Balance Sheet as for December 31, 2011

Banco de Occidente

VIGILADO SUPERINTENDENCIA FINANCIERA DE COLOMBIA

Significant Data

Million Colombian Pesos

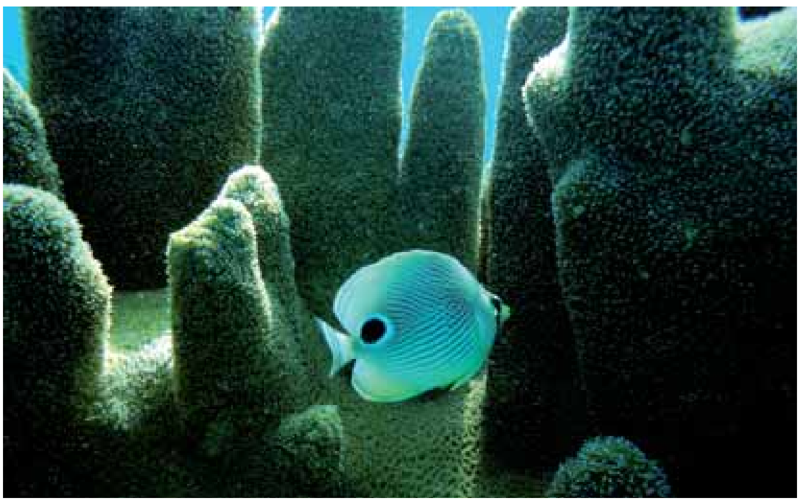
	December 07	December 08	December 09	December 10	December 11
Total Deposits 1/	8.158.430	9.501.847	10.429.792	10.972.345	12.245.531
Total Placement 2/	7.251.860	8.390.890	8.383.215	11.822.457	14.571.338
Investment 3/	2.578.233	2.528.590	4.238.110	4.077.114	3.583.562
Capital and Legal Reserve	599.181	776.507	938.787	1.240.981	1.676.540
Total Asset	10.866.593	12.817.332	14.135.191	17.561.403	20.950.830
Half Year Profits	240.302	336.816	360.527	389.471	441.280
Monthly stock dividend	90,00	94,50	98,50	105,00	108,00

Note

1/ Include Current Account deposits, Time Deposit, Saving Deposits, Trust Funds, Bank Collection Services.

2/ Include Credit Portfolio, Provisions, Credit to Employees, Accounts Receivable, Credencial Clients L/T, Account Receivable F/C, excepting sundry Accounts Receivable F/C

3/ Includes Interbank Ordinary Funds Sold, Sale back and investment commitments



Board of Directors
2.012 - 2.013

Principals

Hector Vesga Perdomo
Henry Jensen Thorín
Ricardo Villaveces Pardo
Iván Felipe Mejía Cabal
Felipe Ayerbe Muñoz

Substitutes

Mauricio Gutiérrez Vergara
Alfonso Osorno Cújar
Adolfo Varela González
Liliana Bonilla Otoya
Gilberto Saa Navia

Luis Carlos Sarmiento Angulo
Consultant

Efraín Otero Alvarez
President

Douglas Berrío Zapata
Legal Vice President

Bernardo Escobar Montoya
Financial Vice President

Gerardo Silva Castro
Corporate Bank Vice President

Efraín Velásquez Vela
Personal Bank Vice President

Mario Ernesto Calero Buendía
Vehicle Bank Vice President

Agustín Esguerra Restrepo
Leasing Bank Vice President

Daniel Roberto Gómez Vanegas
Operations and Systems Vice President

Carlos Santander Palacios
Credit Vice President

Johnny Leyton Fernández
Risk and Collection Vice President

Eduardo Correa Corrales
Human Resources Vice President

Ignacio Zuloaga Sevilla
Bogotá Region Vice President

Constanza Sánchez Salamanca
Southwest Region Vice President

Jaime Giraldo García
Northwest Region Vice President

Carmén Alicia Salcedo Arrázola
North Region Vice President

Wilson Romero Montañez
Statutory Audit – KPMG Ltda.

Report by the President

In compliance with statutory obligations, we are pleased to submit to Stockholders the Results of Bank Operations during Second half-year 2011 operational period.

Legal Standards

Among the measures and regulations issued during the half-year period, directly influencing financial sector, the following modifications are emphasized.

• Requalification of Credit Portfolio

External Circular Liter No. 27 of July 7/ 2011 from Colombia Finance Superintendence: Provides that the entities controlled by Colombia Finance Superintendence must evaluate and modify the qualifications of Credit Portfolio when debtors are under assignment with creditors process or any type of administrative or judicial process leaving the results of the evaluation under the responsibility of such entity.

• Exchange Market Middlemen

Circular Letter No. 65 of July 18/2011 from Colombia Finance Superintendence: whereby it is informed that Exchange Market Middlemen (EMM) are under the obligation to require the submission of Exchange declaration, supply Banco de la Republica with the information about Exchange operations made, provide information and cooperation required by such authorities and National Prosecutor Office, or DIAN and maintain the documents used as support to Exchange operations, among other obligations.

External Resolution No. 3 of July 29 / 2011 and External Regulatory Circular Letter DODM – 139 of October 4/2011 of Colombia Central Bank, and External Circular Letter N° 36 of August 31/2011 of Colombia Finance Superintendence: Whereby regulations related to Gross Leverage Position (GLP) of Exchange Market Middlemen (EMM) are issued, providing that they will not make part of Gross Position calculation the operations made with forwards of exchange rate which compensation and liquidation is made through a central chamber of risk of counterpart or of a chamber of risk chamber seated abroad.

• Agribusiness Credit

Decree No. 2860 of August 11/2011 by the Ministry of Agriculture and Rural Development: Whereby a reform to Fund's bylaws of Fondo para el Financiamiento del sector Agropecuario (Finagro) allowing for Finagro to carry out rediscount operations with Saving and Credit Cooperatives subject to the control and vigilance of Superintendencia de la Economia Solidaria that are registered with Fondo de Garantias para Entidades Cooperativas (Fogacoop).

• Information Addressed to Financial Consumers

External Circular Letter No. 38 of September 6 / 2011 from Colombia Finance Superintendence: Whereby the general requirements, the diffusion conditions and the minimum contents, inter alia, are determined to be included in the information supplied to financial consumers. It is informed that the maximum term for financial entities to comply with the provisions therein provided shall be January 1, 2012.

Decree No. 4809 of December 20, 2011 of Colombia Ministry of Treasury and Public Credit: the Decree 2555/2010 is amended, in connection with regulations and principles to be adhered to establish, disclose and release the rates and price of financial products and services. The Decree defines that credit institutions are under the obligation to deliver to the clients an annual report of total costs, and notify no later than 45 days, if the entity is going to do a credit increment, without any penalty of charge. In the same way, the Decree establishes 20 units or real value (UVR) as the maximum rate on account of withdrawal of cash money from electronic teller machines belonging to other entities.

• Abusive Clauses and Practices

External Circular Letter No. 39 of September 6/2011 from Colombia Finance Superintendence: Whereby Item 10, Chapter Sixth of Title I, of Basic Legal Circular Letter is solved in order to specify the clauses and practices considered as abusive, such as those limiting controlled entity's liability and those involving disclaimer of rights from consumer.

• Transient Liquidity Support

External Regulatory Circular Letter DODM – 140 of September 9/2011 by Colombia Central Bank (Banco de La República): Whereby the requirements for admission of securities with blanks are established, as well as the procedure to apply for the be admitted to the Transient Support of Liquidity by entities under institutional reorganization process.

- **Bank Reserve**

Writing Communication No. 100208221 – 00175 dated September 20/2011 from Colombia National Tax and Customs Administration (DIAN): About bank reserve in the event of disciplinary administrative proceedings filed by DIAN. As well as Constitutional Court under Judgment T – 440 - 2003, stated that public interest outweighs the obligation of personal information secrecy, and for such reason, bank secrete will not apply in such matters as laundry asset, corruption, and drug-trafficking. Additionally, finance Superintendence provides, in Basic Legal Circular Letter that bank reserve cannot protect criminal, abusive conducts or against bone fide. This way, it is inferred that reserve is not opposite to the applications made by DIAN offices empowered with disciplinary faculties.

- **Liquidity Risk Management System**

External Circular Letter No. 44, October 6/2011 by Colombia Finance Superintendence: Whereby Liquidity Risk Management System (LRMS) is modified. The major changes or inclusions in the new directive related the project of the external circular letter, released on August, 2011 are the following:

- Postponement of its taking force
- Modification of definition of total liquid asset
- Change in the term to submit the weekly report
- Modification to the submission of daily report by entities under significant exposure to such risk, and
- Adjustment of the fringes required of estimate net liquidity modified.

External Circular Letter No. 45, November 3 - 2011 by Colombia Finance Superintendence: Whereby it is determined that the only titles making part of the liquid asset calculations are the investment in open collective portfolios without term agreement and the elimination from this calculation, the maximum between zero and the net balance of entity's operations in the interbank non-outsourced market weighed by 50%.

External Circular Lette4r No. 50 of December 13 - 2011 from Colombia Finance Superintendence: Whereby a transitional regime is established in order to comply with the condition of maintaining minimum del 70% high-quality liquid asset within entity's total asset. This way, the term to comply with this provision is extended up to March 31, 2012.

- **Repos and Intraday Operations**

External Regulatory Circular Letter DODM – 142, External Regulatory Circular Letter DFV – 120 and External Regulatory Circular Letter DODM – 148 of September 9/2011 by Colombia Central Bank: The limits to repos intraday and repos overnight operations are removed. Additionally, the procedure for trustee societies, brokers, and pension and severance funds administrators to accredit the compliance with the requirement of maintaining a ratio of net worth to paid in capital equal to or higher than one. Lastly, the procedures for suspension and reactivation of stockbrokers Open Market Operations are emphasized.

- **Consumer's Statute**

Act No. 1480 of October 12/2011 by Colombia Parliament: Whereby Consumer's Statute is enacted. The purpose of this Act is to protect, promote, and ensure consumers' free and effective exercise of rights, as well as to ensure the respect to their dignity and economic interest. For financial sector, Colombia Finance Superintendence is legally empowered for those contention matters occurred between consumers and entities supervised by this entity.

- **Normative Protection and Finance Regulation Studies Unit (FRSU)**

Decree No. 4172 of November 3/2011 by Colombia Departamento Administrativo de la Función Pública: Whereby Normative Protection and Financial Regulation Studies Unit (URF) Unit is created and its objectives and structure determined. It is established that the Unit's objective shall be to prepare the normative in monetary and credit exchange matters, the regulation and supervision of exchange financial, and ensuring activities and those related to management, enhancement, and investment of resources captured from general public.

Bank's Results

Following 2008-2009 world economic crisis, the economy has not entirely recovered, exhibiting volatility of world markets as a result of uncertainty vis-à-vis European generalized crisis spread to most solid economies such as Italy and Spain, affecting world bank system and pushing to a new worldwide economic crisis in spite of the optimism instilled by the efforts made by France and Germany within this continent.

On the other hand, in the United States one sees an economy exhibiting better indicators about unemployment and growth in spite of the excessive budgetary expense due to the struggle between traditional political parties.

This world panorama allows for expecting for international economy will exhibit some low growth indexes driven by Asia and America emergent economies which. Even though affected by the crisis, it has been alleviated its effects with tax and monetary policies. This the situation, for instance, in Colombian economy the policy stimulus to construction, growth of mining and energetic sectors, more promotion and protection export industry and a controlled level of inflation has resulted in an increase of Gross Domestic Product and sustained demand indicators and lower unemployment rates.

In this connection, Colombian economy maintains its recovery conditions compared to the preceding year, where GDP reached 7.7% annual growth in the thirst quarter 2011, fostered by capital gross formation (18.7%), exportations 9.7%, and household consumption growth (5.7%) and supported on dollar revaluation and low interest rates. Banco de la República continues the implementation of its main restrictive policy of liquidity, the increase of intervention rate locating it in 4.75%EA, maintaining the pressure over interest rate foreseeing an excess of economy indebtedness.

At the different economic sectors level, those evidencing higher dynamics are: Mining and Quays (12.6%), Transport, Storage and Communication (7.2%), Commerce, Repairing, Restaurants and Hostelry (6,6%), and Financial Institutions, Insurance, real estate activity, reached increase of 5.7%. The Credit entities showed an increase of profit level for 14.38% annually as of November 2011, the income for portfolio interest being the more representative item amounting to 59.46%, explaining the result of profits which different from the precedent operational period, was higher due to the investment revaluation.

The positive behavior has allowed for improving employment rate, and therefore, unemployment rate as of November 2011 is 9.2%, points lower than the rate reached in the same period of the preceding year.

Annual inflation recorded at the closing December 2.011 is 3.73%, showing a positive tendency compared to the precedent year, although with controlled levels within Central Bank's expected goal proposed for 2011. During the second half-year food Price 5.27% driving the growth of Price Index, as a result of the loss of cultivations due to the intense Winter havoc by the end 2010 and during the second half-year 2011.

On the other hand, market representative rate of $1.913,98 pesos on December 2.010, went up to $1.942.7 pesos on December 2.011, which means during such period 1.50% revaluation.

During the second half-year 2011, the availability of liquid resources in financial system transactions remained unchanged, channeled mainly to portfolio placements, given by a volatility in portfolio valuation and the significant dynamics of the gross capital formation and exportation, with spur of low rates and government subsidies. On November 2011, total gross portfolio showing increment by 22.2% in annual normal terms, being Microcredit the most dynamic item with 38.39% increase, consumption 25.16% increase, and Commercial portfolio with 21.53% increase.

Concerning interest rates, a raising behavior of Central Bank intervention was observed, based on a liquidity restriction policy, showing a 175pb increment on January to December 2011 reaching 4.75%. This increment is reflected by a lower dynamics DTF reference rate, which on December 2010 was 3,47%EA versus 4,98%EA recorded on December 2011.

On the other hand, Consumption and Ordinary portfolio usurious interest rate recording 21.32%EA on October-December 2010, reached 29.09%EA on October-December 2011 operational period, while interbank Rate showed 2.97%EA increment on December 2010 versus 4.81% recorded at the closing December 2011.

Banking system, as a whole, showed a positive growth. The annual growth of credits institutions deposits was 16.67%, while credit portfolio evolution showed 22.2% annual, the major growth occurred in Microcredit, Commercial portfolio, and consumption portfolio. Banking system reported accrued profit at the closing November 2001 by Col$6.229MMM.

Within above environment, Banco de Occidente reported the following results at the closing December 2011:

Total Asset increased by $3.389.827MM compared to December 2.010, representing 19.30% growth reached at the closing December 2011, total $20.950.829MM, in half-year terms the asset increased by $1.135.694MM compared to June 2011 equivalent to 5.73% growth.

Legal Tender and Foreign Currency Credit Portfolio increased by $2.764.218MM compared to 2010, representing 23.42% annual increase. Placements in Legal Tender represent 23.33% annual increase.

Credit Portfolio qualified C, D, and E. showed $587.864MM representing 4.03% of the total credit portfolio. At the level of Bank System at the closing November 2011, reached 2.81%.

The Balance of Provisions to protect asset, at the closing of the operation the period adds up $624.898MM total with 5.53% annual increase. At the closing of this operational period, the coverage for portfolio provision related to the amount of credits qualified in C, D, and E is 97.39% compared to system coverage at the closing November 2011, reaching 59.99%.

Total investment reached the amount of $3.583.562MM, decreasing by 12.11% compared to December 2010 and 10.10% respect to June 2011.

Total Deposits behavior at the closing December 31, 2011 reached $12.245.530MM which means $266.741MM growth compared to the first half-year 2.011 and $1.273.186MM compared to the preceding year, which represents 11.60% annual percent growth and 2.23% half-year growth. Upon the analysis of Deposits composition it is evidenced that this growth is explained mainly by Saving Account increase, which as of December 31, 2011 reached $5.651.228MM growing $1.265.446MM in respect of the same period of the precedent year, which represents 28.86% annual percent growth.

The balance at the closing December 31, 2011 from issue of Ordinary and Subordinate bonds of Banco de Occidente is $1.995.554MM.

From the program of Stock Issue approved on July 8, 2011, the Bank obtained capitalization for $199,960.1MM.

Invoicing of Credencial Credit Card Operations reached $813.730MM in the second half-year 2011, decrease by $45.746MM compared to the same period in 2010, which is equivalent to 5.32% annual percent decrease. The number of cards placed into the market as of December 31, 2011 is 410.477 cards, an increase of 16.470 cards compared to December 31, 2010, which represents 4.18% growth.

Bank's Total Net Worth amounted to $3.030.562MM, growing by $437.939MM compared to previous year and by $340.910MM compared to the closing of the first-half-year 2011 representing 16.89% annual growth and 12.67% compared during the half-year.

At the closing December 31, 2011 the profit was $441.280MM higher by 13.30% than the profit obtained at the closing in 2010.

Annual profit of total Asset is 2.17% and Patrimony 14.98% compared to 2.16% and 15.94% respectively as of June 2011. Such Indexes show levels comparable to those recorded by Bank System at the closing December 2011, the last date available of Colombian Financial Superintendence report recording Total Asset Profitability 2.13% and Patrimony 16.21%.

Tax and Legal Contributions

Total Tax and Legal Contributions at the closing of first half-year 2011 reached an accumulate of $127.518MM, such amount lower than the amount recorded in the first half year 2011 by $5.862MM, and representing 4.4% half-year decrease. Effective rate of Income and Complementary tax, indirect tax and legal contributions increased compared to that prevailing at the closing June 2011, goes from 38.4% up to 36.0%.for the second half-year 2011 The table below the itemization of these figures is shown:

Figures (in Million COL$)	II Half-Year 2.011	I Half-Year 2.011	Variance ($)	Variance (%)
A. Income and Complementary Tax	**61.254**	**70.463**	**-9.209**	**-13.1%**
B. Patrimony Tax	**15.752**	**17.138**	**-1.386**	**-8.1%**
C. Excise Tax	**24.325**	**19.707**	**4.618**	**23.4%**
VAT	11.975	10.994	981	8.9%
Industry and commerce Tax	9.285	7.467	1.818	24.3%
Real Estate Tax	680	870	-190	-21.8%
Overcharge and cost	2.287	330	1.957	593.0%
Registry and annotation	98	46	52	113.0%

Figures (i n Million COL$)	II Half-Year 2.011	I Half-Year 2.011	Variance ($)	Variance (%)
D. Bank Superintendence Contribution	2.937	2.605	332	12.7%
E. Deposit Insurance	17.668	16.476	1.192	7.2%
F. Financial Transaction Tax (4/1000)	5.582	6.991	-1.409	-20.2%
G. Total Tax and Legal contribution (A+B+C+D+E+F)	127.518	133.380	-5.862	-4.4%
Decreed Dividend	101.024	94.399	6.625	7.0%
H. Tax / Decreed Dividend	126.2%	141.3%		
I. Effective Rate of Income & Complementary Tax	21.3%	24.7%		
J. Effective Rate Income and Complementary , and Indirect Tax and Legal Contributions	36.0%	38.4%		

Affiliates and Associated Companies

The affiliate Banco de Occidente - Panamá S.A. reached at the closing operational period US $655.859M, total asset, representing 7.83% annual growth. The profit at the closing on December 31, 2011 was US $939M, which in percent terms indicates decrease of 83.33% compared to the second half year 2011.

The affiliate Fiduciaria de Occidente S.A. of this operational period showed $112.421MM total asset, which means 9.78% growth compared to December 2010. Semiannual accrued profit at the closing December 31, 2011 was $28.313MM reaching 0.83% decrease compared to previous year.

The affiliate Occidental Bank Barbados Ltd. recorded at the December 31, 2011 US$182.884M Asset representing 8.88% annual growth. Semiannual profit for US$1.057M, means 47.63% decrease compared to 2010.

The associated Corporación Financiera Colombiana S.A. recorded on December 31, 2011 $7.221.800MM asset which in percent terms represented 20.35% annual growth. $587.737MM annual profit was obtained which is 9.67% higher than that obtained on 2010.

The Fondo de Pensiones y Cesantías Porvenir, showed at the closing operational period $799.489MM total asset, reaching 11.62% annual growth. At the closing on December 31, 2011 the profit was $153.320MM, which means an increase by 1.01% as against the same period in 2010.

Relationship Bank Underlying Companies

Below the amount of operations made between the Bank and its underlying companies is showed, including the Balance Sheet and Statement of Results of the second half-year 2011 the detail of which is showed in the Note 22.

Account	Banco de Occidente Panamá	Fiduciaria de Occidente	Occidental Bank Barbados Ltd.	Sales and Services	Grupo Aval
Total Asset	75.946	84.038	44.059	3.185	0
Total Liabilities	281.310	562	36.672	176	284.326
Total Income	0	14.895	67	190	0
Total Expenses	1.271	35	120	9.072	10.153

Note: Figures in Millions of Pesos

Operations with Stockholders and Directors

As of de December 31, 2011the Bank had loans for $226.657MM with admissible guarantee, and $92.946.3MM with other guarantees granted to its stockholders under market conditions. At the same closing date, there were loans granted to Directors for $51.842MM, supported basically on credit card operations and credit operations to purchase house and vehicle, according to conditions stipulated by the Bank to its employees. At the closing date there exist no credits granted to stockholders holding in the Bank any stock participation higher than 10%.

Bank Foreseeable Evolution

Frente a los resultados que viene presentando el Sistema Financiero en lo corrido del año anterior, se prevé que el Banco mantenga unos indicadores de rentabilidad y eficiencia financiera comparables favorablemente con el promedio del sistema como ha venido registrando históricamente.

Alter Closing Operational Period

As provided in article 47 of Act 222/1995, it is indicated that there has been no any significant external or internal occurrence potentially affecting the normal operations development and the results of the Bank, from the closing of the last operational period until the date of this report.

Qualification of Risk

At the closing of this operational period, Banco de Occidente maintains, for the fifteenth consecutive year AAA qualification, the highest credit quality for long-term debt, and BRC1+, the highest certainty of payment for short-term debt by BRC Investor Ranking Society.

Disclosing of Financial Information

In compliance with the provisions in articles 46 and 47 of Act 964/2005, Banco de Occidente hereby certifies that financial statements and other relevant reports do no contain misstatements, or errors preventing from knowing the true patrimonial or operational situation conducted by the entity. Additionally, disclosure and control systems used by the Bank to incorporate the information contained in such financial statements and reports addressed to the public are adequate, based on truthful information and subject to audit made by the Bank and Statutory Auditor under the supervision of Board of Directors' Audit Committee.

Evaluation about the Performance of Internal Control System

According to provisions in title 1, Chapter IX, item 7.7.1.3, paragraph XV, of Basic Legal Circular, Banco de Occidente and its affiliated companies evidenced that its Internal Control System is effective when evaluating the components performance: Environment of Control, Risk Management, Control Activities, Information and communication, Monitoring, Technology Management, Accounting Management, and Internal Bodies.

Liquidity Risk

For the second half-year 2011, the Bank complemented Liquidity Risk Management System (LRMS) by incorporating new early alert numerical indicators for risk management and monitoring, is the same way addition of documents related to contingency plans activations versus liquidity potential risk. A Liquidity Risk Indicator (LRI) is highlighted in the average of period for Col$2.1 billion, mainly represented in an excellent liquid asset level significantly backing up liquidity net requirements in the short-term. (7 days) and 30 days). In the same way, the compliance with policies and limits set forth is highlighted.

Market Risk

Market Risk Management System (MRMS) in the second half-year 2011 did not exhibited significant changes. The measurement made by Risk Value calculation reflected a mean exposure level of Col$56.956 Million located within the limits set forth. Fixed income portfolio continues represented mainly by Colombian government titles (85.7%) and located in a mean maturity of quite low term (22 months).

Laundry Asset and Financing of Terrorism

The Bank, during 2011 fully complied with Laundry Asset and Financing of Terrorism Risk Management System of named LAFTRMS, making all the attempts in order to integrally mitigating such risk and impede its materialization within the organization.

Among the prevailing aspects, it is emphasized that within the dynamic and consolidated evaluation process of Laundry Asset and Financing of Terrorism risk, the Bank continues with a quite low Risk Level.

In the same way, the repost corresponding to the administration developed, the results of Integral Training Program addressed to all employees, were submitted to the Board of Directors, as well as the reports about risk individual and consolidated evolution, the effectiveness of control mechanisms implemented and the mandatory reports submitted to the Information and Financial Analysis Unit and to the other Controlling Entities.

It is concluded that Laundry Asset and Financing of Terrorism Management System of the Bank exhibit an adequate structure, effective controls and fully in compliance with Management and Board of Directors guidelines

Operational Risk Management System - ORMS

Banco de Occidente has been in compliance with the provisions in Chapter XXIII of Accounting and Financial Basic Circular Letter (Circular Letter 100 / 1995) "Regulations Relative to Operational Risk Management", by the identification, measuring, control, and monitoring of Operational Risks and Continuity of Business.

Banco de Occidente Operative Risk Management System (ORMS) contains policies and methodologies guiding management by means of risk analysis and operative and continuity and operative controls, the registry and monitoring of operative risk events and the implementation of action plans addressed to mitigate occurrence of events and reduce risk exposure events. This management is evidenced both in the reports submitted by management to ORMS Committed and to the Board of Directors, as well as in the reports of Internal Audit and KPMG Statutory Audit

Based on ORMS implementation, Bank's operative risk profile 1 involves a low risk qualification.

Minimal Requirements of Security and Quality of Information Management

In compliance with External Circular Letter 052/2007, issued by Colombia Finance Superintendence, according to the report of the last operational period, the Bank resumes on July 2011 the Project to refine some initiatives, jointly with Technology Area.

Legalidad del Software

In compliance with provisions in Act 603/2000, Banco de Occidente advises that it has defined the policies, controls, and sanctions to urge the legality of Software used. The controls for software acquisition, development and maintenance, consistent with the legal requirements about copyrights, privacy and e-commerce, are mandatorily complied by the responsible areas and internal audit has implemented verification actions obtaining satisfactory results.

Certification

According to provisions in article 57 of Decree 2649/1993 it is certified that statements contained in financial statements of the Banco de Occidente, as of December 31, 2011, have been previously verified, and that the information therein contained has faithfully taken from the company's accounting books, and that they do no contain omission of data, and that all economic facts have been therein recognized.

Great Place to Work Qualification

Great Place to Work world organization in its last ranking made on 2011, ranked Banco de Occidente for the second consecutive year, among the 25 best companies to work in Colombia and once again highlights the organization as the best Bank. This qualification has been given due to the work, example and daily commitment of Bank's employees which becomes the starting point to reach the new targets, everything within the compliance with the Corporate values which imply for us to be in a privileged work site.

Personnel

Throughout the half-year the Bank was supported by the efficient and active cooperation of all employees. For such reason, the top management, in addition to recognize and stress this fact, acknowledges all their valuable participation.

Dividendos

Bank’s management submits to consideration of the stockholders the payment of a monthly dividend for Col$ 115.00 per share.

Efraín Otero Alvarez
Presidente

The members of the Board of Directors accepted submitted by Bank President as well as Profit Distribution Project of the operational period and therefor, suggest to Stockholders to approve the Balance Sheet and Profit Distribution Project.

Héctor Vesga Perdomo
Henry Jensen Thorín
Ricardo Villaveces Pardo
Iván Felipe Mejía Cabal
Felipe Ayerbe Muñoz

Mauricio Gutiérrez Vergara
Alfonso Osorno Cújar
Adolfo Varela González
Liliana Bonilla Otoya
Gilberto Saa Navia

Opinion by External Auditor

TO.
Stockholders
Banco de Occidente S.A.
Bogotá

I have audited Banco de Occidente S.A. Balance Sheets as of December 31, 2011 and the appropriate Comparative Statements of Results, changes of stockholders equity and cash flows, the summary of accounting policies and the other explanatory notes, for the semi-annual period ended on this date. Financial statements corresponding to and for the half-year ended on June 30, 2011, were audited by other registered accountant member of KPMG Ltda., who in its report dated July 25, 2011, issued an opinion about financial statements.

Bank's Management is responsible for preparing and proper submission of such financial statements in keeping with accounting principles generally accepted in Colombia and instructions of Colombia Finance Superintendence. This responsibility includes: design, implement, and maintain the internal control relevant to the preparation and submission of financial statements free from gross material error, whether due to fraud or error; select and apply the appropriate accounting policies, as well as the reasonable accounting estimates.

My responsibility consists of issuing an opinion about financial statements based on my audit. I obtained the information necessary to properly comply with my duties and made the examinations in accordance with the audit Standards generally accepted in Colombia. Such standards require the compliance with the ethical requirements, plan and make the audit in order to obtain the reasonable assurance that financial statements are free from gross material errors.

An audit includes the application of procedures to gain evidence about the amounts and disclosures in financial statements. The procedures selected are dependent on the external auditor's criterion, including the evaluation of risk of gross material errors in financial statements. In such risk evaluation, external auditor takes into account internal control relevant to prepare and submit financial statements in order to design audit procedures according to the circumstances at hand. An audit includes as well the evaluation and application of the appropriate accounting policies and the reasonability of balances accounting estimates made by company's management, as well to assess the appearance of financial statements in general. I consider that the evidence obtained provides a reasonable basis to support my outlook given below.

In my opinion, financial statements aforementioned, taken from the books and attached to this report, reasonably represent all the relevant material issues, Banco de Occidente S.A. financial situation as of December 31, 2011, the results of its operations and the cash flows for semi-annual periods ended in the dates above, according to accounting principles generally accepted in Colombian and the instructions by Colombia Finance Superintendence, applied in a consistent manner with the previous half-year.

Based on the results of my tests as of December 31, 2011, in my opinion:

a. Bank's accounting has been made in line with legal provisions and accounting technique.
b. Operations booked and Managers' actions are in keeping with statutory provisions and decisions of the Stockholders General Meeting.
c. Correspondence, vouchers of accounts and book of minutes and stock registry are duly kept and maintained.
d. There are in place appropriate measures of internal control including risk management systems implemented; conservation and custody of Bank's property and third parties property in possession of the Bank.
e. Colombia Finance Superintendence provisions and directions related to the proper management and accounting of goods received in payment have been fully complied as evidenced in the balance sheet and the statements of results of Risk Management System applicable.
f. Information contained in the auto-liquidation of Integral Social Security Contribution Declarations, especially those relative to affiliates and their base income for contribution, have been taken from the accounting records and supporting documents. The Bank is not in arrears in connection with contribution to Integral Social Security System.
g. There exists consistence between financial statements herewith attached and the management report issued by Company's Management.

I made the tracking of answers about recommendation letters addressed to Bank Management and there is no any material relevant issues pending potentially affecting my outlook.

As indicated in Notes 2 (g) and 8 to financial statements, as of December 31, 2011 the Bank adjusted the values corresponding to the loss given the non-compliance with the reference model of consumption portfolio for "Without Guarantee" category.

Wilson Romero Montañez
Banco de Occidente S.A. External Auditor
T. P. 40552-T
Member of KPMG Ltda.

January 31, 2011

Profit Distribution Project

Second Half-Year of 2011		
1- Operational Profit		226.937.868.935,69
2- Release of Reserve		
Releasing Reserve by Marketable Investments (Decree 2336/95)		16.464.059.173,55
Total at the Stockholder General Meeting Disposal		**243.401.928.109,24**
1 Distribution Project		
1.1 Cash Dividend		
A Cash Dividend by Col$111.00 monthly per share is declared, payable monthly during the first ten days, from April, 2012 up to September, 2012, inclusive, on a total of 155.899.819 stocks subscribed and paid-in capital on December 31, 2011.	103.829.212.854,00	
Dividends decreed in the items above will be paid to bank stockholders registered in the shareholders book of the bank at the time each payment is due and according to regulations prevailing.		
2. Creation of Reserve		
Deferred Depreciation Fixed Asset (Art. 130 Tax Statute).	3.962.861.185,26	
3. For Legal Reserve	135.609.854.069,98	
Equal Sums	**243.401.928.109,24**	**243.401.928.109,24**

Comparative Balance Sheet as of December 31, 2011

(Given in Million Pesos)

Asset		**December 31, 2011**		**June 30, 2011**
Available (Notes 4 & 25)		$1.535.766,6		1.578.175,9
Active positions in Monetary and Related Market Operations (Notes 5 & 25)		64.101,5		200.488,1
Investments (Note 6)		3.519.460,7		3.785.788,2
Negotiable Investments in Certificates of Indebtedness	$ 691.129,9		1.027.385,6	
Investment to maintain up to maturity	727.590,5		675.123,4	
Investments Available for Sale in Certificates of Indebtedness	461.337,3		471.715,0	
Investments Available of Sale in Certificates of Participation	1.097.964,4		1.069.160,8	
Rights of Marketable Investment Transfer in securities or certificates of indebtedness	116.471,0		113.365,2	
Rights of Investment Transfer available for sale in securities or certificates of indebtedness	396,552.1		416.550,6	
Investments Available for Sale delivered as guarantee in operations with derivatives financial instruments and other in securities of indebtedness	28.415,5		12.487,6	-
Credit Portfolio and Financial Leasing Operations (Notes 8 & 25)		13.958.400,3		12.640.944,2
Credits and Consumption Financial Leasing Operations, Fit Guarantee	1.082.987,0		953.933,5	
Category A, Norma Risk	1.034.760,2		908.205,3	
Category B, Acceptable Risk	23.091,6		24.706,5	
Category C, Appreciable Risk	16.369,5		13.120,6	
Category D, Significant Risk	32.810,9		29.240,1	
Category E, Uncoverability Risk	10.696,2		13.685,4	
Less : Provision	(34.741,4)		(35.024,4)	
Credits & Operations of Financial, Consumption, Other warranties	1.593.312,0		1.473.649,7	
Category A, Normal Risk	1.548.615,3		1.424.393,3	
Category B, Acceptable Risk	44.156,8		47.017,4	
Category C, Appreciable Risk	23.256,1		20.086,2	
Category D, Significant Risk	32.843,8		22.767,1	
Category E, Uncoverability Risk	31.427,7		41.601,9	
Less: Provision	(86.987,7)		(82.216,2)	
Credits and Operations of Commercial Financial Leasing, Fit Guarantee	6.139.783,3		5.472.840,7	
Category A, Normal Risk	5.650.217,7		4.895.912,2	
Category B, Acceptable Risk	313.987,1		401.401,5	
Category C, Appreciable Risk	91.01,8		106.468,5	
Category D, Significant Risk	133.101,2		130.320,3	
Category E, Uncoverability Risk	33.594,3		40.364,3	
Less: Provision	(82.198,8)		(101.626,1)	
Credits and Operations of Commercial Financial Leasing, Other Guarantees	5.262.645,5		4.846.752,6	
Category A, Normal Risk	5.095.812,3		4.643.384,3	
Category B, Acceptable Risk	232.413,5		264.288,4	
Category C, Appreciable Risk	69.836,2		60.591,5	
Category D, Significant Risk	48.916,3		46.030,2	
Category E, Uncoverability Risk	63.930,4		60.749,3	
Less: Provision n	(248.263,2)		(228.291,1)	
Less: Contra-Cyclic Individual Provision	(120.327,5)		(106.232,3)	
Spot Operations Acceptances and with Derivative Financial Instruments (Note 9)		74.238,3		68.064,2
Debtors for Bank Acceptances	35.181,6		19.946,4	
Spot Operations	7,6		-	
Operations with Derivative Financial Instruments – speculation	39.049,1		48.117,8	
Accounts Receivable (Notes 10 & 25)		415.728,6		408.176,4
Interest	116.366,2		97.062,8	
Leasing Operations Financial Component	15.149,1		13.832,6	
Commissions and Fees	1.134,3		881,3	
Rents of Goods Given in Operational Leasing	5.599,5		5.940,1	
Payment on Account of Clients	144.926,7		135.699,6	
Others	161.892,5		183.512,9	
Less: Provision	(29.339,7)		(28.752,9)	
Marketable goods received in payment and delivered back goods (Note 11)		9.909,2		8.427,2
Goods Received in Payment	17.753,8		18.087,4	
Goods delivered back of Leasing Agreements	9.965,9		8.242,1	
Less: Provision	(17.710,5)		(17.902,3)	
Property and Equipment		329.203,9		206.933,4
Land, Buildings and Constructions in Progress (Note 12)	206.630,0		202.747,0	
Equipment, Office Furniture and Fixture	39.695,1		38.405,8	
Computing Equipment	97.732,2		92.898,9	
Others (Note 12)	173.472,8		50.446,1	
Less: Accrued Depreciation and Amortization	(227.189,5)		(217.682,2)	
Plus: Deferred Depreciation	39.142,5		40.432,9	
Less: Provision	(279,2)		(315,1)	
Goods Given in Operative Leasing (Note 12)		318.913,3		265.538,2
Machinery and Equipment	77.961,3		75.585,6	
Vehicles	28.918,2		14.655,7	
Computing Equipment	218.108,6		200.404,3	
Computer Software	108.727,8		93.631,2	
Other	75.561,1		65.246,2	
Less: Accrued Depreciation and Amortization	(185.608,7)		(180.034,1)	
Less: Provision	(4.755,0)		(3.950,7)	
Other Asset (Note 13)		401.653,6		348.141,7
Permanent Contributions	633.1		385,8	
Advanced Payments & Deferred Charges	143.912,3		150.627,9	
Intangible Asset	25.720,5		26.417,6	
Goods to Place in Leasing Agreements	208.945,0		93.728,9	
Other	22.740,2		83.562,4	
Less: Provision	(297,5)		(6.580,9)	
Valuations		323.494.6		304.623,7
Investments for Sale in Participation Papers of Low or Minimum market profitability or without Stock Exchange Quotation (Note 6)	110.454,8		95.327,9	
Property and Equipment	213.039,8		209.295,8	
Devaluations		(40,7)		(165,4)
Investments for Sale in Participation Papers of Low or Minimum market profitability or without Stock Exchange Quotation (Note 6)	(40,7)		(165,4)	
Total Asset		20.950.829,9		19.815.135,8
Contingent Credit Accounts per Contra (Note 24)		4.138.641.0		3.904.185,7
Debit Contingent Accounts (Note 24)		5.275.624.1		4.660.265,8
Papers delivered Operation. Repo-Simultaneous –Temporary Transf. Related Papers	513.002,2		529.915,9	
Interest Credit Portfolio and Financial Leasing Operation	50.183,0		45.613,4	
Rents and Sanctions in Operative Leasing Agreements	4,576.5		1.270,6	
Rights in Speculation Options and Coverage	12.203,0		3.490,0	
Other	4.695.659,4		4.079.975,9	
Debit Memorandum Accounts (Note 24)		22.163.522,0		22.314.454,5
Credit Memorandum Accounts per Contra		29,321,802.7		27.765.717,7
Total Contingent and Memorandum Accounts		60.899.589,8		58.644.623,7

Liabilities and Shareholders' Equity

	December 31, 2011		June 30, 2011	
Liabilities				
Deposits and Payabilities (Note 25)		$12.422.643,7		12,070,246.4
Deposits in Bank Current Account	$4.617.210,1		4.370.036,8	
Time Deposit Certificates (Note 14)	1.864.367,8		1.930.842,0	
Saving Deposits	5.650.228,2		5.523.763.7	
Other (Note 14)	290.837,8		245.603,9	
Passive Positions in Monetary Market and Related Operations (Note 15)		693.293,9		610.612,4
(Bank) Outstanding Acceptances and Derivative Financial Instruments (Note 9)		73.999,7		62.420,6
Bank Outstanding Acceptances	36.338,3		20.502,6	
Operations with Derivative Financial Instruments – of speculation	37.661,4		41.918,0	
Credits of Banks and other Financial Obligations (Note 16 & 25)		1.930.632,1		1.885.991,0
Other Entities in the Country	1.170.676,7		1.217.726,6	
Overseas Entities	759.955,4		668.264,4	
Accounts Payable (Notes 17 & 25)		576.906,5		487.360,8
Interest	54.560,7		37.730,9	
Commissions and Fees	1.314,0		1.365,5	
Other	521.031,8		448.264,4	
Outstanding Investment Papers (Note 18)		1.995.554,1		1.760.666,9
Bonds	1.995.554,1		1.760.666,9	
Other Liabilities (Note 19)		141.594,1		129.313,8
Accrued Labor Obligations	37.878,9		33.364,2	
Income Received in Advance	12.829,0		11.320,6	
Pension of Retirement	3.704,6		3.732,7	
Other	87.181,6		80.896,3	
Estimate Liabilities and Provisions (Note 20)		85.643,8		118.871,9
Labor Obligations	-		526,3	
Tax	68.428,3		90.59,6	
Other	17.215,5		27.986,0	
Total Liabilities		17.920.267,9		17.125.483,8
Net Worth				
Capital Stock (Note 21)		4.676,9		4.495,2
Number of Stocks 155.899.719				
Face Value each Stock: $30				
Reserve		1.863.202,7		1.550.105,6
Legal Reserve (Note 22)	1.671.863,2		1.350.684,3	
Statutory and Occasional Reserves (Note 23)	191.339,5		199.421,3	
Surplus or Deficit		935.744,5		920.708,8
Cumulated Profit or Loss non-realized in Available Investment for sale	612.290,6		616.250,5	
Valuations	323.494,6		304.623,7	
Devaluation	(40,7)		(165.4)	
Profit for the period		226.937,9		214.342,4
Total Net Worth		3.030.562,0		2.689.652,0
Total Liabilities and Net Worth		$ 20.950.829,9		19.815.135,8
Credit Contingent Accounts (Note 24)		4.138.641,0		3.904.185,7
Sureties and Guarantees	520.821,5		459.193,0	
Letters of Credit	117.664,7		109.777,2	
Credits Approved and non-disbursed	1.302.405,9		1.196.899,5	
Opening of Credit	2.094.160,9		2.060.614,0	
Options Obligations – Speculation and Coverage	33.552,6		22.323,3	
Other Contingencies	70.035,4		46.378,7	
Debit Contingent Accounts per Contra (Note 24)		5.275.624,1		4.660.265,8
Debit Memorandum Accounts per Contra		22.163.522,0		22.314.454,5
Credit Memorandum Accounts (Note 24)		29.321.802,7		27.765.717,7
Total Contingent and Memorandum Accounts		60.899.589,8		58.644.623,7
Profit (Loss) Per Share (in pesos)	1.477,77			1.430,47

Cfr. Notes accompanying financial statements

Comparative Statements of Results

(Given in Million Pesos)

	Periods			
	From July 1 to December 31, 2011		From January 1 to June 30, 2011	
Direct Operational Income (Note 25)		$ 1.582.923,2		1.156.395,4
IInterest and Discount Redeemed Credit Portfolio	$586.201,0		488.939,4	
Returns in Operations. repo, simultaneous Transient Transfers of values and Other interest	14.918,0		12.545,6	
Profit in Valuation of Marketable Investments in en Certificates of Indebtedness	32.206,0		32.639,7	
Profit in Valuation of Marketable Investments in Participation Certificates	-		5,8	
Profit in Valuation of Investments Available for Sale in Certificates of Indebtedness	26.533,5		33.562,4	
Profit in Valuations of investments to Maintain up to Maturity	6.625,9		9.728,5	
Profits in Positions in closing operations repo-open, simult. and transient transfers of papers	4.426,50		89,3	
Profit made in Investment Available for Sale	56,2		2.895,9	
Readjustment of Real Value Unit - UVR	3.454,1		2.232,9	
Commissions and Fees	85.960,2		84.187,5	
Profit on valuation of spot operations	8,2		0,5	
Profits in Derivatives Operations - de Speculation (Note 9)	206.187,6		205.864,2	
Changes	375.876,0		71.379,0	
Profit in sale of investments	802,5		4.473,0	
Operations Income - Leasing	239.666,6		207.851,7	
Direct Operational Expense (Note 25)		843.069,9		466.711,4
Interest, Deposits and Playabilities	166.533,2		115.338,2	
Interest Credits of Bank and Esther Financial Obligations	41.505,1		35.203,7	
Loss in Negotiable Investments Valuation in Certificates of Indebtedness	0,4		2.989,4	
Loss in Positions of Operat. Repo Opened, simult. & transf. temp. of Equities	4.693,3		106,3	
Commissions	58.480,0		50.266,7	
Loss in Spot Operation Valuation	0,5		3,6	
Loss in Derivatives Valuations - of Speculation	214.068,3		191.253,2	
Changes	357.342,5		71.088,0	
Loss in Sale of Investments	425,8		462,3	
Direct Operational Result		739.853,3		689.684,0
Other Operational Income and Expense – Net		(94.132,3)		(83.340,1)
Other Operational Income (Note 25 & 26)		322.983,7		296.416,6
Dividends & Participations	71.146,1		79.954,0	
Recoveries	191.172,8		159.738,5	
Other	60.664,8		56.724,1	
Other Operational Expense		417.116,0		379.756,7
Personnel Expenses	158.272,4		146.403,6	
Other (Note 26)	258.843,6		233.353,1	
Operational Result before Provisions, Depreciations and Amortizations		645.721,0		606.343,9
Provisions		308.999,6		282.464,9
Credit Portfolio	188.486,2		171.372,4	
Accounts Receivable	22.144,6		20.888,5	
Property and Equipment (Note 12)	-		224,3	
Financial Leasing Operations	34.687,0		31.375,6	
Operative Leasing Operations (Note 12)	1.556,4		1.203,1	
Contra cyclic Component Individual Provisions	58.052,1		51.306,5	
Other	4.073,3		6.094,5	
Depreciations (Nota 27)		60.775,6		55.969,5
Amortizations (Nota 27)		25.800,2		23.646,3
Net Operational Result		250.145,6		244.263,2
INon-operational Income		46.144,9		48.060,1
Profit in Sale of Property Delivered in Payment and Delivered Back	2.157,4		2.095,4	
Profit in Sale of Property, Equipment and other Asset	5,9		589,8	
Recoveries	42.194,6		37.901,2	
Other Non-Operational Income (Note 28)	1.787,0		7.473,7	
Non-Operational Expense		8.098,9		7.518,0
Loss in sale of Goods Delivered in Payment and Delivered back	1.267,2		1.196,9	
Loss in Sale of Property, Equipment and other Asset	-		0,5	
Loss for Disasters	4.456,9		3.521,0	
Other Non-Operational Expense (Note 28)	2.374,8		2.799,6	
Non-Operational Net Result		38.046,0		40.542,1
Profit (Loss) before Income Tax		288.191,6		284.805,3
Income and Complementary Tax (Nota 29)		61.253,7		70.462,9
Profit (Loss) of the Operational Period		$ 226.937,9		214.342,4

See notes accompanying Financial Statements

Cash Flow Statements

Half-year periods ended on December 31, 2011 and June 30, 2011

(in Million Col$)

	December 31, 2011	June 30, 2011
Cash Flow of the Operational activities:		
Net Profit	226.937,9	214.342,4
Adjustment to reconcile Net Profit and Net Cash provided by operational activities		
Profit on Sale of Property and Equipment, net	(5,9)	(589,3)
Profit on Sale of Goods Received in Payment, net	(890,2)	(898,5)
Profit on sale of non-marketable Investments	(376,6)	(4.010,7)
Dividends Received in Stocks	(26.275,6)	(38.291,8)
Depreciation and Amortizations of Goods given on Operative Leasing and goods for own use	60.775,6	55.969,5
Amortizations	25.800,2	23.646,3
Profit Investment Valuation, net	(65.421,6)	(75.842,9)
Readjustment operations Leasing UVR	(3.454,1)	(2.232,9)
Profit Valuation of Derivatives, Net	7.880,7)	(14.611,0)
Credit Portfolio Provisions, financial leasing	277.915,3	251.328,7
Provision Operative Leasing	2.090,0	1.598,2
Provision accounts receivable	24.921,0	23.219,3
Provision for goods in payment and delivered back	3.936,9	4.039,2
Provision for Property and Equipment	-	224,3
Provision for other asset	136,3	2.053,6
Operative Risk Provision	70,3	147,2
Severance Provision	6.301,2	6.365,4
Refund of Available Provision	0,6	1,7
Refund of Provision Credit Portfolio, Financial Leasing	(177.585,2)	(147.203,1)
Refund Operative Leasing Provision	(1.285,9)	(1.306,5)
Refund Provisions Account Receivable	(14.398,6)	(11.228,8)
Refund of provision goods dation in payment and delivered back	(4.126,4)	(3.814,4)
Refund Provision Property and Equipment	(35,9)	(30,1)
Refund and recoveries of Provision Other Asset	(6.419,7)	(32,4)
Refund other provisions	(7.828,8)	(3.540,5)
Total Adjustments	101.723,6	64.960,5
Changes in Asset and Liabilities		
Augment in Accrued Receivable Interest	(19.303,4)	(11.004,2)
Net Augment Other Asset	(73.028,7)	(216.297,9)
Augment / (Diminution)Accrued Payable Interest	16.829,8	(5.872,8)
Augment / (Diminution) Other Liabilities	6.793,6	(8.133,6)
Augment / (Diminution)Income received in Advance	1.508,3	(1.201,7)
(Diminution)/ Augment Estimate Liabilities and Provisions	(25.399,3)	88.818,0
Severance Paid	(2.322,8)	(9.038,2)
Net Cash Provided by Operational Activities	233.739,0	116.572,5
Cash flow of Investment Activities:		
Diminution in marketable investment	354.441,5	105.071,5
Augment in credit portfolio an financial leasing operations	(1.414.329,8)	(1.530.308,2)
(Augment)/ Diminution in bank acceptances and derivatives	(14.054,8)	3.430,3
Augment in Accounts Receivable	1.156,5	(49.319,0)
Augment in Properties and Equipment Operating Lease	(306.768,1)	(44.946,7)
Augment of the sale of goods dation in payment and delivered back	(5.322,5)	(1.900,5)
Proceeding of the sale of property and equipment	69.582,0	15.879,6
Proceeding of the sale of goods dation in payment and delivered back	4.922,5	5.324,0
Net cash used in investment operations	(1.310.372,7)	(1.496.769,0)
Cash flow of financing operations:		
Augment in deposits and current liabilities	352.397,3	990.703,0
Augment in interbank funds	82.681,5	549.918,1
Augment in outstanding bank acceptances	11.579,1	2.621,6
Augment in bank credits & other financial obligations	44.641,0	100.573,5
Augment outstanding investment certificates	234.887,2	339.589,4
Augment in Account Payable	69.284,6	94.518,0
Stock issue	199.960,1	-
Dividends paid-in	(97.592,4)	(94.037,1)
Net cash provided in financing operations	897.838,4	1.983.886,5
Net (Diminution) Augment of cash and equivalent to cash	(178.795,3)	603.690,0
Cash and equivalent to cash at the beginning of half-year	1.778.665,7	1.174.975,7
Cash and equivalent to cash at the end of half-year	1.599.870,4	1.778.665,7

See note accompanying financial statements.

Statements of change in Stockholders Equity

Half-year periods ended on December 31, 2011 and June 30, 2011

(In Million Col$)

Concept		Common Stocks	Reserva Legal	Occasional Reserve (Note 22)	Surplus of Valuations Net	Accrued Profit or Loss Unrealizable Invs. disp. p/vta. Sale price.	Results Prior operational periods	Results Operational period	Total stockholders Equity
Balance December 31, 2010		4.495,2	1.236.485,6	205.999,3	306.863,5	636.758,9	0,0	202.020,0	2.592.622,5
Distribution net profit second half-year		-	114.198,6	(6.578,0)	-	-	94.399,4	(202.020,0)	-
Paid dividend $105.00 monthly per stock, payable within the ten days each month since April, 2011 until September, 2011, inclusive, on the total 149.840.314 stocks subscribed and paid as of December 31, 2010		-	-	-	-	-	(94.399,4)	-	(94.399,4)
Movement of the operational period		-	0,1	-	(2.405,2)	(20.508,4)	-	-	(22.913,5)
Net profit as of June, 2011		-	-	-	-	-	-	214.342,4	214.342,4
Balance on June 30, 2011	**$**	**4.495,2**	**1.350.684,3**	**199.421,3**	**304.458,3**	**616.250,5**	**-**	**214.342,4**	**2.689.652,0**
Distribution net profit first half-year 2011		-	121.400,4	(8.081,8)	-	-	101.023,8	(214.342,4)	-
Issuing of 6.059.405 stocks per par value $30 each (Note 21)		181,7	199.778,4	-	-	-	-	-	199.960,1
Paid dividend by parent company for $ 108.00 monthly per stock, payable within the 10 first days each month since October, 2011 until March 2012, inclusive, over 155.899.719 total stocks subscribe and paid as of June 30, 2011		-	-	-	-	-	(101.023,8)	-	-
Movement of the Operational Period		-	0,1	-	18.995,6	(3.959,9)	-	-	15.035,8
Net profit as of December, 2011		-	-	-	-	-	-	226.937,9	226.937,9
Balance as of December 31, 2011	**$**	**4.676,9**	**1.671.863,2**	**191.339,5**	**323.453,9**	**612.290,6**	**-**	**226.937,9**	**3.030.562,0**

See notes accompanying financial statements

Notes to Financial Statements
(Million Pesos)

(1) Reporting entity

Banco de Occidente S.A. is a legal person of private nature, legally incorporated as a bank establishment, authorized to operate according to the resolution N°. 3140 dated September 24, 1993 final renewal of operation license for controlled entities issued by the Colombia Finance Superintendence. It was established on September 8, 1964 under public deed 659 in the Fourth Notary Public Office for Cali.

The Bank's head office is in Santiago de Cali. The duration established in the Articles of Incorporation is 99 years from its date of incorporation. In developing it corporate purposes the bank may enter into any and all legal operations and contracts related to commercial bank entities, subject to requirements and limitations set forth in Colombian laws.

As of December 31, 2011, Banco de Occidente S.A. operates with 6,828 employees through 211 offices in the Colombian territory. The Bank has situation of control exercised by the society Grupo Aval Acciones y Valores S.A. and this in turn, registers situation of control on entities overseas, 95.00% in Banco de Occidente Panama S.A. and 100% in Occidental Bank Barbados, as well as in Colombia, 94.98% of Sociedad Fiduciaria de Occidente S.A., and 45,00% of Ventas y Servicios S.A.

The Bank has entered into a non-banking correspondent agreement with Almacenes Éxito a company operating at national level.

Financial statements herewith attached include asset, liabilities and results of its branch offices in Colombia, but not consolidated financial statements of the Bank with its subsidiaries. The consolidated financial statements are separately prepared.

(2) Principal Accounting Policies

(a) Basic Accounting Policies

Accounting and preparation policies of the financial statements of the Bank are in accordance with accounting principles generally accepted in Colombia and instructions of the Financial Superintendent of Colombia.

(b) Equivalents of cash

The Bank considers as equivalent to cash, for the purposes of the statement of cash flow, the active and passive positions in operations of monetary market and those related.

(c) Active and passive positions in operations of monetary market and those related.

This entry groups together the operations of interbank funds, the operations of repurchase (repo), the simultaneous operations and operations of temporary transfer of values, as follows:

Ordinary Interbank Funds Sold and Purchased

Interbank funds are considered those directly placed or received by the Bank in other financial entity, without mediating a pact of investment transfer or credit portfolio. They are operations connected to the corporate purpose, which are agreed at a term not longer than thirty (30) calendar days, provided that taking advantage of excesses or supplying liquidity defects it is intended to be pursued with it. Likewise, comprising the transactions denominated “overnight”, performed with foreign banks by using funds of the Bank.

The returns of interests derived from the operations, are recorded in the statement of results.

Report or Repo Operations

A repo operation occurs when the Bank acquires or transfers securities, in exchange for the delivery of a sum of money, assuming in such an act and moment the commitment to transfer the property to the “alienating” person the same day or on a later date and at a specified price of securities of the same species and characteristics.

The initial amount is calculated with a discount over the market price of securities of the operation; it is established that during the validity of the operation, the initially given values are substituted by others, and restrictions are placed to the mobility of the values of the operation.

The returns recorded in this item are calculated exponentially during the term of the operation and are recognized in the statement of results.

The transferred values of the repo operation must be registered in debt or credit contingent accounts depending on an either open or closed record operation, respectively.

Simultaneous Operations

A simultaneous operation occurs when the Bank acquires or transfers securities, in exchange for the delivery of a sum of money, assuming in such an act and moment the commitment to transfer or acquire the property again, the same day or on a later date and a determined price, of securities of the same type and characteristics.

The initial amount is established with a discount over the market price of the securities of the operation; during the operation validity, the values initially delivered by others are not replaced, and restrictions are not placed to the mobility of the securities of the operation.

In this item, the returns caused by the purchaser are registered and that the alienating person pays as cost of the simultaneous operation during the term thereof. The difference between the present value (delivery of cash) and the future value (final price of the transference) constitutes an income by way of financial returns calculated exponentially during the term of the operation and is recognized in the statement of results.

The transferred values of the simultaneous operation must be registered in contingent credit or debit accounts for active or passive positions, respectively.

(d) Investments

The investments acquired by the Bank with the purpose to keep a secondary liquidity reserve, acquire the direct or indirect control of any society of the financial/technical service sector, comply with legal or statutory provisions, or with the exclusive purpose to eliminate or reduce the risk or market the assets, liabilities or other elements of the financial statements, are subject to.

Next, the way the different types of investment are classified, appraised and accounted is indicated:

Classification	Term	Characteristics	Appraisal	Accounting
Negotiable-In certificates of indebtedness and participation	Short term	Securities acquired to obtain profit for the price fluctuations.	They use fair exchange prices,; reference rates and determined by using margins, calculated from operations representative of the market, performed in modules or negotiation systems approved by the Financial Superintendent of Colombia and operations performed in the over-the-counter market (OTC) and that are registered on records systems authorized by the superintendence.	The difference occurred between the current market value and the immediately previous is registered as higher or lower value of the investment and its counter- account affects the period results. This procedure is daily made. In Certificates of indebtedness: They are recorded by the cost of acquisition of the investments. The payable yields pending to be collected are registered as a major value of the investment. The collect of said yields is recorded as a minor value of the investment. When the sale value is higher than the value

Classification	Term	Characteristics	Appraisal	Accounting
			This procedure will be performed daily.	recorded of the investment, the difference will be credited as a profit in Sale of Investments Negotiable in Debt Securities. If, on the contrary, the sale value is lower than the recorded value of the investment, the difference will be charged as a Loss in Investment Sale, Negotiable in Debt Securities. In participating securities: They are registered for the acquisition cost of the investments. The dividends or profits that are distributed in kind, including those derived from the capitalization of the account revalorization of the patrimony, will not be registered as income and, hence, they will not affect the value of the investment. In this case, only the number of social rights will be modified in the respective account books. The dividends or profits that would be distributed in cash will be counted as a minor value of the investment.
			When just prices of exchange do not exist, they are determined by the present value of the future flows for capital and interests	
To hold up to maturity term	Up to its maturity term	Titles for which the Bank has the serious purpose and the legal, contractual, financial and operational capacity to keep them up to the maturation of their period of maturity or redemption. The securities or titles classified as investments up to maturity date cannot perform liquidity operations nor repurchase operations simultaneous or temporary transfer of investments, save whether they are forced or obligatory investments subscribed in the primary market, provided that the counterpart is Banco de la Republica, Public Credit and National Treasure General Director or the entities supervised by the Colombian Financial Superintendence	Exponentially from the internal return rate calculated at the moment of the purchase. This procedure is daily performed.	The present value is recorded as a major value of the investment and its counter-account is recorded at the period results. This procedure is daily performed.
Available for sale –Debt securities	Minimum one year	Titles for which the Bank has the serious purpose and the legal,	They use the just exchange prices, reference rates and	Changes that may be present to these securities or titles are counted according the following procedure:

Classification	Term	Characteristics	Appraisal	Accounting
		contractual, financial and operational capacity to keep them up at least one year from the first day when they were classified in this category. The first business day after the first year, they can be reclassified in the other categories.	determined by employing margins, calculated from the market representative operations carried out in negotiation modules or systems approved by the Colombian Financial Superintendence and operations performed in the over-the-counter (OTC) market and that are registered on records systems authorized by the superintendent. This procedure is daily performed.	– Difference between the value present on the appraisal day and the previous one is registered as higher or lower investment value with advance or charge to the result accounts. – The difference between market value and present value is registered as an accumulated not performed profit or loss, within the patrimony accounts. This procedure is daily performed.
Available for sale –participative securities	Without term	Titles recorded and not recorded at the stock exchange.	Investments in participative titles are valued according to: - Participations in collective portfolios are valued according to the unit value calculated by the administration on the previous day. - The participative values inscribed at stock exchange are value at the daily valuation price published by the authorized agency. - Participative values not inscribed at stock exchange are value increasing or diminishing the cost of the acquisitions in the percentage corresponding to the bank over variations over issuer's patrimony accounts. - The financial statements, base to determine the variation are certified with cutting as of June and December every year.	Low or minimum bursatility or without any quotation: - Difference between market or updated investment values, and the value for which the investment is registered is counted as follows: If it is higher, in first instance, it diminishes the provision or devaluation up to exhaust it and the excess is registered as surplus for valorization. If it is lower it affects the surplus for valorization until running out and the excess is recorded as devaluation. - When the dividends or profits are allotted in kind, including those from the account capitalization patrimony revalorization, it is registered as income the part that has been counted as surplus for valorization, charged to the investment and it is reverted such surplus. - When the dividends or profits are distributed in cash, it is registered as revenue the value counted as surplus for valorization, re-investing such surplus and the sum of the dividends exceeded thereof is counted as a minor investment value. High and Middle Bursatility: The actualization of the market value of the high and middle bursatility securities or those quoted in internationally recognize foreign stock exchanges, is counted as accumulated not performed profit or loss within the patrimony accounts, with advance or charge to the investment. This procedure is daily performed. The dividends or profits allotted in kind or cash,

Classification	Term	Characteristics	Appraisal	Accounting
				including those coming from the capitalization of the account revalorization of patrimony are registered as income up to the sum corresponding to the investment over profits or revalorization of the issuer patrimony counted by the latter since the investment acquisition date, charged to accounts receivable.

Provisions or Loss for Ranking of Credit Risk

a. Securities or titles of emissions or issuers holding external rankings

The debt securities or titles holding one or several rankings and the debt securities or titles issued by entities ranked by external qualifiers recognized by Colombia Finance Superintendence, cannot be counted for a sum exceeding the following percentages of their net face value of the amortizations performed up to the valorization date.

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

To determine the provisions over term deposits, the issuer rating is taken.

The provisions of the investments classified to hold up to maturity date, about which a just exchange price is established, correspond to the difference between registered value and fair price.

b. Securities or titles of not rated emissions or issuers

The debt securities or titles not holding an external ranking and the debt securities or titles issued by not ranked entities are ranked and provisioned as follows:

Category	Risk	Characteristics	Provisions
A	Normal	Meets the agreed terms in the security or title and hold adequate capacity of capital and interest payment.	No applicable.
B	Acceptable	Corresponds to emissions with uncertainty factors that might affect the capacity to continue to comply properly with the debt services. Likewise, its financial statements and other available information present weaknesses that may affect the financial situation.	The net value cannot be higher than eighty percent (80%) of the acquisition cost.
C	Perceptible	Corresponds to emissions that present high or middle probability of failure to comply with the opportune capital and interest payment. Likely, its financial statements and other available information show deficiencies in the financial situation that compromise investment recuperation.	The net value cannot be higher than sixty percent (60%) of the acquisition cost.
D	Significant	Corresponds to those emissions that present failure to pay the agreed terms in the title, as well as its financial statement and other available information present marked deficiencies in their financial situation, so that the probability to recover the investment is highly uncertain.	The net value cannot be higher than forty percent (40%) of the acquisition cost.
E	Irrecoverable	Issuers that according to their financial statements and other available information, the investment is deemed irrecoverable. Likewise, if financial statements are not available with less than six (6) months counted from the valorization date	The value of these investments must be fully provisioned.

Not subject to this adjustment are the values or securities of internal or external public debt issued or endorsed by the nation, those issued by Banco de la Republica and those issued or backed up by the Guarantee Fund of Financial Institutions - FOGAFIN.

Investments overseas

The marketable investments and investments available for sale, represented in securities or bonds of public debt issued abroad, and the securities or bonds of private debt issued abroad by foreigner issuers, are appraised based on the dirty price of purchase (BID) published by Bloomberg BID at 18: 00, official Colombian time.

The present value or market value of the securities or bonds denominated in a currency other than the dollars of the United States of North America is converted to such currency based on the conversion rates for currencies published on the day of the appraisal on the website of the European Central Bank. When the currency conversion rates are not on the website of the European Central Bank, the conversion rate in relation to the dollar of the United States of America published by the Central Bank of the concerned country is taken.

(e) Portfolio of Financial Leasing Credits and Operations

It records the loans granted by the Bank under the various authorized modalities. Resources used in granting the loans come from own resources, from the public in the form of deposits and from other external and internal funding sources.

The loans are counted by the value of the payment, except for purchases of portfolio "factoring", which are recorded at cost.

Credit Policies

The Bank policy to grant credit is based in a major way on the analysis of the financial situation of the client, through the study of his financial statements, and cash flows.

The guaranties are requested primarily when operations are long term or when attention will be for an amount greater than the normal according to the characteristics of the client.

Guaranties assuring a payment source are preferred, such as rent pledges, security endorsement, currency bills, etc.; also mortgages, bonds, and especially first order foreign bank endorsements.

Once determined the guaranty, it is properly appraised, through the existing mechanisms. For the coverage amount thereof, the coverage deemed appropriate is studied.

Credit Modalities

The structure of credit portfolio includes two (2) forms of credit and leasing operations, which can be subdivided into segments or portfolios:

- Consumption

Consumption credits are understood, regardless of their amount, the loans granted to natural persons the purpose of which is to finance the acquisition of consumption goods or the payment of services for not commercial or business goals, other than those granted as microcredit.

Consumer portfolio is subdivided into segments of general automotive, general others and credit card.

- Commercial

They are loans granted to natural or legal persons to develop of organized economic activities, other than those granted in the modality of microcredit.

Business credit portfolio is subdivided into the following portfolios:

Portfolios	Detail
Large companies	More than 15.000 SMMLV* of assets
Medium-size Companies	Between 5.000 and 15.000 SMMLV of assets
Small Companies	Less than 5.000 SMMLV of assets
Natural Persons	Natural persons who are debtors of business credit

* SMMLV: Legal Minimum Monthly Salary in Force

Assessment and requalification of the credit portfolio

The Bank assesses permanently its credit portfolio risk introducing the corresponding modifications in the respective rankings when there are new information analyses that justify such changes. Therefore, the debtor's credit behavior in other entities is considered and, particularly, whether at the moment of the assessment the debtor registers restructured obligations in accordance with the information coming from the risk centrals all any other source.

The Bank performs the assessment and requalification of the credit portfolio in the following cases:

- When the credits become overdue after having been restructured, in which event they will be reclassified immediately.
- At least in May and November, having the obligation to register the results of the assessment and the corresponding reclassified at the next month closing.

Criteria for Credit Risk Assessment

The Bank assesses business portfolio based on the following criteria: Payment capacity of debtor and co-debtors, as well as the project cash flow, in line with updated and documented financial information; debt service and compliance of the agreed terms; information derived from risks centrals, consolidated with the system and the other business information sources available to the institution, also information related the economic conglomerate is considered.

In assessing the payment capacity of territorial public entities, the Bank verifies the fulfillment of the conditions established in the laws and other regulatory norms.

For portfolio tracking and qualification, the Bank applies the reference model defined by Colombia Finance Superintendence. For commercial portfolio, in the individual qualification process, the Bank uses an automatic qualification methodology for the not individually evaluated portfolio, based on client qualification models in function of default probability, adjusted with macroeconomic and sectorial factors. Such methodology was implemented from December 2010 and under revision and adjustment process

Credit Risk Ranking

Commercial portfolio is classified in the respective risk categories, taking into account the following minimum objective conditions:

Homologation with financial statements and indebtedness		Business	
Grouped category	Report category	Definition	Minimum conditions
"A" Normal risk	"AA"	The credits ranked in this category reflect excellent structuring and attention. The financial statements of debtors or the project cash flow, as well as the other credit information indicate optimum payment capacity, in terms of sum and origin of the income held by the debtors to attend the required payments.	Already granted credits between 0 and 29 days overdue. New credits with ranking "AA" assigned at the moment of granting.

Homologation with financial statements and indebtedness		Business	
Grouped category	Report category	Definition	Minimum conditions
"B" Acceptable risk, Higher than Normal	"A"	The credits ranked in this category reflect appropriate structuring and attention. The financial statements of debtors or the project cash flows, as well as the other credit information, indicate adequate payment capacity, in terms of the sum and origin of the income held by the debtors to attend the required payments.	Already granted credits between 30 and 59 days overdue. New credits with ranking "A" assigned at the moment of granting.
"B" Acceptable risk, higher than normal.	"BB"	The credits ranked in this category are attended and protected acceptably, but there are weaknesses that can potentially affect transitorily or permanently the debtor's payment capacity or the project cash flow, so that if not corrected opportunely, they would come to affect the normal collection of the credit or contract.	Already granted credits between 60 and 89 days overdue. New credits with ranking "BB" assigned at the moment of granting.
"C" Perceptible risk	"B"	In this category are ranked the credits or contracts presenting insufficiencies in the debtor payment capacity or the project cash flow, which compromise the normal collection of the obligation on the agreed terms.	Already granted credits between 90 and 119 days overdue. New credits with ranking "B" assigned at the moment of granting.
"C" Appreciable Risk	"CC"	Credits of contracts showing serious insufficiencies in debtor's payment capacity or in the cash flows of Project, significantly committing collection of obligations under the terms agreed on are included in this category.	The credits already granted overdue between 120 and 149 days. New credits with qualification assigned at the time the credits is granted as "CC"
"C,D or E" risk C: Perceptible D: Significant E: Uncollectibility	C,D or E "Default"	.	The credits with 150 days or more overdue and credits showing other events of higher risk. The credits with 150 days or more overdue and credits showing other events of higher risk and unfulfilled credits with assigned PDI equal to a hundred percent (100%).

Consumption portfolio is classified in the respective risk categories, taking into account the following:

Homologation with financial statements and indebtedness		Consumption	
Grouped category	Report category	Definition	Minimum conditions
"A" Normal risk	"AA"	The credits ranked in this category reflect proper attention. The risk	• The new credits with ranking "AA" assigned at the moment

Homologation with financial statements and indebtedness		Consumption	
Grouped category	Report category	Definition	Minimum conditions
		analysis on the debtors reflects optimum payment capacity and excellent credit behavior that insures the collection of the obligation in the agreed terms.	of granting. • The credits with ranking “AA” obtained by applying the reference model.
“B” Acceptable risk, higher than normal	“A” Delay 0 to 30 days	The credits ranked in this category reflect adequate attention. The risk analysis on the debtor reflects appropriate payment capacity and adequate credit behavior that allows inferring stability in collecting the obligation in the agreed terms.	- In this category shall be ranked the new credits with assigned ranking “A” at the moment of granting. - The credits with ranking equal to “A” obtained by application of the reference model.
“B” Acceptable risk, higher than normal	“BB”	The credits ranked in this category reflect acceptable attention. The risk analysis on the debtor shows weaknesses in his capacity to pay and credit behavior that can potentially affect, temporarily or permanently the normal collection of the obligation on the agreed terms.	- In this category shall be ranked the new credits with assigned ranking “BB” at the moment of granting. - The credits with ranking equal to “BB” obtained by application of the reference model.
“C” Perceptible risk	“B”	The credits ranked in this category reflect deficient attention. The risk analysis on the debtor shows shortcomings in the capacity to pay and deficient credit behavior, affecting the normal collection of the obligation under the agreed terms.	- In this category shall be ranked the new credits with assigned ranking “B” at the moment of granting. - The credits with ranking equal to “B” obtained by application of the reference model.
“C” Perceptible risk.	“CC”	The credits ranked in this category have serious shortcomings in the debtor’s capacity to pay and credit behavior, significantly affecting the collection of the obligation in the agreed terms.	- In this category shall be ranked the new credits with assigned ranking “CC” at the moment of granting. - The credits with ranking equal to “CC” obtained by application of the reference model.
C,D or E Non-fulfillment	C,D or E Non-fulfillment	Credits that are in arrears longer than 90 days and the others classified as defaulted. Loans in arrears longer than 90 days and unfulfilled credits with PDI assigned equal to one hundred percent (100%).	- Not applicable.

Credit Ranking with Territorial Entities

With regards to the ranking of the credits granted to territorial entities, the Bank checks and verifies the compliance with the various conditions laid down in the Laws 358 of 1997, 550 of 1999 and 617 of 2000.

- Ranked in category "D" are the credits where the territorial entity pledges revenues as collateral, when there are no adequate mechanisms to reasonably verify that they do not have been previously pledged as a collateral of another obligation; the guaranteed credits with pledge of revenues that are insufficient to cover the sum of the obligation and when the territorial entity has given to the resources of the credit a destination other than that prepared by the law.

- Ranked in category "E" are the credits guaranteed with pledge of revenues if they have previously been the Ministry of Finance and Public Credit, or of the respective department that do not have the same and the credits granted to territorial entities that having adopted performance plans, as it has been established compromised as a collateral of another obligation; the credits that requiring indebtedness authorization of by the Law 358 of 1997, have not obtained the manifestation of conformity. In these cases, provisions must be constituted for the hundred point zero percent (100.0%) of the obligation without taking into account the collateral

Restructured Credits

Restructured credit means that one which by signing any legal business, aims at modifying the originally agreed conditions in order to allow the debtor to attend appropriately his obligation. To these purposes, novations are deemed restructuring. Prior restructuring a credit, it should be reasonably confirmed that the same will be recovered under the new conditions.

The credit reliefs ordered by laws, such as those laid down in the law 546 of 1999, shall not be considered as restructuring.

Credits improve ranking after having been restructured only when the debtor demonstrates behavior of regular and effective payment to capital, consistent with a normal credit behavior, provided that his capacity to pay remains or improve.

Extraordinary Restructurings

Credits with extraordinary restructuring are framed, among others, within the following parameters: restructuring terms do not exceed seven (7) years for its total repayment, in the case of territorial entities, the term is up to ten (10) years; the agreements are accompanied by a Management Agreement to ensure compliance with the restructuring agreement and the feasibility of the company; reversing supplies or improving the ranking of the restructured debtors if not duly proven the feasibility or compliance with the restructuring agreement terms, is considered unsafe practice; When a restructuring agreement is not complied with, the debtor shall be ranked immediately in the category he/she was before restructuring or one of higher risk.

Restructurings under Law 550 of 1999

The Law 550 of 1999 promotes and facilitates business revival and restructuring of the territorial entities. From the date that the restructuring negotiations starts, the Bank suspends interests accrual over the existing credits and maintains the ranking they had on the negotiation start date.

Restructurings under Law 617 of 2000

They correspond to restructurings arising from the subscription of Fiscal and Financial Consolidation Programs.

Restructurings under Law 1116 of 2006

Law 1116 establishes the insolvency legal regime, which aim is credit protection and the retrieval and conservation of the company as unit of economic exploitation and employment generating source, through the processes of reorganization and receivership; the process of reorganization intends, through an agreement, to preserve viable enterprises and normalize its commercial and credit relations through its operational, administrative, of assets or liabilities restructuring.

From the date that restructuring negotiation starts, the Bank suspends the interests accrual over the existing credits, and at least maintains the ranking it had on the negotiation start date.

The Law seeks to structurally correct the excesses of operating expenses of the territorial entities. It established that the nation would give guarantees to the obligations undertaken by the territorial entities with financial entities watched over by the Colombian Financial Superintendence, when all the requirements laid down are fulfilled; among others, that fiscal adjustment agreements were signed before June 30, 2001. Such a guarantee would be up to forty point zero percent (40%) for credits existing as of December 31, 1999, and up to a hundred percent (100%) for the new credits intended for the fiscal adjustment.

Among the features of these restructurings, the following are mentioned: provisions made over the obligations subject of restructuring are reverted in the part which has been guaranteed by the nation and the part of the obligations subject to restructuring that do not have guarantee of the nation will be able to keep the ranking they had as of June 30, 2001.

(f) Write-off of Loans and Financial Leasing Operations

Credit portfolio, in the opinion of the Administration unrecoverable or remote or uncertain retrieval, is susceptible of punishment following unsuccessfully attempting collection actions, in accordance with the concepts issued by the collection lawyers and firms previously approved by the Board of Directors.

The write-off does not relieve the Bank from pursuing the steps of retrieval deemed appropriate and it requires for the credits to be 100% provisioned in capital, interests and other concepts.

(g) Provision for Credit Portfolio and Financial Leasing Operations

Individual Portfolio Provisions under models of reference

The Bank applies the methodology of calculation of provisions in cumulative phase based on the monthly assessment of the behavior of deterioration, efficiency, stability and growth indicators impairment:

	Cumulative Stage	De-cumulative Stage
Impairment	< 9%	> = 9%
Efficiency	< 17%	> = 17%
Stability	< 42%	> = 42%
Growth	> 23%	< = 23%

As from the closing Mayo de 2011, the changes for calculation of these indicators were implanted, according to the provisions in the External Circular Letter 017 of May 4/2011 including the item 1.3.4.1 of Chapter II in Circular Letter 100/1995. Above includes deflation of Impairment Indicators (real quarterly variation of individual provisions of total Portfolio B, C, D and E) and Growth (real annual growth rate of gross portfolio). Additionally, the interest income of portfolio accrued during the quarter the sub-items 410241, 410242 and 410243 were discounted from the indicator calculation (consumption, housing and microcredit delinquent interest)

Based on above, portfolio individual provision was calculated as the sum of Procyclic Individual Component and contra cyclic Individual Component.

Individual procyclic component (IPC): corresponds to the portion of credit portfolio individual provision reflecting credit risk of each debtor, in the present. IPC is the expected loss calculated using Matrix A.

Contracyclic Individual Component (CIC): corresponds to the portion of credit portfolio individual provision reflecting the possible changes in credit risk of debtors where impairment of such assets increases. Such portion is constituted in order to reduce the impact on statement of results when such situation occurs. CIC corresponds to the higher value between CIC of the precedent month affected by the exposure, and the difference between the loss expected of matrices B and A of the month when evaluation is made.

Expected loss estimation results from the application of the formula below:

Expected Loss (EL) = [Probability of default)] x [Asset exposure at the time of default] x [Loss due to default]

Probability of Default (PD)

Corresponds to the probability that within twelve (12) months span period, the debtors of a given segment and the qualification of consumption portfolio, will incur in default. The probabilities given by controlling entity per segment are regularly updated

Based on this definition, Colombia Finance Superintendence determines for each debtor the probability to go between its qualification prevailing and the own qualification of default in the next 12 months, according to credit risk general behavior and for such purposes the matrix below is considered:

Commercial Portfolio

Qualifc.	Big Company		Small Company		Medium Company		Natural Persons	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	1,53%	2,19%	4,18%	7,52%	1,51%	4,19%	5,27%	8,22%
A	2,24%	3,54%	5,30%	8,64%	2,40%	6,32%	6,39%	9,41%
BB	9,55%	14,13%	18,56%	20,26%	11,65%	18,49%	18,72%	22,36%
B	12,24%	15,22%	22,73%	24,15%	14,64%	21,45%	22,00%	25,81%
CC	19,77%	23,35%	32,50%	33,57%	23,09%	26,70%	32,21%	37,01%
Default	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Consumption Portfolio

Qualifc.	General – Auto motors		General – Other		Credit Cards	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	0,97%	2,75%	2,10%	3,88%	1,58%	3,36%
A	3,12%	4,91%	3,88%	5,67%	5,35%	7,13%
BB	7,48%	16,53%	12,68%	21,72%	9,53%	18,57%
B	15,76%	24,80%	14,16%	23,20%	14,17%	23,21%
CC	31,01%	44,84%	22,57%	36,40%	17,06%	30,89%
Default	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Value exposed of the asset is the balance outstanding of capital, interest, accounts receivable for interest and other accounts receivable, of commercial and consumption portfolio obligations.

Loss due to default (PDD) is defined as the economic impairment incurred by the entity in the event that any default situation the item 3 of Annex 5 in Chapter II of the External Circular Letter 100/1995 makes reference will occur. PDI for debtors qualified in default category will involve a gradual increase according to the days elapsed after classification in such category. PDI is given by the type of guarantee, as follows:

Commercial Portfolio:

Type of Guarantee	P.D.D.	Days alter default	New PDD	Days alter default	New PDI
Non-admissible Guarantee	55%	270	70%	540	100%
Subordinate Credits	75%	270	90%	540	100%
Financial Collateral admissible	0 – 12%	-	-	-	-
Commercial and Residential Real Estate	40%	540	70%	1080	100%
Goods given in Real Estate Leasing	35%	540	70%	1080	100%
Goods given in leasing other than real estate leasing	45%	360	80%	720	100%
Other collaterals	50%	360	80%	720	100%
Collection Rights	45%	360	80%	720	100%
With no guarantee	55%	210	80%	420	100%

Consumption Portfolio

Type of Guarantee	P.D.I.	Days alter default	New PDI	Days alter Default	Nuevo PDI
Non-admissible guarantee	60%	210	70%	420	100%
Admissible financial collateral	0 – 12%	-	-	-	-
Commercial and residential real estate property	40%	360	70%	720	100%
Goods given in real estate property	35%	360	70%	720	100%

leasing					
Goods given in leasing different from real estate leasing	45%	270	70%	540	100%
Other collaterals	50%	270	70%	540	100%
Collection rights	45%	360	80%	720	100%
With no guarantee	65%	180	85%	360	100%

As from October 2011, the Company applied the following PDI in the event where there is no guarantee:

Type of Guarantee	P.D.I.	Days alter default	New PDI	Days alter Default	Nuevo PDI
With no guarantee	75%	30	85%	90	100%

Under Circular Letter 043 of October 2011 from Superintendence, PDI percentage was changed for credits without guarantee of consumption portfolio, such change applied as from December 31, 2011. In the same way, the Circular Letter provides the minimum criteria to be used by controlled entities in order to determine the amount of guarantees backing up the compliance with the credits granted, as well as to update such amount, the term of which will expire on June 30 2012.

Consumption Portfolio Reference Model (CPRM)

Portfolio Segmentation

Credit portfolios segmentation and discrimination processes and of the potential credit subjects as a basis to estímate expected loss in the CPRM). Consumption portfolio reference model – CPRM is based on the following segments:

- CFC-Automobiles: Credits granted to purchase automobiles.
- CFC- Other credits granted to purchase consumption good other than automobiles. In this segment credit cards are not included.

CPRM qualification methodology

The Bank applies the qualification model set out by Colombia Finance Superintendence with the segment of debtors who at the time of qualification do not belong to default category. This model calculates a score used to determiner qualification given to the client; notwithstanding, debtors are to qualified in the highest risk category when they have additional risk elements supporting such change.

The value exposed of asset

The value exposed of asset corresponds to capital balance prevailing, interest, interest accounts receivable, and other accounts receivable, of consumption portfolio obligations.

Treatment of guarantees

PDI applies over the value of guarantee conferring the exposure up to 100% of the value of exposure. Banco de Occidente may allocate other guarantees (each one with its corresponding PDI PDI) until guarantees corresponding to 100% of the exposure allocated.

If guarantees turn out to be short to cover 100% exposure value, the Bank is to apply PDI of “without guarantee” category” to uncovered exposure percent.

Formalities of Guarantee Constitution for Granting the Credit

The amount of guarantee at the time the credit is granted, corresponds to:

a. For guarantees submitted over real state property which are not used as housing, the value at the time of granting correspond to that amount obtained in a technical appraisal, with no more than three (3) years term validity. For guarantees submitted over machinery and/or equipment, its value will be determined considering the age of property, that is, if good is less than one year old, the value of the purchase invoice, for 3 years, and for goods more than one year old, the technical appraisal in the date the credit is granted.

b. In guarantees submitted over vehicles, the guide of values issued by are taken, or in default thereof, commercial appraisal released by the Ministry of Transport
.

c. For guarantees submitted over other goods, the value of good at the time the credit is granted, corresponds to the technical appraisal made.

Lining up Rules

Bank applies lining up rules of debtor qualifications according to the following criteria:

a. Following the constitution of provisions and qualification homologation, monthly and for each debtor, the Bank performs the internal lining up, and for such purpose it is carried to the higher risk category the credits of the same modality granted to debtor, safe for enough reasons for its qualification in any Category of less risk.

b. As the Bank is under the obligation to consolidate financial statements, it assigns equal qualification to the credits of the same modality granted to a debtor, unless there are enough reasons to be qualified in a lower risk Category.

(h) Acceptances, Spot Operations and Derivatives

Register the value of bank acceptances created by Bank on account of its clients and those ones created on account by its correspondents. In the same way, the bank registers spot operations and contracts entered by the Bank, of the operation with derivatives, such as forward, carrousel, futures, swaps and options

Bank Acceptances

Bank acceptances have a maturity term up to one (1) year and only originated from import and export of goods or sale/purchase of movable goods in the domestic market.

At the time of acceptance of letters, its value is simultaneously accounted for in the asset and in the liabilities, as “bank acceptance in term,” and if at the maturity they are not submitted to be collected, they are ranked under the title “bank acceptances after the term”. If when payment is made, they have not been covered by the purchaser of goods, they will be reclassified to the account of loans “bank covered acceptances”.

After maturity date, bank acceptances are subject to the cash position established to exigibilities at sight and before 30 days.

Spot Operations

Include the operations recorded with a compensation term equal to the date of registry of the operation or up to 3 business days from the day following the operation was made.

Financial assets acquired in spot operations are booked in the date of compliance or liquidation rather than in the negotiation date, unless these two date are coincident. Without prejudice of the foregoing, the changes of market value of the documents sold must appear in the statement of results as from the date of negotiation, as applicable.

Under the method of liquidation date, the seller records financial asset in its balance sheet until the delivery of the asset, a right to receive the cash derived from the transaction and an obligation to deliver the asset negotiated. The latter is valued at market price according to regulations prevailing for such investments and the variance of valuation of such obligation recorded in statement of results.

On the other hand, purchaser of asset does not records financial asset until the delivery thereof, but a right to receive asset is accounted for, which will be valued at market price, and an obligation to deliver the cash agreed on in the operation.

When operation is actually made, purchaser and seller of asset will revert both the right and the obligation recorded since the time the negotiation was made.

Derivative Financial Instruments

A derivative financial instrument allows for the administration of one or more risks associated to underlying risk and compiles with any of the conditions below:

- Requires no a net initial investment.
- Requires a net initial investment lower to that necessary to purchase instruments providing the same expected payment as a response to the changes of market factors.

Operations with derivative instruments are valued on a daily basis at fair exchange price, depends on one or more subjacent and their maturity or liquidation is subsequently made considering the following:

Exchange fair price of basic derivative financial instruments when there exists market price is that resulting from applying formulae of valuation set forth by Colombian Finance Superintendence.

Methodology, parameters, and sources of information adopted to the valuation of basic derivative financial instruments are consistently used, at least during one (1) year, from the modification. The same methodology is used to value basic derivative financial instruments with similar characteristics, as long as they refer to the same subjacent.

Derivative financial instruments giving fair positive exchange price are recorded in the asset, separating the value of right from the obligation, excepting when the options where accounting records is made in a single account. Those giving negative exchange fair price, i.e., unfavorable price to the controlled entity are recorded in the liabilities, by doing the same separation. When the fair price of exchange of financial derivative instrument is equal to zero (0), either in the initial date or in any other subsequent date, is accounting records is made in the asset.

Financial derivative products are negotiated in the different Treasury tables, i.e., in the specialized ones and in those of distribution where they cover the Exchange risks and cooperate with the entity to project cash flows so that the entity may become engaged in the main activity; to cover such risks the entity is currently based on Forwards, Futures (TRM and National Bunds) and Options

Forwards

A 'forward' is a derivative formalized by an agreement between two parties, made to the measure of the needs, to purchase/sell any specific amount of a given subjacent at any future date, stating, in the date of execution, the basic conditions of derivative financial instrument, between the parties, mainly the price, the delivery date of sunderlying and the modality of delivery.

Futures

A Future is a standardized agreement about its compliance date, size or par value, characteristics of the respective underlying, price and delivery conditions (in king or in cash). This future is negotiated in a Stock Exchange with counterparty Central Risk Chamber, by virtue of which two parties become obliged to purchase/sell an underlying in any future date (expiry date) at a price agreed on the date of execution of agreement. At present, the entity enters into Futures Derivatives TRM and Future National Bond agreements under the Counterpart Central Risk Chamber (CCRC)

Options

The options are agreements whereby a right, not just an obligation is established to purchase or sell the underlying, whether it is a call option or a put option, respectively, at a given price, named price of exercise, at any previously established future date, corresponding to the expiry date.

Above definitions are based on the provisions in Chapter XVIII "Derivatives and Futures Financial Instruments" of the CBCF."

(i) Current Asset, Received in Payment and Delivered Back Asset

Records the asset received by the Bank in payment of outstanding balances derived from credits.

Asset received in payment represented in immovable property are received based on a commercial appraisal technically determined and the movable property, stocks, and participations, based on market price.

To account for such asset, the following conditions shall be taken into account:

- Initial record is made with the value determined in the judicial award or otherwise, the value agreed upon with the debtors.
- When asset received in payment is not in conditions to be sold, its cost is increased with the expenses necessary for the asset to be marketable.
- If between the value the asset is received and the amount of credit to be paid results a credit balance in favor of debtor, such difference is accounted for as an account payable, if the value of asset is short to cover the whole obligation, a provision equal to the shortage is made.
- Movable goods received in payment corresponding to investment papers, they are valued applying criteria indicated in Note 2(d) for investments.

(j) Provision Current Asset Received in Payment and Delivered Back

a. Immovable Property

A provision is made in monthly aliquots within the tax year following the receipt of the property, equivalent to thirty percent (30%) of acquisition cost, and increased in monthly aliquots within the second year by thirty percent (30%) additional until reaching sixty percent (60%). Upon the completion of legal term to the sale, and the extension has not been authorized, the provisions is increased to eighty percent (80%), unless extension is obtained, in such event, the twenty percent (20%) may be made within the term of the extension.

When acquisition cost of the immovable property is lower than the value of the debit recorded in the balance sheet, the difference is immediately recognized in the statement of results

When the commercial value of the immovable property is lower than the booked value of the asset received in payment, a provision for the difference is accounted for.

b. Movable Property

For movable property, a provision equivalent to thirty five percent (35%) of the acquisition cost of the property received is made within the following year the property is received, and increased in the second year by thirty five percent (35%) until reaching seventy percent (70%) of the value booked before provisions. Upon the completion of the legal terms to sell the asset, the provisions will be one hundred percent (100%) of the value of property before provision, unless an extension is obtained, and in such event the additional thirty percent (30%) may be made during the extension.

When the commercial value of property is less that the booked value of the goods received in payment, a provision shall be accounted for equivalent to the difference.

Without prejudice of the provisions aforementioned, the movable goods received in payment corresponding to investment papers are value by applying criteria in the note 2(d) taking into account its classification as marketable investments available for sale or to maintain up to maturity.

If goods received in payment are placed in portfolio or in financial leasing operations, the profit derived as a result of the transfer of good to the accounts of the group, shall be deferred in the term where operation was agreed on.

(k) Property and Equipment

Records tangible asset acquired, constructed or under import process, use in a permanent manner in the development of the line of business and the useful life of which is more than one (1) year. This includes cost and indirect expenses caused until the time the asset is under use conditions.

Additions, improvements, and extraordinary repairs are significantly increasing useful life of assets, are booked and additional value and the expenses related to maintenance and repairing made to maintain such assets are included in debited to expenses as they are caused.

Depreciation is recorded using straight-line method y according to estimate number of useful life years of the assets. Annual depreciation rates of each item of asset are the following:

- Buildings	5%
- Office equipment, furniture and fixture	10%
- Computing Equipment and vehicle	20%

As from 1997 the Bank adopted the method of balance reduction in depreciation of buildings, for tax purposes. The system of balance reduction consists of depreciating a fixed rate on an annual basis, the not depreciated balance of the precedent years; the rate is equal to the *nth* root of balance over the cost.

For the calculation a residual value was established making part of total amount in the last useful-life of the asset for it to be totally depreciated.

(l) Asset given in Operative Leasing

Include the cost of goods given in operative leasing delivered by the entity to be used by the user following the respective agreement.

Where in contracts of operative leasing it is provided that together with the payment of rent ninety percent (90%) more the value of good is amortized, depreciation of such goods will be made during the term of the agreement and using the methodology of financial depreciation according to contractual conditions.

The provision is made according to guidelines given in Chapter II of Circular Letter 100 - 1995. (See Note 2 letter g- Provision of Credit Portfolio and Financial Leasing Operations).

(m) Branch Offices and Agencies

Accounts for the transactions of the operations made between Top Management and the Offices.

Balances are monthly reconciled and the pending items resulting are regularized during a term no longer than thirty (30) calendar days.

At the accounting closing net balances are reclassified, to reflect the accounts from branch officer and agencies, to asset or liabilities accounts and the respective income and expenses are recognized.

(n) Prepaid Expenses and Deferred Charges

Prepaid expenses correspond to expenditures incurred by the Bank in the activity development which benefit or service is received during several periods; they may be recoverable and involve the successive supply of services to be received.

Deferred charges correspond to costs or expenses that benefit future periods and are not susceptible of recovery. Amortization is recognized from the day they contribute to produce income.

Amortization is made as indicated below:

Prepaid Expenses

- Interest during prepaid period.
- Insurance during policy term
- The other prepaid expenses during the period the services are received or cost expenses are incurred

Deferred Charges

- Organization and preoperational expenses during a period no longer than two (2) years.
- Restructuring during a time period no longer than two (2) years.
- Studies and project, a time period no longer than two (2) years.
- Computing software during a time period no longer than two (2) yeas
- Improvements to property leased during the shorter period between the term of the respective lease agreement, overlooking the extensions, and the probable useful-life of the property.
- Stationery according to actual consumption.
- Deferred income tax "debit" for temporary differences at the time the legal and regulatory requirements are compiled as provided in the tax regulations.
- Patrimony tax during a 4-year time period
- Real Estate Tax during 1-year time period
- Contributions and affiliations during the prepaid time period.
- Deferred charges during a time period no longer than three (3) years.

(o) Goods to be placed in Leasing Agreements

The new goods acquired by Company which contract has not started due to any pending legal requirements are entered in this accounting item, and those goods under in operative leasing delivered back by lease are also entered in this item. The devolution of those goods shall be accounted for by its book cost (cost less accrued depreciation) it is not subject to depreciation; provision is made according to the guidelines in Chapter III of Circular Letter 100/1999 (See Note 2, letter j – Marketable Goods Received in Payment Provision, and delivered back goods.

(p) Intangible Goods

Under Resolution 0828, of May 19/2006, Colombia Finance Superintendence authorized the take-over of Banco Unión Colombiano S.A. The mercantile credit resulting from the difference between the value paid and net patrimony as of the date of the take-over, of Banco Union Colombiano, is redeemed by exponential system in 237 month, the difference between 20-year term and the time already redeemed according to provisions in the External Circular Letter Nº 034/2006 of Colombia Finance Superintendence . In any case, the Bank may voluntarily elect a shorter period.

Annually, the Bank values at market price the associated business lines with mercantile credit to determine whether or not there is loss or impairment of price. Valuation is made by using flow of profits generated by each business line identified as cash independent generator.

(q) Valuations

Asset subject to valuation

- Investments available to sale in certificates of participation (low or minimum marketability or with no market quotation).
- Property and Equipment, specifically immovable property and vehicles.
- Art and Culture goods.

Booking

Valuations of investment available for sale in certificates of participation are booked based on issuer's patrimonial variances.

Valuations of real estate property are determined by comparing the net cost to the value of commercial appraisals made recognized and independent persons or firms.

If any devaluation will occur, considering the Standard of reasonable prudence, for each real estate property, a provision is made.

Valuation of art and culture goods is recorded taking into consideration conservation status of the works, originality, size, technique and quotation of similar works.

Valuations over goods received in dation of payments and delivered back are not recorded.

(r) Prepaid Income

This item includes deferred and prepaid income received by the Bank during operational activity, which are amortized during the operational period when services are actually supplied or caused.

(s) Estimate Liabilities and Provisions

The Bank records provisions to cover estimate liabilities, taking into account that:
- There exists an acquired right, and as a result, an obligation assumed.
- The right is payable or probably, and
- Provision is justifiable, quantifiable and verifiable.

In the same way, this item includes the estimated valued for tax, contributions and affiliations concepts.

(t) Retirement Pensions

The Bank has currently the actuarial calculation totally amortized, that is, it is maintained updated on a semi-annually basis and totally amortized during the respective half-year operational period.

Retirement pension payments are charged against the provision made

(u) Legal Reserve

According to legal provisions, any bank institution must make a legal reserve no less than 50% of the subscribed capital, made up by 10% of the liquidated profit from every operational period.

The reduction of reserve under the minimum limit will be reasonable when such reduction is aimed at wiping off loss in excess of undistributed profit. The reserve can be used neither to pay dividends nor to cover expenses or loss during the time when the entity has undistributed profit.

(v) Recognition of Income by Financial Returns and Financial Leasing

Income from financial returns and financial leasing and other concepts are recognized at the time they are accrued, excepting interest, indexation, exchange adjustment, among other concepts resulting from:

- Commercial credits overdue more than 3 months
- Consumption credits overdue more than 2 months.

Therefore, the statement of results will not be affected until they are actually collected. While collection is actually made, the corresponding record is made in the memorandum accounts.

In those events that, as a result of restructuring agreements or any other modality of agreement, interest capitalization recorded in memorandum accounts of written-off portfolio is suggested, including capital, interest, and other concepts, they will be booked as deferred credit in the code 272035 and its amortization to the statement of results will be made commensurately to the values actually received.

(w) Related-Parties

Related-parties are considered:

- The companies where the Bank holds management or financial control, and they are subject to (subordinate) consolidation.
- Stockholders individually holding more than 10% of Bank stock capital and those which individual participation is less than 10%, and respect of which exist operations exceeding 5% technical patrimony
- The members of the Board of Directors and the Managers

(x) Conversion of Transactions in Foreign Currency

As intermediary in exchange market, the Bank may directly make purchase and sales of foreign currency derived from the exchange market.

Operations in foreign currency, other than dollar, are converted into American Dollars, and the re-converted to Colombian Pesos, using the market representative exchange rate (MRR) calculated on a daily basis and certified by Colombia Finance Superintendence. At the closing of the respective operational period on December 31, 2011 and June 30, 2011, the exchange rates were $ 1,942.70 (in pesos) and $1,772.32 (in pesos), respectively

"Own position" in foreign currency of exchange market intermediaries is defined as the difference between the rights and obligations determined in foreign currency, recorded inside and outside the balance sheet, realized or contingent, including those payable in Colombian legal tender.

"Own Spot Position" is the difference between all asset and liabilities in foreign currency according to PUC excluded the investments available for sale in certificates of participation, carrousel operations, forward contracts, futures contracts, swaps and profit or loss in operation valuations, and asset and liabilities in foreign currency.

Leverage gross position is defined as the summation of i) the rights and obligations in fixed term and future contracts in foreign currency; ii) spot operations in foreign currency with compliance between on banking day (t+l) and two bank days (t+2), and iii) the exchange exposure to debit contingencies and credit contingencies acquired in options and derivatives negotiations over the type of exchange.

Arithmetic average of three business days of own position will exceed the equivalent in foreign currency to twenty percent (20%) and fifty percent (50%) of technical patrimony, respectively.

The minimum amount of the arithmetic average aforementioned of the own position may be negative without exceeding the equivalent in foreign currency to five percent (5%) of technical patrimony. The spot own position may not be minus.

Arithmetic average of three (3) business days of leverage gross position will not exceed five hundred percent (500%) of the amount of technical patrimony.

For such purposes, the Bank determines technical patrimony in Dollars based on financial statements of the precedent second calendar month and applying exchange rate, to the re-expression of figures in foreign currency of the precedent month.

As of December 31, 2011 and June 30, 2011, the asset in foreign currency amounted to 1,177,540,606.52 (Dollars) and US$ -458,702,648.87 (Dollars) and liabilities to US$1,182,304,369.69 (Dollars) and US$458,115,084.92 (Dollars), respectively
.

(y) Contingent Accounts

In these accounts the operations whereby the Bank acquires any right or assume and obligation are recorded, which effectiveness is conditioned to wether or not any fact will occurs, depending on the future, eventual or remote factual conditions.

In the same way, monthly rent least are recorded from the time of causation in the lease accounts receivable.

Among those accounts lease agreements about to expire are primarily included, as current portion is recorded the rents and call options expiring during the next year, and as non-current, the portion of such agreement which will expire after the first year.

Among the debtor contingencies financial returns are recorded from the time the causation is suspended in the accounts of portfolio credits.

(z) Memorandum Accounts

In this accounts the operations made with third parties are recorded, that by its nature will not influence Bank's financial situation. In the same way, fiscal memorandum accounts are included, where the figure are recorded to draw up tax returns; in same way, it includes those accounts of record used for tax purposes, of internal control or management information.

(aa) Net profit per Stock

As of December 31, 2011 net profit per stock was computed according to the weighted average of outstanding stocks that was 153,567,281. As of June 30, 2011 net profit per stock was computed according to the weighted average of outstanding stocks that was 149,840,314.

(3) Major Differences between Especial Standards and Accounting Standards Generally Accepted in Colombia

Especial accounting standards set forth by Colombia Finance Superintendence show some differences with the accounting standards generally accepted in Colombia, as follows:

Property, Plant and Equipment

Accounting standards generally accepted determine that at the closing period the net value of property, plant and equipment, sic adjusted value exceeds twenty (20) minimum legal monthly salaries, should be adjusted to its surrender value or its present value, recording the valuations and provisions necessary while especial standards do not show conditions for this type of asset

Premium of Stock Placement

The especial provision provides the Premium of stock placements recorded as a portion of legal reserve, while the generally accepted standards indicate that it shall be recorded in the patrimony

(4) Available

Below the detailed available		Dec. 31-11	Jun. 30-11
Legal Tender			
Cash	$	324.499,0	219.598,8
Central Bank		1.072.589,5	1.263.580,8
Banks and other Financial Entities		37.134,7	4.604,8
Conversion		1.727,6	1.118,1
In Transit Remittances		404,4	242,4
	$	1.436.355,2	1.489.144,9
Foreign Currency Conversion to Legal Tender			
Cash		21.493,7	26.346,7
Central Bank		249,2	274,8
Banks and other Financial Entities		76.073,1	61.413,4
In Transit Remittances	$	1.597,8	997,8
		99.413,8	89.032,7
		1.535.768,9	1.578.177,6
Provision for Available			
Legal Tender	$	(2,3)	(1,7)
	$	1.535.766,6	1.578.175,9

The balance in cash and deposits in the Central Bank in legal tender, as of December 31, 2011 and June 30, 2011, include value computed for bank reserve to be maintained over the deposits received from clients, according to legal provisions.

There exists no any other restriction on the available. At the closing December 31, 2011 there were items of lower amount more than 30 days pending of regularization corresponding to remittances in-transit 100% provisioned

(5) Active positions in monetary market and related transactions

Below the detail of active positions in market transactions:

	Interest Rate	31 Dec. 31-11	Interest Rate	Jun. 30, 2011
Ordinary Inter-bank funds sold:				
Banks (Legal Tender)	0.00%	$ -	4.10%	45,000.0
Banks (Foreign Currency)	0.01%	49,552.5	0.49%	154,214.1
Ordinary Inter-bank Funds Sold		49,552.5		199,214.1
Commitment of investment transfer in Simultaneous Transactions:				
Soc. Comisionista de Bolsa	5.29%	14,549.0	4.75%	1,274.0
		$ 64,101.5		200,488.1

Over inter-bank funds sold and back purchase agreement there exist no restrictions.

Below mean returns are detailed:

Inter-Bank Funds Sold L/T

	Average	Valuation	Rate	
Jul-11	81,914.8	116.7	0.05%	USD
Jul-11	20,202.9	385.4	0.71%	EUR
Aug-11	57,032.4	67.2	0.04%	USD
Aug-11	18,501.4	325.1	0.65%	EUR
Sep-11	52,877.3	83.0	0.06%	USD
Sep-11	15,121.8	265.6	0.63%	EUR
Oct-11	46,782.3	20.1	0.02%	USD
Oct-11	16,878.8	286.6	0.61%	EUR
Nov-11	47,543.9	108.5	0.08%	USD
Nov-11	20,370.1	264.6	0.47%	EUR
Dec-11	50,671.7	71.9	0.05%	USD
Dec-11	16,386.8	131.5	0.29%	EUR

Inter-Bank Funds Sold F/C

	Average	Valuation	Rate	Currency
Jan-11	19,362.1	224.6	0.42%	USD
Jan-11	4,812.9	56.0	0.42%	EUR
Feb-11	34,644.5	353.1	0.37%	USD
Feb-11	5,372.8	69.5	0.47%	EUR
Mar-11	35,787.5	438.1	0.44%	USD
Mar-11	5,471.1	60.4	0.40%	EUR
Apr-11	25,814.4	321.1	0.45%	USD
Apr-11	2,998.4	58.5	0.70%	EUR
May-11	14,329.9	100.1	0.25%	USD
May-11	3,025.8	64.2	0.76%	EUR
Jun-11	51,017.5	222.7	0.16%	USD
Jun-11	37,842.4	847.8	0.81%	EUR

(6) Investments

Detail of Investment below:

Marketable in Certificates of Indebtedness	Dec. 31-2011	Jun. 30-2011

Certificates of Domestic Public Indebtedness Issued or backed up by the Nation:			
Certificates of Treasury L/T	$	522,710.1	876,778.7
Certificates of Treasury in UVRs		73,877.7	101,050.1
Certificates of Indebtedness Reduction		6,896.3	7,795.9
Agricultural Bonds		413.7	1,995.9
Pension Bonds		-	2,229.9
	$	603,897.1	989,850.5

		Dec. 31-2011	Jun. 30-2011
Certificates of Credit Contents Derived from Mortgage Portfolio Securitization			
Negotiable Mortgage Papers		3,415.9	7,783.8
Papers issued, endorsed, accepted or Backed up by entities controlled by Financial Superintendence			
Time Deposit Certificates		69,088.8	1,064.9
Banker´s Acceptances		1,040.8	-
	$	70,129.6	1,064.9
Papers issued by entities non-controlled by Financial Superintendence			
Bonds USD EEBTA		-	15,217.2
Bonds Pacific Rubiales		2,250.9	2,023.0
Bonds TGICO		2,123.5	2,008.8
	$	4,374.4	19,249.0
Other Papers			
Bonds Bancolombia		9,276.2	9,437.4
Total Negotiable Certificates of Indebtedness	$	691,129.9	1,027,385.5

To Maintain Until Maturity

		Dec. 31-2011	Jun. 30-2011
Papers of domestic public indebtedness issued and backed up by the Nation:			
Certificates of Treasury L/T.	$	31,676.7	14,616.6
Certificates of Treasury UVR		1,514.7	-
Peace Solidarity Bonds		1,3	1.3
Certificates of Indebtedness Reduction		164,199.6	175,564.7
Pension Bonds		-	125.7
	$	197,392.3	190,308.3
Certificates issued, endorsed, accepted or backed up by entity controlled by Super.:			
Certificates of Agribusiness Development:			
Class “A”		228,705.4	196,713.1
Class “B”		301,492.8	288,102.0
		530,198.2	484.815,1

Available for Sale in Certificates of Indebtedness:

		Dec. 31-2011	Jun. 30-2011
Certificates of domestic public indebtedness issued or returns backed up by Nation			

Certificates of Treasury	$	155,276.5	175,616.4
Certificates of Treasury in UVRs		98,899.7	63,139.8
Pension Bonds		110,162.1	85,469.2
Certificates of Indebtedness Reduction		7,720.7	26,119.2
Peace Solidarity Bonds		1,044.9	1,032.3
Agricultural Bonds		-	515.8
	$	373,103.9	351,892.7
Tips Titularizadora Colombia	$	46,353.1	66,473.5
Davivienda Mortgage Bonds		94.1	417.2
	$	46,447.2	66,890.7
Certificates of Credit Contents Derived from Underlying Proceedings Other than Mortgage Portfolio Securitization			
Ingenio Pichichi		772.3	1,445.9
UVR Bond Transmilenio - Pauttransm		17,238.7	16,620.0
	$	18,011.0	18,065.9
Certificates issued by entities controlled by Financial Superintendence of Colombia		Dec. 31-2011	Jun. 30-2011
Bonds other establishments AA B/quilla		1,060.9	1,088.6
Time Deposit Certificate Findeter		15,685.3	26,847.7
	$	16,746.2	27.936,3
Certificates issued, endorsed or accepted by Overseas Banks			
Central American Bank for Economic Integration		7,029.0	6,929.4
Total Available for Sale in Certificates of indebtedness	$	461,337.3	471,715.0

Participation of compulsory and mandatory investment over total portfolio amount to 9% and 7% in TDA-A and 12% and 11% in TDA-B at the closing December 31, 2011 and June 30, 2011, respectively.

Report or Repo Transactions: Investment Transfer Rights Negotiable in Papers of Certificates of Indebtedness:		Dec. 31-2011	Jun. 30-2011
Certificates of internal public indebtedness issued or endorsed by the Nation	$	79,909.1	93,509.6
Certificates of external public indebtedness issued or endorsed by the Nation		34,607.9	19,855.6
Securities issued, guaranteed, secured and accepted by Foreign Banks		1,954.0	-
	$	116,471.0	113,365.0
Rights of investment transfers available for sale in titles or indebtedness papers			
Certificates of internal public indebtedness issued or endorsed by the Nation			-
	$	395,552.1	416,550.6
Investments available for sale delivered in guarantee of operations with derivative financial papers, structured products, and others, in certificates of indebtedness			
Certificates of internal public indebtedness issued or endorsed by the Nation			
	$	28,415.5	12,487.6

Consolidated value of investment portfolio in Certificates of Indebtedness per debt by issuer is as follows:

Issuer		Dec. 31-11 Market Value	% Participation	Jun. 30-11 Market Value	% Participation
Ministry of Treasury	$	1,679,270.7	69,35%	2,058,341.1	75.77%
Banco Sudameris		9,057.8	0.37%	0.0	0.00%
Central American Integration Bank		7,028.9	0.29%	1,864.5	0.07%
WBB Bank		10,048.2	0.41%	0.0	0.00%
Finagro		530,198.6	21.90%	481.073,1	17,71%
Findeter		19,684.7	0.81%	26,847.6	0.99%
Titularizadora Colombiana		49,805.1	2.06%	74,257.2	2.73%
Rubiales Bonds in USD		2,250.9	0.09%	2,023.0	0.07%
Empresa Energía Bogotá		0.0	0.00%	15,217.1	0.56%
Bancolombia		11,365.5	0.47%	9,437.4	0.35%
Helm Bank		40,205.2	1.66%	0.0	0.00%
Bancolombia Panama		21,867.0	0.90%	0.0	0.00%
Transmilenio UVR Bonds		17,238.6	0.71%	16,620.0	0.61%
TGI Internacional		14,864.3	0.61%	0.0	0.00%
Other		8,609.7	0.36%	30,946.4	1.14%
Total Investment Portfolio	$	2,421,496.2	100.00%	2,716,627.4	100.00%

Income (Expense) of Investment Portfolio, Half-Year ended December 31, 2011:

		Inv-Neg L/T	Inv-Neg F/C	Inv. HV & D.V.	Inv. at Sight	Total
July	$	6,984.2	557.3	5,973.1	(1,372.1)	12,142.5
August		7,570.1	74.2	5,727.5	(1,690.2)	11,681.6
September		2,026.9	6,988.6	10,958.3	(1,951.8)	18,022.0
October		(211.2)	(282.7)	5,118.0	254.3	4,878.3
November		2,275.3	2,097.5	5,467.7	(957.5)	8,883.0
December		4,553.4	(82.0)	5,438.6	(1,168.1)	8,741.9
Total	$	23,198.7	9,352.9	38,683.2	(6,885.4)	54,349.4

Income (Expense) of Investment Portfolio, Half-Year ended June 30, 2011

		Inv-Neg L/T	Inv-Neg F/C	Inv. HV & D.V.	Inv. at Sight	Total
January	$	3,275.3	(352.3)	7,918.4	188.9	11,030.3
February		(2,413.2)	1,964.7	10,856.0	285.4	10,692.9
March		7,018.9	(477.8)	11,273.4	70.7	17,885.2
April		6,190.9	(3,246.0)	5,984.0	202.1	9,131.0
May		6,139.7	619.7	4,878.6	31.2	11,669.2
June		11,684.7	(420.2)	5,287.6	277.9	16,830.0
Total	$	31,896.3	(1,911.9)	46,198.0	1,056.2	77,238.6

Treasury Operations participated with 3.41% and 5.32% of total Bank's operational income as of December 31, 2012 and June 30, 2011, respectively.

Investments average was $2,517,446.61, for the half-year period ended on December 31, 2011 reaching it maximum on July for $2,745,703.70 and its minimum on September with $2,416,315.10. The average of investments of first half-year 2011 was $2,817,361.7, reaching its maximum on April for $2,905,225.3 and its minimum on May with $2,734,397.2.

The following itemizes Certificates of Participation Available for Sale:

				December 31, 2011				
Business Name	% de	Stock	# Shares	Cost (1)	Patrimonial	Unrealized	Valuation	Rating

	Participation	Capital	Owned	Adjusted	Value	Accrued Profit/Loss	(Devaluation)	
Investment in Colombia								
Fiduciaria de Occidente S.A.	94.98%	$13,671.1	12,984,341	39,960.0	75,207.3	-	36,247.3	A
Sociedad Administradora de fondos de Pensiones y Cesantias Porvenir S.A.	23.10%	73,456.1	16,969,092	121,154.2	149,826.3	-	28,672.1	A
Casa de Bolsa S.A.	7.95%	15,223.0	1,210,187	2,583.8	2,543.1		(40.7)	A
Corporación Financiera Colombiana S.A.	13.39%	1,901.6	25,459,590	861,552.5	861,552.4	603,159.4	-	A
A Toda Hora S.A.	20.00%	333.3	66,666	263.5	1,386.9	-	1,123.4	A
Depósito Central de Valores Deceval S.A.	1.26%	12,050.9	6,093	457.0	826.5	-	369.5	A
Ventas y Servicios S.A.	45.00%	577.0	259,657	1,231.5	2,155.7	-	924.2	A
Redeban Multicolor S.A.	7.24%	10,119.5	723,317	1,563.5	4,673.3	-	3,109.8	A
A.C.H. Colombia S.A.	4.79%	6,594.8	315,668	271.9	925,4	-	653.5	A
Cámara de Compensación Divisas de Colombia S.A.	3.19%	2,500.0	79,687,500	79.7	99.5	-	19.8	A
Master Card Int.	0.0010%	-	1,244	74.2	74.2	-	-	A
Gestión y Contacto	1.02%	867.6	884	38.2	70.1	-	31.9	A
Cámara de Riesgo Central de Contraparte de Colombia	1.17%	40,000.0	466,763,467	471,9	611,1	-	139,2	A
Pizano S.A.	0.92%	648.0	597,746	1,797.4	2,029.1	-	231.7	A
Overseas Investments:		(2)						
Banco de Occidente(Panamá) S.A.	95.00%	US$10.8	1,099,059	40,173.9	61,338.7	-	21,164.8	A
Occidental Bank Barbados Ltd.	100.00%	US$8.1	1,621	26,291.2	44,058.8	-	17,767.6	A
		$		1,097,964.4	1,208,378.5	603,159.4	110,414.1	

				June 30, 2011				
Business Name	% de Participation	Stock Capital	# Shares Owned	Cost (1) Adjusted	Patrimonial Value	Unrealized Accrued Profit/Loss	Valuation (Devaluation)	Rating
Investment in Colombia								
Fiduciaria de Occidente S.A.	94.98%	$13,671.1	12,984,341	39,960.0	75,618.9	-	35,658.9	A
Sociedad Administradora de Fondos de Pensiones y Cesantias Porvenir S.A.	23.10%	71,454.6	16,506,743	111,629.9	136,250.2	-	24,620.3	A
Casa de Bolsa S.A.	7.95%	15,223.0	1,210,187	2,583.8	2,418.4		(165.4)	A
Corporación Financiera Colombiana S.A.	13.39%	1,863.1	24,944,381	848,108.9	848,108.9	606,467.0	-	A
A Toda Hora S.A.	20.00%	333.3	66,666	263.5	1,259.7	-	996.2	A
Depósito Central de Valores Deceval S.A.	1.26%	12,050.9	6,093	457.0	687.0	-	230.0	A
Ventas y Servicios S.A.	45.00%	577.0	259,657	1,231.5	1,814.4	-	582.9	A
Redeban Multicolor S.A.	7.24%	10,119.5	723,317	1,563.5	4,513.3	-	2,949.8	A
A.C.H. Colombia S.A.	4.79%	6,594.8	315,668	271.9	884.3	-	612.4	A
Cámara de Compensación Divisas de Colombia S.A.	3.19%	2,500.0	79,687,500	79.7	83.2	-	3.5	A
Master Card Int.	0.0010%	-	1,244	67.7	67.7	-	-	A
Gestión y Contacto	1.02%	867.6	884	38.2 -	55.1	-	16.9	A
Cámara de Riesgo Central de Contraparte de Colombia	1.17%	40,000.0	466,763,467	471.9	620.0	-	148.1	A
Pizano S.A.	0.92%	64,803.1	597,746	1,797.4	1,989.8		192.4	A

Overseas Investments:			(2)						
Banco de Occidente(Panamá) S.A.	95.00%	US$10.8	1,099,059	36,650.6	52,333.0-	-	15,682.4	A
Occidental Bank Barbados Ltd.	100.00%	US$8.1	1,621	23,985.3	37,619.4	-	13,634.1	A
		$		1,069,160.8	1,164,323.3	606,467.0	95,162.5	

(1) According to provide in subsection (i) literal c) Items 6.2.1 and 8.2 of External Circular Letter 033 / 2002 issued by Colombia Finance Superintendence, acquisition cost of investments made before September 2/2002 is the intrinsically value calculated on that date. For subsequent purchases, acquisition cost is its purchase value.

(2) Figures in foreign currency are given in million dollars.

During the second and the first half-year 2011, the Bank received stock dividends representing higher number of stocks owned of the societies listed below:

	Dec. 31-11		Jun. 30-11	
	Date	Value	Date	Value
Sociedad Administradora de Fondos de Pensiones y Cesantías S.A.	Sep 11	$ 9,524.4	Mar 11	$ 12,052.7
Corficolombiana S.A.	Sep 11	16,751.2	Mar 11	25,765.1
Gestion y Contacto S.A.	Sep 11	0.0	Mar 11	22.9
Ventas y Servicios S.A.	Sep 11	0.0	Mar 11	451.1
		$ 26,275.6		38.291,8

All investments available for sale in certificates of participation correspond to stocks with low and minimum liquidity, with the exception of the investment in Corporación Financiera Colombiana S.A. corresponding to high liquidity stocks.

About investments there exist no restrictions or pledging.

Investment in Banco de Occidente (Panamá) S.A. corresponds to an indicial contribution of US$4,382,130 (Dollars) by the subscription of 438,213 stocks, US$10 (Dollar) par value each, on December 6/1995 the contribution increased by US $2,999,993 (Dollar) by the conversion of Bonds into stocks (158,311 stocks) and on April 30/2003 contribution was increased by US $2,849,980 (Dollars) by the conversion of 102,739 stocks.

The investment in Occidental Bank Barbados Ltd. was acquired on June 23/2006 by the Bank via merger with Banco Unión Colombiano S.A., corresponding to an investment of US $ 3,295,000 (dollars) equivalent to 659 stocks US $ 100 (dollars) and on June / 2009 capitalized by US $2.425.000 (dollars) corresponding to 485 stocks

On December 31, 2011 and June 30, 2011 under solvency risk, the Bank was rated “A” in investments available for sale in certificates of participation.

In connection with rating of certificates of indebtedness, and according to the provisions in the Chapter II of Basic Accountant and Financial Circular 100/1995 issued by Colombia Finance Superintendence, the certificates of indebtedness were evaluated and rated under credit risk. From the total certificates of indebtedness belonging to Banco de Occidente portfolio, excluding mandatory investments, 91% of such certificates are invested in Certificates of the Issuer Nation Colombia. The remaining 9% is invested in bond of private indebtedness, TDC and, inter alia.

Related to portfolio securities qualification, 99% is under the highest credit qualifications (Free Risk and AAA) while securities with qualification different from AAA represent only 1%.

In the valuation of legal and credit risk as of and December 31, 2011 and June 30, 2011, it is determined that the Bank did not require provisions.

(8) Credit Portfolio and Capital Lease Operations

Below portfolio and Capital Lease operations itemized by credit modality:

		Dec. 31-11	Jun. 30-11
Ordinary Loans	$	10,063,488.6	9,224,405.8
Chattels given in leasing		1,143,650.7	978,701.4
Machinery & equipment given in leasing		815,645.0	771,636.2
Vehicles given in leasing		788,958.1	630,138.7
Credit Card		513,219.1	489,811.7
Loans with resources from other entities		396,801.4	392,131.3
Immovable property in housing leasing		363,930.2	308,225.5
Overdrafts in Bank current account		72,540.9	72,892.1
Computing equipment given in leasing		62,269.0	62,185.8
Furniture and fixture given in leasing		47,824.4	52,463.6
Letter of Credit Covered		83,950.0	73,554.3
Reimbursement of advance payments		109,973.9	61,219.0
Other goofs given in leasing		42,584.6	41,141.8
Ships, trains, aircraft and the like given in leasing		24,012.9	34,793.3
Discounts operations and factoring		1,167.9	756.7
Factoring without resource		802.3	277.1
	$	14,530,919.0	13,194,334.3

Below portfolio and Capital Lease operations itemized per economic destination

Wholesale trade and auto motor vehicles	$	1,823,944.8	1,714,104.0
Salaried		2,224,549.4	1,990,931.5
Transport-related activities Cargo, passenger, other)		1,089,170.8	973,232.6
Detail commerce		514,218.0	487,972.7
Manufacturing of food and drinking products		424,093.9	436,724.8
Other business activities		808,922.2	802,146.4
Construction		927,551.4	734,882.2
Manufacture of chemical, rubber and plastic substance / products		432,385.5	398,073.5
Public and defense, social security administration		689,277.5	541,822.0
Activities related to financial sector		696,389.3	504,310.0
Manufacturing of basic metallurgic, non-metal products and others		384,803.2	365,479.4
Manufacture of gear and fur garment – textile sector		333,310.9	343,744.4
Farming, hunting and related-activities		436,445.3	376,188.2
Social health and educational services		510,965.7	462,492.8
Entertainment activities and other cultural activities		163,665.3	199,571.7
Extraction of crude petroleum and natural gas		421,794.9	366,331.3
Activities of service, real estate, entrepreneurial and rent		408,588.4	334,000.9
Generation, capture and distribution of electric, gas energy		292,538.8	277,258.1
Forestry, logging and related service activities		6,528.8	5,509.2
Hotels, restaurants, bars and the like		4,358.4	3,793.4
Capital Annuitant		773,799.7	738,259.3
Other activities and consumption credit - Other		1,163,516.7	1,137,505.9
	$	14,530,919.0	13,194,334.3

Portfolio and Capital Lease Operations per Modality and Qualification

The result of risk rating with the constitution of capital, interest and provisions, is as follows:

December 31, de 2011

Risk Category		Capital	Interest	Provision Capital	Provision Interest	Security
Commercial	$	11,732,890.9	87,789.0	411,238.6	9,957.4	3,305,710.4
Category A Normal		10,746,030.0	71,701.2	178,932.8	1,168.1	2,995,960.3
Category B Acceptable		546,400.6	5,825.1	30,995.3	424.1	163,200.4
Category C Appreciable		160,917.9	1,694.7	21,131.6	581.3	56,184.3
Category D Significant		182,017.6	5,907.6	93,905.0	5,138.9	65,320.7
Category E Unrecoverable		97,524.8	2,660.4	86,273.9	2,645.0	25,044.7
Consumption		2,798,028.1	35,974.1	161,280.0	5,797.9	1,115,132.9
Category A Normal		2,583,375.5	29,186.4	60,018.9	851.4	1,033,358.5
Category B Acceptable		67,248.4	1,757.0	6,846.4	323.0	22,919.8
Category C Appreciable		39,625.6	1,234.6	7,041.9	932.5	16,364.4
Category D Significant		65,654.7	2,349.6	47,458.9	2,257.9	32,000.4
Category E Unrecoverable		42,123.9	1,446.5	39,913.9	1,433.1	10,489.8
Total per Modality	$	14,530,919.0	123,763.1	572,518.6	15,755.3	4,420,843.3

June 30, de 2011

		Capital	Interest	Provision Capital	Provision Interest	Security
Commercial	$	10,649,510.5	74,024.4	402,851.3	9,715.5	2,659,599.3
Category A Normal		9,539,296.6	56,934.4	151,584.9	924.3	2,320,416.8
Category B Acceptable		665,689.9	5,752.3	32,198.0	279.6	171,246.2
Category C Appreciable		167,059.9	3,166.1	33,616.5	1,004.1	80,111.3
Category D Significant		176,350.5	5,171.5	94,360.4	4,530.3	62,197.5
Category E Unrecoverable		101,113.6	3,000.1	91,091.5	2,977.2	25,627.5
Consumption		2,544,823.8	31,935.2	150,538.8	5,114.6	932,224.4
Category A Normal		2,332,598.6	25,738.8	51,015.6	701.1	854,811.8
Category B Acceptable		71,723.9	1,711.8	6,704.3	283.5	23,752.2
Category C Appreciable		33,206.8	1,026.3	5,170.6	766.4	12,705.1
Category D Significant		52,007.2	1,763.1	34,946.0	1,685.4	27,822.9
Category E Unrecoverable		55,287.3	1,695.2	52,702.3	1,678.2	13,132.4
Total per Modality	$	13,194,334.3	105,959.6	553,390.1	14,830.1	3,591,823.7

December 31, 2011

Portfolio and Capital Lease Operations per Geographic Zone

		Capital	Interest	Provision Capital	Provision Interest	Security
Commercial Region	$	11,732,890.9	87,789.0	411,238.6	9,957.4	3,305,710.4
Southwest Region		2,037,075.8	15,151.9	89,984.1	1,818.6	613,922.0
Bogotá Region		5,747,867.6	39,463.5	172,481.3	4,013.9	1,509,714.7
Northwest Region		1,902,243.5	13,869.3	63,664.7	1,586.8	501,008.1
North Region		2,001,842.6	18,286.7	80,684.8	2,329.2	681,065.6
Credencial		43,861.4	1,017.6	4,423.7	208,9	-
Consumption		2,798,028.1	35,974.1	161,280.1	5,797.9	1,115,132.9
Southwest Region		517,759.4	5,855.9	30,444.0	1,030.0	184,126.4
Bogotá Region		901,013.4	9,844.3	48,338.9	1,818.0	477,977.3
Northwest Region		397,680.5	4,210.9	19,139.0	619.3	226,227.6
North Region		512,217.2	6,274.1	31,931.2	1,210.3	226,801.6
Credencial		469,357.6	9,788.9	31,427.0	1,120.3	-
Total per Geographic Zone	$	14,530,919.0	123,763.1	572,518.7	15,755.3	4,420,843.3

December 31, 2011

Per Currency	Capital	Interest	Provision	Provision	Security

Risk Category				Capital	Interest	
Commercial	$	11,732,890.9	87,789.0	411,238.6	9,957.4	3,305,710.4
Legal Tender		11,012,494.4	85,095.1	399,377.0	9,888.9	3,254,889.2
Foreign Currency		720,396.5	2,693.9	11,861.6	68,5	50,821.2
Consumption		2,798,028.1	35,974.1	161,280.1	5,797.9	1,115,132.9
Legal Tender		2,776,928.9	35,568.4	160,353.9	5,770.1	1,115,132.9
Foreign Currency		21,099.2	405.7	926.2	27.8	-
Total per Currencies	$	14,530,919.0	123,763.1	572,518.7	15,755.3	4,420,843.3

Portfolio and Capital Lease Operations per Geographic Zone

		June 30, 2011				
		Capital	Interest	Provision Capital	Provision Interest	Security
Commercial Region	$	10,649,510.5	74,024.4	402,851.3	9,715.5	2,659,599.3
Southwest Region		1,897,814.4	13,570.3	93,534.8	2,237.9	549,168.6
Bogotá Region		5,282,086.5	35,139.6	157,811.2	3,755.6	1,130,988.5
Northwest Region		1,673,819.5	10,839.4	67,942.8	1,634.1	413,356.8
North Region		1,754,260.9	13,528.2	78,885.5	1,884.1	566,085.4
Credencial		41,529.2	946.9	4,677.0	203.8	-
Consumption		2,544,823.8	31,935.2	150,538.8	5,114.6	932,224.4
Southwest Region		460,366.8	5,198.5	31,034.9	1,021.4	138,282.7
Bogotá Region		809,417.7	8,885.1	43,472.8	1,534.5	399,281.8
Northwest Region		382,157.2	4,073.4	21,102.3	635.0	202,178.0
North Region		444,599.5	5,448.4	30,911.9	1,115.2	192,481.9
Credencial		448,282.6	8,329.8	24,016.9	808.5	-
Total per Geographic Zone	$	13,194,334.3	105,959.6	553,390.1	14,830.1	3,591,823.7

Per Currency		Capital	Interest	Provision Capital	Provision Interest	Security
Commercial	$	10,649,510.5	74,024.4	402,851.3	9,715.5	2,659,599.3
Legal Tender		10,011,708.6	72,077.9	392,509.0	9,657.1	2,625,618.1
Foreign Currency		637,801.9	1,946.5	10,342.3	58.4	33,981.2
Consumption		2,544,823.8	31,935.2	150,538.8	5,114.6	
						932,224.4
Legal Tender		2,528,603.7	31,611.8	149,852.8	5,093.4	932,224.4
Foreign Currency		16,220.1	323.4	686.0	21.2	-
Total per Currencies	$	13,194,334.3	105,959.6	553,390.1	14,830.1	3,591,823.7

As of December 31 and June 30 / 2011 the Bank made purchase and sales spot down, firm and at market rates, of which 81% purchase and sale transactions were made with Fanalca S.A and sale of written-off portfolio was made mainly with Konfigura Capital S.A. for Col $3,833 MM and Konfigura S.A. $53,357 MM

	Dec. 31-11	Jun. 30-11
Purchase	3,753.8	2,843.2
Sales	41,863.1	38,210.0
Sale of Bad Debt Portfolio	5,036.0	53,357.0

Restructuring, Covenants and Agreement with Creditors

	Number	Capital	Interest	Provision	Security
Commercial	577	$254,768.9	2,122.2	85,495.8	167,067.9
Act 116	13	14,856.4	450,7	14,056.2	3,634.8
Act 550	19	7,046.4	0.0	4,844.9	3,882.6
Act 617	6	79,330.2	699.9	15,258.8	75,948.7
Ordinary	539	156,535.9	971.6	51,335.9	83,601.8
Consumption	5,939	38,071.7	1,037.3	27,387.4	10,163.2

Ordinary	5,936	38,061.1	1,037.3	27,387.4	10,163.2
Arrangement with Creditors, Homologation	3	10,6	0,1	0,4	-
Total Modality & Concept	6,516	$295,840.6	3,159.5	112,883.2	177,231.1

Restructuring, Covenants, and Agreement with Creditors by its Risk Qualification

	December 31, 2011				
Category of Risk	Number	Capital	Interest	Provision	Security
Commercial	577	$257,768.9	2,122.2	85,495.8	167,067.9
Category A Normal	64	66,951.2	844.6	316.1	55,590.0
Category B Acceptable	36	22,679.6	113,8	5,944.5	14,801.7
Category C Appreciable	36	70,133.4	28.2	7,319.6	41,112.6
Category D Significant	217	43,561.9	429.8	24,178.3	31,498.5
Category E Unrecoverable	224	54,442.8	705.8	47,737.3	24,065.1
Consumption	5,939	38,071.7	1,037.3	27,387.4	10,163.2
Category A Normal	1317	4,564.2	85.3	264.7	451.2
Category B Acceptable	826	3,157.6	59.2	537.8	361.3
Category C Appreciable	611	2,329.7	37.1	493.2	632.8
Category D Significant	1295	9,107.7	229.9	6,998.7	4,492.8
Category E Unrecoverable	1890	18,912.5	625.8	19,093.0	4,225.1
Total Restructuring, Covenants & Agreement with Creditors	6,516	$295,840.6	3,159.5	112,883.2	177,231.1

Restructuring, Agreements and Arrangement with Creditors per Geographic Zone

	December 31, 2011				
	Number	Capital	Interest	Provision	Security
Commercial	577	$ 257,768.9	2,122.1	85,495.8	167,067.9
Southwest Region	153	80,109.3	538.5	19,639.4	68,528.2
Bogotá Region	196	105,806.6	717.9	35,904.9	48,634.1
Northwest Region	122	27,401.5	239.9	12,472.5	13,941.0
North Region	99	44,445.0	625.5	17,477.0	35,964.6
Credencial	7	6,5	0,3	2,0	0,0
Consumption	5,939	38,071.7	1,037.3	27,387.4	10,163.2
Southwest Region	758	8,072.8	233.0	5,999.4	2,005.5
Bogotá Region	791	10,215.5	276.6	7,600.9	3,358.0
Northwest Region	747	5,377.4	160,5	4,027.2	1,207.9
North Region	734	9,104.4	283.4	7,054.4	3,591.8
Credencial	2909	5,301.6	83.8	2,705.5	0.0
Total Restructured per Geographic Zone	6,516	$ 295,840.6	3,159.4	112,883.2	177,231.1

Restructuring, Agreement and Arrangement with Creditors per Currency

	December 31, 2011				
	Number	Capital	Interest	Provision	Security
Commercial	577	$ 257,768.9	2,122.1	85,495.8	167,067.9
Legal Tender	577	257,768.9	2,122.1	85,495.8	167,067.9
Consumption	5,939	38,071.7	1,037.3	27,387.4	10,163.2
Legal Tender	5,939	38,071.7	1,037.3	27,387.4	10,163.2
Total	6,516	$ 295,840.6	3,159.4	112,883.2	177,231.1

Restructuring, Covenants and Agreement with Creditors

June 30, 2011

	Number	Capital	Interest	Provision	Security
Commercial	697	$ 274,987.0	2,367.8	90,664.1	182,401.9
Act 116	13	11,522.7	159.4	10,940.1	3,103.3
Act 550	32	10,898.0	36.8	9,019.8	3,863.6
Act 617	7	89,972.9	797.7	19,327.2	77,900.9
Ordinary	643	161,471.6	1,374.0	50,361.1	96,719.3
Arrangement with Creditors,	2	1,121.8	0.0	1,015.9	814.7
Consumption	6,179	42,097.2	1,072.5	35,632.9	11,206.4
Ordinary	6,177	42,089.7	1,072.5	35,632.9	11,206.4
Arrangement with Creditors, Homologation	2	7,5	0.1	0.2	0.0
Total Modality & Concept	6,876	$ 317,084,2	3,440.2	126,297.0	193,608.3

Restructuring, Covenants, and Agreement with Creditors by its Risk Qualification

			June 30, 2011		
Category of Risk	Number	Capital	Interest	Provision	Security
Commercial	697	$ 274,987.0	2,367.8	90,664.1	182,401.9
Category A Normal	77	66,328.4	295.2	1,128.8	38,310.8
Category B Acceptable	72	32,120.3	238.1	6,296.3	20,900.3
Category C Appreciable	38	72,487.2	842.1	5,002.9	61,987.6
Category D Significant	259	45,974.0	396.2	27,429.6	34,139.0
Category E Unrecoverable	251	58,077.0	596.3	50,806.4	27,064.2
Consumption	6,179	42,097.2	1,072.5	35,633.1	11,206.4
Category A Normal	1,350	2,335.6	38.6	100.7	0.0
Category B Acceptable	665	1,146.0	16.5	140.7	0.0
Category C Appreciable	422	730.4	8.9	127.9	0.0
Category D Significant	817	9,063.1	209.2	6,271.5	5,326.1
Category E Unrecoverable	2,925	28,822.2	799.3	28,992.3	5,880.4
Total Restructuring, Covenants & Agreement with Creditors	6,876	$ 317,084.2	3,440.3	126,297.1	193,608.3

Restructuring, Agreements and Arrangement with Creditors per Geographic Zone

	Number	Capital	Interest	Provision	Security
Commercial	697	$274,987.0	2,367.8	90,664.2	182,401.9
Southwest Region	185	89,229.8	613.0	19,271.3	74,606.1
Bogotá Region	224	95,017.0	731.1	28,416.6	58,610.4
Northwest Region	163	34,487.4	308.6	17,531.3	12,148.1
North Region	122	56,248.4	715.0	25,444.4	37,037.3
Credencial	3	4.4	0.1	0.5	0.0
Consumption	6,179	42,097.2	1,072.5	35,633.1	11,206.4
Southwest Region	859	9,942.6	287.4	9,498.4	2,848.6
Bogotá Region	836	10,531.5	264.3	9,708.2	2,464.5
Northwest Region	856	6,302.1	176.7	6,008.0	1,319.9
North Region	794	10,404.8	273.1	9,355.9	4,573.4
Credencial	2834	4,916.3	70.9	1,062.5	0.0
Total Restructured per Geographic Zone	6,876	$317,084.2	3,440.3	126,297.1	193,608.3

Restructuring, Agreement and Arrangement with Creditors per Currency

	Number	Capital	Interest	Provision	Security
Commercial	697	$ 274,987.0	2,367.8	90,664.1	182,401.9
Legal Tender	697	274,987.0	2,367.8	90,664.1	182,401.9
Consumption	6,179	42,097.2	1,072.5	35,633.1	11,206.4

Legal Tender	6179	42,097.2	1,072.5	35,633.1	11,206.4
Total	6,876	$ 317,084.2	3,440.3	126,297.1	193,608.3

Average weighted effective interest rate of credit portfolio is the following:

	Dec. 31-11	Jun. 30-11
Legal Tender	12.16%	8.83%
Foreign Currency	3.64%	2.55%

On December 31/2011 and June 30/2011 the Bank had loans granted to stockholders and directors; such operations are made under general conditions prevailing in the market of similar operations, as follows:

Admissible Security		Dec. 31-11	Jun. 30-11
Shareholders	$	224,936.9	243,558.4
Directors		1,720.1	2,487.1
		226,657.0	246,045.5
Other Securities			
Shareholders		42,824.4	66,228.0
Directors		50,121.9	51,494.7
		92,946.3	117,722.7
	$	319,603.3	363,768.2

Provision for Credit Portfolio and Capital Lease Operations

Portfolio and Capital Lease Operations provision movement per modality is as follows:

		Commercial	Consumption	Total Provision
Balance portfolio provision December 31, 2010	$	389,598.2	145,656.1	535,254.3
Plus:				
Provision charged to expense		161,865.0	89,463.7	251,328.7
Less:				
Written-off Loans		(44,391.9)	(41,597.9)	(85,989.8)
Reimbursement of provisions		(104,220.0)	(42,983.1)	(147,203.1)
Balance Portfolio Provision June 30, 2011		402,851.3	150,538.8	553,390.1
Plus:				
Provision charged to expense		167,486.1	110,429.2	277,915.3
Less:				
Written-off Loans		(36,353.7)	(44,847.8)	(81,201.5)
Reimbursement of provisions		(122,745.1)	(54,840.1)	(177,585.2)
Balance Portfolio Provision June 30, 2011	$	411,238.6	161,280.1	572,518.7

The following itemizes Individual Contra-Cyclic Component:

		December 31, 2011		
Contra-Cyclic Individual Provision		Commercial	Consumption	Total
Individual Provision	$	411,238.5	151,280.1	572,518.7
Procyclic Individual Provision n		330,462.1	121,729.1	452,191.2
Contra-Cyclic individual Provision	$	80,776.5	39,551.0	120,327.5

		June 30, 2011		
Contra-Cyclic Individual Provision		Commercial	Consumption	Total
Individual Provision	$	402,851.3	150,538.8	553,390.1

Procyclic Individual Provision n		329,917.2	117,240.6	447,157.8
Contra-Cyclic individual Provision	$	72,934.1	33,298.2	106,232.3

The effect of adjustment of values corresponding to the loss due to default (LDD) in the reference model of consumption portfolio (RMCP) for "without guarantee" category, resulted in additional provisions for Col$7.165 MM, recognized in the Statement of Results as of December 31, 2011

(9) Bank Acceptances and Derivatives

Bellow acceptances and derivatives itemized:

Bank Acceptances		Dec. 31-11	Jun. 30-11
Under term	$	34,698.9	19,946.4
After term		482,7	-
	$	35,181.6	19,946.4
Spot Operations			
Rights of purchase on foreign currency	$	21,758.3	587.2
Rights of sale on foreign currency		-	878.7
Purchase obligations of foreign currency		(21,750.7)	(587.8)
Sale obligations on foreign currency		-	(878.1)
	$	7.5	0.0
Derivatives			
Forward Contracts			
Rights of foreign currency purchase	$	1,454,496.9	215,110.5
Rights of sale on foreign currency		505,904.4	2,104,927.0
Rights of legal tender purchase		-	61,158.1
Rights of sale on legal tender		1,331.9	76.2
Purchase obligations of foreign currency		(1,418,674.4)	(214,683.9)
Sale obligations on foreign currency		(502,863.3)	(2,058,484.8)
Purchase obligations of legal tender		-	(59,939.3
Sale obligations on legal tender		(1,262.5)	(74.7)
	$	38,933.0	48,089.1
Future Contracts			
Rights of sale on foreign currency		257,010.9	2,037.6
Rights of sale over securities		-	2,629.2
Sale obligations on foreign currency		(256,900.8)	-
Purchase obligations on securities		-	(2,037.6)
Sale obligations on securities		-	(2,629.2)
		110.1	-
Profit for valuation of Options			
Puts on foreign currency		6.0	28.7
	$	39,049.1	48,117.8

On December 31/2011 and June 30/2011 the Bank had recorded forward in legal tender and foreign currency with terms agreed upon laws than one year.

For derivative operations, specific indebtedness levels are established by each party, which are defined based on financial analysis and rating qualification assigned by the model. Such levels are prevailing for no more than one year and allow for limiting the operations with counterparties according to the specific risk.

The following is the itemization of profit or loss in the valuation of spot operations and derivatives for the half-year operational periods ended on December 31, 2011 and June 30, 2011:

Income Derivatives		Dec. 31-11	Jun. 30-11
Foreign currency purchase contract	$	8.2	-

Foreign currency sale contract		-	0.5
Profit for valuation of Spot Operations	$	8.2	0.5
Forwards contract of foreign currency purchase (COP/USD)	$	185,979.5	37,007.0
Forwards contract of foreign currency sale (COP/USD)		11,691.3	167,289.3
Forwards contract of foreign currency purchase (different COP/USD)		-	1,143.0
Forwards contract of foreign currency sale (different COP/USD)		1,178.0	-
Forwards contract of foreign currency purchase		7,019.6	-
Forwards contract of foreign currency sale		-	96.2
Forward contract of securities purchase		-	140.7
Purchase of Call Options on currency		-	18.3
Emissions or sale call options over foreign currency		-	169.7
Emissions or sale put options over foreign currency		319.2	-
Profit for valuation of derivatives	$	206,187.6	205,864.2

Loss			
Derivatives		Dec. 31-11	Jun, 30-11
Foreign currency purchase contract	$	-	3.6
Foreign currency sale contract		0.5	-
Loss for valuation of Spot Operations	$	0.5	3.6
Forwards contract of foreign currency purchase (COP/USD)	$	11,418.3	161,100.7
Forwards contract of foreign currency sale (COP/USD)		191,178.2	24,390.6
Forwards contract of foreign currency purchase (different COP/USD)		1,286.5	-
Forwards contract of foreign currency sale (different COP/USD)		-	953.0
Forwards contract of foreign currency purchase		-	4,221.7
Forwards contract of foreign currency sale		9,535.5	-
Forwards contract of security purchase		0.3	-
Forwards contract of security sale		125.4	411.9
Purchase of call operations		94.9	-
Purchase of put operations over foreign currency		153.5	39.9
Emissions or sale call options		275.7	-
Emissions or sale put options over foreign currency		-	135.4
Emissions or sale put options over foreign currency		135.4	30.4
Loss for valuation of derivatives	$	214,068.3	191,253.2

On December 31/2011 and June 30/2011 accrued net (expense) income in the derivatives valuation was $(7,880.7) and $14,611.0, respectively.

Such contracts are entered within the framework of policies established by the Board of Directors of the Banks, in line with External Circular Setter 004/2010 issued by Colombia Finance Superintendence .

In connection with bank acceptances and derivatives, there exists no any restriction.

Below the passive acceptances and derivatives are itemized:

Bank Acceptances		31 Dec-11	30 June 11
At maturity	$	34,795.7	20,478.1
After maturity		1,542.6	24.5
		36,338.3	20,502.6

Derivatives:		31 Dec-11	30 June 11
Right of Currency Purchase	$	(407,967.7)	(1,787,816.2)
Right of Currency Purchase		(1,388,620.7)	(142,902.7)
Rights of Foreign Currency Purchase		(1,413.2)	-
Right of currency sale		-	(15,918.0)
Obligation of currency purchase		409,878.7	1,828,150.0
Obligations of currency sale		1,422,791.9	143,151.1

Obligations of foreign currency purchase		1,480.9	-
Obligations of foreign currency sale		-	17,028.0
Profit on derivative valuation	$	36,149.9	41,692.2
Futures Contracts			
Right of currency purchase		(304,657.9)	(35,525.0)
Right of securities sale		(16,048.3)	
Obligations of currency purchase		304,809.7	35,673.5
		16,051.8	
Profit in derivative valuation	$	155.3	148.5
Speculations Options			
Calls on currency	$	186.6	15.6
Puts on currency		1,169.6	61.7
	$	1,356.2	77.3
	$	37,661.4	41,918.0

(10) Accounts Receivable

Below the detail of interest and other account receivable:

Interest:		Dec. 31-11	Jun. 30-11
Interbank funds sold	$	1.0	23.9
Commercial credit, consumption credit and microcredit portfolio		108,592.2	92,105.2
Others		7,773.0	4,933.7
	$	116,366.2	97,062.8
Financial Component of Leasing Operations		15,149.1	13,832.6
Commissions and Fees		1,134.3	881.3
Rent Payment of Goods in Operating Lease	$	5,599.5	5,940.1
Payment per Customer Account			
Consumption	$	127,323.2	118,415.9
Commercial		17,272.9	16,926.8
Other		330.6	356.9
Payment on Account Commercial Customers	$	144,926.7	135,699.6
Other			
Dividends and participations	$	21,098.1	14,290.9
Rent		14.4	71.7
Sale of goods and services		3,229.7	1,355.2
Promisor Sellers		237.0	-
Advances of contracts and suppliers		119,534.2	129,559.4
Advances to personnel		45.6	125.7
Sundry:			
Shortage of cash		38.7	65.2
Shortage of swaps		63.8	106.5
Claims to insurance companies		2,190.7	15,434.6
Sales tax receivable		344.4	56.1
Other sundry debtors:			
Servibanca and other networks		2,884.0	3,280.2
Debit Card saving & current transactions pending to apply		843.8	845.5
Matured Retiremt bonds		129.6	2,247.1
Returns insurance company and leasing junking		2,229.5	2,232.3
Ci coprucol Ltda. Restructuration agreement		447.4	447.4
Credencial devolutions		11.8	2.6
Disabilities		325.3	252.1
Internal Sales – Credencial		35.3	9.1

Master Card F/C		93.9	70.1
Master Card pending drafts		421.7	444.4
In-process Credencial Operations		1,772.9	1,552.0
Undelivered Forward		556.3	4,637.0
Motorbike collections		919.8	1,046.6
Other		4,424.6	5,381.2
	$	161,892.5	183,512.9

Provision to Accounts Receivable:

The movement is as follows:

Initial balance	$	28,752.9	30,851.5
Plus: provisions charged to operational expense		24,921.0	23,219.3
Value Provision Operative Risk		70.3	147.2
		53,744.2	54,218.0
Less:			
Written-off accounts receivable		(100,005.9)	(14,236.3)
Reimbursement to contra-cyclic provision		(2,296.4)	(2,279.0)
Reimbursement to income and recoveries		(12,102.2)	(8,949.8)
Closing balance	$	29,339.7	28,752.9

(11) Goods Received in Payment and Returned Goods

The detail of goods received is as following:

Immovable property for housing	$	385,6	375,5
Immovable property different from housing		16,324.3	16.738,7
Returned Property		9,865.9	8.242,1
Chattels		1,043.9	973,2
		27,619.7	26.329,5
Provision		(17,710.5)	(17.902,3)
	$	9,909.2	8.427,2

The cost includes indexation for $ 2,099.7 make up to December 31, 2000.

The following is the list of securities received as Movable Goods on December 31, 2011:

Entity	Description of Security		Indexed Cost	Provision
Country Club	1 corporate stock	$	36.9	36.9
Fiduciaria "Fidufes"	1.4353% of Calima Resort Project		323.3	323.3
Palacio de Exposiciones "Acriglas S.A."	28.65% over 10.000 stocks		1.7	1.7
Promotora La Alborada S.A.	642,744,545 stocks		205.0	205.0
Promotora La Enseñanza S.A.	317,710 stocks		123.6	123.6
Soc. Palmeras del Humea S.A	70,319 stocks		7.0	7.0
Refopal S.A. – "Agrosoledad S.A."	4,971 stocks		7.6	3.6
Corficolombiana S.A. Pexin S.A.	13,078 stocks		153.2	26.8
		$	858.3	727.9

Provision for goods received in payment and returned goods

The movement is as follows:	Dec. 31-11	Jun. 30-11

Initial Balance	$	17,902.3	17,841.4
Plus:			
Provision charged to operating expenses		3,934.6	4,039.2
	$	21,836.9	21,880.6
Less:			
Recovery of Provisions during period		(4,126.4)	(3,814.4)
Loss versus provision		-	(163.9
Closing balance	$	17,710.5	17,902.3

Bank management is doing the procedures of sale within the terms provided in the provisions; when alienation is not possible, the appropriate extension is requested.

For alienation purposes of goods, the detail has been periodically supplied to the administrative personnel, and press releases have been made, or letters offering to individuals or entities potentially interested in the acquisition and a direct offer to the clients is also forwarded.

Appraisals were made by persons acknowledgeable of the specific mater, to determine the commercial value of marketable goods, received in payment at the time of receipt the goods.

(12) Property, Equipment and Goods given on Operating Lease

Below the detail for Property and Equipment:

		Dec. 31-11	Jun. 30-11
Land	$	19,925.2	19,925.2
Constructions in Progress		2,785.4	424.9
Buildings		183,919.4	182,396.9
	$	206,630.0	202,747.0
Other			
Vehicles		1,045.1	1,045.2
Imports in Progress		172,427.7	49,400.9
	$	173,472.8	50,446.1

The Bank holds insurance policies to protect its property and equipment for $447,428.1 and $366,673.5 on December 31, 2011 and June 30, 2011, respectively, covering theft, fire, lighting, explosion, earthquake, strike, riot, and other risks.

For immovable property, the Bank records valuations which are determined based on the commercial appraisals made by experts in this area. Most of the appraisals of goods shared with other entities were made in 2009; the appraisals of the goods owned by the Bank were made between 2009 and 2010.

On Bank's property and equipment there are neither mortgages nor pledges. On December 31, 2011 and June 30, 2011 the Bank has provision to cover buildings for $279.2 and $315.1, respectively.

The following is the itemization of the goods given in Operative Leasing:

The classification of asset given in operative leasing, according to modality and qualification, is as follows:

December 31,2011

Category of Risk		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Commercial					
Category A Normal	$	312,234.2	4,700.4	3,354.0	51.1
Category B Acceptable		8,462.1	244.6	347.7	61.7

Category C Appreciable		1,055.3	34.7	104.8	25.2
Category D Significant		1,890.2	586.7	921.9	586.4
Category E Unrecoverable		26.5	33.0	26.6	33.0
	$	323,668.3	5,599.4	4,755.0	757.4

June 30,2011

Category of Risk		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Commercial					
Category A Normal	$	257,144.2	4,647.7	2,887.0	62.3
Category B Acceptable		10,155.2	755.6	257.6	14.9
Category C Appreciable		1,232.4	25.0	281.6	11.3
Category D Significant		879.4	202.2	450.7	196.5
Category E Unrecoverable		77.7	309.6	73.8	309.6
	$	269,488.9	5,940.1	3,950.7	594.6

Per geographic zone:

December 31, 2011

Category of Risk		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Commercial					
Southwest Region	$	100,108.4	1,073.2	1,016.2	30.6
Bogotá Region		144,509.2	3,077.4	2,296.3	455.1
Northwest Region		52,957.9	850.4	1,071.9	249.6
North Region		26,092.8	598.4	370.6	22.1
	$	323,668.3	5,599.4	4,755.0	757.4

June 30, 2011

Commercial		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Southwest Region	$	92,368.6	1,081.6	938.2	84.5
Bogotá Region		103,526.9	3,485.8	2,033.7	269.3
Northwest Region		47,709.6	785.8	622.0	208.4
North Region		25,883.8	586.9	356.8	32.4
	$	269,488.9	5,940.1	3,950.7	594.6

Per currency

December 31, 2011

Commercial		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Legal Tender	$	323,668.3	5,599.4	4,755.0	757.4

Restructuring, Covenants and Agreement with Creditors:

December 31, 2011

Commercial		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Ordinary	$	4,376.3	126.8	65.1	17.7

June 30, 2011					
Commercial		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Ordinary	$	5,491.2	121.4	244.8	2.7

Restructuring, Covenants, and Agreement with Creditors by its Risk Qualification:

December 31, 2011					
		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Category of Risk					
Commercial					
Category A Normal	$	4,051.8	104.6	40.5	1.0
Category C Appreciable		324.5	22.2	24.6	16.7
	$	4,376.3	126.8	65.1	17.7

June 30, 2011					
Category of Risk		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Commercial					
Category A Normal	$	5,080.2	119.6	51.4	1.3
Category B Aceptable		411.0	1.8	193.4	1.4
Category C Appreciable		5,491.2	121.4	244.8	2.7

Restructuring, Agreements and Arrangement with Creditors per Geographic Zone:

December 31, 2011					
Commercial		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Bogotá Region	$	324.5	22.2	24.6	16.7
Southwest Region		4,051.8	104.6	40.5	1.0
	$	4,376	126.8	65.1	17.7

June 30, 2011					
Commercial		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Bogotá Region	$	605.5	4.1	195.9	1.4
North Region		4,885.7	117.3	48.9	1.3
	$	5,491.2	121.4	244.8	2.7

Restructuring, Agreement and Arrangement with Creditors per Currency:

December 31, 2011					
Commercial		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Legal Tender	$	4,376.3	126.8	65.1	17.7

June 30, 2011

Commercial		Capital	Operating Rent	Provision Capital	Provision Operating Rent
Legal Tender	$	5,491.2	121.4	244.8	2.7

Provision for goods given in operative leasing:

The movement is as follows:		Dec. 31-11	Jun. 30-11
Initial Balance Leasing Occidente		3,950.7	3,662.0
Plus:			
Provision charged to operating expenses		1,556.4	1,203.1
Contracyclic operative provision		533.6	395.1
	$	6,040.7	5,260.2
Less:			
Recovery of Provisions during period		(939.0)	(1,034.5)
Contracyclic operation reimbursement		(346.8)	(272.1)
Reclassification of operational period		-	(2.9)
Closing balance	$	4,755.0	3,950.7

(13) Other Assets

Prepaid Expenses and Deferred Charges

As of December 31, 2011 the following detail is shown:

		Jun. 30-11	Additions	Reclassif.	Amortization	Dec. 31-11
Prepaid Expenses:						
Interest	$	2.5	9.7	-	9.8	2.4
Insurance		1,690.4	2,185.1	-	3,239.6	635.9
Other		267.1	1,149.8	-	833.1	583.8
	$	1,960.0	3,344.6	-	4,082.5	1,222.1
Deferred Charges:						
Organization & Preoperative		2,560.2	836.8	-	1,488.7	1,908.3
Rebuilding		3,307.5	573.6	-	1,812.8	2,068.3
Studies and Projects		27,167.2	20,963.0	6,127.2	5,816.3	36,186.7
Computer Software		70.1	3,018.4	-	1,428.3	1,660.2
Improvement leased property		1,703.5	692.5	-	983.8	1,412.2
Stationery		472.6	1,166.3	-	1,091.8	547.1
Deferred income tax		1,557.0	1,290.9	-	265.2	2,582.7
Patrimony Tax		110,971.3	-	-	15,062.0	95,909.3
Property Tax		673.0	70.6	-	743.6	-
Contributions & Affiliations		152.1	2,358.1	-	2,510.2	-
Other deferred charges		33.4	459.0	-	77.0	415.4
		148,667.9	31,429.2	6,127.2	31,279.7	142,690.2
	$	150,627.9	34,773.8	6,127.2	35,362.2	143,912.3

The detail is as follows:

		Dec. 31-10	Additions	Reclassif.	Amortization	Jun. 30-11
Prepaid Expenses:						
Interest	$	14.4	8.1	-	20.0	2.5
Insurance		11.2	4,107.4	-	2,428.2	1,690.4
Other		641.9	558.2	-	933.0	267.1
	$	667.5	4,673.7	-	3,381.2	1,960.0
Deferred Charges:						
Organization & Preoperative		3.614.2	719.7	30.7	1,743.0	2,560.2
Rebuilding		4,856.7	744.4	14.6	2,279.0	3,307.5
Studies and Projects		22,858.1	22,932.5	13,831.3	4,792.1	27,167.2
Computer Software		137.7	690.0	35.4	722.2	70.1
Improvement leased property		2,336.2	632.6	1.0	1,264.3	1,703.5
Stationery		461.9	805.0	-	794.3	472.6
Deferred income tax		2,061.5	389.7	-	894.2	1,557.0
Real Estate Tax		-	125,323.3	-	14,352.0	110,971.3
Property Tax		-	953.2	-	280.2	673.0
Contributions & Affiliations		-	2,102.8	-	1,950.7	152.1
Other deferred charges		-	33.4	-	-	33.4
		36,326.3	155,326.6	13,913.0	29,072.0	148,667.9
	$	36,993.8	160,000.3	13,913.0	32,453.2	150,627.9

Intangible Assets – Mercantile Credit:
The following is mercantile credit derived from the taken over of Banco Unión:

Percentage acquired		39.28%
Date Purchased		Jun de 2006
Equity	$	32,795.9
Investment Banco de Occidente S.A.		74,730.8
Vr. Mercantile Credit		41,934.9
Balance to redeem as of June, 2010		27,734.7
Amortization 2nd half-year 2010		655.0
Balance to redeem as of December, 2010		27,079.7
Amortization 1st half-year 2011		662,1
Unamortized balance at June, 2011	$	26,417.6
Amortization Second half-year 2011		697.1
Unamortized balance at December, 2011	$	25,720.5

Following the detail of mercantile credit initial distribution acquired to each business line and valuation as of September 30, 2011:

Banco Unión Colombiano Allocation mercantile credit per line of business		Value mercantile credit per line of business	Participation % in mercantile credit line	Sep 30-11 Line of Business Valuation Acquisition Banco Unión (USD rates) 14,94%	13,92%	12,90%
Ordinary Portfolio	$	13,076.5	31.2%	114,599.0	124,154.0	135,272.0
Treasury Credit		12,044.0	28.7%	35,812.0	38,795.0	42,268.0
Unidirecto		4,073.6	9.7%	48,074.0	52,134.0	56,863.0
Vehicles		2,449.9	5.8%	61,800.0	66,864.0	72,756.0
Loans to personnel		3,887.1	9.3%	93.451.0	101,252.0	110,336.0
Credencial & Visa		1,372.5	3.3%	70,689.0	76,587.0	83,453.0
Crediunión plus		1,437.9	3.4%	-	-	-
Overdrafts Current Account		961.8	2.3%	13,575.0	14,652.0	15,905.0
Development Portfolio		247.2	0.6%	1,614.0	1,743.0	1,893.0
Debtor F/C Colombia		2,384.4	5.7%	12,128.0	13,200.0	14,450.0

	$	41,934.9	100.0%	451,742.0	489,381.0	533,196.0

Other Assets – Goods to Place in Leasing Contracts:

Below the detail:

		Dec. 31-11	Jun. 30-11
Machinery and Equipment	$	19,940.1	16,807.2
Vehicles		53,643.3	35,819.4
Furniture and Fixtures		3,430.0	2,445.8
Computer Equipment		21,131.2	5,890.1
Software		2,124.2	1,066.6
Real Estate Property		108,662.5	31,687.5
	$	208,931.3	93,716.6
Delivered back to be placed			
Machinery and Equipment		6.0	6.0
Computer Equipment		7.7	6.3
	$	13.7	12.3
	$	208,945.0	93,728.9

Other Assets– Others:

Below the detail:		Dec. 31-11	Jun. 30-11
Loans to employees	$	16,150.2	16,816.0
Species Valued		19.0	8.1
Art Work and Culture Goods		697.7	698.1
Trust Rights		407.1	2,016.5
Sundry:			
Income tax prepaid		-	44,001.3
Withholdings at source		-	15,781.3
Remittance in transit unconfirmed		50.3	35.7
Furniture and fixtures in warehouse		12.7	12.7
Commerce and Industry tax prepaid		4,968.5	3,768.7
Petit cash		23.2	22.7
Other		411.6	401.3
	$	22,740.2	83,562.4

Provision for other asset		Dec. 31-11	Jun. 30-11
The movement is as follows:			
Initial balance	$	6,580.9	4,423.8
Plus: Provision charged to operational expense		136.3	2,053.6
Less: Reimbursement of period provisions		(6,315.0)	(32.4)
Reimbursement of employee provisions		(104.7)	-
Reclassification employees credits		-	135.9
	$	297.5	6,580.9

(14) Deposits and Payabilities

Below Time Deposits itemized by maturity:

		Dec. 31-11	Jun. 30-11
Less than 6-month issued	$	617,955.7	602,561.8
Equal to 6-month and less than 12-month issued		360,653.5	535,423.0
Equal or more than 12-month issued		885,758.4	792,857.2
	$	1,864,367.6	1,930,842.0

Below the detail of other deposits and payable items:

		Dec. 31-11	Jun. 30-11
Trust funds	$	71,692.9	75,745.7

Banks and correspondents		17,244.9	19,332.0
Especial deposits		29,355.6	18,753.5
Payabilities for bank services		172,544.4	131,772.7
	$	290,837.8	245,603.9

On December 31, 2011 and June 30, 2011 the deposits in legal tender have and ordinary cash position as follows

	Cash position
Deposits and at sight and before 30-day payable	11,0%
Deposits of public national entities	11,0%
Deposits after 30-day payable	11,0%
Certificates of Time Deposit less than 540 days	4,5%
Ordinary saving deposits	11,0%
Savings time deposits	11,0%
Fiduciary deposits and creditors	11,0%
Bonds of general guarantee and other less than 540 days	4,5%
Commitments of negotiated investment repurchase and negotiated portfolio	11,0%

Under External Resolution Nº 11 dated October / 2008 the Board of Directors of the Central Bank, established an ordinary unique cash to credit entities over the amount of each type of call deposits in legal tender.

(15) Passive Positions in Monetary Market Operations and Related

Below the detail of passive positions in monetary and related market operations:

	Interest Rate		Dec. 31-11	Interest Rate	Jun. 30-11
Inter-banking purchased funds:					
Banks L/T	4.72%	$	148,000.0	4.11%	48,000.0
Banks F/C	0.30%		38,867.9	0.04%	42,714.3
Finance Companies	4.70%		5,000.0	0.00%	-
			191,867.9		90,714.3
Operations of Report or Repo:					
Banco de la República	4.69%		450,171.8	4.25%	500,057.0
Other			-		19,841.1
		$	450,171.8		519,898.1
Investment transfer commitments in simultaneous operations:					
Broker Companies	4.25%		14,597.6	0.00%	-
Other (F/C)	2,48%		36,656.6	0.00%	-
			51,254.2		-
		$	693,293.9		610,612.4

Over passive positions in monetary market operational an related operations, there exist no restrictions.

(16) Credits from Banks and other Financial Obligations

The following is the detail of Credit of Bank and other Financial Obligations

December 31, 2011

Entity		Interest Accrued	Securities	Short-term	Long-term	Total
Banco de Comercio Exterior L/T	$	2,022.9	621,928.4	211,678.0	410,250.4	621,928.4

Banco de Comercio Exterior M/E		17.3	-	6,984.1	37,513.8	44,497.9
Finagro		1,456.5	133,981.5	23,233.7	110,747.8	133,981.6
Financiera de Desarrollo Territorial Findeter S.A.		1,586.8	369,897.6	45,053.8	324,843.8	369,897.5
Other		-	371.3	371.3	-	371.3
Overseas Banks:						
Citibank NA		603.0	-	98,735.7	-	98,735.7
Banco Montreal		12.6	-	7,744.3	-	7,744.3
Banco de Occidente Panamá		314.3	-	208,937.3	33,504.3	242,441.6
Standard Charterd Bank		147.2	-	52,538.9	-	52,538.9
JP Morgan Chase Bank NY		108.9	-	40,084.8	-	40,084.8
Bank Of America		298.7	-	72,924.4	-	72,924.4
Wells Bank		653.8	-	163,775.1	-	163,775.1
HSBC Bank Usa NY		293.4	-	75,592.8	-	75,592.8
Sumito		26.4	-	2,111.8	4,005.9	6,117.7
	$	7,541.7	1,126,178.8	1,009,766.0	920,866.0	1,930,632.1

June 30, 2011

Entity		Interest Accrued	Securities	Short-term	Long-term	Total
Banco de Comercio Exterior L/T	$	2,312.3	700,353.0	229,711.4	470,641.6	700,353.0
Banco de Comercio Exterior F/C		35.7	-	18,056.4	20,036.3	38,092.7
Finagro		788.2	120,364.3	28,520.7	91,843.6	120,364.3
Financiera de Desarrollo Territorial Findeter S.A.		573.3	358,916.6	39,556.4	319,360.2	358,916.6
Other		-	-	-	-	-
Overseas Banks:						
Citibank NA		124.9	-	45,498.9	-	45,498.9
Corporación Andina Fomento (CAF)		135.5	-	74,070.9	-	74,070.9
Banco de Occidente Panamá		156.3	-	270,519.1	9,792.1	280,311.2
Standard Charterd Bank		66.3	-	38,886.5	-	38,886.5
JP Morgan Chase Bank NY.		75.5	-	22,079.7	-	22,079.7
Bank of America		82.3	-	38,799.9	-	38,799.9
Wells Bank		391.5	-	115,654.3	-	115,654.3
HSBC Bank Usa NY		66.4	-	42,661.4	-	42,661.4
Sumito		12.0	-	10,301.6	-	10,301.6
	$	4,820.2	1,179,633.9	974,317.2	911,673.8	1,885,991.0

No sole rates are specified as there are several different modalities of credit.

The guarantees of bank credits in legal tender correspond to promissory notes of credit portfolio.

The maturities of bank credits and other long-term financial obligations as from January 1, 2013 are as follows:

Year		Legal Tender	Foreign Currency	Total
2013	$	246,571.7	62,476.7	309,048.4
2014		171,210.0	5,816.2	177,026.2
2015		116,717.7	6,304.5	123,022.2
2016		84,864.5	426.7	85,291.2
2017		60,077.5	-	60,077.5
2018		51,073.1	-	51,073.1
2019		38,239.3	-	38,239.3
2020		28,968.3	-	28,968.3
2021		24,673.8	-	24,673.8
2022		12,128.5	-	12,128.5
2023		4,426.0	-	4,425.0

2024		4,791.9	-	4,791.9
2025		2,099.6	-	2,099.6
	$	845,841.9	75,024.1	920,866.0

(17) Accounts Payable

Interest

The detail of interest payable is as follows:

		Dec. 31-11	Jun. 30-11
Deposits and Payabilities	$	20,363.3	15,541.9
Currency market operations		122.5	25.7
Credits of banks and other financial obligations		5,083.60	3,690.6
Investment titles outstanding		20,687.5	10,171.1
Security Bonds		1,490.1	1,486.2
Peace Bonds		6,794.8	6,810.2
Other		18.9	5.2
	$	54,560.7	37,730.9

Others

Below the detail of other accounts payable

		Dec. 31-11	Jun. 30-11
Tax (1)	$	102,841.2	112,617.2
Dividends and Surplus		55,323.6	51,892.2
Contribution on Financial Transactions		8,920.9	5,358.4
Promising Purchasers		1,779.5	1,114.1
Suppliers		200,725.5	90,211.0
Withholdings and labor Contributions		51,292.1	53,664.6
Insurance Premiums		9,484.0	7,063.7
Tax collection		42,032.1	78,401.3
Sundry:			
Checks drawn and uncashed		116,608.60	12,817.5
Other		37,024.3	35,124.4
	$	521,031.8	448,264.4

(1) The balance as of December 31, 2011 and June 30, 2011 corresponds to net worth tax payable for $95,909.32 and $ 111.892.2, respectively.

(2). The balance as of December 31 and June 30, 2011 mainly corresponds to invoices to purchase asset and place them in leasing.

(18) Outstanding Investment Certificates

Colombia Finance Superintendence approved the issue of ordinary under resolution No. 400/1995 with the following characteristics:

a. Issue of Subordinate Ordinary Bonds in 2004, 2005, 2006 (two issues), 2007 (one issue) and 2008 (second issue 2007). Issue of Ordinary Bonds in 2006 II, 2007, 2008, 2009, 2010 and 2011 (three issues).

b. Amount authorized to issue

Year		Amount
2004	$	80,000
2005	$	40,000
2006	$	75,000
2006	$	48,000
2006 II	$	250,000
2007	$	80,000

2007	$	300,000
2008	$	250,000
2009	$	500,000
2010	$	550,000
2011 I	$	400,000
2011 II	$	247,120

NOTA: The issue made in 2007 for $80,000 was made in two dates, the first was made on August 9, 2007 with placed amount of $50,500 and the second issue was made on February 25, 2008 for total amount of $29,500.

Similarly, the issue made in 2010 was made in two spans, for total amount of $550,000. The first on November 25, 2010 for $359.500 placed and the second one made on May 10, 2011 for $190,450 placed.

c. Holders' legal representatives are Fiduciaria la Previsora S.A. and Helm Fiduciaria S.A.
d. For 2004 issues ($80.000), 2005 ($40.000), 2006 ($75.000), 2007 ($80.000), 2010 ($550.000) y 2011 ($400.000 and $247,120) the par value and minimum investment is for $10.000.000 and $10.000.000 (in Col$), respectively. 2006 ($48.000), 2006 II ($250.000), 2007 ($300.000), 2008 ($250.000) y 2009 ($500.000) issuances par value and minimum investment is COl$100.000 and Col$1.000.000 respectively.
e. Below the detail of series, term in months, returns, and outstanding balances of the bonds:

Year	Series	Term (months)	Return		Dec. 31-11	Jun. 30-11
2005	One-time	84	IPC + 5.09		40,000.0	40,000.0
2006	One-time	84	IPC + 5.58		75,000.0	75,000.0
2006	C	85	IPC + 5.75		44,680.0	44,680.0
2006	B	85	DTF + 3.00		-	8,730.0
2007	One-time	84	IPC + 5.90		50,500.0	50,500.0
2007	B	60	DTF + 3.10		81,564.4	81,564.4
2007	C	85	IPC + 6.60		53,841.1	53,841.1
2008	One-time	84	IPC + 5.90		29,500.0	29,500.0
2008	B	36	DTF + 2.70		-	3,502.8
2008	B	60	DTF + 3.10		112,983.4	112,983.4
2008	C	85	IPC + 5.90		21,023.9	21,023.8
2008	C	121	IPC + 7.00		52,902.5	52,902.6
2009	A	36	FIXED 5.2 E.A.		39,307.8	39,307.8
2009	B	36	DTF + 1.60		22,595.3	22,595.3
2009	C	60	IPC + 5.00		50,086.1	50,086.1
2009	C	121	IPC + 5.75		1,000.0	1,000.0
2009	C	85	IPC + 6.00		123,449.6	123,449.6
2010	B	36	IPC + 2.72		242,660.0	242,660.0
2010	B	60	IPC + 3.15		134,500.0	134,500.0
2010	C	60	DTF + 1.35		6,000.0	6,000.0
2010	D	36	IBR + 1.42		166,840.0	166,840.0
2011	B	36	IPC + 2.49		61,900.0	61,900.0
2011	B	60	IPC + 3.05		39,300.0	39,300.0
2011	D	36	IBR + 1.50		298,000.0	298,800.0
2011	A	36	FIXED 6.6 E.A.		5,380.0	-
2011	A	60	FIXED 7.25 E.A.		12,760.0	-
2011	B	60	IPC + 4.00		59,180.0	-
2011	B	84	IPC + 4.20		32,000.0	-
2011	B	120	IPC + 4.50		134,300.0	-
2011	D	36	IBR + 1.80		3,500.0	-
				$	1,995,554.1	1,760,666.9

(19) Other Liabilities

Below the detail of other liabilities:

Consolidated Labor Obligations:

		Dec. 31-11	Jun. 30-11
Consolidate Severance	$	10,373.4	6,395.1
Interest on severance		1,349.7	435.9
Consolidate vacations		8,811.2	9,285.5
Other labor benefits		17,344.6	17,247.7
	$	37,878.9	33,364.2

Income received in advance:

		Jun. 30-11	Debits	Credits	Dec. 31-11
Interest	$	6,176.6	19,065.0	20,301.8	7,413.4
Commissions		2,823.2	14,601.2	15,095.1	3,317.1
Rents		538.3	3,948.0	3,788.5	378.8
Others		1,782.5	1,357.8	1,295.0	1,719.7
	$	11,320.6	38,972.0	40,480.4	12,829.0

		Dec. 31-10	Debits	Credits	Jun. 30-11
Interest	$	6,847.6	17,062.8	16,391.8	6,176.6
Commissions		3,036.4	14,457.6	14,244.4	2,823.2
Rents		568.3	2,263.8	2,233.8	538.3
Others		2,069.8	1,393.8	1,106.5	1,782.5
	$	12,522.1	35,178.0	33,976.5	11,320.6

Below the detail of other liabilities – other:

		Dec. 31-11	Jun. 30-11
Deferred credits	$	13,706.9	14,653.2
Income tax deferred		59,278.7	58,130.6
Accounts cancelled		1,177.7	1,108.7
Sundry:			
Credits to apply Obligations on collection		9,263.3	3,494.6
Surplus of Cash		75.5	42.3
Swap Surplus		9.1	40.2
Other		3,670.4	3,426.7
	$	87,181.6	80,896.3

Retirement pension for $ 3,704.6 and $ 3,732.7 on December 31, 2011 and June 30, 2011 include the actuarial calculation for de 40 employees and currently totally amortized

		Dec. 31-11	Jun. 30-11
Balance to prior half-year	$	3,732.7	3,705.9
Pensions paid during half-year		(215.6)	(215.7)
Amortization carried to expenses		187.5	242.5
Actuarial valuation at the end half-year	$	3,704.6	3,732.7

(20) Estimate Liabilities and Provisions

Below estimated liabilities detailed:

		Dec. 31-11	Jun. 30-11
Income and Complementary Tax	$	63,015.6	80,864.8
Commerce and Industry		-	3,865.2
VAT no deducible		5,412.7	5,499.8
Real Estate tax		-	129.8

	$	68,428.3	90,359.6

(21) Equity Capital

As of December 31, 2011 and June 30, 2011 the following detail is shown:

		Jun. 30-11	Dec. 31-11
Authorized Capital			
Divided into 200,000,000 stocks	$	6,000.0	6,000.0
Capital to be subscribed			
44,100,281 stocks as of December 31, 2011			
50.159.686 and 50.159.707 stocks as of June 30, 2011		(1,323.1)	(1,504.8)
Subscribed and Paid-in Capital			
155,899,719 stocks as of December 31, 2011			
149.840.314 stocks as of June 30, 2011			
	$	4,676.9	4,495.2

Par value per stock is Col$30.

In the second half-year 6,059,405 shares were issued Col$30 par value each giving rise to a Premium on investment of shares for $199.778,4 for 199.960,1 total issue.

(22) Legal Reserve

Legal Reserve is made up as follows:

		Dec. 31-11	Jun. 30-11
Appropriation of profit	$	951,418.6	830,018.3
Premium in placement of stocks		720,444.6	520,666.0
	$	1,671,863.2	1,350,684.3

Premium in stock investment includes capitalization of patrimony revaluation account, originated on the integral indexation for $272,018.5.

(23) Occasional Reserves

As of December 31, 2011 and June 30, 2011 occasional reserve balance corresponds to profit appropriations made by decision of the Stockholders General Meeting; the detail is the following:

		Dec. 31-11	Jun. 30-11
Stability of dividend at disposal of the shareholders general meeting	$	20,841.8	20,841.8
Credit portfolio protection		24.9	24.9
Fiscal Dispositions		143,904.5	151,986.3
To protect Investments		26,568.3	26,568.3
	$	191,339.5	199,421.3

(24) Contingent and Memorandum Accounts

Below the detail of contingent accounts:

		Dec. 31-11	Jun. 30-11
Debit:			
Interest of credit portfolio	$	31,503.7	30,784.7
Interest of leasing		18,679.3	14,828.7
Rent Payment and Penalty of Leasing Contracts		4,576.5	1,270.6
Rights in options – speculation		12,203.0	3,490.0

Rent Payment Receivable (1)		4,480,346.8	3,884,225.2
Call Options Receivable		205,209.0	190,627.5
Values delivered in Repo and simultaneous operations		513,002.2	529,915.8
Other debts contingences		10,103.6	5,123.3
	$	5,275,624.1	4,660,265.8
Credits:			
Values received in Operations Repo and Simultaneous		14,654.8	1,275.2
Bank Guarantee		520,821.5	459,193.0
Letter of Credit		117,664.7	109,777.2
Approved and non-reimbursed credits		1,302,405.9	1,196,899.5
Opening of credit		2,094,160.9	2,069,614.0
Obligations in options		33,552.6	22,323.3
Other creditor contingencies		55,380.5	45,103.5
	$	4,138,641.0	3,904,185.7

(1) Qualification of rent receivable:

The following is the itemization of the rating of rent receivable according to provision in external circular setter 100/1995 from Colombia Finance Superintendence:

December 31, 2011

Category of Risk		Rent receivable Capital Lease	Rent receivable Operating Lease	Total
Commercial		4,128,159.5	342,324.2	4,470,483.7
Category A Normal	$	3,807,571.0	332,578.4	4,140,149.4
Category B Acceptable		190,480.6	6,998.1	197,478.8
Category C Appreciable		31,874.3	1,026.8	32,901.1
Category D Significant		82,758.3	1,716.4	84,474.7
Category E Unrecoverable		15,475.3	4.5	15,479.8
Consumption		9,863.1	-	9,863.1
Category A Normal	$	9,550.9	-	9,550.9
Category B Acceptable		227.8	-	227.8
Category C Appreciable		14.8	-	14.8
Category D Significant		17.5	-	17.5
Category E Unrecoverable		52.1	-	52.1
	$	4,138,022.6	342,234.2	4,480,346.8

June 30, 2011

Category of Risk		Rent receivable Capital Lease	Rent receivable Operating Lease	Total
Commercial		3,587,218.9	289,820.5	3,877,039.4
Category A Normal	$	3,168,933.9	278,139.6	3,447,073.5
Category B Acceptable		283,471.8	9,496.2	292,968.0
Category C Appreciable		40,535.1	1,246.9	41,782.0
Category D Significant		76,862.3	916.0	77,778.3
Category E Unrecoverable		17,415.8	21.8	17,437.6
Consumption		7,185.8	-	7,185.8
Category A Normal	$	6,815.6	-	6,815.6
Category B Acceptable		84.0	-	84.0
Category C Appreciable		163.2	-	163.2
Category D Significant		72.0	-	72.0
Category E Unrecoverable		51.0	-	51.0
	$	3,594,404.7	289,820,5	3,884,225.2

Below memorandum accounts itemized:

		Dec. 31-11	Jun. 30-11
Debit:			
Goods and values delivered in custody	$	13.2	13.2
Goods and values delivered in guarantee		28,415.5	12,487.6
Valuation of goods received in payment		5,397.5	5,742.6
Remittances sent to collection		1,627.7	1,847.3
Unpaid negotiated checks		524.6	524.6
Written-off asset (1)		958,294.0	921,928.2
Unused credits in favor		1,103,684.2	1,107,295.4
Amortized Investment titles		1,489,748.1	1,477,515.3
Assets inflation adjustment		38,032.9	38,044.2
New loans agribusiness portfolio		135,843.9	84,650.8
Property and equipment fully depreciated		66,505.1	66,526.7
Fiscal value of asset		14,891,334.3	14,891,334.3
Provision persons in agreement with creditors		1,125.1	1,159.8
Investments negotiable in certificates of indebtedness		1,211,767.4	1,585,975.3
Investments to maintain up to maturity		727,590.4	675,123.3
Investment available/via certificates of indebtedness		339,486.2	312,527.7
Recip. Active Oper. with parent companies and subsidiaries		1,051,755.8	1,016,927.2
Recip. Active Oper. affecting Expenses and cost with parent companies and subsidiaries		4,169.0	3,073.2
Other debit memorandum accounts		108,207.1	111,757.8
	$	22,163,522.0	22,314,454.5

(1) Written-off assets are itemized below:

		Dec. 31-11	Jun. 30-11
Investment		14,187.1	14,187.1
Business Banking		468,596.7	339,121.0
Personal Banking		269,940.0	360,472.9
Accounts Receivable		115,062.8	116,799.8
Other Asset		90,507.4	91,347.4
	$	928,294.0	$ 921,928.2

Credit:			
Goods and values received in custody	$	257,765.0	243,935.3
Goods and values received in guarantee future credits		2,214,161.3	2,530,595.7
Guarantees pending to be paid		311,191.5	295,808.8
Goods and values received fit guarantee		5,433,798.6	5,886,791.7
Goods and values received other guarantees		1,981,384.5	972,088.1
Collections received		4,053.5	6,851.3
Recovered of written-off Asset		27,905.8	29,034.0
Equity indexation before 1/1/01		225,565.1	225,565.1
Capitalization by equity revaluation		225,565.1	225,565.1
Investment returns		-	87,409.8
Equity fiscal value		2,378,679.0	2,378,679.0
Ranking of portfolio (Capital Interest and Other)		15,149,916.5	13,742,514.9
Recip. Passive Oper. With Parent Companies and Subsidiaries		359,109.8	382,144.0
Recip. Operations affecting Equity with parent companies and Subsidiaries		632,914.2	631,918.2
Recip. Oper. affecting income with Parent Companies & Subsidiaries		77,095.1	84,742.4
Other creditor memorandum accounts		42,697.7	42,074.3
	$	29,321,802.7	$ 27,765,717.7

(25) Transactions with Related Parties

The balances and transactions with related-parties are itemized below, operations made with associated companies at the market prices and rates for the terms thereof:

Operations with Affiliated Companies

Asset	Rate	Dec 31, 2011	Rate	Jun 30, 2011
Available – Correspondents				
Banco de Occidente (Panamá) S.A.	-	$ 14,607.5	-	12,186.7
Credit Portfolio				
Fiduciaria de Occidente S.A.	DTF + 6	438.2	DTF + 6	729.7
Ventas y Servicios S.A.	-	154.8	-	247.2
		$ 593.0		976.9
Credit Card				
Ventas y Servicios S.A.	28.27%	$ 9.5	25.93%	6.6
Accounts Receivable:				
Fiduciaria de Occidente S.A.	-	7,393.0	-	6,382.9
Ventas y Servicios S.A.	-	865.0	-	360.3
		$ 8,258.0		6,743.2

Investment Available for sale in certif. of participation			
Investment in Colombia			
Fiduciaria de Occidente S.A.		39,960.0	39,960.0
Ventas y Servicios S.A.		1,231.5	1,231.5
	$	41,191.5	41,191.5
Overseas Investments			
Banco de Occidente (Panamá) S.A.		40,173.9	36,650.5
Occidental Bank Barbados Ltd.		26,291.0	23,985.3
	. $	66,464.9	60,635.8
Valuations:			
Banco de Occidente (Panamá) S.A.	$	21,164.8	15,682.3
Ventas y Servicios S.A.		924.3	582.9
Fiduciaria de Occidente		36,247.3	35,658.9
Occidental Bank Barbados Ltd.		17,767.5	13,634.1
	$	76,103.9	65,558.2
Liabilities			
Current Account Deposits			
Fiduciaria de Occidente	$	499.5	404.5
Ventas y Servicios S.A.		100.8	225.5
Occidental Bank Barbados Ltd.		4.2	6.4
	$	604.5	636.4

Saving Account Deposits

	Rate		Dec 31, 2011	Rate	Jun 30, 2011
Fiduciaria de Occidente S.A.	2.50%	$	62.1	2.50%	363.3
Ventas y Servicios S.A.	2.00%		7.8	1.75%	11.5
Occidental Bank Barbados Ltd.	2.00%		10.7	0.00%	-
		$	80.6		374.8
Other Payabilities:					
Credit of banks and other financial obligations:	Rate		Dec 31, 2011	Rate	Jun 30, 2011
Banco de Occidente (Panamá) S.A.	(1)	$	242,441.6	(1)	280,311.2
		$	242,441.6		280,311.2
Interbank Funds Purchased					
Banco de Occidente (Panamá) S.A.	0.30%	$	38,867.9	0.04%	42,714.3

Transfer Commitments:					
Occidental Bank Barbados Ltd.	2.48%	$	36,656.7	2.25%	19,841.8
Other Accounts Payable:					
Banco de Occidente (Panamá) S.A.			1.0		-
Ventas y Servicios S.A.			-		698.8
		$	1.0		698.8

(1) Interest rate is dependent on the amount and term which range between 0.99% and 2.96% for the first half-year 2011 and 0.61% to 3.20% for the second half-year 2011.

Income			
Ventas y Servicios S.A.		Dec. 31-11	Jun. 30-11
Commissions	$	129.1	93.4
Dividends		-	451.1
Profit of leasing sale		10.9	61.6
Rents		47.6	-
Other		2.2	2.1
	$	189.8	608.2
Fiduciaria de Occidente S.A.			
Dividends	$	14,772.3	12,744.1
Other		81.1	7.9
Rent		-	22.8
Profit of leasing sale		36.7	41.1
Commissions		5.1	16.3
	$	14,895.2	12,832.2
Banco de Occidente (Panamá) S.A.:			
Dividends	$	-	10,006.1
Occidental Bank Barbados Ltd.			
Dividends		-	2,926.9
Other		66.9	55.8
	$	66.9	2,982.7

Expense and Cost			
Banco de Occidente (Panamá) S.A.			
Commissions	$	1.9	2.5
Interests		1,269.2	933.1
	$	1,271.1	935.6
Ventas y Servicios S.A.			
Other	$	9,072.0	9,426.4
Occidental Bank Barbados Ltd.			
Interests	$	119.8	62.8
Fiduciaria de Occidente S.A.			
Other	$	34.7	-

Stockholders Operations

The following is the detail of the balances with stockholders which participation is higher than 10%; operations made with stockholders are made under market general conditions for similar operations:

Grupo Aval Acciones y Valores S.A.					
Liability:	Rate		Dec. 31-11	Rate	Jun. 30-11
Deposits and Payabilities	2.75%	$	249,856.7	2.50%	462,919.5
Accounts Payable Dividends			34,468.9		32,083.0
		$	284,325.6		495,002.5
Expenses:					
Interests on Saving Accounts		$	7,762.0		-

Fees		2,047.3	2,448.8
	$	9,809.3	2,448.8

Operations with Related Companies

		As of December 31, 2011				
Entity		Asset	Liabilities	Equity	Income	Expense
Banco de Bogotá	$	83.0	10,011.0	-	29.5	423.4
Banco AV Villas		32.5	-	-	1,230.1	-
Banco Popular		-	-	-	-	12.8
ATH		1,386.8	-	1,123.4	-	789.2
Porvenir		152,508.3	1,665.8	28,672.1	17,852.5	-
Corficolombiana		872,590.4	11,252.8	603,159.4	38,867.6	69.2
Leasing Corficol		-	172.3	-	-	-
Fiduciaria Corficolombiana		8.0	2.7	-	116.7	109.8
Casa de Bolsa S.A.		2,543.1	2,072.8	(40.7)	101.0	16.9
Valora S.A.		-	30.0	-	-	-
Fiduciaria Popular		-	1,000.0	-	-	-
Fiduciaria Bogotá		-	-	-	-	3.2
Al Popular		180.8	-	-	12.6	25.8
Seguros Alfa		-	4,592.2	-	1,717.4	85.7
Seguros de Vida Alfa		-	9,593.2	-	2,203.9	1,207.4
Corfivalle Panamá	$	-	74.7	-	1.6	-

		As of June 30, 2011				
Entity		Asset	Liabilities	Equity	Income	Expense
Banco de Bogotá	$	1,652.3	3,058.3	-	103.2	366.8
Banco AV Villas		22.2	-	-	815.1	-
Banco Popular		17.3	-	-	-	14.3
ATH		1,259.7	146.9	996.2	-	376.5
Porvenir		139,984.2	734.6	24,620.3	19,907.7	-
Corficol		851,958.2	4,561.8	606,467.0	33,551.2	194.3
Leasing Corficol		-	282.3	-	3.6	-
Fiduciaria Corficol		-	788.3	-	63.4	80.5
Casa de Bolsa S.A.		2,433.6	590.7	-165.4	298.7	38.8
Valora S.A.		-	0.2	-	-	-
Fiduciaria Popular		-	1,000.0	-	0.2	-
Fiduciaria Bogotá		-	2.5	-	-	2.1
Al Popular		300.3	7.7	-	21.9	29.4
Seguros Alfa		-	3,923.8	-	710.0	62.2
Seguros de Vida Alfa		-	23,377.2	-	3,444.9	909.8
Corfivalle Panamá	$	-	28.0	-	1.3	-

(26) Other Operational Income and Expenses - Net

Income per Dividends and Participations are itemized below:

		Dec. 31-11	Jun. 30-11
Affiliates and Subsidiary companies	$	14,122.4	26,128.4
Other Corporate Bodies		56,373.9	53.825.6
		71,146.1	79.954.0

Operational Income and Expenses - Others

The detail of operational income is as follows:

Dec. 31-11	Jun. 30-11

Checkbook sale	$	11,796.3	11,918.5
Commercial information		157.5	150.2
Cablegrams, portages, telephone		1,353.5	1,246.0
Credencial management charges		15,501.9	15,598.3
MasterCard management charges		1,007.3	905.6
National consignment		2,889.0	2,726.5
Study credit projects		46.8	61.2
ATM service		4,818.6	5,833.1
Reimbursement accounts payable		1,847.6	3,869.8
Management charge personal banking		2,152.1	2,108.1
Return insurance polices		6,036.7	4,521.5
Sale of Aval stock		5,020.0	-
Management charge business banking		2,070.1	1,971.9
Other		5,967.4	5,813.4
	$	60,664.8	56,724.1

The detail of operational expenses and other, are given below:

		Dec. 31-11	Jun. 30-11
Others interest paid – Repo Operations Return	$	77,168.2	60,064.7
Cleaning & Watching Service		4,715.9	4,455.7
Advertising and Propaganda		12,346.6	12,281.1
Public Relations		230.4	226.1
Utilities		12,586.5	12,422.3
Electronic Data Processing		1,866.5	1,902.3
Travel Expenses		3,837.4	3,063.2
Transportation Expenses		4,368.0	4,194.0
Stationery		3,499.1	3,342.5
Grants		580.1	3,098.6
Personal Training		1,040.2	1,334.7
Coffee-house expenses		1,677.4	1,555.9
Minor fixings		224.1	178.8
Cash Preparation		724.7	944.5
Hospitality expenditures to employees		1,127.7	1,084.6
Information and Credit		2,527.0	2,611.8
Others Outsourcing Services		2,958.0	2,501.0
Petty-cash costs		82.0	82.3
Marketing - cardholders		6,129.3	6,631.7
Photocopies		86.8	103.4
Subscription and Reference Books		98.4	93.3
Fees		8,670.8	7,036.5
Contributions and Membership		21,534.7	20,517.3
Maintenance & Repair		3,109.6	2,371.6
Customization and Installation		1,512.2	819.7
Taxes		45,682.3	43,836.0
Rents		15,227.7	13,299.5
Insurance		18,880.5	17,477.4
Temporary Services		21,6	25.0
Other		6,279.9	5,730.8
	$	258,843.6	233,353.1

Recoveries

The detail of Operational Income is as follows:

	Dec. 31-11	Jun. 30-11
Reimbursement Provision Accounts Receivable	10,005.3	8,949.8
Reimbursement Provision of Credit Portfolio	113,391.4	86,794.8

Reimbursement Provision of Operating Lease		25,153.8	27,566.8
Reimbursement Contra-cyclic provision		42,622.3	36,427.1
	$	191,172.8	159,738.5

These refunds in a great extent correspond to the payment of provisioned portfolio, change of qualification making up this record.

(27) Depreciations and amortizations

Below the detail of depreciation and amortization: :

Goods given in Leasing:		Dec. 31-11	Jun. 30-11
Machinery and Equipment	$	8,978.7	9,013.4
Vehicles		1,307.0	836.3
Furniture and Fixtures		5,828.6	5,058.8
Computer Equipment		29,999.3	28,670.7
		46,113.6	43,579.2
Goods for own use		14,662.0	12,390.3
	$	60,775.6	55,969.5
Amortization:			
Software in operating lease	$	13,575.9	12,183.5
Deferred charges and e Income received in advance		12,224.3	11,462.8
	$	25,800.2	23,646.3

(28) Other Non-Operational Income

Below the detail of other non-operational income:

		Dec. 31-11	Jun. 30-11
Renting	$	1,133.9	1,099.9
Income Goods Received in Payment		29.1	136.9
Reimbursement of deposit insurance		-	4,409.2
Other		624.0	1,827.7
		1,787.0	7,473.7

Below other operational expenses are detailed

Expenses of goods delivered as leasing	$	1.8	1.8
Fines and penalties		893.5	890.5
Expenses of goods received in payment		275.6	312.1
Fess and other legal expenses		185.7	345.9
Expenses of contracts		693.4	835.6
Other		324.8	413.7
	$	2,374.8	2,799.6

(29) Income and Complementary Tax

The following is the conciliation between accounting profit and estimated taxable income by six-month periods ended on December 31, 2011 and June 30, 2011:

a) Income:		Dec. 31-11	Jun. 30-11
Profit before Income Tax			
Plus (less) items increasing (decreasing) fiscal profit:	$	288.191.6	284,805.3
Fines and sanctions		893.5	890.5
Non-deducible provisions		10,401.3	4,864.5
Amortization deferred depreciation		(5,661.2)	(10,916.6)

Especial deduction in Productive Fixed Asset Investment of 30%		(47,989.4)	-
Other non-deductible expenses		30,036.6	39,968.4
Net difference, income between accounting valuation and fiscal investment valuation of the investments		(3,479.0)	11,243.4
Forward contract valuation, net		4,963.9	31,281.6
Accrued dividends 2010, payable and not registered in 2011		-	17,226.0
Mercantile credit amortized		697.1	(3,530.3)
Other tax deductions		(13,298.8)	(9,423.6)
Dividends and participations non taxed		(58,212.8)	(97,179.9)
Exempt Income		(24,153.5)	(26,030.0)
Taxable Base		182,389.3	243,199.3
Current Income Tax		60,188.5	80,255.8
Deferred Tax		122.3	(9,072.8)
Excess of income tax provision		942.9	(720.1)
Total Income Tax	$	61,253.7	70,462.9

Deferred tax results from the following temporary differences between accounting and fiscal accrual:

Provisions, Net for:		Dec. 31-11	Jun. 30-11
Industry and commerce	$	(1,068.6)	235.8
Property Tax		42.8	(42.8)
Forwards Valuation		(1,638.1)	(10,322.9)
Total deferred tax receivable		(2,663.9)	(10,129.9)
Amortization Mercantile Credit		(230.1)	1,165.0
Investment Valuation		1,148.1	(3,710.3)
Deferred Depreciation		1,868.2	3,602.4
Net deferred tax payable	$	122.3	(9,072.8)

The following is the accounting and fiscal net worth reconciliation:

b) Equity Conciliation		Dec. 31-11	June 30-11
Accounting Equity	$	3,030,562.0	2,689,652.0
Plus (less) items increasing (decreasing) equity for tax purpose:			
Fiscal readjustment of fixed asset, net		46,587.6	6,602.0
Estimate liabilities & provisions involving no fiscal liabilities		22,867.0	80,308.3
Provisions of asset involving no fiscal diminution		9,178.1	14,753.8
Accrued deferred tax payable		59,278.7	58,130.6
Other net asset		(70,540.8)	(38,831.5)
Accounting valuation of net fixed asset		(219,958.3)	(209,295.8)
Accrued deferred tax receivable		(2,582.7)	(1,556.9)
Accrued deferred depreciation		(90,299.6)	(79,824.0)
Fiscal Equity	$	2,792,092.0	2,519,938.5

Income tax returns of the tax 2009 and 2010 are within the legal term of revision by National Tax Administration.

(30) Disclosure of Risks

Risk Management

Liquidity Risk

For the second half-year 2011, the Bank complemented the Liquidity Risk Management system – LRMS incorporating new early alert numerical indicators for risk administration and monitoring; in the same way, extended the documentation related to the activation of contingence plan vis-a-vis liquidity potential risk events . A Liquidity Risk Indicator (LRI) in average is highlighted for period of $2.1 billons pesos, mainly representing in excellent level of liquid asset significantly supporting liquidity net requirements in the short-term (7 days) and 30 days.

In the same way, the compliance with policies and limits established are underlined.

Market Risk

Market Risk Management (MRM) in the second half-year 2011 did not exhibit significant modifications. Measurement made by the calculation of Risk Value reflected a mean exposure level of $56.956 Million pesos which is located within the limits set out. Fixed income portfolio is represented mainly by Colombian Government certificates (85.7%) and is located in a mean quite short-term maturity (22 months).

Objective of Risk Management

The objective is to maintain in the organization a risk control and management culture allowing for the conduction of the different business of the Bank in the commercial and treasury activities within reasonable and measurable exposure margins, preventing from negative impact and supporting the generation of economic value.

Legal Framework

All activities carried out in developing a proper market risk management, shall be consistent with the Basic Accounting Financial Circular Letter C.E. 100, 1995, specially related to the following sections:

- Chapter I: Classification, Valuation and Investment Valuations
- Chapter VI: Criteria and Procedures to Evaluate Liquidity Risk Management (LRMS)
- Chapter XVIII: Derivatives Valuation and Structured Products.
- Chapter XXI: Standards Relative to Market Risk Management System (MRMS)

The risks are defined as follows

Credit and/or Counterpart Risk

Credit risk is defined as the possibility for an entity to incur in loss and impairment of asset value as a result of the failure of clients to timely or efficiently comply with the terms agreed upon in the respective contracts.

In Banco de Occidente credit indebtedness levels, both for commercial operations and treasury operations, are analyzed per credit areas and then subject to the consideration and approval by the appropriate business units, specially by Credit Committee and the Top Management or the Board of Directors.

In the analysis, customers' financial statements are taken into account, at least from the last two operational periods, the cash flow and other elements necessary to make informed decisions. Treasury operations are not independent on other operations assigned to the customers. Especial emphasis is made on customer's payment capacity, both through cash flow and by the analysis of liquidity ratio, current liabilities participation on sales, company's operative cycle and solvency and the other measures integrating the credit analytical model.

Since 2002 operational period, the Bank started a Project to develop Credit Risk Management System (CRMS), which includes credit risk management procedures and policies, structuring of database with customer's historical information, and customer's behavior, development of models for granting, following up and qualification of customers, estimation of expected loss, among others. This development has been adopted based on regulations changes (Chapter II of Accounting and Financial Basic Circular Letter 100 / 1995 from Colombia Finance Superintendence).

Financial entities need to submit the model (by type of credit) to be approved by Finance Superintendence, before its practical application. Those entities failing to submit the internal model or those ones which internal model has been objected need to apply the reference models developed by Finance Superintendence. The model for commercial portfolio began to take force as from July 1/2007 and that for consumption portfolio began to take force from July 1, 2008. For housing and microcredit the reference models have not been developed as yet.

During the first half-year 2008 the Bank began to develop activities to implement Consumption Reference Model (CRM) for customer qualification and provision estimates according to the Annex 5 of Chapter II of Circular Letter 100 / 1995, as well as the activities to develop the analysis of consumption portfolio harvests since January 2005, based on the External Circular Letter 012, 2008.

On May 2009 the entity concluded the development of activities originated from the recommendations made by Colombia Finance Superintendence, as a result of the evaluation of CRMS internal model, communicated on December 2006, which were grouped into five sources of work: Policies, Procedures, Modeling, Database, and Training. This way the weaknesses found were remedied.

Since October 2009 the Entity is working in line with External Circular Letters 035 of September 2009 and 054 of December 2009, where the new portfolio provisions system is defined, which includes the definition of two components of expected loss (Procyclic Individual Component - PIC) and Contracyclic Individual Component– CIC) and the calculation of four (4) indicators determining if the entity can be located in the cumulative or unaccumulative phase of its provisions.

Liquidity Risk

Liquidity risk is understood as the contingency of the impossibility to fully and timely comply with the payments in the appropriate dates, due to the deficiency of liquid resources or to the need to assume unusual funding costs.

As from April 1, 2009 the new chapter of "Standards relative to Liquidity Risk Management" began to take force, which derogated the former chapter related to "Criteria and Procedures to Manage Asset and Liabilities" which makes emphasis mainly on Liquidity GAP indicator.

As from October de 2011, Colombia Finance Superintendence, under External Circular Letter 044, amended the Chapter VI an introduced Liquidity Risk concept.

The degree of exposure to risk is determined by the calculation of Liquidity Risk Indicator (LRI). This indicator compares the level of liquid asset adjusted by market liquidity, Exchange risk, and cash position required against net liquidity requirement (NLR). The major characteristics are the following:

- LRI is calculated on a weekly basis closing date Friday and closing monthly date the last calendar day of the month.

- Net Liquid Asset corresponds to the sum of available, investments negotiable in certificates of indebtedness, investments negotiable in certificates of participation, the investments negotiable for sale in certificates of indebtedness and the investments until maturity. Additionally the securities or coupons transferred to the entity in developing monetary market active operations will make part of Liquid Asset

- Withdrawals of deposits at sight will be adjusted by the Net Withdrawal Factor NWF, which is computed as the major monthly withdrawal since December 1996.

- The timeframes are distributed by: less than 7 days, 8 to 15 days, 16 to 30 days, 1 to 30 days, and 31 to 90 days.

- It is considered that any credit entity may be producing a significant exposure to liquidity risk when in a given weekly or monthly report; Liquidity Risk Indicator LRI at one week or 30 days is minus.

- It is considered that a credit establishment may be representing a significant risk exposure to liquidity risk when in any given weekly or monthly report the Liquidity Risk Indicator –LRI - one (1) week or at 30 days is minus.

Market Risk

The possibility for any credit entity incurs in loss and diminution of technical patrimony as a result of the changes in the price of financial instruments where the entity maintains positions in or off the balance. Such changes in the price of instruments may occur as a result of variations in interest rates, type of changes and other indexes.

Among market risk measurements derivative instruments are also taken into account, which are defined as financial operations the entity may make to purchase or sell asset in the future, such as foreign currency or securities, or financial futures over exchange rates, interest rates, or stock exchange indexes. The most common examples of derivatives are the fixed term contracts or "forwards", the options, futures and swaps, or financial barters. All of them are operations with compliance in the future.

Finance Superintendence Standard Model

Standard methodology comprises tour (4) modules, which are separately calculated; such modules are the following:

- Interest rate Risk
- Exchange Rate Risk
- Stock Price risk
- Collective Portfolio Investment Risk

To obtain total exposure to market risk, the results of these modules shall be arithmetically aggregated.

For interest rate and stocks modules, only the treasury book is taken into account. For exchange rate module, bank book positions are also included.

1. Interest Rate Risk Measurement:

Exposure to interest rate risk reflects the risk associated to adverse movements in the market interest rate. Such exposure shall be measured by the entities in a separate manner for positions in Legal Tender, in foreign currency, and in Real Value Units (UVR). The methodology is as follows:

- Calculation of modified length
- Calculation of Sensitivities versus interest rate changes
- Adjustments between bands and zones
- Calculation of interest rate risk for each stair of bands
- Total exposure determination

2. Measuring exchange rate risk:

By this methodology, capital minimum requirement necessary to cover the risks associated to take or maintain positions in foreign currency is calculated, both in the treasury book and in the bank book; In order to calculate exchange rate risk exposure, the controlled entities need to calculate net sensitivity in each currency as the product of net position and the corresponding sensitivity factor.

3. Measuring stock price risk:

Since the objective of positions held in stocks is not the benefit in the short-run of price fluctuations, such positions are not considered as belonging to the book of treasury, and therefore, they are not taken into account to calculate the Value in the Risk.

4. Measuring Collective Portfolio Risk:

For investments in collective portfolios, the exposure to market risk is calculated as the product between risk factor applicable to such fund and the invested position in the factor. The factor of risk applicable corresponds to 14.7%, equivalent to the charge associated to the most risky positions included in the Standard model (stocks).

In order to calculate total exposure to market risk, you must add the exposures obtained for each module of the Standard methodology. The value obtained is computed to calculate Solvency Ratio.

Calculation of Risk Value – Internal Model

Calculation of Risk Value of the different portfolios is made using Risk Metrics methodology published by J.P Morgan, the objective of which is to forecast maximum loss level that a portfolio may suffer with 99% confidence level. To calculate daily volatilities, EWMA model is used allowing for giving a higher weight to the most recent information.

Valuation at Market Prices

Banco de Occidente, according to standards set forth by Colombia Finance Superintendence performs evaluation and valuation on a daily basis of total fixed and variable income investments and derivatives; the same procedure applies in the record and causation of interbank operations and repos, applying, for such purposes, the procedure and methodology set forth by the said entity in the Accounting and Financial Circular Letter 100 of November 1995 as amended and currently in force; for such valuation process the Bank uses the applicative acquired from a Software specialized company.

Structure to Manage Treasury Risk

In compliance with the provisions in Internal Circular Letter 088 of December 29, 2000 from Colombia Finance Superintendence, Banco de Occidente organized the Structure of Treasury in three organizational and functional independent areas, to complete trading activities (Front Office); risk monitoring, control and management (Middle Office) and processing and accounting (Back Office).

Results of Liquidity Risks
Closing: December 31, 2011

Liquidity Risk Management System

Banco de Occidente as of December 31, 2011 submitted a LRI at 7 days of $2,708,896 Million and at 30 days of $1,676,578 Million indicators which allow for determining that there is no any significant value in risk of liquidity. Net liquid assets added up $3,174,638 versus Net Requirement of Liquidity of -$465.742 Million at 7 days and -$1,498,061 Million at 30 days.

It shall be taken into account that as from this closing, LRI is calculated under the new Circular Letter 044 of October 2011 where such indicator is changed and Liquidity Ratio concept is introduced.

LRI Behavior as of December 31, 2011 (Col$ Thousand)

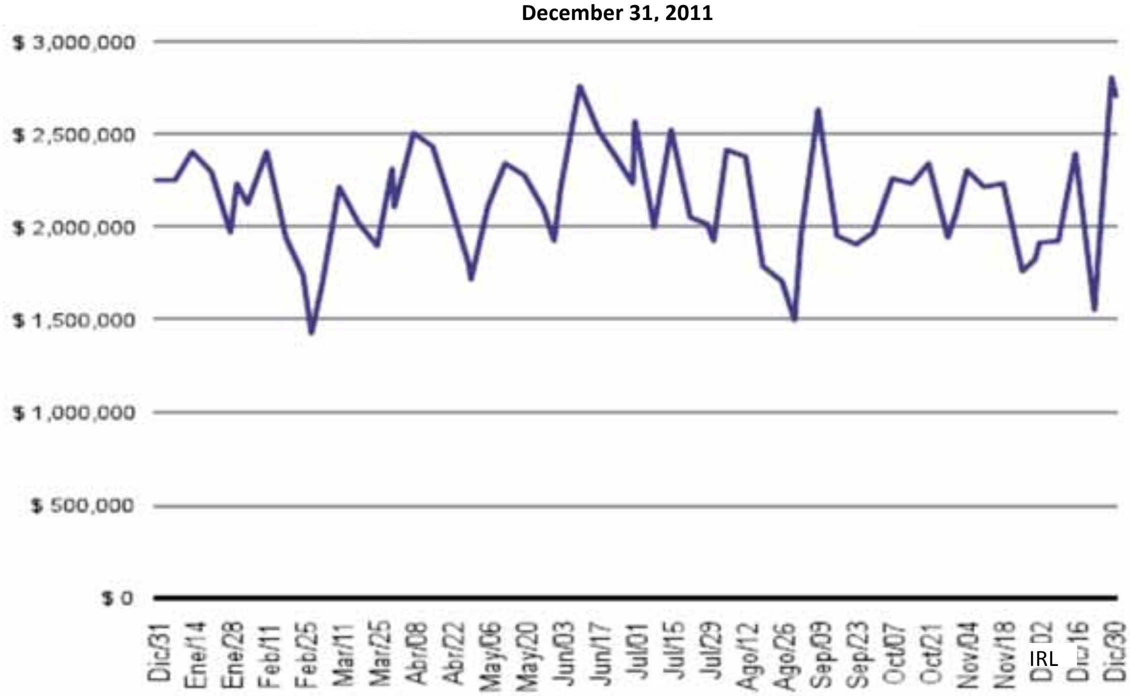
Description		Balance	Band 1 Days 1 - 7	Band 2 Days 8 - 15	Band 3 Days 16 -30	Band 4 Days 1 - 30	Band 5 Days 31 - 90
Available	$	1,526,293	-	-	-	-	-
Int. Funds, Repos Simult. & TTV		-	64,091	-	-	64,091	-
Investment		1,635,678	2,067	6,523	176,147	184,737	95,312
Certif. in securing Transfer Rights		-	476,979	24,779	11,934	513,692	-
Portfolio		-	341,487	358,405	795,508	1,495,400	2,059,724
Derivatives		-	529,171	667,059	1,198,563	2,394,793	1,359,081
Accounts Receivable		-	97,003	110,861	207,864	415,729	207,864
Other Asset & Debtor Accounts		-	-	-	-	-	6,658,758
Active Positions		3,161,970	1,510,800	1,167,626	2,390,017	5,068,443	10,380,740
Current Accounts		4,617,210	-	-	-	-	-
TDs		-	88,730	71,466	139,302	299,499	537,030
Saving Deposits		5,650,228	-	-	-	-	-
Payables		261,780	-	1	1	1	-
Int. Funds, Repos Simult. & TTV		-	599,591	30,758	23,859	654,208	-
Derivatives		-	527,867	574,994	1,196,963	2,299,824	1,300,370
Bank Credits		-	50,400	28,263	107,116	185,779	428,667
Accounts Payable		-	121,881	139,292	26,173	522,346	83,660
Outstanding Inv. Papers		-	1,489	-	1,909	3,398	95,222
Other Liabilities & Credit Cont.		-	-	-	-	-	2,803,624
Passive Positions		10,570,945	1,389,958	844,773	1,730,322	3,965,054	5,248,574
Net flow, Contractual maturity - Adjusted		-	473,011	540,584	1,013,595	2,027,189	4,054,378
Net flow withdrawals not subject to contractual maturities		-	-	-	-	-	-
Net Liquidity Requirement		-	465,742	346,339	685,979	1,498,061	2,325,738
Total Liquid Asset Investment		1,648,346	-	-	-	-	-
Total Net Liquid Asset	$	3,174,638	-	-	-	-	-
Liquidity Risk Indicator (LRI)		-	2,708,896	2,362,557	-	1,676,578	-649,160
Liquid Ratio		-	68%	391%	-	212%	83%

LRI Behavior as of June 30, 2011 (Col$ Thousand)

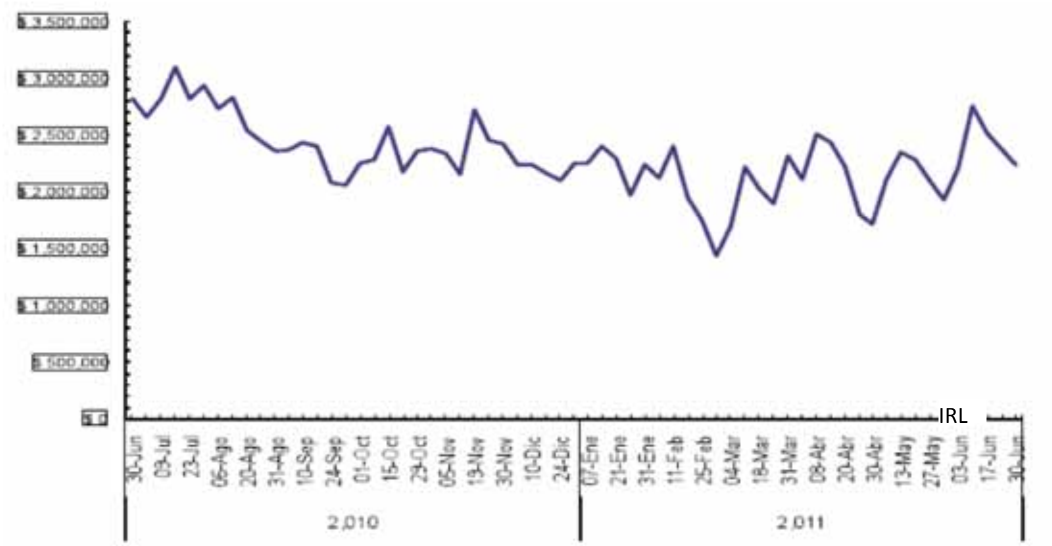
Description	Balance	Band 1 Days 1 - 7	Band 2 Days 8 - 15	Band 3 Days 16 -30	Band 4 Days 1 - 30	Band 5 Days 31 - 90

Available	$	1,574,080	-	-	-	-	-
Int. Funds, Repos Simult. & TTV		-	200,488	-	-	200,488	-
Investment		1,985,518	1,032	8,919	65,203	75,154	100,227
Certif. in securing Transfer Rights		-	519,363	-	10,745	530,107	-
Portfolio		-	222,666	301,707	726,804	1,251,177	1,596,004
Derivatives		-	750,838	542,110	881,529	2,174,476	892,953
Accounts Receivable		-	95,241	108,847	204,088	408,176	204,088
Other Asset & Debtor Accounts		-	-	-	-	-	5,793,765
Active Positions		3,559,599	1,789,628	961,584	1,888,368	4,639,579	8,587,038
Current Accounts		4,370,037	-	-	-	-	-
TDs			45,422	70,425	139,219	255,067	627,565
Saving Deposits		5,523,764	-	-	-	-	-
Payables		245,604	-	-	-	-	-
Int. Funds, Repos Simult. & TTV		-	530,000	6,000	12,000	548,000	-
Derivatives		-	751,883	525,134	877,766	2,154,782	855,429
Bank Credits		-	26,633	35,300	106,297	168,230	317,899
Accounts Payable		-	104,914	119,901	224,815	449,630	83,660
Outstanding Inv. Papers		-	1,311	-	1,699	3,010	21,914
Other Liabilities & Credit Cont.		-	-	-	-	-	2,475,310
Passive Positions		10,139,404	1,460,162	756,760	1,361,797	3,578,719	4,381,777
Net flow, Contractual maturity - Adjusted	-	-	326,318	193,038	454,574	973,930	4,102,214
Net flow withdrawals not subject to contractual maturities		-	454,245	519,139	973,383	1,946,766	-
Net Liquidity Requirement			(127,927)	(326,099)	(518,809)	(972,836)	4,102,214
Available less Reserve		378,171	-	-	-	-	-
Total Liquid Asset Investment		1,985,518	-	-	-	-	-
Total Net Liquid Asset		2,363,690	-	2,235,762	1,909,663	-	-
Liquidity Risk Indicator (LRI)			2,235,762	1,909,663	1,390,854	-	-

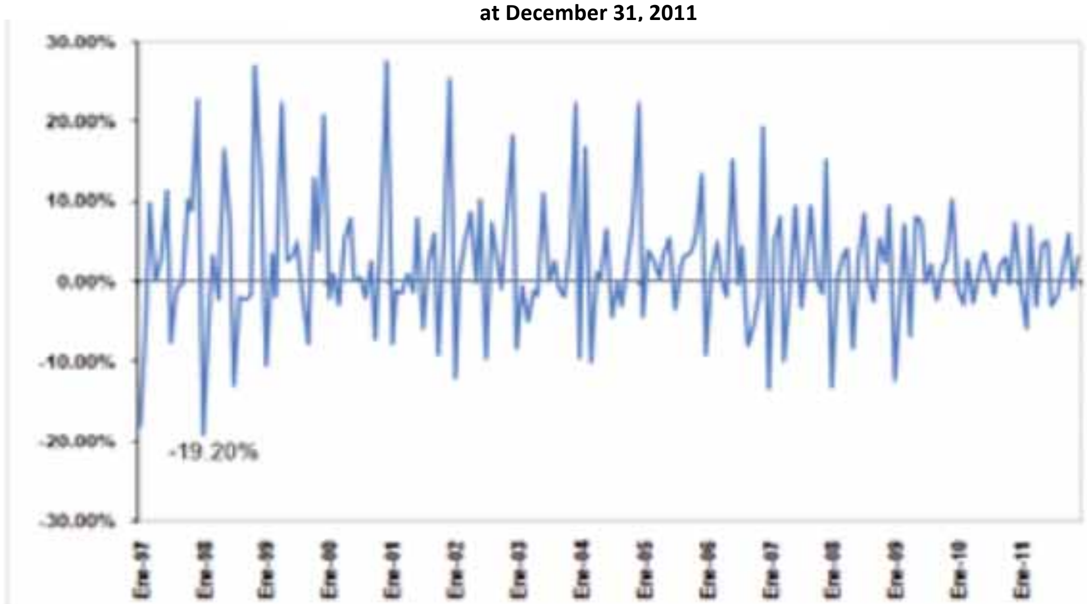
Behavior of Liquidity Risk Indicator (LRI) at December 31, 2011



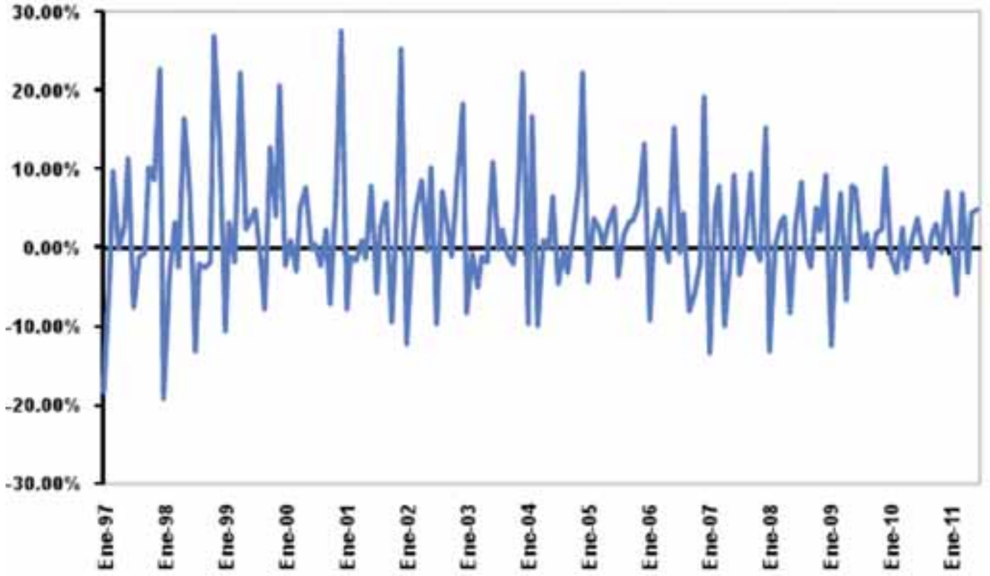
Behavior of Liquidity Risk Indicator (LRI)
at June 30. 2011



Behavior of Net Withdrawal Factor (NWF)
at December 31, 2011



Behavior of Net Withdrawal Factor (NWF)
at June 30, 2011

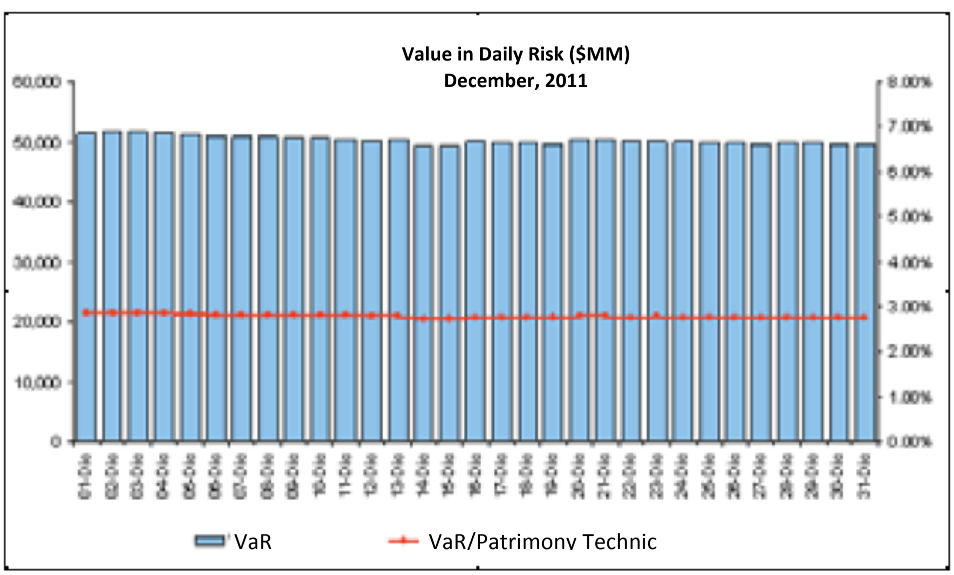


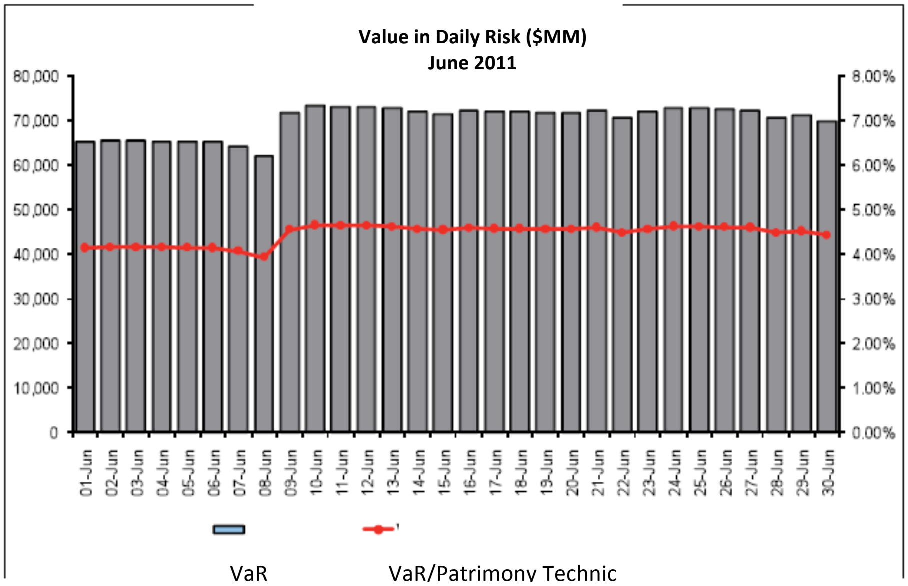
Result of Market Risk
Closing December 31, 2011

At the closing operational period of December, 2011 risk value of Banco de Occidente, calculated by using a new methodology provided in the Circular Letter 042, 2010 (standardized model of Risk Value in blocks, as suggested by Basle Committee) $49,753.8 result was obtained. The figure below shows the recent evolution of Risk Value:

Risk Value per Modules

		Dec. 31-11	Jun. 30-11
Interest Rate	$	49,157.6	69,387.2
Exchange Rate		596.3	423.4
Total Risk Value	$	49,753.9	69,810.6




Value in Daily Risk ($MM)
June 2011
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
01-Jun
02-Jun
03-Jun
04-Jun
05-Jun
06-Jun
07-Jun
08-Jun
09-Jun
10-Jun
11-Jun
12-Jun
13-Jun
14-Jun
15-Jun
16-Jun
17-Jun
18-Jun
19-Jun
20-Jun
21-Jun
22-Jun
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24-Jun
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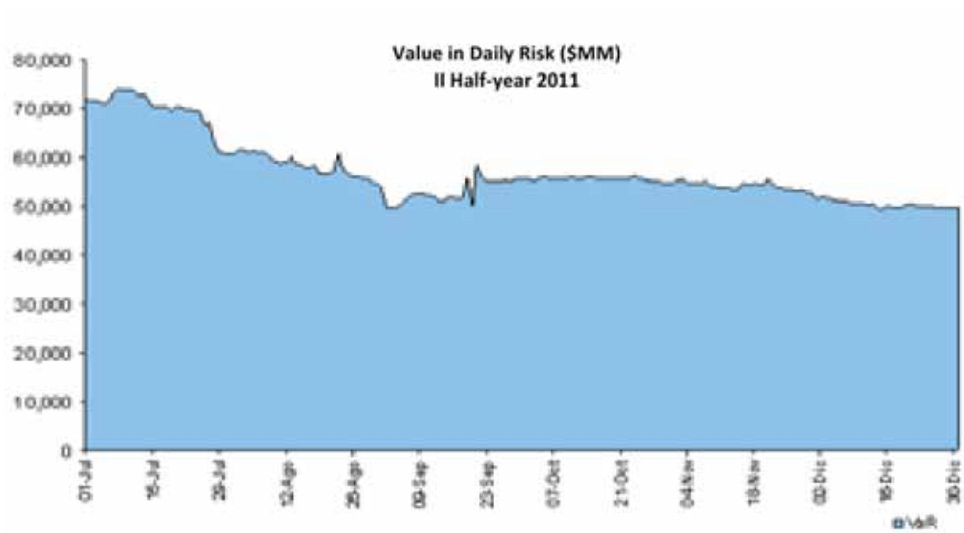
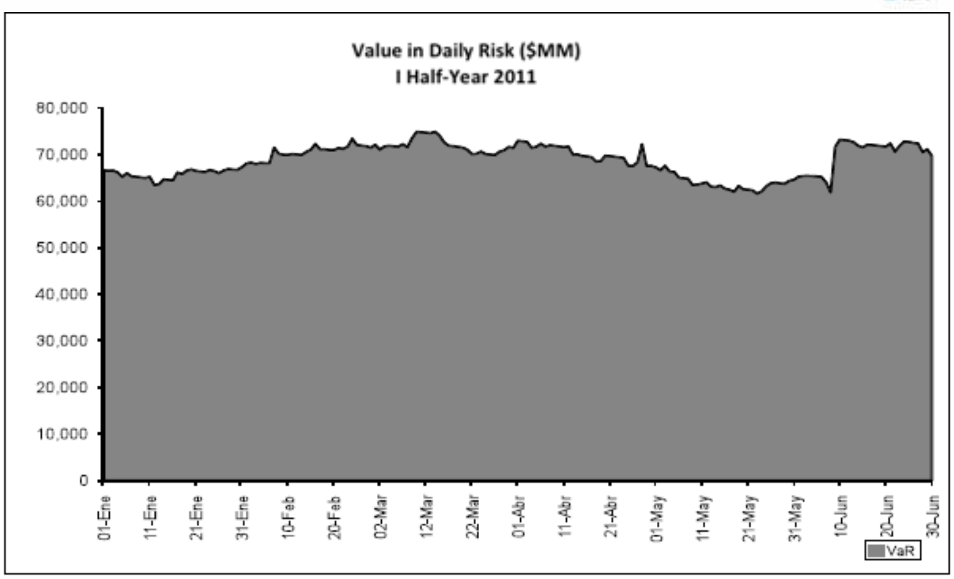
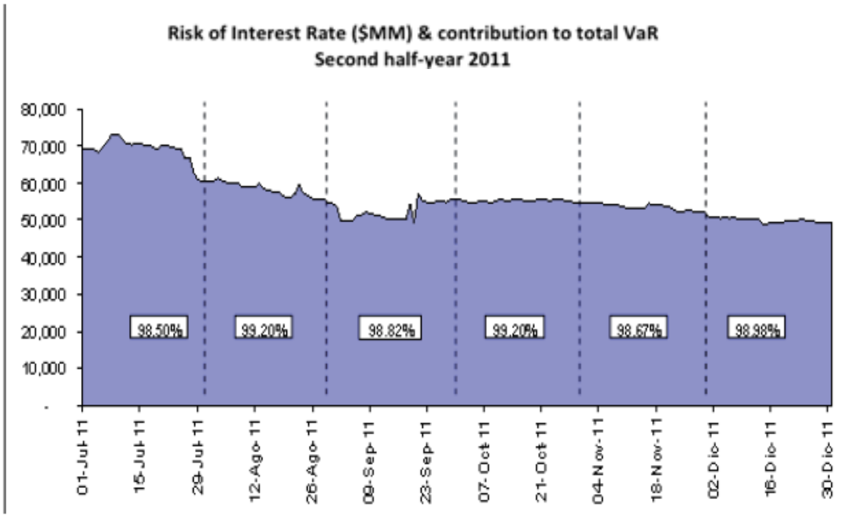
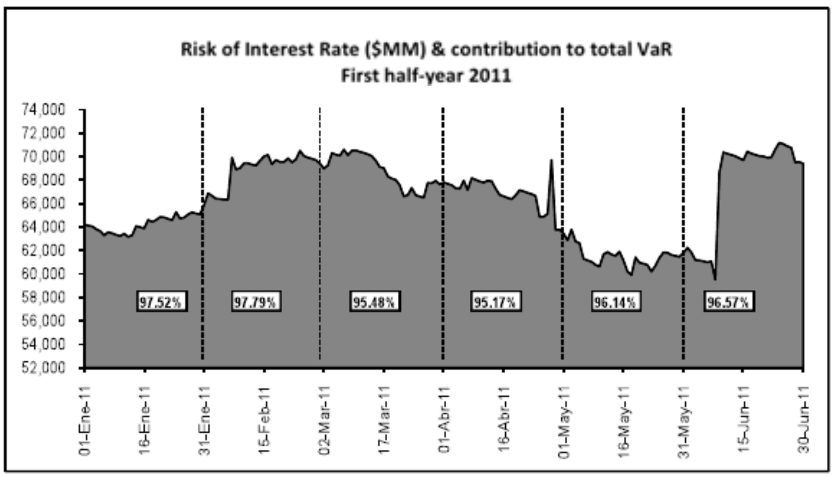
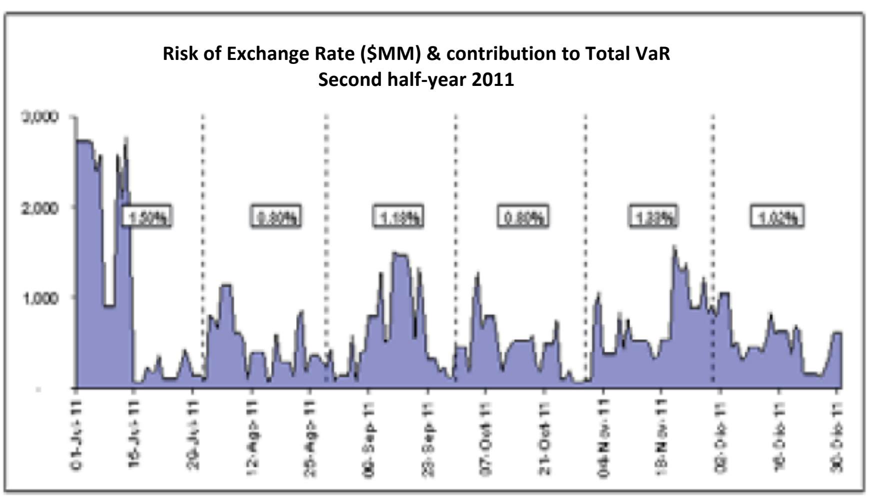
29-Jun
30-Jun
VaR
VaR/Patrimony Technic

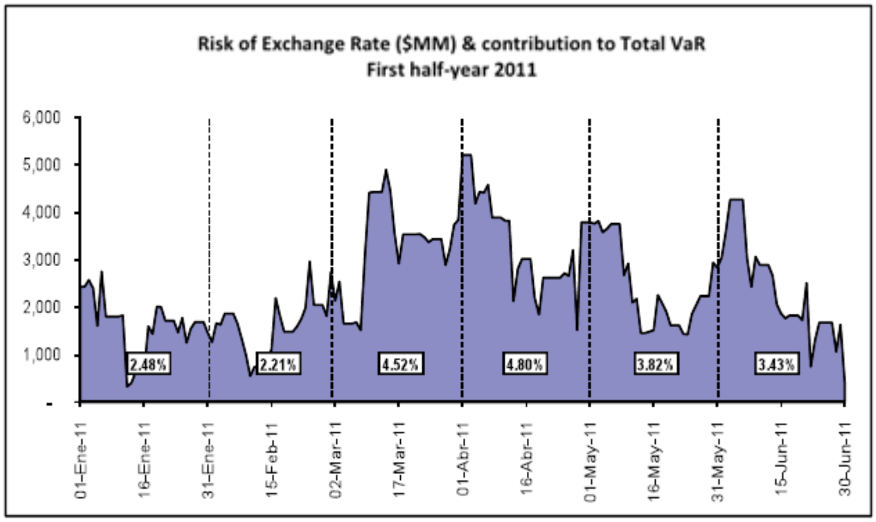

Value in Daily Risk ($MM)
II Half-year 2011
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
01-Jul
15-Jul
29-Jul
12-Ago
26-Ago
09-Sep
23-Sep
07-Oct
21-Oct
04-Nov
18-Nov
02-Dic
16-Dic
30-Dic
VaR

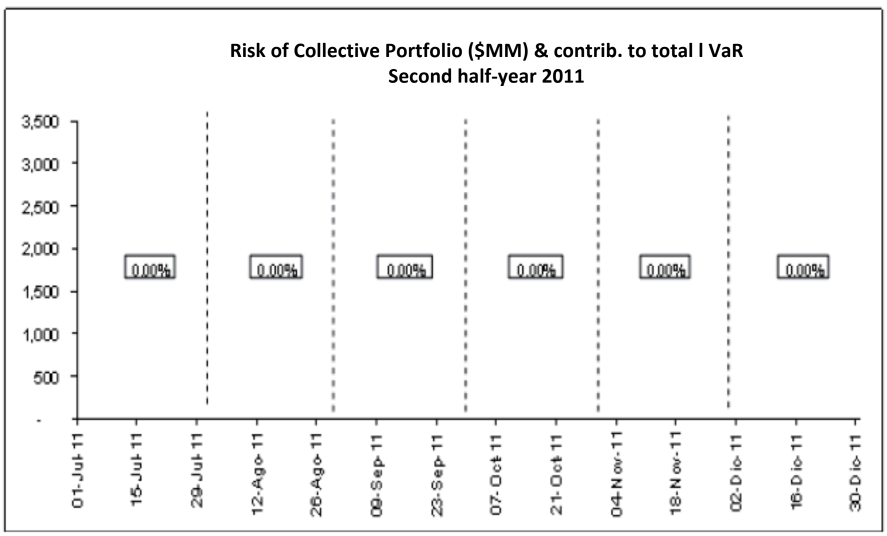

Value in Daily Risk ($MM)
I Half-Year 2011
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
01-Ene
11-Ene
21-Ene
31-Ene
10-Feb
20-Feb
02-Mar
12-Mar
22-Mar
01-Abr
11-Abr
21-Abr
01-May
11-May
21-May
31-May
10-Jun
20-Jun
30-Jun
VaR

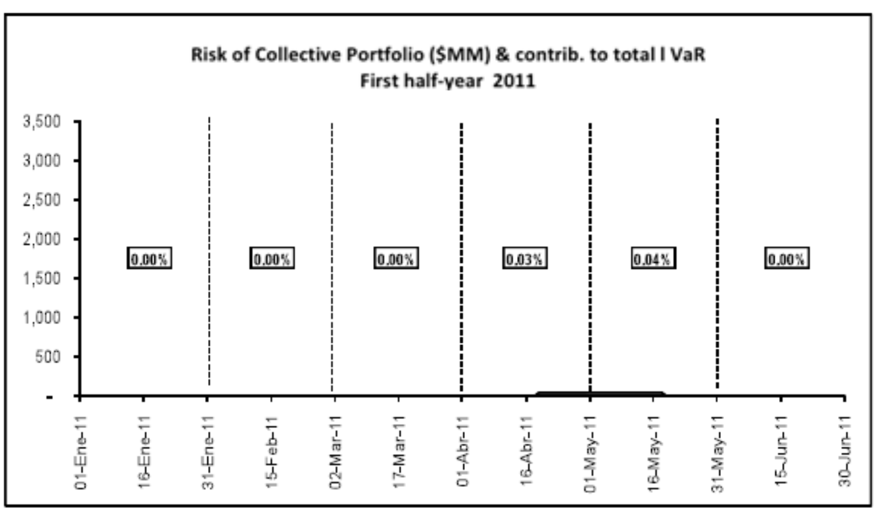

Risk of Interest Rate ($MM) & contribution to total VaR
Second half-year 2011
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
98.50%
99.20%
98.82%
99.20%
98.67%
98.98%
01-Jul-11
15-Jul-11
29-Jul-11
12-Ago-11
26-Ago-11
09-Sep-11
23-Sep-11
07-Oct-11
21-Oct-11
04-Nov-11
18-Nov-11
02-Dic-11
16-Dic-11
30-Dic-11


Risk of Interest Rate ($MM) & contribution to total VaR
First half-year 2011
74,000
72,000
70,000
68,000
66,000
64,000
62,000
60,000
58,000
56,000
54,000
52,000
97.52%
97.79%
95.48%
95.17%
96.14%
96.57%
01-Ene-11
16-Ene-11
31-Ene-11
15-Feb-11
02-Mar-11
17-Mar-11
01-Abr-11
16-Abr-11
01-May-11
16-May-11
31-May-11
15-Jun-11
30-Jun-11


Risk of Exchange Rate ($MM) & contribution to Total VaR
Second half-year 2011
3,000
2,000
1,000
07-Oct-11
21-Oct-11


Risk of Exchange Rate ($MM) & contribution to Total VaR
First half-year 2011
6,000
5,000
4,000
3,000
2,000
1,000
-
2.48%
2.21%
4.52%
4.80%
3.82%
3.43%
01-Ene-11
16-Ene-11
31-Ene-11
15-Feb-11
02-Mar-11
17-Mar-11
01-Abr-11
16-Abr-11
01-May-11
16-May-11
31-May-11
15-Jun-11
30-Jun-11


Risk of Collective Portfolio ($MM) & contrib. to total l VaR
Second half-year 2011
3,500
3,000
2,500
2,000
1,500
1,000
500
-
0.00%
0.00%
0.00%
0.00%
0.00%
0.00%
01-Jul-11
15-Jul-11
29-Jul-11
12-Ago-11
26-Ago-11
09-Sep-11
23-Sep-11
07-Oct-11
21-Oct-11
04-Nov-11
18-Nov-11
02-Dic-11
16-Dic-11
30-Dic-11


Risk of Collective Portfolio ($MM) & contrib. to total l VaR
First half-year 2011
3,500
3,000
2,500
2,000
1,500
1,000
500
-
0.00%
0.00%
0.00%
0.03%
0.04%
0.00%
01-Ene-11
16-Ene-11
31-Ene-11
15-Feb-11
02-Mar-11
17-Mar-11
01-Abr-11
16-Abr-11
01-May-11
16-May-11
31-May-11
15-Jun-11
30-Jun-11

Solvency Ratio

Calculation of solvency ratio corresponding to the closing periods December 31, 2011 and June 30, 2011 is follows:

		Dec. 31-11	Jun. 30-11
Total VeR (*)	$	49,754	69,811
Technical Patrimony (*)	$	1,853,195	1,591,906
Assets Weighed by Risk Level (*)	$	16,923,813	15,333,098
Solvency Ratio		10.95%	10.38%
Solvency Ratio (VeR 100%)		10.60%	9.88%
VeR / P TECN. (Legal Required)		2.68%	4.39%

At the closing operational period December, 2011 the value under market risk represents 2.68% of Technical Patrimony, compatible to Bank asset and liabilities structure and to investment and risk policies established, as well as to the use of capital and historical behavior of those risks.

Operational Risk

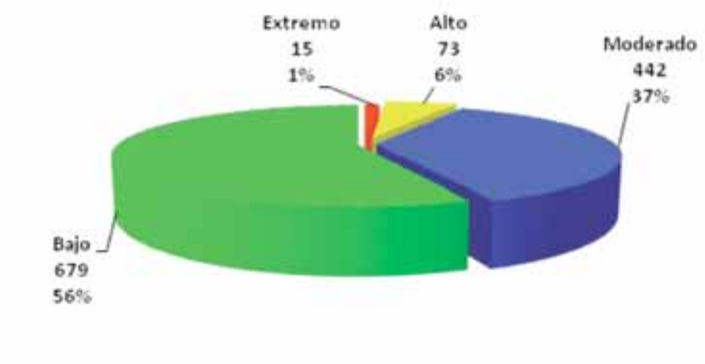
According to the definition given by Colombia Finance Superintendence, Operational Risk is understood as the possibility to incur in loss due to deficiencies, failures or inadequacies of human resource, processes, technology, infrastructure or otherwise, due to the occurrence of external events. This definition includes the legal risk, custody risk, and reputational risk associated to such factors.

On a monthly basis and in an itemized manner ORMS Committee and the Board of Directors are informed about the most relevant aspects of the events related to operative risk, such report including the tracking of corrective actions implemented, aimed at mitigating the qualified risk in the external and high zones, the evolution of loss by this type of risk, the analysis of which allows for prioritizing the materialized events in the Bank, among others. In the same way, the changes in risk profile, the identification of new risks and control of the current and new processes are reported to such entities
.
The Bank has available a database where operative risk events are recorded, such database is permanently fed with the reports submitted by Operative Risk Managers and by the concentrating areas. Such database is reconciled on a monthly basis with PUC accounts assigned, ensuring a proper accounting tracking. Tracking operative risk event records allows for feeding back ORMS, i.e., to identify new risks, reclassify risks and controls, prioritize those processes where development of action plans are required, among others

Operative Risk Management System, as well as Internal Control System, has been reinforced by risk, failures and controls permanent updating in the process risk matrixes and its respective documentation in the procedure manuals.

Below Bank's consolidate risk profile is showed with closing date December 2011:

Residual Risks December, 2011		
Extreme	15	1%
High	73	6%
Moderate	442	37%
Low	672	56%
Total	1,209	100%



Business Continuity Plan

As a part of Operative Risk Management and according to the definition given by Colombia Finance Superintendence, Business Plan Continuity makes reference to the detailed group of actions described in the procedures, systems and resources necessary to resume and pursue the operation in the event of any interruption.

During the second half-year 2011, the refining and strengthening of Management Plan pursued by continuity risk identification, measurement, control and monitoring schemes. This includes, inter alia, permanent updating of Business Impact Analysis, adjustment to plan documentation, considering business dynamics, tests to documentation from technological and operative standpoint, and permanent monitoring of the compliance with service level agreements for strategies updating and adjustment.
.

On the other hand and, to comply with the requirements in External Circular Letter No. 022 by Colombia Finance Superintendence concerning third critical parties supplying services to Banco de Occidente, training management continued through Operative Risk Unit and following up, by the owners of process, continuity tests by such third parties. Additionally, new suppliers to tracking were incorporated and the procedures established were implemented for control.

Risk of Asset Laundry and Financing of Terrorism

The legal framework for Laundry Asset Control and Prevention, is essentially based on policies, regulations and procedures included in the Circular Letter 026 of June 27/2008 contained in the Title I, Chapter 11, of Circular Letter 007 / 1996 issued by Colombia Finance Superintendence, as well as the provisions in the Financial System Organic Statute, 40 recommendations of GAFI, 9 recommendations of GAFISUD, and Colombia legal provisions.

For such purposes, the Bank has been properly implementing the Laundry Asset and Financing of Terrorism Risk Management System LAFTRMS, based on COSO ERM international methodology.

On the other hand, is should be stressed that the Bank counts on the resolute commitment of all its employees and directives, fully complies with the opportune remittance of the different reports and information to all controlling bodies, counts on an Official of Compliance properly trained who, in turn, leads an adequate structure of compliance duly trained on Risk Management with emphasis on the prevention of Laundry Asset and Financing of Terrorism, uses an advanced transactional monitoring system which is duly segmented and profiled and related to the analysis of quantitative and qualitative variables making this system a robust and reliable tool, and in the same way the bank acquired an specialized software to Risk Management LAFTRMS, includes a functional and interactive training program about Laundry Asset and Financing of Terrorism prevention addressed to all Bank employees, allowing for doing the evaluation of the knowledge acquired according to the international standards. Similarly, the Bank implemented a well-known methodology to qualify the different risk factors and the associated risk focused to Laundry Asset and Financing of Terrorism Prevention.

In this connection LAFTRMS developed by Banco de Occidente contains the appropriate controls allowing for mitigating both laundry asset and financing of terrorism risk, as well as the legal, reputational, operational and contagion risk implementing the due control, monitoring and opportune report, and this way meeting the specific expectations of controlling authorities as well as the expectations of overseas correspondent banks.

Finance Consumer Service System (FCS)

This provision defines the service and protection of finance consumer, The Bank has defined activities and processes the purposes of which are to promote an environment of financial users' protection and respect, in line with the provisions in Act 1328/2009 and regulated by Circular Letter 015, 2010 by Colombia Finance Superintendence.

For the service, protection and respect of finance consumer, the Bank implemented schemes and processes aimed at identification, control and monitoring optimization.

- To use the due diligence when products are offered and services actually supplied to users in order them to receive the information and/or service in a proper and respectful manner thereby developing relationships with the Bank.
- To strive for a proper finance consumer education.
- To supply finance users true, sufficient, accurate and opportune information allowing for them to properly know their rights, obligations and cost of the several different services offered.

(31) Corporate Governance

In regards with corporate governance concept, the Board of Directors of the Bank, consulting and integrating the legal, regulatory and statutory directives, as well as internal policies and the best practice of government, the Bank established and issued a code of corporate governance.

Board of Directors and Top Management

The Bank is aware of the responsibility inherent to the management of the bank business risks, knows that they are consistent with the entity's general strategy and are informed about the processes, business structure and the nature of activities.

It is a policy of the Board of Directors and the Top Management to assist with guidance and follow up Bank's business, by issuing the instructions and guidelines to grant the credits, determining the policies and limits of action by type of market, product or business unit; defining the profile of risk of the entity and adopting the actions necessary to face with the new financial risks; establishing the organizational structure required and assessing the risk methodologies.

It is Board of Directors and Top Management policy to provide permanent guide and following up to Bank's business, give directions on credit concession, determine actuation policies and limits by type of market, product, or business unit, define entity's risk profile, adopt the steps necessary to face with the new financial risks, set out the organizational structure required, and evaluate risk management methodologies.

The Board of Directors is responsible for the approval of methodology, procedures and limits to grant the credit facilities. There exists a protocol of report addressed to this business unit in order to keep the appropriate instance properly informed about credit risk management.

Additionally, the Board of Directors urges the compliance with the policies of internal control through its Audit Committee, with a view to reduce operational risks.

Reports to the Board of Directors and to the Top Management

The Board of Directors and the Top Management of the Bank, have available clear, accurate, and opportune information means allowing for implementing permanent control over the several different risks inherent to bank business with the exposures per type of risk, per area of negotiation and per portfolio.

Such reports allow for doing a regular follow up of business, profitability and management indicators.

The Code of Corporate Governance defines the issues related to the establishment and supervision of control policies of the entity, the objectives, goals, mechanisms and responsibilities of the different administrative bodies, as well as control issues must be knows of the Board of Directors and the Audit Committee empowered by the Board.

In the same way, establishes the responsibilities, limits, and quote about management, supervision and control of risks in completion of the different Bank's business, under the limits of exposure, covering counterpart's or credit risks, Liquidity Risk, Interest Rate Risks, Exchange Rate Risk, Derivatives Risks, and Operational Risks.

Technology Infrastructure

The Bank has been outfitted with systems and Technologies rendering its activity more controllable. The streamline technology process has not been only about traditional software of registry and accounting of operations; it has implied as well updating of security and communication systems.

On the other hand, the Control and Risk Management Areas count on technologic structure to offer information, assess production process and the results obtained, both per operation and at portfolio level.

The Bank counts on several different information systems documented to support all activities, in addition to applicative equipped with database to satisfy control requirements. Most of these applicative are open systems allowing for unloading information to electronic sheets so to support measurement, follow-up and risk control activity.

The Bank makes technological developments on a permanent basis in order to verify and increase operational control and reduce associated risks.

Risk Measurement Model

To identify, measure, and monitor the different types of risks, the Bank holds specific methodologies and information and measurement systems allowing for qualifying and quantifying business risks according to the standards prevailing; Credit, Market, Liquidity, Operative.

In the specific area of measurement of Market Risk and Liquidity Risk the Bank adopted Finance Superintendence standard methodologies .

Organizational Structure

The Bank has in place an Organizational Structure headed by Risk and Collection Vice President, allowing for promoting analysis, integration and management of risks inherent to the several different business types.

Credit risk management of credit operations, as well as operative and business continuity risks is made in the Division of Credit and Operative Risk, while market risk management in Treasury operation and Liquidity Risk is accomplished by Treasury Risk Division.

In the same way, concerning operation and business continuity risk, the Bank has commenced a quantification work.

The Bank has available the Division of Control and Compliance Unit specifically for juridical risk linked to laundry asset.

In the same way, Legal Vice Presidency manages the other legal risks.

Authority and responsibility levels in risk management are identified and recognized by the employees of every area, who have available an accurate description of functions, objectives and scope of their positions.

Human Resources

Bank's Personnel Selection Area has established some criteria related to minimal educational and experience levels required according to the profile of every position.

People involved in risk analysis, measurement and management, hold professional training and skills necessary to discharge their duties in a competent manner.

Specifically it is intended to combine a demanding professional training in financial area and a recognized honesty and human quality.

To maintain employees' technical competence, internal and external training programs are made about the topics required for risk management, as well as participation in several different forums and interaction with regulatory and controlling entities.

Verification of Operations

Technological Systems, processes involved, evaluation tools and mechanism established throughout the different negotiations allow for evidencing operations to be made according to the conditions agreed upon. Such systems render more agile and transparent risk management and control.

At present, there are in place several security mechanisms such as telephone call recording, security cameras located in strategic points, electronic control of physical access to the units, contingency plans and assistance in the event of systems failures or interruptions, restricted access areas; control of access to systems, as well as procedures established for the closing operations allowing for verifying timely and properly accounting of operations.

Specifically in the table of Treasury there are in place recording devices allowing for verifying transaction made by the operators, such recordings properly maintained and during the time indicated in the legal standards. Additionally, the Code of Conduct, containing the guidelines, policies, parameters, duties and obligations to be complied by all employees prohibits the use of cell-telephone in negotiation room. In the same way, the Bank counts on a signal blocking mechanisms of those communication devices.

Audit

Bank's Auditing allocated the human resource necessary to review and evaluate those aspects related to risk management and administration. Internal Control system operating in the Bank allows for Auditing to keep informed in detail about the operations made and implement the follow-up to the opportune and proper accounting activities according to the chronograms and defined working plans.

The major auditing duties is the periodical and systematic operations revision; analysis and verification of compliance with internal control; generation of report including enhancement recommendations and follow up and advisory about the actions implemented.

Bank controlling units validate on a permanent basis all activities, transactions and operations of the Bank; such validation is made within the parameters allowed by the regulations prevailing and authorized by the Board of Directors and the Top Management.

(32) Legal Controls

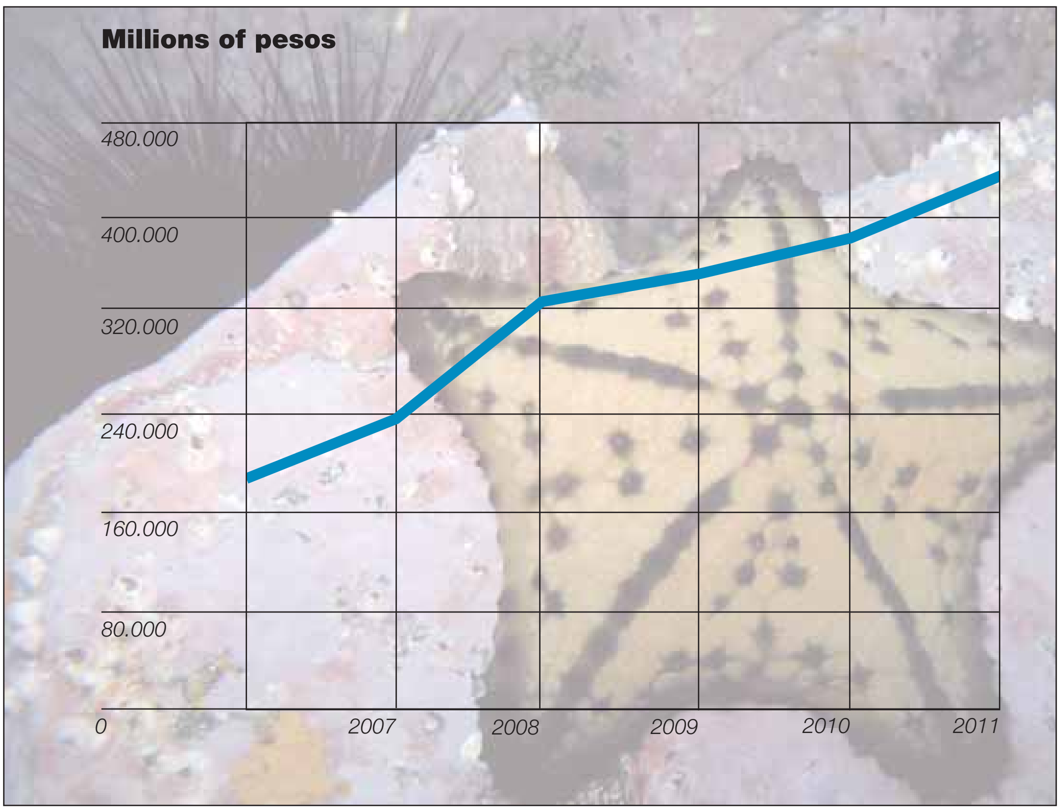
As of December 31, 2011 and June 30, 2011 and the Bank has complied with the cash provisions requirements, own position, minimum capital, mandatory solvency and investment ratio

(33) Contingencies

Against the Bank civil judicial actions which values are itemized below

Claimant		Valuation	Provision	Type of proceeding
Oceanic Trading Corporation	$	191.8	-	Ordinary
Jose Reinaldo Bolaños		414.1	-	Others
Orlando Hoyos		422.5	422.5	Ordinary
Carlos Viña		619.2	619.2	Ordinary
Tesorería Municipal Medellín		285.5	285.2	Executive
Tesorería Distrital de Bogota		1,138.9	1,138.95	Executive
DIAN		1,635.3	1,635.3	Executive
Others		1,954.6	1,084.1	Sundry
	$	6,661.9	5,185.2	

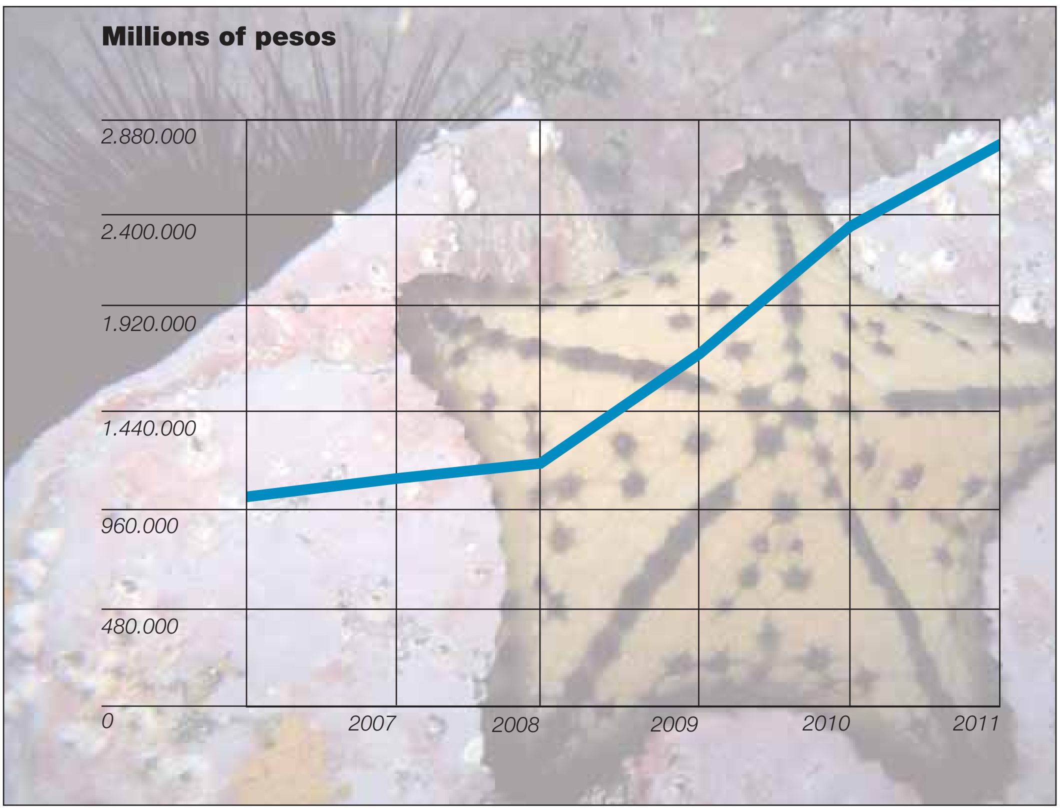
Profits



Year	First Half-Year	Second Half-Year	Total
2007	105.175	135.127	240.302
2008	156.604	180.212	336.816
2009	182.683	177.844	360.527
2010	187.451	202.020	389.471
2011	214.342	226.983	441.280

millions Colombian pesos

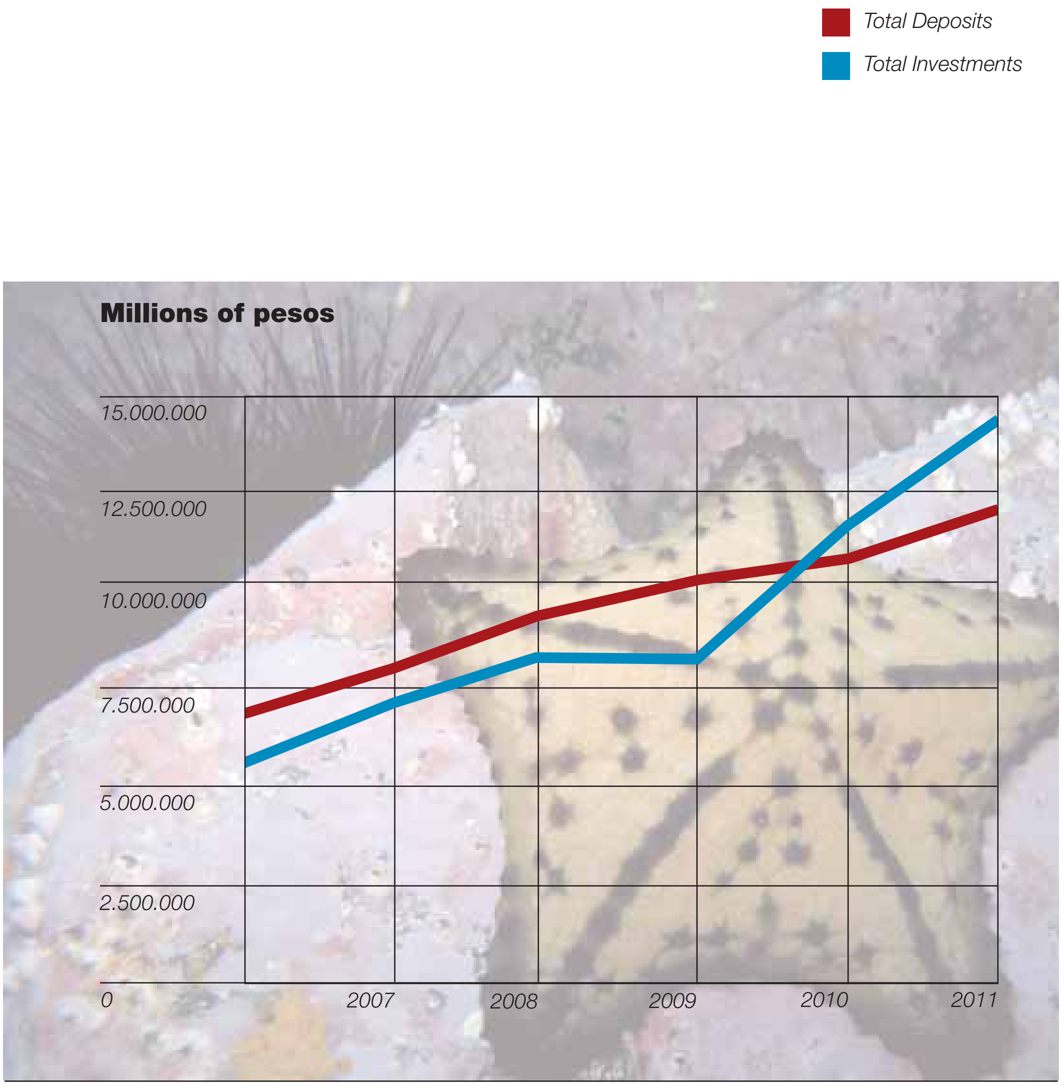
Equity, Reserves and Surplus



Period	Paid Equity	Legal Reserve	Occasional Reserves	Surplus	Total
Dec. 2007	4.111	595.070	135.679	410.304	1.145.163
Dec. 2008	4.111	772.396	94.720	349.571	1.220.799
Dec. 2009	4.111	934.677	139.946	684.096	1.762.829
Dec. 2010	4.495	1.236.486	205.999	943.622	2.390.603
Dec. 2011	4.677	1.671.863	191.340	935.744	2.803.624

million Colombian pesos

Deposits and Placements in Legal Tender and Foreign Currency



Period	Total Deposits (1)	Total Placements (2)
Dec. 2007	8.158.430	7.251.860
Dec. 2008	9.501.847	8.390.890
Dec. 2009	10.429.792	8.383.215
Dec. 2010	10.972.345	11.822.457
Dec. 2011	12.245.531	14.571.338

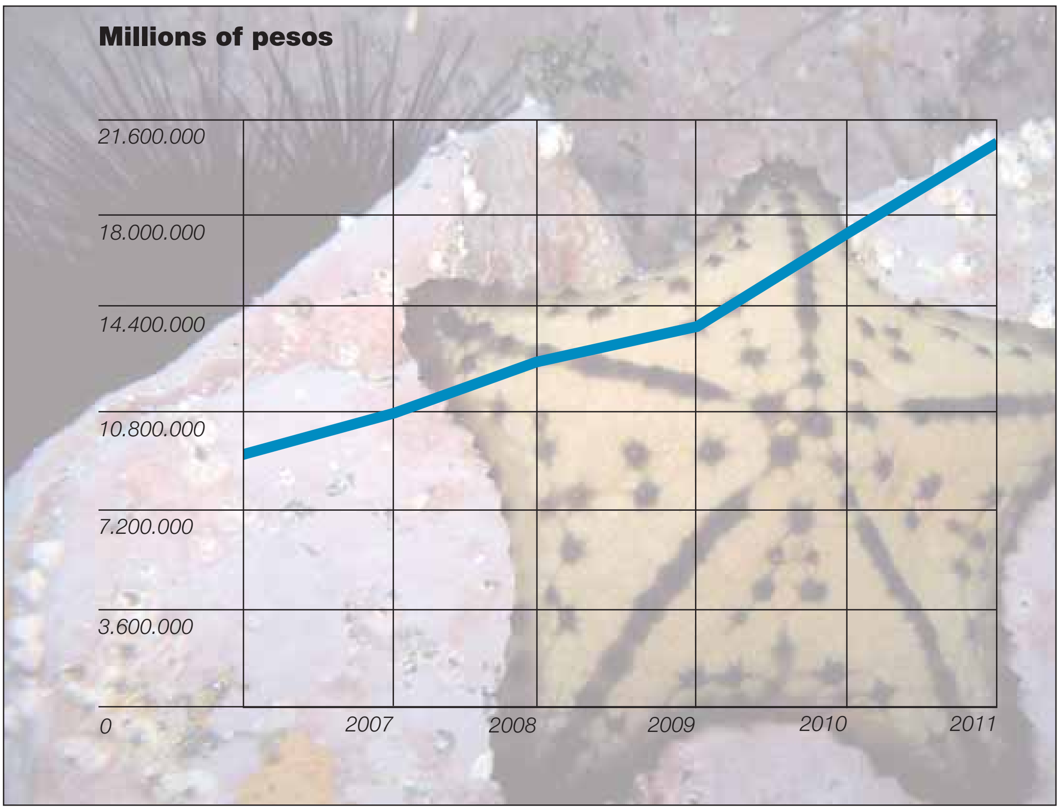
millions Colombian pesos

Notes:

(1) Includes in Legal Tender, Deposits in Current Account, and Certificates of Time Deposits, Saving Deposits, Trust Funds and Collection Bank Services.

(2) Includes Credit Portfolio, Provisions, Credit to Employees, Accounts Receivable of Credential Clients L/T, Account Receivable F/C, Excepting Sundry Account Receivable F/C.

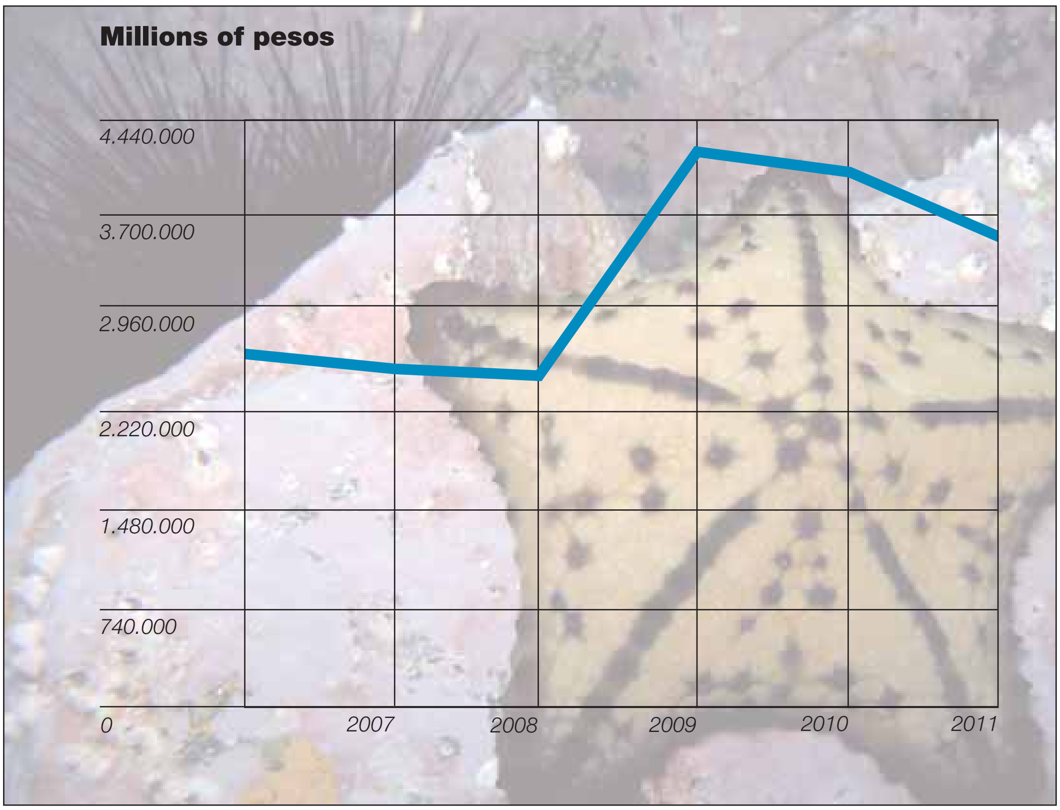
Total Asset



Period	Total
Dec. 2007	10.866.593
Dec. 2008	12.817.332
Dec. 2009	14.135.191
Dec. 2010	17.561.403
Dec. 2011	20.950.830

million Colombian pesos

Investments

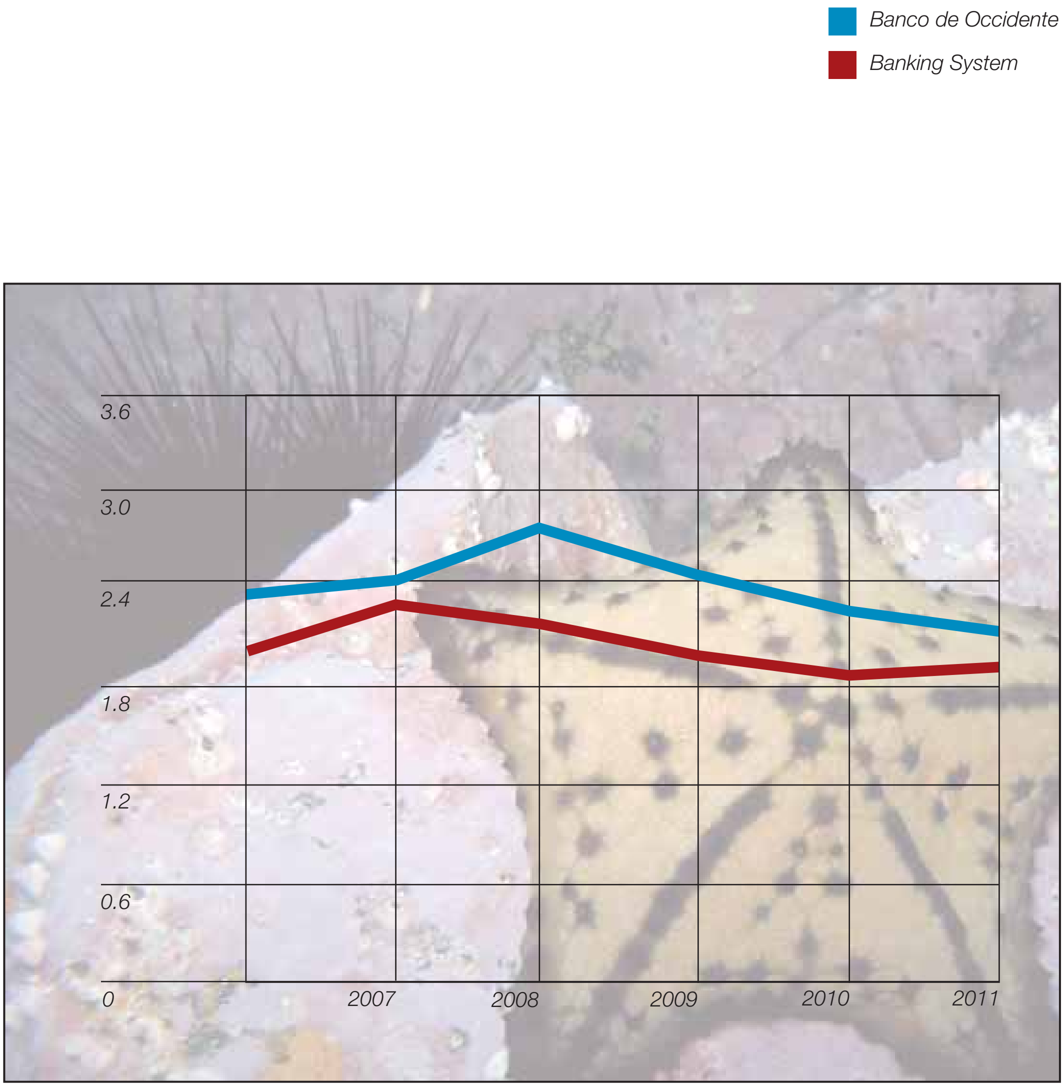


Period	Total
Dec. 2007	2.578.233
Dec. 2008	2.528.590
Dec. 2009	4.238.110
Dec. 2010	4.077.114
Dec. 2011	3.583.562

millions Colombian pesos

Note Includes: Investment
Sale back commitments
Interbank Funds Sold, Ordinary

Return on Total Assets

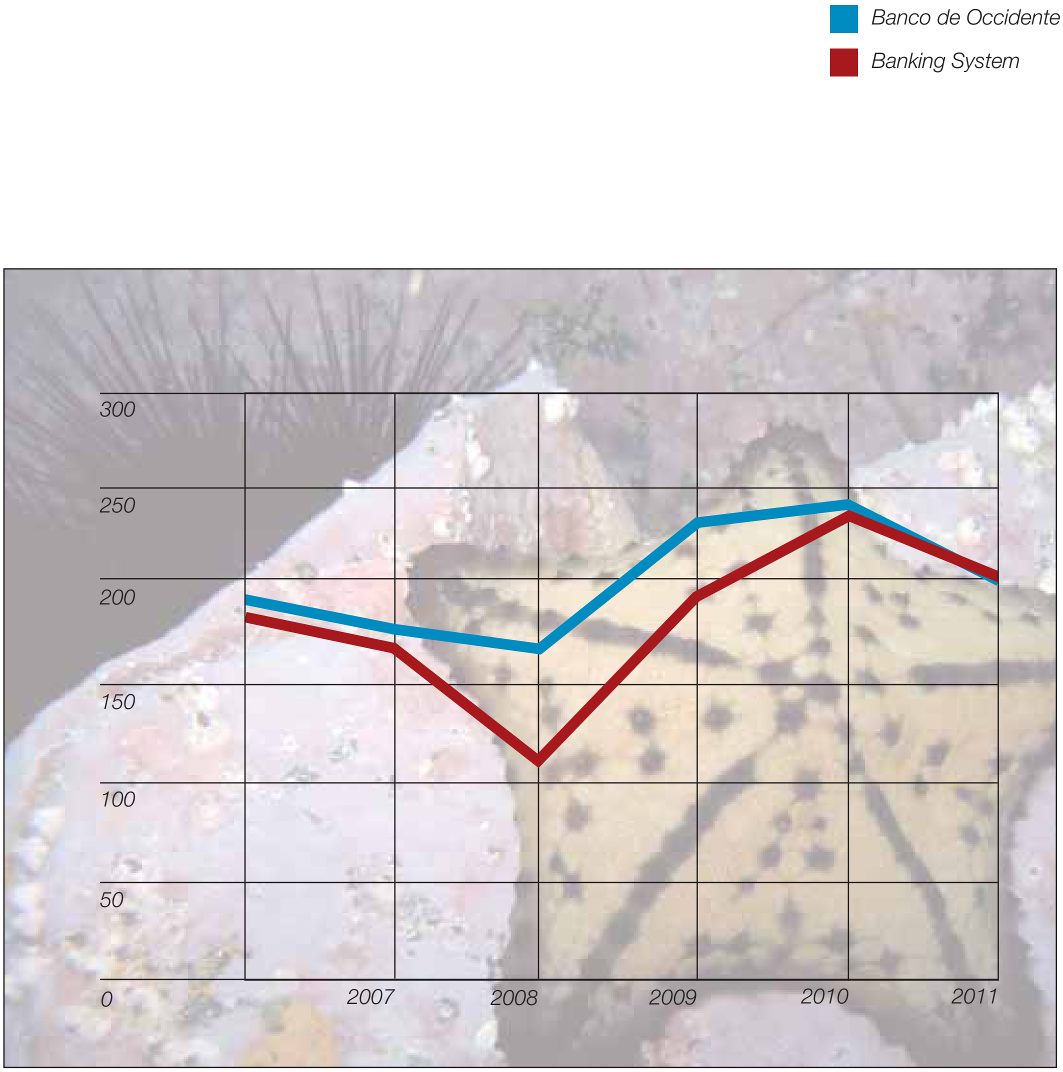


Period (*)	Banco de Occidente %	Total System %
Dec. 2007	2,49	2,32
Dec. 2008	2,81	2,22
Dec. 2009	2,52	2,02
Dec. 2010	2,30	1,90
Dec. 2011	2,17	1,95

(*) Indicator corresponds to annual profitability for operational periods between July 1 and December 31 each year

$$\text{Profitability Over Total Asset} = \frac{\text{Net Profit}}{\text{Total Asset}}$$

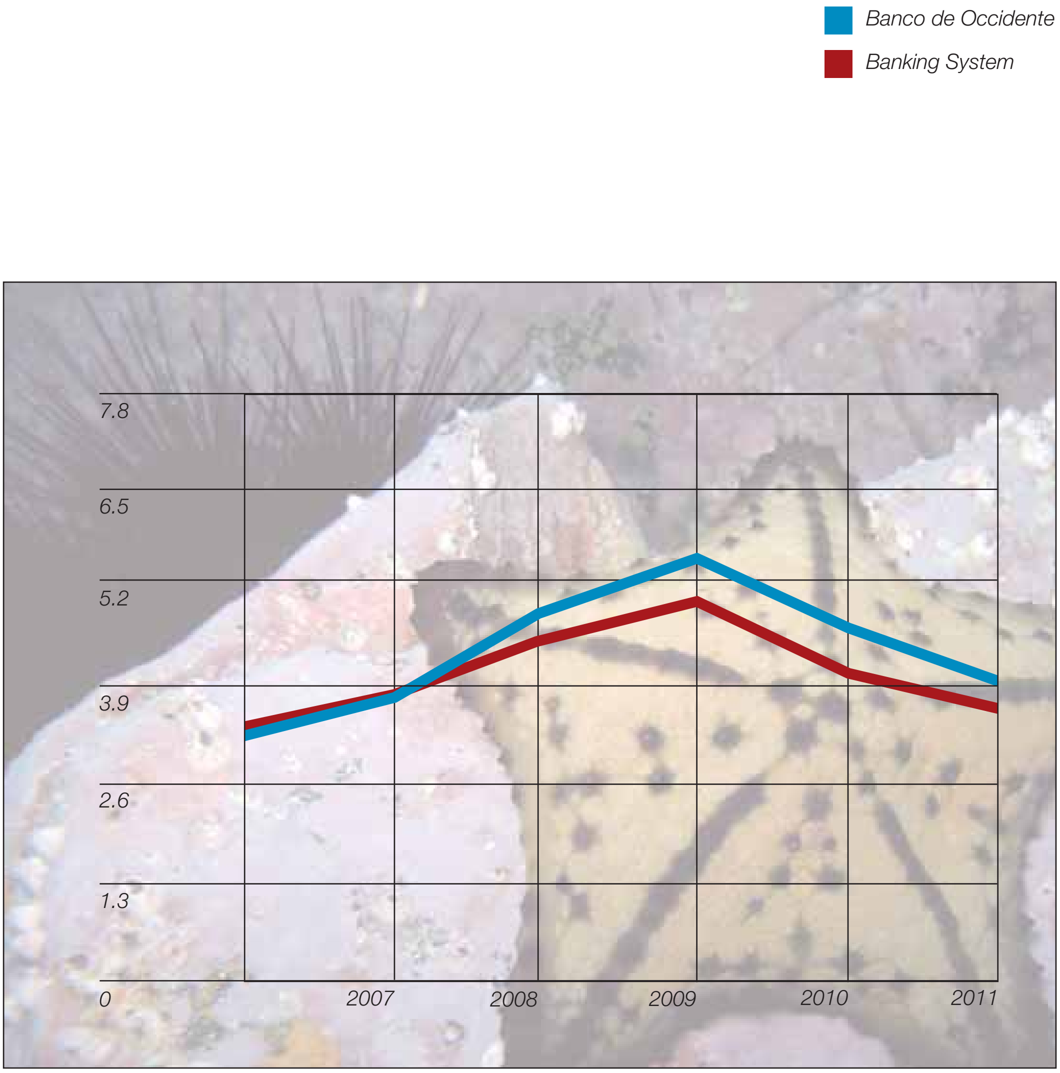
Intermediation Gross Margin



Period	Banco de Occidente (%)	Total System (%)
Dec. 2007	181,96	172,38
Dec. 2008	172,04	114,32
Dec. 2009	236,94	198,94
Dec. 2010	246,43	240,70
Dec. 2011	207,09	209,17

$$\text{margin Intermediación Bruto} = \frac{\text{Interest received L/T + FC + Commissions received L/T + FC + Sundry Income + +Valuations \& Invest. Returns}}{\text{Interest paid L/T + F/C + Commissions paid L/T + FC + Investment valuations}} - 1$$

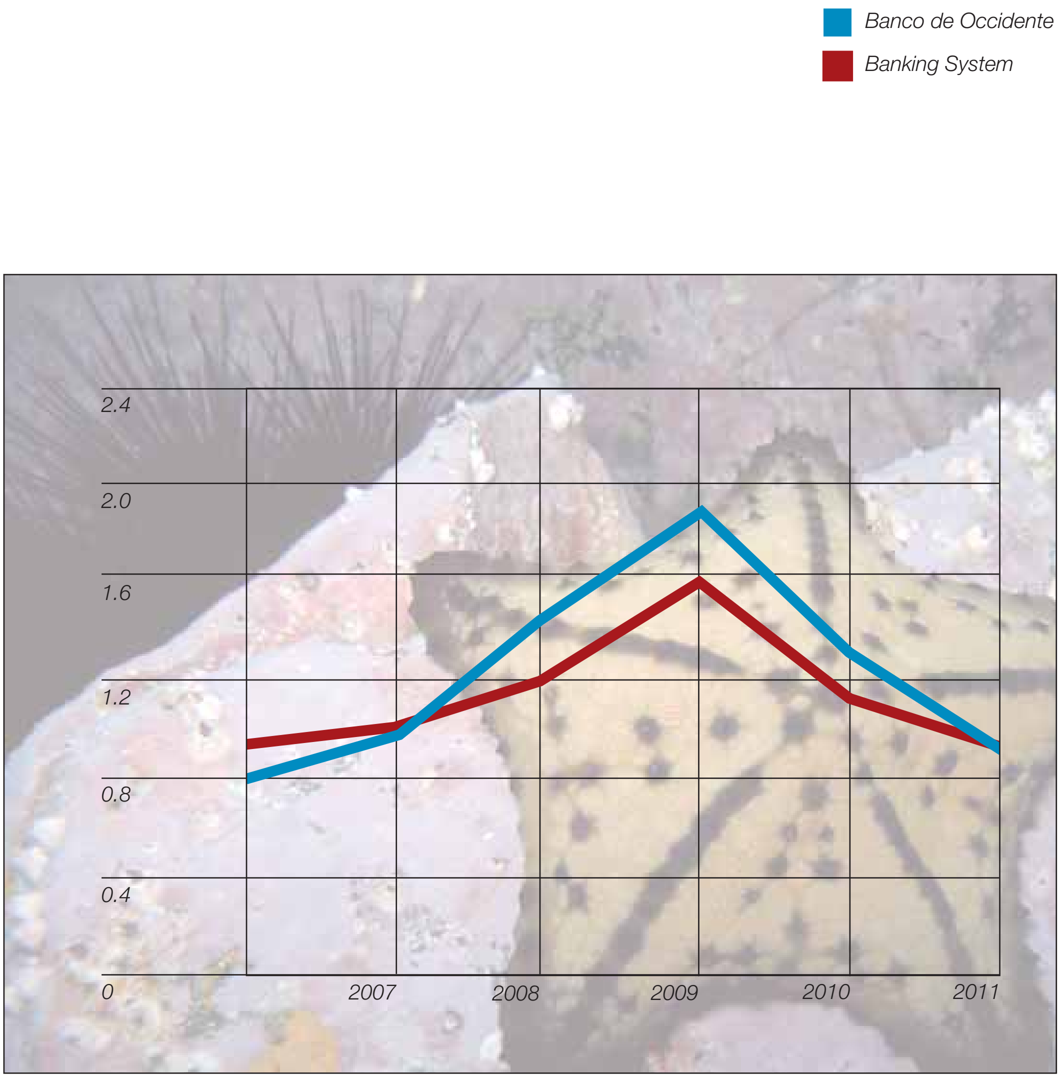
Portfolio Quality by Rating



Period	Banco de Occidente (%)	Total System (%)
Dec. 2007	3,83	3,87
Dec. 2008	4,96	4,58
Dec. 2009	5,70	5,12
Dec. 2010	4,77	4,16
Dec. 2011	4,05	3,68

$$\text{Portfolio quality by qualification} = \frac{\text{Total portfolio Qualification C + D + E}}{\text{Credit Portfolio + Provision Credit Portfolio}}$$

List of Due Portfolio



Period	Banco de Occidente (%)	Total System (%)
Dec. 2007	0,99	1,02
Dec. 2008	1,46	1,21
Dec. 2009	1,91	1,62
Dec. 2010	1,33	1,14
Dec. 2011	0,92	0,94

Overdue Portfolio Ratio = (Overdue portfolio more than 6 months Admissible Guarantee & Other Guarantees) / (Credit Portfolio + Provision Credit Portfolio)