
Employee withholding and contributions		51,918	97,034
Payroll, payable		689	568
Uncashed drawn checks		5,326	4,388
Tax collections		196,025	48,435
Peace Bonds		28,631	28,522
Security Bonds		7,302	7,316
Compensation Grupo Aval entities (1)		128,161	110,139
Credit card vouchers D/C		32,213	8,135
Debit card use		1,077	9,046
ATM overages		265	4,161
CDs, matured		26,213	29,766
Loan collections for third parties		5,385	5,354
Electronic purse used by coffee growers (2)		62,178	99,740
Liens, distribution of payroll installment funds and compensation dispensed by own ATMs (3)		41,205	43,183
Sundry items		35,720	28,601
	$	919,325	815,098

(1) Pertains to items from ACH processes and AVAL transactions.
(2) Funds credited to the smart-card electronic purse to be used by coffee growers
(3) Distribution of funds applicable to loans contracted by the Payroll Installment Lending Unit on seized accounts; daily movement in compensation disbursed by own ATMs.

(17) Long-term debt

Detail of long-term debt at June 30, 2014 and December 31, 2013:

		June 30	December 31
Second subordinated bond issue - 2008			
Series "A"	$	110,283	110,283
Series "B"		87,046	85,018
Series "C"		18,500	18,500
		215,829	213,801
Third subordinated bond issue - 2010			
Series "AS1"		45,470	45,470
Series "AS4"		50,250	50,250
Series "BS1"		56,063	54,757
Series "BS4"		62,775	61,313
		214,558	211,790

(Continued)

	June 30	December 31
Ordinary bonds abroad - 2011		
Series "A"	1,128,714	1,156,098
Subordinated bonds abroad - 2013		
Series "A"	940,595	963,415
	2,069,309	2,119,513
	$ 2,499,696	2,545,104

The terms of the bonds:

June 30

	Type of Issue	Series	Term - Yrs.	Emission amount	Balance		Face Value (in pesos, dollar and real value units-UVR)	Interest Rate	Issue Date	Date Subscribed	Form of Payment
Issue 2008	Subordinated Bonds	"A" (CPI)	7	110,283	110,283	$	1,000,000	CPI + 7.00% AA	15-Apr-08	15-Apr-08	Series A & B interest annually in arrears and quarterly in arrears for Series C. Principal at maturity
		"B" (UVR)	7	71,217	87,046	Un.	10,000	UVR + 7.00% AA			
		"C" (DTF)	7	18,500	18,500	$	1,000,000	DTF + 3.00% QA			
				200,000	215,829						
Issue 2010	Subordinated Bonds	"AS1" (CPI)	7	45,470	45,470	$	1,000,000	CPI + 5.33% AA	23-Feb-10	23-Feb-10	Interest annually in arrears and principal at maturity
		"AS4" (CPI)	10	50,250	50,250	$	1,000,000	CPI + 5.45% AA			
		"BS1" (UVR)	7	49,195	56,063	Un	10,000	UVR + 5.29% AA			
		"BS4" (UVR)	10	55,084	62,775	Un	10,000	UVR + 5.45% AA			
				199,999	214,558						
Issue 2011	Ordinary Bonds Abroad	Single Series (Fixed Rate)	5	1,163,634	1,128,714	USD	200,000	5.00% SA	19-Dec-11	19-Dec-11	Interest semi-annually in arrears and principal at maturity.
Issue 2013	Subordinated Bonds Abroad	Single Series (Fixed Rate)	10	897,315	940,595	USD	200,000	5.375% SA	19-Feb-13	19-Feb-13	Interest semi-annually in arrears and principal at maturity
				2,060,949	2,069,309						
				2,460,948	2,499,696						

December 31

	Type of Issue	Series	Term-Yrs.	Emission amount	Balance		Face Value (in pesos, dollar and real value units-UVR)	Interest Rate	Issue Date	Date Subscribed	Form of Payment
Issue 2008	Subordinated Bonds	"A" (CPI)	7	110,283	110,283	$	1,000,000	CPI + 7.00% AA	15-Apr-08	15-Apr-08	Series A & B interest annually in arrears and quarterly in arrears for Series C. Principal at maturity
		"B" (UVR)	7	71,217	85,018	Un	10,000	UVR + 7.00% AA			
		"C" (DTF)	7	18,500	18,500	$	1,000,000	DTF + 3.00% QA			
				200,000	213,801						
Issue 2010	Subordinated Bonds	"AS1" (CPI)	7	45,470	45,470	$	1,000,000	CPI + 5.33% AA	23-Feb-10	23-Feb-10	Interest annually in arrears and principal at maturity
		"AS4" (CPI)	10	50,250	50,250	$	1,000,000	CPI + 5.45% AA			
		"BS1" (UVR)	7	49,195	54,757	Un	10,000	UVR + 5.29% AA			
		"BS4" (UVR)	10	55,084	61,313	Un	10,000	UVR + 5.45% AA			
				199,999	211,790						

(Continued)

	Type of Issue	Series	Term-Yrs.	Emission amount	Balance		Face Value (in pesos, dollar and real value units-UVR)	Interest Rate	Issue Date	Date Subscribed	Form of Payment
					December 31						
Issue 2011	Ordinary Bonds Abroad	Single Series (Fixed Rate)	5	1,163,634	1,156,098	USD	200,000	5.00% SA	19-Dec-11	19-Dec-11	Interest semi-annually in arrears and principal at maturity.
Issue 2013	Subordinated Bonds Abroad	Single Series (Fixed Rate)	10	897,315	963,415	USD	200,000	5.375%SA	19-Feb-13	19-Feb-13	Interest semi-annually in arrears and principal at maturity.
				2,060,949	2,119,513						
				2,460,948	2,545,104						

(18) Other liabilities

Consolidated Labor Liabilities

Detail of consolidated labor liabilities:

		June 30	December 31
Consolidated severance pay	$	25,639	35,418
Interest on severance pay		1,535	4,157
Consolidated vacation time		25,509	24,199
Other employee benefits		12,998	12,365
	$	65,681	76,139

Movement in labor liabilities

		Severance Pay	Interest on Severance Pay	Vacation Time	Vacation Bonus	Legal Bonus	Voluntary Bonus	Total
Balance at June 30, 2013	$	25,282	1,508	23,981	11,974	0	0	62,745
Accrued		13,327	2,911	8,771	5,705	10,854	32,217	73,785
Paid		(3,191)	(262)	(8,553)	(5,314)	(10,854)	(32,217)	(60,391)
Balance at December 31, 2013		35,418	4,157	24,199	12,365	0	0	76,139
Accrued (1)		14,078	1,667	10,471	5,962	11,510	21,075	64,763
Paid		(23,857)	(4,289)	(9,161)	(5,329)	(11,510)	(21,075)	(75,221)
Balance at June 30, 2014	$	25,639	1,535	25,509	12,998	0	0	65,681

(1) Includes $91 and $272 in allowances for the legal bonus and the voluntary transportation bonus, in that order, at June 30, 2014.

Prepaid income

Movement in prepaid income during the period ended at June 30, 2014:

		Balance at June 30	Credits	Charges	Balance at December 31
Interest	$	579	2,742	2,750	587
Commissions		5,822	26,274	26,484	6,032
Rent		435	94,094	94,670	1,011
Others		225	535	357	47
	$	7,061	123,645	124,261	7,677

(Continued)

Deferred credits

Detail of deferred credits:

		June 30	December 31
Profit from sale of assets	$	35	43
Interest originating with restructuring processes		18,709	19,238
	$	18,744	19,281

Retirement pensions

Movement in the retirement pension liability:

		Actuarial Estimate	Pensions to Amortize	Total Amortized
Balance at June 30, 2013	$	97,065	9,898	87,167
Amortization (1)		0	(2,946)	2,946
Payments made		(4,977)	0	(4,977)
Adjustment to the actuarial estimate		7,378	7,378	0
Balance at December 31, 2013		99,466	14,330	85,136
Amortization		0	(5,692)	5,692
Payments made		(4,815)	0	(4,815)
Balance at June 30, 2014	$	94,651	8,638	86,013

(1) Includes the recovery of $1,985 from the surplus allowance for the actuarial estimate.

The principal factors used in the actuarial estimates of retirement pensions:

	June 30	December 31
Accumulated amortization	86.04%	85.59%
Annual interest rate	4.80%	4.80%
Future annual increase in pensions	3.26%	3.26%

The latest actuarial estimate on retirement pensions is for December 31, 2013.

The actuarial estimate was done pursuant to decrees 2783/ 2001, 2984/2009 and 4565/2010 issued by the Ministry of Finance and Public Credit and Resolution 1555/ 2010 adopted by the Colombian Superintendency of Finance. This estimate includes one thousand eighty-one (1,081) persons comprised of six hundred thirty-eight (638) pensioners, four hundred three (403) substitute pensioners, thirty (30) retirees and ten (10) active employees. The benefits covered are those provided for by law.

(Continued)

Other liabilities

Detail of other liabilities during the six-months ended at June 30 de 2014 and December 31, 2013:

		June 30	December 31
Deferred payment letters of credit	$	8,696	5,043
Deferred income tax – See Note (12)		63,968	114,224
Cancelled accounts		15,627	15,595
Credits applicable to collections		41,814	3,522
Cash overages		10	90
Clearing overages		312	472
Others		669	1,507
	$	131,096	140,453

(19) Estimated liabilities and provisions

Detail of estimated liabilities and allowances:

		June 30	December 31
Labor liabilities			
Bonuses	$	9	1
Service bonus		992	991
Social Security Institute		4,218	475
Other employee benefits		239	298
		5,458	1,765
Taxes			
Income tax payable		277,473	33,572
Industry and commerce tax		14,381	10,634
Others		14,724	14,956
		306,578	59,162
Others			
Fines and penalties, litigation, compensation and claims (1)		6,058	6,544
Credit cards		4,185	4,560
Cash custody and storage		137	169
Suppliers		3,081	3,002
Credivesa contract		4,530	4,259
Fogafin insurance		22,957	25,716
Allowances for general expenses		0	1,777
Sundry items		6,725	4,134
		47,673	50,161
Total estimated liabilities and allowances	$	359,709	111,088

(1) Fines, penalties, litigation, compensation and claims

		June 30	December 31
Administrative litigation	$	665	665
Labor claims		3,591	2,798
Civil and enforcement claims		1,802	3,081
	$	6,058	6,544

(Continued)

(20) Common shares

The Bank had $5,000.0 in authorized capital at June 30, 2014 and December 31, 2013. This amount is represented by 500 million shares at a face value of $10.00 pesos each. Subscribed and paid in capital came to $3,075 on the same dates, represented by 307,471,032 shares.

		June 30	December 31
Number of common shares outstanding		307	307
Subscribed and paid-in capital.	$	3,075	3,075

(21) Reserves

Legal

The law requires all lending institutions to establish a legal reserve by appropriating ten percent (10.0%) of their net earnings from each period until the reserve equals fifty percent (50.0%) of subscribed capital. It may be reduced to less than fifty percent (50.0%) of subscribed capital when necessary to cancel out losses in excess of undistributed profits. It may not be used to pay dividends or to cover expenses or losses, as long as the Bank has undistributed profits.

Additional paid-in capital; that is, the difference between the value paid per share and its face value, also is registered in this account as a legal reserve.

		June 30	December 31
Legal reserve			
Through appropriation of profits	$	3,301,709	3,110,918
Through additional paid-in capital		4,221,859	4,221,859
	$	7,523,568	7,332,777

Statutory and voluntary reserves

Available to the board of directors

		June 30	December 31
Voluntary reserves			
Reserve available to the General Assembly of Shareholders to maintain dividend stability	$	138,487	70,326
Reserve for tax purposes		3,213	8,172
Voluntary reserves – permanent investments (1)		44,998	44,998
Solvency Margin -Decree 1771/12		361,590	361,590
	$	548,288	485,086

(1) Pertains to profits from capitalization by Corporación Financiera Colombiana S.A. due to reappraisal of shareholders' equity. These reserves may be disposed of only when shares are sold or to the extent the sale price confirms a profit

(Continued)

(22) Surplus – Unrealized accumulated earnings on investments and derivatives

Detail of unrealized earnings on investments available for sale and derivatives:

		June 30	December 31
Unrealized accumulated gains or losses on investments available for sale			
Debt securities	$	(60,167)	(94,210)
Equity securities with high turnover:			
Corporación Financiera Colombiana (Note 6)		2,029,794	2,130,133
Banco Latinoamericano de Comercio Exterior (Note 6)		59	54
		1,969,686	2,035,977
Unrealized accumulated gains or losses on hedging operations with derivatives			
From hedging investments in asset or liability deposit operations in foreign currency		(265)	4,381
	$	1,969,421	2,040,358

(23) Contingent accounts

Detail of operations that account for ten percent (10.0%) or more of the total in each of the subaccounts

		June 30	December 31
Item			
Securities received in repo operations:			
Central Bank of Colombia	$	0	756,176
ITAU BBA Colombia Corporación Financiera		101,063	0
		101,063	756,176
Bank guarantees delivered:			
Comcel		300,512	300,486
Letters of credit :			
Arturo Calle S.A.		50,445	0
New York agency		92,672	142,373
CFSIT ST Lucia Ltda.		94,059	0
		285,978	142,373
Undisbursed approved loans:			
Isagen financing for the Hidrosogamoso Project		0	98,600
Fiduciaria Popular – Aburrá Concession Trust		35,000	35,000
Approved undisbursed loan to Ferrasa		23,445	0
		58,445	133,600
Opened lines of credit in the process of being awarded:			
Available balance – credit cards		2,395,516	2,362,543
Available limits on revolving credit and Crediservice		2,610,889	2,846,672
		5,006,405	5,209,215
Obligations in options:			
Finagro S.A.		207,935	111,966
Bancolombia		0	155,214
Meta Petroleum Ltda		0	115,500
Others of lesser value		0	207,416
		207,935	590,096

(Continued)

Item		June 30	December 31
Litigation against the Bank:			
Delta negative options		0	143,098
Cartagena Treasury Dept.		0	130,393
Legal action for civil claims		203,911	116,302
	$	203,911	389,793

Detail of contingent accounts:

		June 30	December 31
Debtor contingent accounts:			
Securities delivered in repo and simultaneous operations	$	1,167,166	142,534
Loan interest		137,499	132,225
Interest on financial leases		1,946	1,571
Monetary correction on the loan portfolio		26	12
Rights under speculative options		983,244	919,023
Receivable rent		2,016,824	1,809,755
Receivable options to buy		184,703	116,510
Other debtor contingencies		402,964	507,986
	$	4,894,372	3,629,616
Creditor contingent accounts:			
Securities delivered in repo and simultaneous operations	$	101,063	869,653
Bank guarantees		1,402,240	1,296,492
Letters of credit		371,445	398,999
Undisbursed approved loans		58,445	133,600
Lines of credit awarded		5,006,404	5,209,215
Obligations under speculative options		757,512	831,020
Other creditor contingencies		455,941	389,794
	$	8,153,050	9,128,773

(24) Memorandum accounts

Detail of memorandum accounts:

		June 30	December 31
Debtor accounts:			
Assets and securities delivered in custody	$	4,665,908	4,838,544
Fair price of primary asset positions		4,335,709	4,166,381
Assets and securities delivered in guarantee		942,939	144,139
Reappraisal of foreclosed assets		36,194	51,072
Remittances and other outward collections		18	26
Checks negotiated and pending payment		29	45
Assets written off		1,695,727	1,476,130
Undrawn loans to the Bank		134,462	134,463
Exchange adjustment from re-expression of loans		1,731	2,957
Inflation adjustments in assets		17,863	18,604
Accounts receivable gains-trading investments in debt securities		12,226	24,502
Loans to parent company, subsidiaries and subordinates		56	22
New farm loans		43,839	43,839

(Continued)

	June 30	December 31
Dividend rights in kind from equity reappraisal	59,970	59,970
Property and equipment, fully depreciated	342,770	327,480
Tax value of assets	56,909,396	48,964,347
Allowances for persons in agreement with creditors (moratorium)	200,557	192,999
Trading investments in debt securities	290,288	1,070,594
Investments held to maturity	1,498,894	1,377,680
Investment for sale in debt securities	3,645,810	2,809,352
Reciprocal asset operations with parent companies and subordinates	9,479,342	9,307,396
Reciprocal operations that affect spending and costs with parent companies and subordinates	15,053	12,938
Other debtor memorandum accounts (*)	74,122,316	67,123,519
	$ 158,451,097	142,146,999

* There is a percentage on the books at June 30, 2014 and December 31, 2013 calculated by the Tax Department on the portfolio funded with $15,565,293 and $14,871,354 in savings, $35,191,786 and $31,912,992 in loans and $19,626,493 and $17,041,638 from other sources, based on the savings and loan account balances. This account was created for tax purposes.

	June 30	December 31
Creditor accounts:		
Assets and securities received in custody	$ 1,909,577	2,395,063
Assets and securities received as collateral for future loans	7,239,106	7,412,238
Guarantees pending cancelation	65,769	63,326
Assets and securities received as admissible guarantees	18,157,146	15,128,656
Other assets and securities received in guarantee	956,423	944,627
Inward collections	774,854	734,298
Recovery of assets written-off D/C	29,443	29,852
Equity inflation adjustments	413,183	413,183
Capitalization due to equity reappraisal	413,183	413,183
Yield on trading investments in debt securities	1,404,643	2,294,646
Equity securities	19	19
Tax value of equity	11,332,339	9,003,927
Classification of financial lease operations	1,693,320	1,461,588
Classification of operational lease agreements	4,727	3,267
Classification of mortgage loans, admissible guarantee	978,428	703,949
Classification of mortgage loans, other guarantees	458	223
Classification of consumer loans, admissible guarantee	790,716	747,780
Classification of consumer loans, other guarantees	6,569,375	6,140,697
Classification of microcredit, admissible guarantee	198,148	187,051
Classification of microcredit, other guarantees	138,717	137,330
Classification of commercial loans, admissible guarantee	4,460,784	4,325,218
Classification of commercial loans, other guarantees	24,994,473	22,402,125
Liability operations with parent companies and subordinates	690,772	653,667
Reciprocal operations affecting equity, with parent companies & subordinates	2,429,236	2,514,353
Reciprocal operations affection income, with parent companies & subordinates	3,288	2,928
Other creditor memorandum accounts	498,387	480,665
	$ 86,146,514	78,593,859

(Continued)

(25) Related-party Transactions

The following are treated as related-party transactions.

1. Stockholders who individually possess more than 10% of the Bank´s capital stock and those whose individual ownership interest is less than that percentage, but who have options that exceed 5% of technical equity.

Stockholders with more than 10% ownership interest:

- Grupo Aval Acciones y Valores S.A.
- "Grupo Aval" includes the following subsidiaries of our parent company:
  - Grupo Aval Limited
  - Grupo Aval International

Stockholders with less than 10% of capital stock, but with transactions that exceed 5% of technical equity.

-At closing in June 30, 2014 and December 31, 2013, the Bank registered no operations with shareholders with less than 10% ownership interest that will exceed 5% of its technical equity.

2. The members of the Board of Directors (the Directors) and Management (Managers): Bank employees with legal representation are regarded as managers.

3. Subordinate Entities: Where the Bank owns more than 10% of capital, directly or indirectly, and exercises administrative or financial control.

4. Other Non-subordinate Related Parties:
- Banco de Occidente and Subordinates
- Banco AV Villas and Subordinate
- Banco Popular and Subordinates
- Seguros de Vida Alfa S.A.
- Seguros Alfa S.A.

Related-party operations:

The Bank may conduct operations and enter into agreements or contracts with related parties, provided they are conducted at reasonable values, in response to market conditions and rates.

None of the following existed between the Bank and its related parties during the periods ended at June 30, 2014 and December 31, 2013:

- Loans that imply a liability for the borrower that is not akin to the essence or the nature of the loan agreement.

- Loans with interest rates other than those normally paid or charged to third parties under similar conditions with respect to term, risk and the like.

• Operations with features that differ from those conducted with third parties.

Banco de Bogotá has agreements that allow Fiduciaria Bogota and Porvenir to use its network of offices. These arrangements are consistent with the Bank' s manual on agreements, specifically Chapter VI entitled "Special Agreements with Subsidiaries to Use the Banco de Bogotá Network".

In the case of Fiduciaria Bogotá, the national government has authorized trust companies to use the offices of banks. Accordingly, Fiduciaria Bogotá S.A. entered into a contract with Banco de Bogotá to use the Bank´s network of offices for its operations. The contract defines the operational management of transactions by the customers of money market accounts managed by Fiduciaria Bogotá.

The Bank entered into an agreement with Sociedad Administradora de Fondos de Pensiones y Cesantías PORVENIR S.A. pursuant to Law 50/1990 (Labor Reform Act) and Law 100/1993 (General and Comprehensive Social Security System), whereby the Bank offers its offices as a support network for services related to the Provenir severance fund and its mandatory pension fund.

During the six-month periods ended June 30, 2014 and December 31, 2013, the directors were paid $342 and $339 in respective fees to attend the meetings of the Board of Directors and those of the committees.

The Bank registered the following balances at closing on June 30, 2014 and in December 31, 2013 for loans and deposits with companies related to its directors and managers:

		June 30	December 31
Loan portfolio	$	476,895	286,192
Deposits and demand accounts	$	240,506	23,071

All the operations were conducted at market prices. The average rate on loans the Bank awarded to related parties is equivalent to DTF+2.94. Credit card operations and overdrafts were charged at the full rate for those products.

The following is the grouping of balances and operations with related parties.

	June 30			
			Related entities	
	Grupo Aval	Directors	Non-subordinates	Subordinates
ASSETS				
Cash	0	0	63	3,755
Investments	0	0	264	8,924,340
Investment Allowance	0	0	0	729
Loan Portfolio	186,001	8,920	2,643	22,047
Accounts Receivable	1,172	0	347	30,093
Reappraisal	0	0	1,102	414,887
LIABILITIES				
Deposits and demand accounts	1,365,312	1,247	4,121	673,303
Liability positions	0	0	5,500	0
Accounts payable	126,531	0	6,908	2,217
Bonds, outstanding	74,307	0	0	7,525
Estimated liabilities and allowances	0	0	0	360
Other liabilities	0	0	94	0
EQUITY				
Unrealized gain or loss	0	0	0	2,029,794

(Continued)

	June 30			
			Related entities	
	Grupo Aval	Directors	Non-subordinates	Subordinates
INCOME				
Interest	1,172	293	762	972
Commissions	108	0	46	2,178
Rent	0	0	312	99
Dividends Received	0	0	0	457,996
Other Income	0	0	0	282
EXPENSES				
Interest	7,308	13	139	10,469
Commissions	0	0	140	658
Fees	10,318	342	2,229	0
Rent	0	0	0	247
Personnel	0	0	796	0
Other Expenses	0	0	3,276	45,476

	December 31			
			Related entities	
	Grupo Aval	Directors	Non-subordinates	Subordinates
ASSETS				
Cash	0	0	48	7,848
Investments	0	0	264	8,902,511
Investment Allowance	0	0	0	747
Loan Portfolio	11	6,431	737	19,894
Accounts Receivable	0	0	719	38,354
Reappraisal	0	0	1,086	398,771
LIABILITIES				
Deposits and demand accounts	507,544	1,000	7,653	637,419
Accounts payable	126,192	0	6,570	1,035
Bonds, outstanding	76,110	0	963	7,707
Estimated liabilities and allowances	0	0	0	446
EQUITY				
Unrealized gain or loss	0	0	0	2,130,133
INCOME				
Interest	0	88	514	1,060
Commissions	119	0	20	2,487
Rent	0	0	307	98
Dividends Received	0	0	0	445,117
Other Income	79	0	0	28
EXPENSES				
Interest	8,792	37	92	9,701
Commissions	0	0	92	635
Fees	6,707	339	1,682	0
Rent	0	0	0	236
Personnel	0	0	784	0
Other Expenses	100	0	2,996	5,520

(Continued)

Summary of Banco de Bogotá S.A. transactions with its direct subordinates:

BANCO DE BOGOTÁ S.A.	June 30									
	Almaviva	Banco de Bogotá Panamá	Casa de Bolsa	Corfi - Colombiana	Fidubogotá	Leasing Bogota Panamá	Megalinea	Porvenir	Bogotá Finance Corp.	Corp. Ficentro
ASSETS										
Cash	0	3,755	0	0	0	0	0	0	0	0
Investments	29,741	114,304	3,940	3,107,113	123,340	5,161,810	1,476	381,793	94	729
Investment allowance	0	0	0	0	0	0	0	0	0	729
Loan portfolio	14	0	0	22,033	0	0	0	0	0	0
Derivatives	0	0	0	0	0	0	0	0	0	0
Accounts receivable	2,146	3	0	12,043	7,808	0	24	8,069	0	0
Other assets	0	0	0	0	0	0	0	0	0	0
Reappraisals	118,294	13,043	2,251	15,346	70,112	643	1,107	194,026	65	0
LIABILITIES										
Deposits and demand accounts	2,013	2,821	28	637,229	8,968	3,593	2,773	15,878	0	0
Derivatives	0	0	0	0	0	0	0	0	0	0
Accounts payable	2	0	0	121	0	155	1,939	0	0	0
Obligations	0	0	0	0	0	0	0	0	0	0
Bonds, outstanding	0	0	0	0	0	7,525	0	0	0	0
Other liabilities	0	0	0	0	0	0	0	0	0	0
Estimated liabilities and allowances	0	0	0	0	0	360	0	0	0	0
EQUITY										
Unrealized gain or loss	0	0	0	2,029,794	0	0	0	0	0	0
INCOME										
Interest	3	0	0	969	0	0	0	0	0	0
Commissions	105	9	1	162	12	0	43	1,846	0	0
Rent	18	7	0	0	74	0	0	0	0	0
Dividends received	4,288	10,050	0	95,467	23,233	288,054	0	36,904	0	0
Other income	15	0	0	266	0	0	1	0	0	0
EXPENSES										
Interest	17	0	0	8,702	217	214	39	1,280	0	0
Commissions	0	0	35	0	0	0	0	623	0	0
Fees	0	0	0	0	0	0	0	0	0	0
Rent	196	0	0	0	0	0	0	51	0	0
Personnel	0	0	0	0	0	0	0	0	0	0
Other Expenses	0	0	0	389	0	0	45,087	0	0	0

(Continued)

BANCO DE BOGOTÁ S.A.	December 31									
	Almaviva	Banco de Bogotá Panamá	Casa de Bolsa	Corfi - Colombiana	Fidubogotá	Leasing Bogota Panamá	Megalinea	Porvenir	Bogotá Finance Corp.	Corp. Ficentro
ASSETS										
Cash	0	7,848	0	0	0	0	0	0	0	0
Investments	29,741	107,223	3,940	3,170,676	123,340	5,004,761	1,476	460,511	96	747
Investment allowance	0	0	0	0	0	0	0	0	0	747
Loan portfolio	1	0	0	19,892	0	0	1	0	0	0
Derivatives	0	0	0	0	0	0	0	0	0	0
Accounts receivable	9,568	0	0	13,971	8,245	1,102	13	5,454	0	0
Other assets	0	0	0	0	0	0	0	0	0	0
Reappraisals	111,452	5,779	2,084	14,761	49,233	30,677	710	184,008	66	0
LIABILITIES										
Deposits and demand accounts	4,774	5,213	68	487,411	16,652	2,745	3,990	116,566	0	0
Derivatives	0	0	0	0	0	0	0	0	0	0
Accounts payable	12	0	0	610	0	158	256	0	0	0
Obligations	0	0	0	0	0	0	0	0	0	0
Bonds, outstanding	0	0	0	0	0	7,707	0	0	0	0
Other liabilities	0	0	0	0	0	0	0	0	0	0
Estimated liabilities and allowances	0	0	0	0	0	446	0	0	0	0
EQUITY										
Unrealized gain or loss	0	0	0	2,130,133	0	0	0	0	0	0
INCOME										
Interest	0	0	0	1,060	0	0	0	0	0	0
Commissions	92	26	1	174	9	0	31	2,153	0	0
Rent	18	7	0	0	73	0	0	0	0	0
Dividends received	19,974	0	0	118,254	24,581	249,883	0	32,425	0	0
Other income	10	1	0	17	0	0	1	0	0	0
GASTOS										
Interest	43	0	0	8,126	272	24	42	1,194	0	0
Commissions	0	0	10	0	0	0	0	626	0	0
Fees	0	0	0	0	0	0	0	0	0	0
Rent	185	0	0	0	0	0	0	50	0	0
Personnel	0	0	0	0	0	0	0	0	0	0
Other Expenses	5	1	0	344	0	0	5,170	0	0	0

(Continued)

(26) Other operating expenses

Detail of other operating expenses:

		June 30	December 31
Fees	$	29,224	27,871
Taxes		104,325	112,728
Rent		35,630	32,681
Contributions and memberships		27,579	29,542
Other insurance		5,567	5,093
Maintenance and repairs		15,942	15,767
Amortization			
Remodeling		2,354	2,622
Computer software		14,438	12,725
Improvements to property taken on lease		5,026	4,569
Computer software – leased out		4	4
Acquisition of Bac Credomatic		0	251
Office adaptation		7,058	9,328
Janitorial and surveillance services		13,161	14,300
Temporary services		10,356	26,472
Advertising and publicity		16,789	18,067
Public relations		218	573
Public utilities		36,299	34,351
Electronic data processing		6,286	6,522
Travel expenses		2,655	3,684
Transportation		23,638	23,466
Stationary and office supplies		10,226	10,721
Operating risk		1,018	880
Readjustment real value unit		4,797	813
Other expenses			
Software service and development		10,262	10,467
Readiness of statements		987	982
Legal and notary expenses		444	497
Reimbursement Grupo Aval – special services rendered		8,606	6,707
Outsourcing expenses		54,228	39,315
Incentives, prizes and promotion of financial products		24,307	16,736
Databases		7,574	9,489
Expenses for signaling and security elements		2,461	2,622
Building management		5,911	7,289
Cash custody and storage		776	638
Credivesa contract		15,600	14,598
Others of lesser amount		18,435	26,510
	$	522,181	528,880

(27) Allowances for other assets, net

Detail of amounts carried over to the expense of allowances for other assets:

		June 30	December 31
Cash	$	0	38
Investments		7	30
Operational leases (net)		16	23
Salable, foreclosed and returned assets and those not used in corp. business		4,050	6,115
Property and equipment		18	0
Other assets		151	1,104
	$	4,242	7,310

(Continued)

(28) Non-operating income and expenses

Detail of non-operating income:

	June 30	December 31
Profit on sale of:		
Foreclosed assets	$ 36	577
Property and equipment	2,101	10,150
	2,137	10,727
Rentals: Own assets	741	701
Recoveries:		
Assets written off	29,443	29,852
Recovery of allowances for property and equipment	19	263
Recovery of allowances for salable, foreclosed and returned assets and those not used in the corporate business	802	1,290
Recovery of investment allowances	18	46
Recovery of other allowances	10,915	6,222
Recovery of allowances for other assets	245	132
Returns	807	1,016
Recovery on claims	3,755	4,405
Other recoveries (1)	48,820	15,922
	94,824	59,148
Other non-operating income		
Income from foreclosures	176	157
Franchise incentives	1,955	298
Creditors declared abandoned	5,690	15,088
Others	2,816	1,597
	10,637	17,140
	$ 108,339	87,716

(1) A Fogafin deposit insurance premium of $26,191 was returned at June 30, 2014.

Detail of non-operating expenses:

	June 30	December 31
Loss on sale of foreclosed assets	$ 0	89
Loss on sale of property and equipment	11	19
Loss on claims – operating risk (*)	9,774	8,531
Amortization of assets delivered on gratuitous loan	151	151
Fines, penalties and litigation	2,419	2,360
Interest on fines and penalties – operating risk	3	125
Expenses on foreclosed and returned assets	735	439
Recognition to customers	609	595
Publications and advertisements	49	15
Recovery of non-operating income	114	1
Lesser balances on loans and credit card lending assumed by the Bank	0	530
Urban boundary tax - 2012	0	658
Assumed taxes and withholding	316	584
Sundry items	697	387
	$ 14,878	14,484

(*) The casualty loss account showed $ 9,744.2 in total at June 30, 2014; 75% of these losses $ 7,315.6 were registered in operational risk accounts for a total of 2,603 events. The other 25% $ 2,458,6 originated with the death of credit card clients.

(Continued)

(29) Income tax

The following is the reconciliation between book profit before taxes and estimated taxable income for the half-year periods ended June 30, 2014 and December 31, 2013. Pursuant to Law 1607/2012, the income tax rate has been 25% since 2013 and an "income tax for equity" (CREE) was created at a rate of 8%. However, the rate established for the 2013, 2014, and 2015 tax years is 9%

		June 30	December 31
Profit before income tax	$	963,613	821,188
Plus (minus) items that increase (decrease) profit for tax purposes:			
Financial transaction tax		8,943	8,375
Fines, penalties and litigation		2,419	2,360
Net effect of non-deductible recoveries and allowances		7,134	3,649
Other non-deductible expenses		15,463	16,517
Equity tax		20,569	34,282
Non-deductible taxes		2,019	3,742
Income difference between the book value of investments and reappraisal for tax purposes		446	4,206
Tax-free dividends and holdings		(156,806)	(189,605)
Yield on security and peace bonds		(2)	(2)
More (less) fiscal income from forward reappraisal		(177,375)	(98,426)
Exempt rent		(423)	(141)
More (less) amortization of deferred tax charges		(990)	(1,217)
Unrealized book reappraisal for tax purposes concerning swaps, futures and options		316,622	31,328
Recovery previous year income tax allowance		(7,355)	0
Other untaxed income		0	(2,641)
Tax base for income and complementary tax		994,277	633,615
Taxed recoveries		0	3,938
CREE tax base		994,277	637,553
Regular income tax - 25%		248,569	158,404
Regular CREE -9%		89,485	57,380
Tax discount on Leasing Bogotá Panamá dividends		(60,581)	(52,839)
Deferred tax (1)		(48,388)	22,275
Total income tax	$	229,085	185,219

(1) The books show $ 1,380 in recovered deferred tax liability at closing on December 31, 2013 for previous tax years. This is why Account 5405 - Income Tax was not affected and explains the difference compared to the accounting entries.

(Continued)

Deferred Tax

The following temporary differences from the half-year periods ended June 30, 2014 and December 31, 2013 originate movement in the deferred tax.

		June 30	December 31
More (less) amortization of deferred tax charges	$	337	414
Fixed assets		45	12
Reserve for retirement pensions		0	(429)
Industry and commerce tax allowance		(1,274)	895
Difference between taxable and book income due to reappraisal of investments, forwards, swaps, futures and options		(47,496)	21,383
	$	(48,388)	22,275

(1) The books show $ 1,380 in recovered deferred tax liability at closing on December 31, 2013 for previous tax years. This is why Account 5405 - Income Tax was not affected and explains the difference compared to the accounting entries

Book equity differs from equity for tax purposes at December 31, 2013 because of the following.

		2013
Book equity	$	11,554,101
More (less) items that increase (decrease) equity for tax purposes:		
Tax adjustments to foreclosures		5,799
Tax readjustments on fixed assets		250,496
Deferred tax payable		114,224
Allowances from assets that do not constitute tax reduction		49,099
Estimated liabilities and allowances		7,151
Asset accounting reappraisals		(652,196)
Derivative contract accounting reappraisal		22,641
Deferred tax receivable		(18,976)
Taxable equity	$	11,332,339

DIAN (The National Tax and Customs Authority) has initiated no action with respect to the tax returns for 2012 and 2013.

(30) Contingencies

Legal action against the bank

The administrative and legal proceedings pending against the Bank it at June 30, 2014 and December 31, 2013 were handled pursuant to the instructions imparted in External Circular 066/2001, as amended by External Circular 002/2003, both issued by the Colombian Superintendency of Finance. The relevant claims were valued based on the opinions of the attorneys in charge and their analysis of the proceedings in question.

(Continued)

Labor Cases

There were $11,513 and $10,852 in labor claims pending at June 30, 2014 and December 31, 2013. Respective allowances of $3,591 and $2,798 were made to cover probable contingencies. Historically speaking, most claims of this type have been resolved in favor of the Bank.

Civil Cases

There were $203,911 and $208,229 in civil court claims at June 30, 2014 and December 31, 2013 (including $74,676 in contingencies inherited from MEGABANCO, which are covered by FOGAFÍN under an agreement signed on June 21, 2006 between the Bank and Fogafin to assume contingent liabilities), and $1,802 and $3,081 in respective allowances were entered on the books.

- A civil case presented by Grupo Empresarial Viva Limitada and Carmen Dora Mariño de Medina and another by behalf of Secondo Isidoro Medina Patiño, as part of criminal action charging evidentiary falsehood involving a public document and others, are currently being by the Second Deputy Prosecutor before the Bogota Appellate Court and involve $ 80,000 in claims for damages. A request for procedural invalidity was resolved unfavorably. The prosecution declared the investigation terminated. The plaintiff appealed. The appellate court agreed and the investigation continues. However, this contingency is considered remote, since the Twelfth Deputy Prosecutor in Pasto issued a resolution on March 6, 2010 declaring the statute of limitations on criminal action brought concerning the complaint filed by Isidoro Medina Patiño alleging forgery of private documents concerning promissory notes in favor of Bancoop had expired, Moreover, the plaintiff and the other debtors entered into a settlement agreement with the creditor (third-party portfolio – Megabanco assets in trust) on July 28, 2008 in which they acknowledged the existence of their commitments to Bancoop, their status as delinquent debtors, and presented a payment proposal that was accepted by the creditor. The property placed in trust by Isidoro Medina and his wife, Dora Mariño de Medina, was not foreclosed and the settlement agreement was accepted by the court handling the executory proceeding against the debtors. In addition, neither Megabanco nor Banco de Bogotá attended the signing of public document no. 2492 in 2001, nor were they required to do so, because there is no personal succession between the fiduciary, FIDUBANCOOP, which was present when the document was signed, and Banco de Bogota, which absorbed Megabanco.

- Revocatory action brought by Cooperadores (in liquidation) against Megabanco S.A. (now Banco de Bogotá S.A.) for $12,000 in damages is being heard by the Civil Division of the Sixth Circuit Court of Cali and a judgment in the first instance is now pending. The risk is regarded as eventual, but this contingency is covered by FOGAFIN, which is why no allowances are required. Cooperadores is seeking contractual revocation of the real estate foreclosure agreements entered into with BANCOOP and Coopdesarrollo concerning 100 landed properties and shares of COOPSERFUN.

- The contingency derived from the class action suit filed by the group known as Rafael María Leaño and others came to $23,427. They are seeking equity compensation for the former associates of CUPOCRÉDITO, owing to damages suffered due to the decline in the value of their investment. The case is in the trial phase and is being heard in the first instance. A decision is pending on an objection to the expert opinion, which was raised by the lawyer for the Bank. The case has been at a standstill since November 19, 2009. A judicial order calling for evidence as part of the objection process in February 2012 requires an expert to testify. In addition to the contingency being covered by FOGAFIN, the risk is regarded as remote, because the action has prescribed and there are no grounds for the alleged liability. Furthermore, MEGABANCO S.A. is a third party foreign to the situation being claimed.

(Continued)

Administrative Cases and Others

Tax-related administrative and legal claims brought by national and local tax authorities establish penalties in some cases for irregularities allegedly committed by the Bank in exercise of its activity as a national and regional tax collection agent. In others, higher taxes are determined for the Bank in its capacity as a taxpayer. These claims totaled $4,496 and $5,235 at June 30, 2014 and December 31, 2013; the respective allowances came to $665 and $665.

(31) Risk-weighted Assets to Technical Equity Ratio

The total capital adequacy ratio, defined as the ratio of technical equity to risk-weighted assets, may be no less than nine percent (9.0%) and the basic capital adequacy ratio, defined as the ratio of ordinary basic equity to risk-weighted assets, may be no less than four point five percent (4.5%). This is according to sections 2.1.1.1.2 and 2.1.1.1.3, respectively, in Decree 2555/ 2010, amended by Decree 1771/2012, which took effect on August 1, 2013.

Individual compliance is verified monthly and consolidated compliance with the Bank's subordinates in Colombia that are monitored by the Colombian Superintendency of Finance and with its financial subsidiaries abroad is done quarterly.

The risk-weighted assets in each category are rated using the percentages established by the Colombian Superintendency of Finance for each of the asset items, contingent creditor accounts, businesses and trust mandates indicated in the Single Plan of Accounts. Market risks have been included as part of risk-weighted assets since January 30, 2002

The Bank's capital adequacy ratio was seventeen point thirty-eight (17.38%) at June 30, 2014 and eighteen point twenty-eight (18.28%) at December 31, 2013. Technical equity on those dates came to $10,191,053.8 and $9,926,585.2, respectively.

(32) Risk Management

The Bank's risk management process follows guidelines set by senior management. These, in turn, are consistent with the general rules on management and administration approved by the Board of Directors.

The Credit and Treasury Risk Committee is comprised of members of the Board of Directors. It meets regularly to discuss, gauge, control and analyze credit and treasury-risk management (SARC and SARM, in Spanish). There also is the Technical Committee on Assets and Liabilities, which decides on the management of assets, liabilities and liquidity through the Liquidity Risk Management System (SARL, in Spanish). Analysis and follow-up with respect to the System for Operational Risk Management and Business Continuity (SARO-PCN, in Spanish) are handled by the Auditing Committee of the Board of Directors.

Credit Risk

The Bank assumes credit risk daily on two fronts. One is lending, which includes commercial, consumer, mortgage and microcredit. The other is treasury activity, which includes interbank operations, investment portfolio management, operations with derivatives, and foreign currency trading, among other transactions.

(Continued)

Although these are two separate lines of business, the nature of the risk of counterparty insolvency is equivalent and, therefore, the criteria applied to manage risk on both these fronts are the same.

The principles and rules on loan and credit-risk management within the Bank are outlined in the Loan Manual, which is conceived for traditional retail banking as well as treasury operations. The criteria used to evaluate and measure credit risk adhere to the principal guidelines imparted by the Credit and Treasury Risk Committee.

The Board of Directors is the senior authority on lending. It provides general guidance on policy and has the authority to grant the largest amount of credit permitted. In banking operations, the authority to afford limits and credit depends on the amount, the maturity and the collateral offered by the customer. The Board of Directors has delegated its lending authority to different departments and officers within the Bank, who process applications and are responsible for analysis, follow-up and the outcome.

In the case of treasury operations, it is the Board of Directors that approves operational and counterparty limits. There are essentially three means of risk control: annual allocation of operational limits and daily control, quarterly assessment of capital adequacy per issuer, and reports on concentration of investments by economic group.

Loan approval also takes into account the likelihood of default, the counterparty's limits, the rate of recovery on received collateral, the life of loans, and concentration by economic sectors, among other factors.

The Bank has a credit risk management system (SARC, in Spanish), which is operated by the Credit and Treasury Risk Department. It contemplates, among other things, the design, implementation and evaluation of risk policies and tools defined by the Credit and Treasury Risk Committee and the Board of Directors. The progress made with SARC has facilitated important headway towards incorporating credit-risk measurement tools into the Bank's loan approval processes.

With respect to the consumer loan approval process for the natural market, the second half of 2013 saw two new flows put into practice: one for credit cards and another for vehicles, initially as a pilot project. A process to extend the scale of the credit card flow across the branch network was begun in February 2014 and concluded on July 1, 2014 when the last offices entered the flow.

The vehicle unit flow is still in the pilot phase, since adjustments in the level of the flow are being made to provide for universal access.

As for the approval process through pre-approved campaigns, work to implement a new origination score for all consumer loan and credit card campaigns was completed during the first half of 2014. The focus is on customers who have no credit experience with the Bank. The score is used as an additional tool in the pre - approval process for prospective borrowers, so as to increase the quality of approved loans. At the same time, efforts to implement every type of campaign in the pre-approved flow continued. The Bank also worked on developments to enable all the sales channels to operate campaigns through the pre-approved flow, together with the document verification and income validation process in which the pre-approved amount is recalculated, when necessary, according to the amount of income verified by the client.

The consumer loan portfolio came to $7,263,431 at the end of June 2014, having increased by 6.79% with respect to the close of December 2013. The consumer loan quality index at 31 days or more was 5.41%,

having risen 22 basis points compared to the previous six-month period, when it was 5.22%. The A-rated portion of the portfolio accounts for 92.53%, while 2.03% is rated B, 1.87% is rated C and 3.57% is rated D +E. The allowance for consumer loans amounts to 5.81% on the total portfolio, with 107% coverage for the portion rated C, D and E and 163% for the non-performing segment.

In terms of mortgages, the option to apply for VIS (low-income housing) and VIP (priority-interest housing) loans was included in the second half of 2013, and the portfolio was supplemented in March 2014 with the addition of VIPA (priority-interest housing for savers), allowing the Bank to enter this market niche by addressing the supply of new housing for this client profile. There also were developments in home loan approval through payroll installment lending, which is in the pilot stage.

The balance was $972,739 at June 30, 2014, with a quality index of 0.59% at 31 days of more; 99.66% of the portfolio was A-rated. The balance for residential leasing was $90,055 at June 2014, with more than a billion pesos in non-performing home loans.

The microcredit loan portfolio showed a balance of $327,920 at June 30, 2014. It accounts for 0.83% of the Bank's portfolio and includes micro-financing, with 20.48%, and traditional microcredit, which account for 79.52%. The quality index at 31 days or more is 10%.

The commercial loan monitoring process continued during the first six months of 2014, using the new models implemented in the second half of 2013. These new models offer two types of response. The first is a financial rating, which is a statistical model based on the customer's financial information. It is used in the approval process and for portfolio management and monitoring. The second is based on the customer's financial rating and credit history with the Bank. It is used in the customer rating process, as it is the most complete and predictive information available to assess a client's credit risk.

This new methodology makes it easier to do a better job of identifying customers with financial weaknesses, which are analyzed by the portfolio evaluation committees. These committees meet semi-annually in all regions and for all the Bank's business segments. With this follow-up, risk situations that might affect the performance of these clients are identified and an action plan is drawn up to manage those situations.

The commercial loan portfolio was tracked quarterly, according to the various economic sectors. In all, 25 macro-sectors were evaluated to monitor concentration of the Bank's portfolio, by sector, and the level of risk in each one. At June 30, 2014, the Bank had a diversified portfolio in the different economic sectors. The largest concentration was in coal and hydrocarbons, with 12.8%, and in investors, with 10.3%.

The commercial loan portfolio totaled $30,853,679 at June 30, 2014. The A-rated portion came to 94.34%, while 2.71% was B-rated, 1.76% was C-rated and 1.19% was rated D+E. The proportion of allowances is 2.43%, with 82.6% coverage for the C, D and E-rated portion of the portfolio and 163% for the non-performing portion. The quality index at 30 days was 1.51%.

Market Risk

Management

Senior management and the Board of Directors of the Bank play an active role in risk management and control by analyzing an established protocol of reports and presiding over a number of committees that operate in a comprehensive way to monitor, in a technical and fundamental sense, the different variables that influence markets in and outside the country. The goal, in this respect, is to provide support for strategic decision-making.

The risks assumed in conducting operations are consistent with the overall business strategy of the Bank and are translated into a framework of limits on positions in various instruments, depending on the organization's specific strategy, the depth of the markets where it operates, the impact on risk-weighted assets and capital adequacy, and the structure of the balance sheet. These limits are monitored daily and reported weekly to the Board of Directors.

Analyzing and monitoring the various risks incurred by the Bank in its operations is critical to making decisions and to evaluating the results. An ongoing analysis of macroeconomic conditions is essential to achieving the best possible combination of risk, return and liquidity.

Banco de Bogotá also uses hedging strategies to minimize the interest and exchange-rate risks posed by some of the items on its balance sheet. These strategies involve taking positions in derivatives such as notional bond futures, non-deliverable TES forwards, simultaneous operations and forward exchange contracts.

Models

The Bank uses the standard model to measure, control and manage market risk originating with interest rates, exchange rates and the share prices in its treasury and bank books, pursuant to the requirements set by the Colombian Superintendency of Finance, as outlined in Chapter XXI of the Basic Accounting and Financial Circular. This is done daily in each area where the Bank is exposed to risk. Currently, asset and liability positions in the treasury book are mapped within zones and bands, depending on duration of the portfolio, the investments in equity securities and the net position (assets minus liabilities) in foreign currency, consistent with the standard model recommended by the Basel Committee.

The Bank also has parametric and non-parametric models for internal management based on the value-at-risk (VaR) method. These enable it to supplement market risk management by identifying and analyzing the variations in risk factors (interest rates, exchange rates and price indexes) in relation to the value of the different instruments comprising the portfolios. These models are the JP Morgan Risk Metrics method and the historical simulation method.

Applying the VaR method makes it possible to estimate profits and principal at risk. This, in turn, facilitates allocation of resources to the different business units, as well as a comparison of activities in various markets and detection of the positions that contribute the most risk in treasury business. VaR also is used to set limits on the positions of the treasury's traders and to revise positions and strategies quickly, when market conditions change.

The methods used to measure VaR are assessed regularly and subject to back-testing to determine their effectiveness. The Bank also has tools to conduct portfolio stress and/or sensitivity tests under simulations of extreme scenarios.

In addition, there are “risk-type limits” associated with each of the instruments in the different portfolios (sensitivity or effect on portfolio value due to movement in interest rates or respective factors – impact of variations in specific risk factors: interest rate (Rho), exchange rate (Delta) and volatility (Vega), among others).

The Bank also has counterparty and trading limits per operator for each of the trading platforms in the markets where it operates. These limits are controlled daily by its back and middle offices. The trading limits for each operator are assigned at different levels of authority within the treasury, based on the officer’s experience in the market, in trading particular types of products, and in portfolio management.

Finally, as part of its effort to monitor operations, the Bank exercises control over the different aspects of trading such as the terms agreed on, unconventional or off-market transactions, operations with related parties, etc.

Qualitative Information

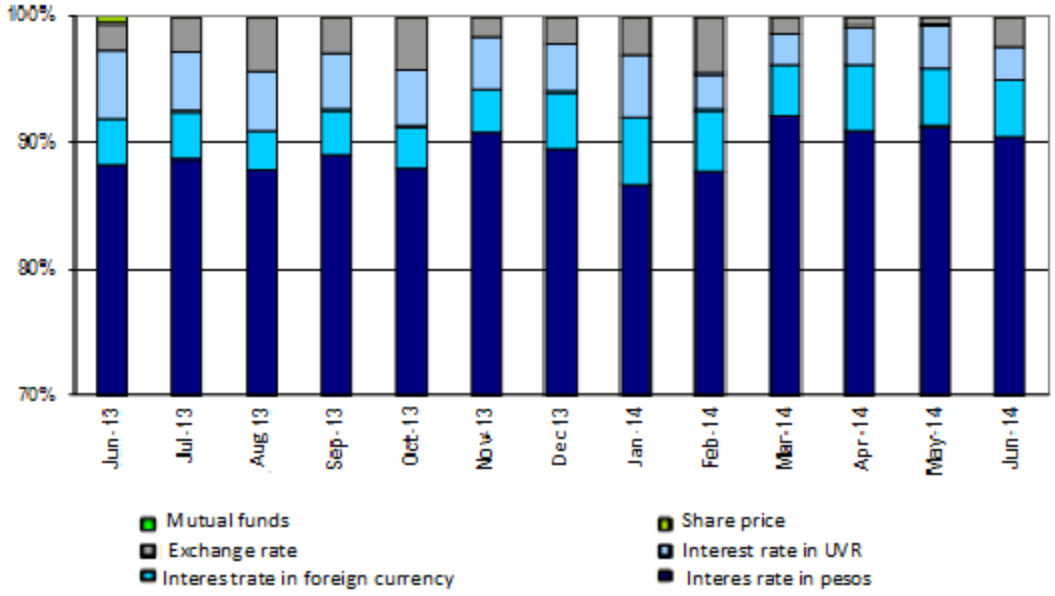
According to the standard model, the market value at risk (VaR) at June 2014 was $353,889, with an effect of 125 basis points in relation to the Bank’s individual capital adequacy ratio. The following table shows the VaR for Banco de Bogotá S.A. during the first half of 2014.

Maximum, Minimum and Average VaR Values
First Half of 2014

	Minimum	Average	Maximum	Latest
Interest rate in pesos	261,780	319,519	355,175	319,891
Interest rate in foreign currency	15,929	16,881	19,762	16,349
Interest rate in UVR	9,238	11,266	14,732	9,238
Exchange rate	2,272	6,873	14,625	8,068
Shares	291	320	343	343
Total VaR	**301,969**	**354,858**	**385,576**	**353,889**

The positions with the most impact on VaR are those associated with interest rate factors, as illustrated in the following graph.

Share (%) of Value at Market Risk



Given the pattern in VaR, market-risk-weighted assets as a percentage of total risk-weighted assets (RWA) remained at around 6.89%, on average.

Other Activities

A process was put into practice during the first quarter of 2014 to monitor to the clean prices of the international vector (coupon bonds issued abroad) published by Infovalmer. This represents a daily attempt to identify prices with significant differences between those furnished by the price supplier and those observed on the Bloomberg platform. This monitoring is intended to provide the supplier with feedback on the most important differences and to ensure prices are revised.

A biannual qualitative analysis of the liquidity of the prices of fixed rate bonds issued abroad was designed to determine the depth of the market for these instruments.

In addition, a series of reports was created to adjust the reappraisal of derivatives by incorporating counterparty credit risk and that of Banco de Bogotá S.A. This adjustment in derivative reappraisal will allow for future adjustment to international accounting standards, which are soon to take effect in Colombia.

Liquidity Risk

Management and Models

Banco de Bogota manages liquidity risk according to the standard model outlined in Chapter VI of the Basic Accounting and Financial Circular issued by the Colombian Superintendency of Finance and pursuant to the rules on liquidity-risk management contained in the basic principles of the Liquidity Risk Management System (SARL in Spanish). This system establishes the minimum prudential parameters institutions should monitor in their operations so as to effectively manage the liquidity risk to which they are exposed.

Each week, the Bank calculates liquidity risk indicators (LRI) at 7, 15 and 30 days, according to the standard model of the Colombian Superintendency of Finance.

As part of liquidity-risk analysis, the Bank measures the volatility of deposits, debt levels, the structure of assets and liabilities, the extent of asset liquidity, the availability of credit lines, and the overall effectiveness of asset and liability management. The objective, in doing so, is to have enough liquidity on hand (including liquid assets, guarantees and collateral) to deal with possible scenarios involving own or systemic stress.

Quantifying the funds obtained in the money market is an integral part of the Bank's effort to measure liquidity. Primary and secondary sources of liquidity are identified on the basis of technical studies, in order to diversify funding suppliers. The idea is to ensure stable and adequate resources, and to minimize source concentrations. Once sources of funding have been established, they are assigned to the different lines of business, according to the budget and the nature and depth of the markets.

The availability of resources is monitored daily, not only to meet reserve requirements, but also to foresee and / or anticipate any changes in the institution's liquidity-risk profile and to make strategic decisions, as appropriate. In fact, the Bank has liquidity warning indicators to identify the scenario in which it operates, and the strategies to be pursued in each case. These indicators include, among others, the LRI, deposit concentration levels, and the use of Central Bank liquidity quotas.

Senior management stays abreast of the Bank´s liquidity situation through the Technical Committee on Assets and Liabilities and makes the necessary decisions, taking into account the high-quality liquid assets to be maintained, tolerance in the management of liquidity or minimum liquidity, the strategies for lending and attracting funds, the policies on using surplus liquidity, changes in the features of existing products as well as new ones, diversification of funding sources to avoid concentrating deposit-taking in a few investors or savers, hedging strategies, the Bank's earnings, and changes in the structure of its balance sheet.

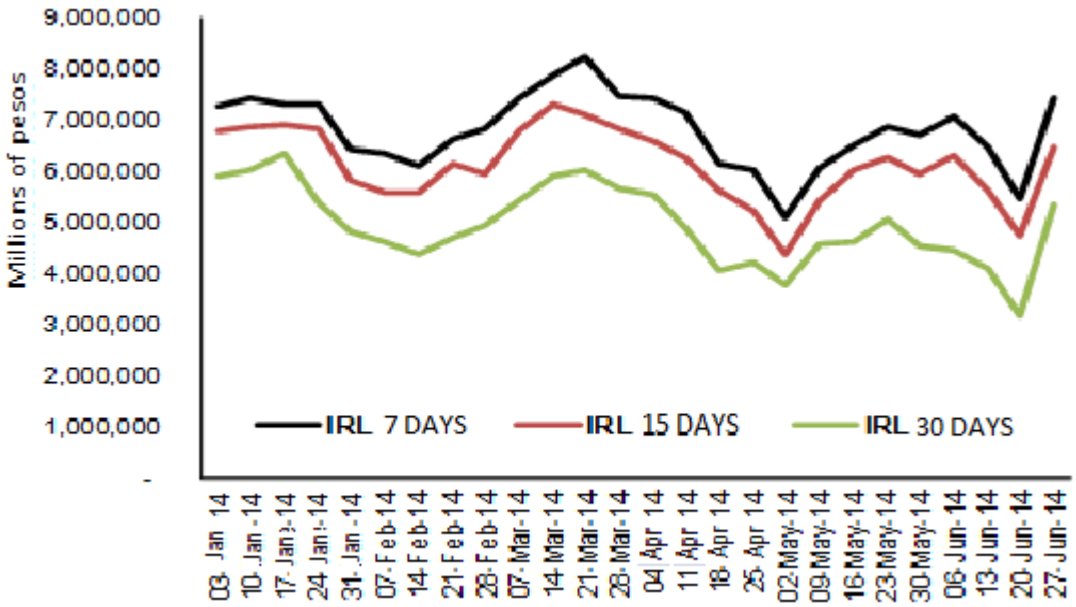
Qualitative Information

Banco de Bogotá had enough operating resources on hand during the first half of 2014 to comply with positive liquidity risk indicators (LRI) at 7, 15 and 30 days. These are summarized in the following chart.

Liquidity Risk Indicators
First Half of 2014

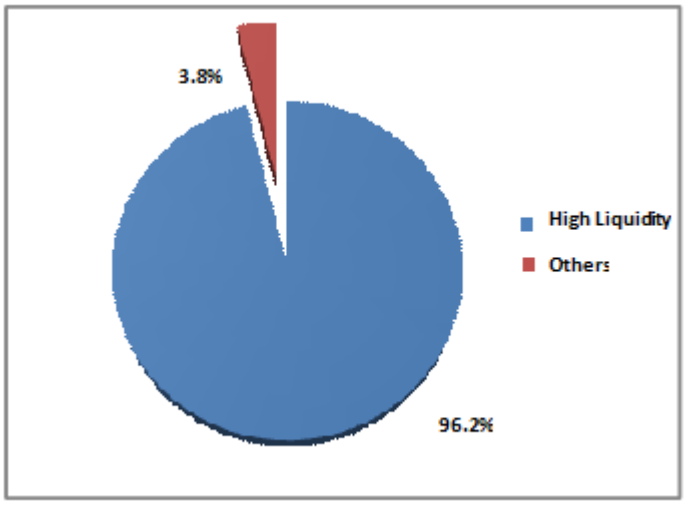
	Average	Minimum	Maximum	Latest
LRI at 7 days	6,799,753	5,110,189	8,212,713	7,416,531
LRI at 15 days	6,121,926	4,389,565	7,310,720	6,471,635
LRI at 30 days	4,934,700	3,157,827	6,343,480	5,321,994
Liquid Assets	8,159,535	6,291,695	9,597,436	8,688,193
Liquidity ratio at 7 days	703%	345%	1474%	683%
Liquidity ratio at 15 days	432%	259%	823%	392%
Liquidity ratio at 30 days	268%	170%	520%	258%

Developments in Short-term Liquidity Risk Indicators



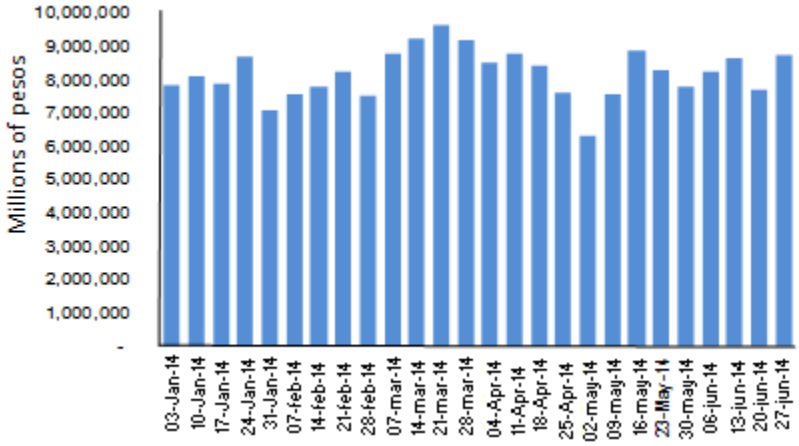
The Bank reported $8 billion in liquid assets at the close of first half of 2014. This equals 13.9% of total assets, with 96.2% comprised of highly liquid assets in the form of cash, TES, TRD and TDA.

(Continued)



Liquid assets include cash plus investments (trading, available for sale or held to maturity), adjusted by a liquidity haircut at 33 days, which is calculated monthly by the Central Bank of Colombia. This "haircut" reflects the premium a financial institution must pay to conduct repo, interbank or simultaneous operations. Liquid assets in foreign currency are adjusted by an exchange rate “haircut” at one month, which reflects their volatility in the event foreign currency positions have to be sold to meet liquidity needs. Institutions are required to maintain a level of high-quality liquid assets equivalent to at least 70% of total liquid assets. These high-quality assets are understood as cash and the liquid assets the Central Bank receives for its monetary expansion and contraction operations.

Developments in Liquid Assets



Operational Risk

The Bank has an operational risk management system (SARO in Spanish) that was implemented pursuant to the guidelines indicated in Chapter XXIII of the Basic Accounting and Financial Circular (Circular 100/ 1995) issued by the Colombian Superintendency of Finance. It is managed by the department that is responsible for operational risk management and the internal control system.

Thanks to SARO, the Bank has reinforced its understanding and control of the risks in its processes, activities, products and lines of business, having managed to reduce errors and to identify opportunities for improvement that will support the development and operation of new products and / or services.

The Operational Risk Manual outlines the policies, standards and procedures established to guarantee business management within defined levels of appetite for risk. There is also the Business Continuity Management System Manual on operation of the Bank in the event basic resources are unavailable.

Banco de Bogotá keeps a detailed log of risk events (RERO in Spanish) for proper tracking from an accounting standpoint. The log is fed with reports from the risk managers and entries in the assigned expense accounts.

The Operational Risk Management Department (GRO in Spanish) participates in the activities of the organization through its involvement in the committees on claims, fraud and customer recognition. It also supports the Financial Consumer Services System (SACF in Spanish) by identifying, measuring and controlling risks arising from implementation of that system and from the record of risks and controls related to compliance with the Sarbanes - Oxley Act (SOX). This department also is part of the Information Security Management Committee, which analyzes the operational risk associated with the information assets generated in the Bank's processes.

Risk Profile

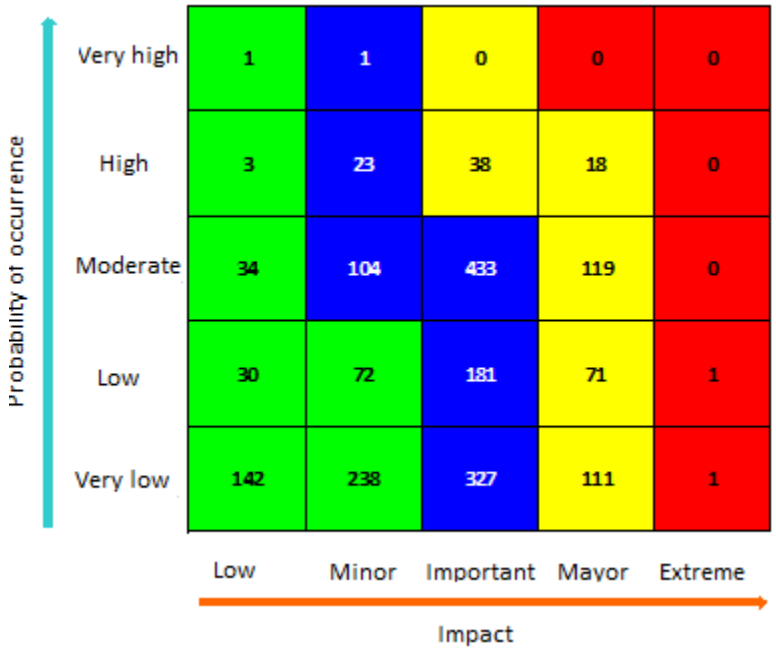
The Bank's operational risk profile at June 30, 2014 includes risks and controls for 183 processes. Revisions made in the processes with risk managers were taken into account to produce this profile, as were the changes in risk generated by the documentation updating processes conducted by the Systems and Operations Division and evidence of the effectiveness of the controls implemented during the first half of the year by Operational Risk Management.

The following table shows the changes in the risk profile figures.

	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14
Processes	170	171	171	172	184	183	183
Risks	1,868	1,971	1,887	1,851	2,063	1,981	1,948
Failures	7,636	7,645	7,111	7,016	7,302	6,513	4,170
Controls	4,506	5,337	5,433	5,357	5,667	5,415	5,082

The following is the Bank's residual risk profile at June 30, 2014. It is based on risk classification.

Residual risk map



Log of Operational Risk Events

The losses on record due to events involving operational risk in the first half of 2014 came to $10,763.5. Eighty-two percent of this amount ($8,813) is registered in six ledger accounts: Casualty Loss on Cash and Clearing in F/CL (27%) Casualty Loss on Savings Accounts (18%); Losses from Credit Card Fraud in D/C (15%); Non-operational Fines, Penalties and Labor Claims (10%); Fines and Penalties from Other Authorities (8%); and Casualty Losses on Current Accounts (4%).

Classification by Type of Event (Basel)

Based on the Basel risk classification, 87% of these events originated with outside fraud (42%, $4,558.2), internal fraud (27%, $2,866) and execution and management processes (18%, $1,915.8).

The outside fraud events with the most impact were those involving counterfeiting or copying the magnetic strip on debit and credit cards (2,201 events), misappropriation of client resources due to shortcomings in security at the Bank's ATMs (168 events), loan or credit card applications with false information on involvement or ties (47 events); and the installation of malicious software in client computers, affecting the personal banking and business and corporate portals (23 events).

There was an event involving $ 1,656 in internal fraud attributed to several deposits in accounts with Banco AV Villas S.A. and Banco de Occidente S.A. at Office 0111 in Santander de Quilichao. When the crime was

detected, the Bank managed to reverse a deposit for $ 98, leaving a shortfall of $ 1,558. This event occurred on October 4, 2013 and was recorded as a casualty loss on January 17, 2014.

Internal fraud was committed on August 5, 2013 by a former employee who was working as a teller at Office 0486 in Unicentro in Cali at the time the crime was perpetrated. It involved a $1,000 deposit in a checking account with Banco de Occidente, which was stamped as cash, but was actually a check, and a $10 deposit that was stamped as a check, but was cash. The entire loss came to $1,010 and was entered as a cash and clearing casualty loss on April 1, 2014.

Due to errors in process execution and management, the main events originated with a $795.4 sanction levied by the UGPP Social Protection Special Administrative Unit for Pension Management and Payroll Tax Contributions. A review of the settlements paid by the Bank to the social security system between June 2008 and February 2012 showed disparities owing to 1) final settlement payments made a month after the report of retirement, using social security system spreadsheets stamped as paid; and 2) a difference in calculating the base for contributions to social security between what was paid and what was determined by UGPP, specifically for IBC vacations proportional to days worked.

There was an error in the year 2000 involving executory proceedings in which Coopdesarrollo gave power of attorney to Megalínea's lawyer to take legal action against the client. The lawyer, in turn, substituted a third party who had no contractual relationship with Megalínea and abandoned case. As a result, notification did not take place until 2008, when the limitation or lapse of the obligations had already expired. As part of the process, there is real estate that has been subject to embargo and seizure since 2000. Consequently, the judgment went against the Bank for $ 171.2 in interest and costs.

Legal Risk

The Legal Division supports risk management in the Bank's operations. Specifically, it defines and establishes the procedures required to exercise adequate control over the legal risk in operations by making sure they adhere to legal standards and are documented property. It also analyzes and draws up the contracts supporting operations in the various business units.

In terms of legal situations in which the Bank is involved, it is important to point out that the respective contingencies have adequate allowances, when required.

In accordance with the instructions outlined in External Circular 066/2001 issued by the Colombian Superintendency of Finance, the Bank assessed the claims sought in the proceedings filed against it, based on the analysis and opinions of the lawyers in charge.

With respect to copyrights, the Bank uses only legally acquired software or licenses. It does not allow its equipment to be operated with software that has not been officially approved.

Ongoing legal action against the bank is detailed in Note 30 to the financial statements.

Risk of Money Laundering and Terrorist Financing

In light of the regulatory framework established by the Colombian Superintendency of Finance and particularly the instructions issued in the Basic Legal Circular, Title I, Chapter XI, the results of our efforts in operating the Money Laundering and Terrorist Financing Risk Management System (SARLAFT in Spanish)

have been satisfactory. They conform to existing regulations, policies and methods adopted by our Board of Directors and the recommendations in international standards on this matter.

Money Laundering and Terrorist Financing Risk Management

The SARLAFT activities followed the methods adopted by the Bank, enabling us to continue to reduce or mitigate the risks we face, thanks to the application and effectiveness of the controls designed to deal with each of the risk factors defined in Title I, Chapter XI of the Basic Legal Circular issued by Colombian Superintendency of Finance (client, product, channel and jurisdiction). As a result, we have been able to maintain an acceptable profile, as evidenced by the absence of events or situations contrary to the Bank's good reputation with respect to SARLAFT.

Stages in the Money Laundering and Terrorist Financing Risk Management System

Money laundering and terrorism financing risks (ML / TF) identified by the Bank are managed according to international recommendations and Colombian law on SARLAFT, following an approach based on continuous improvement. The aim is to minimize the existence of these risks within the organization, insofar as is reasonably possible.

To continue to do so, Banco de Bogotá has adopted technological tools that allow it to implement a policy focused on knowing the customer, knowing the market and exercising user control, among other aspects. The goal is to identify unusual transactions and to report suspicious operations to the Financial Information and Analysis Unit (UIAF in Spanish), as provided for by law. The Bank has improved the functionalities that support the development of SARLAFT within its Compliance Control Unit, specifically concerning the different applications and methods for analysis that make it possible to manage monitoring and prevention with regard to the risk of money laundering and terrorist financing.

This risk management system is reinforced by the segmentation developed within our organization through the use of data mining tools that allowed us to identify hazards regarding each risk factor (client, product, channel and jurisdiction) and to monitor all transactions conducted in the organization, so as to detect unusual ones based on the segment profile.

The Bank also maintains a corporate training program for its officers in which guidelines are imparted on the regulatory and control mechanisms that are at their disposal to prevent of ML / FT within the organization. This is all part of our effort to encourage the SARLAFT culture, which is being implemented satisfactorily and according to schedule.

Elements of the Money Laundering and Terrorist Financing Risk Management System

The Bank regularly submits institutional reports to the Financial Information and Analysis Unit (UIAF in Spanish), pursuant to the law and the amounts and characteristics indicated in Title I, Chapter XI of the Basic Legal Circular issued by the Colombian Superintendency of Finance. It also supplies the competent authorities with information as required by law, since our policies include an established procedure to support and cooperate with the authorities.

The Bank conducts its operations and business in keeping with the highest ethical standards and controls. Healthy banking practices and observance of the law are a priority, above and beyond the accomplishment of business goals. From a practical standpoint, these aspects translate into application of the SARLAFT

risk-management criteria, policies and procedures, which are circulated to every level of the organization, as is customary.

Our money laundering and terrorist financing risk management system (SARLAFT) operates in a way that complements the commercial work of the Bank and takes into account the fact that control is part of business management. These processes are used to advantage to satisfy the client's needs or requirements promptly and as best possible.

The results of the different stages associated with SARLAFT and the reports submitted by the various supervisory bodies, the Auditing Office and the Statutory Auditor, as well as statements made by the Board concerning the reports submitted quarterly by the Compliance Officer, all indicate the Bank continues to manage ML/TF risk adequately.

During the first half of 2014, the Bank followed up on the reports developed by the Auditing Office and the Statutory Auditor with respect to SARLAFT, in order to address the recommendations aimed at optimizing the system. The reports indicate the results of SARLAFT management within the organization are satisfactory.

Conclusion

During the first half of 2014, the Bank carried out a number of activities particular to the Money Laundering and Terrorism Financing Risks Management System. These involved continuing the management provided in previous periods and heeding the recommendations of the Board and the supervisory bodies.

Our efforts to manage money laundering and terrorist financing risk were developed pursuant to the structure of the system, with a focus on proper risk management, as described in this report. They reflect the ongoing commitment of our staff as part of the SARLAFT culture the Bank has developed.

Lastly, it is important note the Bank is committed to managing the risk of money laundering and terrorist financing as part of its corporate responsibility to society and to the regulatory agencies.

(33) Corporate Governance

The Bank's provisions on corporate governance are outlined in a document entitled "Corporate Governance Practices," which includes the by-laws, the Good Governance Code, the Ethics and Conduct Code, and the Regulations for the Auditing Committee of the Board of Directors. The internal regulations for the shareholders' meeting and the internal regulations for the Board of Directors are part of the Good Governance Code.

Pursuant to External Circular 028/2007 issued by the Colombian Superintendency of Finance, the Bank also publishes an annual report on the corporate governance practices contained in the Country Code Survey.

Board of Directors and Senior Management

The Board of Directors and senior management of the Bank are conscious of the responsibility involved in managing the different types of risk in the banking business and know full well how these risks relate to the

general strategy of the organization. They also are informed about the processes, business structure and nature of the activities in question.

Senior management has made it a policy to support and follow-up on the Bank's business activities continuously, to impart guidelines on awarding loans, to set policies and limits on action for each type of market, product or business unit, to define the organization's risk profile, to adopt the measures required to deal with new financial risks, to establish the necessary organizational structure, and to evaluate the methods being used to manage risk.

It is the responsibility of the Board of Directors to approve the method, procedures and limits for allocating credit and counterparty quotas or ceilings. This body has a reporting protocol to keep its members abreast of credit-risk management.

Through its Auditing Committee, the Board of Directors also oversees compliance with internal control policies and the Operational Risk Management System (SARO in Spanish). Through the Credit and Treasury Risk Committee, it analyzes matters related to the Credit Risk Management System (SARC, in Spanish) and the Market Risk Management System (SARM, in Spanish).

The Bank's senior management analyzes issues concerning asset and liability management and the Liquidity Risk Management System (SARL). This is done through the Technical Committee on Assets and Liabilities.

Reports to the Board of Directors and Senior Management

Senior management has clear, precise and well-timed information tools to exercise constant control over the various risks inherent in the banking business. They are based on exposure according to the type of risk, line of business and the portfolio.

The Treasury Risk Management Office of the Treasury and Credit Risk Department produces a series of daily assessments, control reports and supporting documents used to reinforce decision-making. Intended for senior management, these reports discuss individual and aggregate exposure to different types of risk, compliance with policies and limits, and the monitoring of strategies and volumes traded, by position and by type of instrument.

In addition, the Balance Sheet Risk Unit of the Financial Division prepares a daily report containing an analysis of market risk and a weekly report on liquidity risk for all the Bank's positions, using the standard models approved by the Colombian Superintendency of Finance.

The Finance Division prepares a monthly report for the Board of Directors on the management of each business unit and its financial results. These reports facilitate regular monitoring of the business, and its profitability and management indicators.

The Credit Division reports regularly to the Board of Directors on the make-up of the Bank's loan portfolio, itemized by type and segment, quality indicators and coverage. This is done directly or through the Credit and Treasury Risk Committee.

The Operational Risk Division calculates the Bank's operational risk profile every six months and presents it to the Board of Directors semi-annually.

Technological Infrastructure

The Bank is equipped with systems and technology to make its activity more controllable. The process to modernize technology has not been limited to traditional software for recording and entering operations on the books. The Bank's security and communication systems have been updated as well.

The different areas responsible for risk management and control have the technology they need to provide information and to evaluate production processes and the results obtained in individual operations and at the portfolio level.

The Bank has a variety of documented information systems to support all its activities, in addition to applications that provide databases to satisfy control requirements.

The Bank constantly applies technological developments to verify and increase its operational controls and to reduce related risks.

Risk Measurement Method

To identify different risks, the Bank uses a type-based method (credit, liquidity, market, operational and money laundering/ terrorist financing risk) with measurement systems to identify its exposure to the risks inherent in the business. These systems are documented in the respective manuals of the risk management systems (SAR).

Organizational Structure

The Bank has an organizational structure that favors analysis, integration and management of the risks inherent in the different types of business it conducts.

Credit risk management for loan operations and market risk management for treasury operations are handled by the Credit and Treasury Risk Department.

Liquidity risk and market risk are measured by the Balance Sheet Risk Unit of the Financial Division, using the standard methods approved by the Colombian Superintendency of Finance.

The Operational Risk Management Office, which is part of the Control and Compliance Unit, addresses the Bank´s operational risk.

The Control and Compliance Unit has specific responsibility for managing the risk of money laundering and terrorist financing, while the Legal Division handles the legal risks.

The levels of authority and responsibility for risk management are identified and recognized by the officers in each area, who have an exact description of the duties, objectives and scope of the job they are expected to perform.

Human Resources

The Personnel Selection Area of the Bank has an established set of criteria on minimum requirements in terms of education and experience, based on the appropriate profile for each post.

Those who are involved in risk analysis, measurement and management have the experience, professional training and skills required to do their job in a qualified manner. Specifically, there is an attempt to combine a demanding level of professional training in finance with recognized ethical and human qualities.

In-house and outside training programs on required risk-management topics are conducted to update the technical skills of staff members, who also participate in a variety of forums and interact with regulatory and supervisory agencies.

Verifying Operations

The technological systems, the processes involved, the assessment tools and the mechanisms instituted throughout the course of trading make it possible to determine if operations are being conducted according to the agreed terms. These systems make risk management and control quicker and more transparent.

The Bank has a number of security mechanisms, such as telephone call recording, security cameras located at strategic points, electronic control of physical access to its offices, contingency and assistance plans in the event of power outages or system failure, areas with restricted access, and system access controls. The procedures established to close out operations enable the Bank to confirm that operations are entered on the books correctly and in due course. The Manual on Administrative Services and the Code of Ethics contain expressed provisions on security procedures to be observed by the staff.

The back, middle and front offices for treasury operations have recording equipment to verify the transactions carried out by the operators. These recordings are preserved appropriately and for the period of time stipulated by law. In addition, the Code of Ethics, which dictates the guidelines, policies, parameters, duties and obligations of all staff members, prohibits the use of mobile telephones in the trading room. The Bank also has a signal blocker for these communication devices.

As to operations with economically-related parties, the Auditing Committee issues an opinion semi-annually to confirm these operations are conducted under market conditions and do not violate the equal treatment to which all shareholders are entitled.

Auditing

The Auditing Office of the Bank is responsible for internal auditing, which is conducted pursuant to international standards and best practices. It has sufficient resources and autonomy to accomplish its mission appropriately and in an independent way. The focus, in this respect, is on taking corrective action to address findings communicated to the Auditing Office, which is responsible for follow-up on such action.

Audit work plans are drawn up based on risk, making it possible to concentrate on the most relevant processes and hazards. The Auditing Committee of the Board of Directors approves and monitors the plan. Among its activities, the Auditing Office reviews compliance and financial and systems risk, in addition to carrying out continuous audits supported by statistical tools, neural networks and data mining.

(Continued)

The Statutory Auditor and Auditing Office are aware of the concentrations of risk by economic groups, the impact of operations on the Bank's equity, and the solvency of the issuers of securities held in the portfolios.

Both the Statutory Auditor and the Auditing Office regularly confirm that all activities, transactions and operations of the Bank are conducted within the parameters that are permitted under current regulations and approved by the Board and senior management.

The Auditing Office of the Bank also is involved with the BAC Credomatic Group, through a work team based in San Jose, Costa Rica. In this case, the focus is on assessing automated alerts, risk management, compliance with corporate instructions, and the effectiveness of its internal audit.

(34) Statutory Controls

The Bank complied with all requirements for mandatory cash reserves, own positions, capital adequacy ratios and mandatory investments during the half-year periods ended June 30, 2014 and December 31, 2013.

(35) Subsequent Events

(a) Procedures are underway to request approval from the competent authorities to merge the operations of Banco Reformador de Guatemala and Banco de América Central S.A.

(b) Steps are now underway to request approval from the respective authorities to merge the operations of BBVA Panama and BAC International Bank, Inc. From the purchase date and until the merger is complete, the acquired company will operate as Banco BAC de Panama S.A.