Semiannual Balance at December 31 2015

Banco de Occidente

AGENDA
STOCKHOLDERS ORDINARY MEETING
March 10, 2016

1. Verification of Quorum
2. Reading and approval of Agenda
3. Appointment of Commission to approve the minutes
4. Report by the Secretary to the Chairman of the Meeting
   - 4.1 Summons to the General Meeting
   - 4.2 Information Colombia Finance Superintendence
   - 4.3 Documents available to Stockholders
   - 4.4 Report Application Resolution 116, February 27, 2002, issued by Superintendence of Securities
   - 4.5 Certification financial statements and other reports, article 46 in Act 964/ 2005
   - 4.6 Report by the Ombudsman of Financial Consumer
   - 4.7 Report about application of the best corporate practices
5. Report by the Chairman of the Board of Directors to the Stockholders' General Meeting and approval of report
6. Report by the Board of Directors about the work of Audit Committee
7. Reading of financial statements of individual general purpose, its account of profit and loss at December 31, 2015 and opinion of the Statutory Auditor submitted to the consideration and approval by the General Meeting
8. Project Profit Distribution and submission to decision of General Meeting
9. Election of Principal and Alternate Members of the Board of Directors
10. Election of Statutory Auditor and its Alternate for the operational period April 2916 to March 2017, fixing of fees and budget
11. Propositions

Significant Data

Million Colombian Pesos

	December 2014	December 2015
Total Deposits 1/	20.257.873	20.172.821
Total Placements 2/	20.931.960	25.545.839
Investments 3/	6.142.818	4.698.621
Capital and Legal Reserve	2.427.925	2.393.487
Total Asset	30.440.463	33.061.286
Profit in the Semester	1.200.811	491.129
Monthly Dividend by Stock 4/	144	165

Notes:

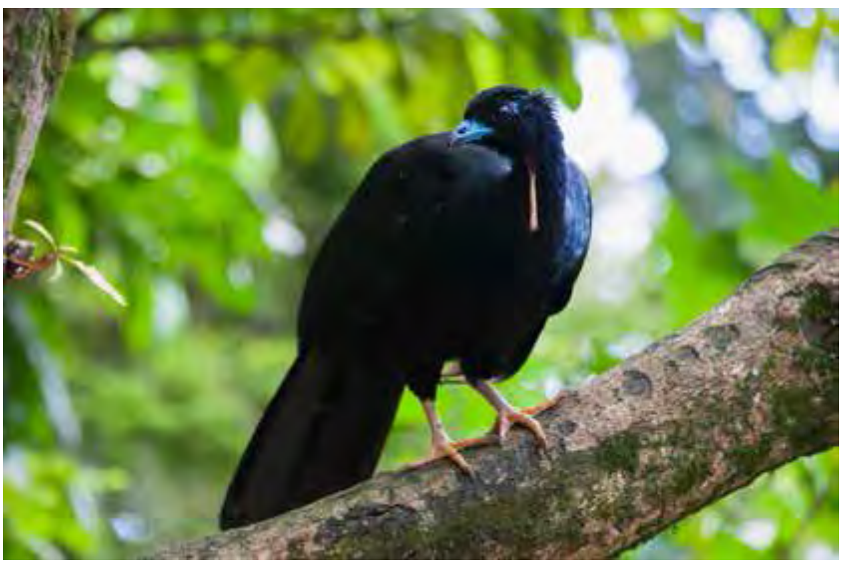
1/ Includes Deposits in Current Account, Savings Certificates of Time Deposit, Saving Deposits, Trust Funds and Collection Banking Services.

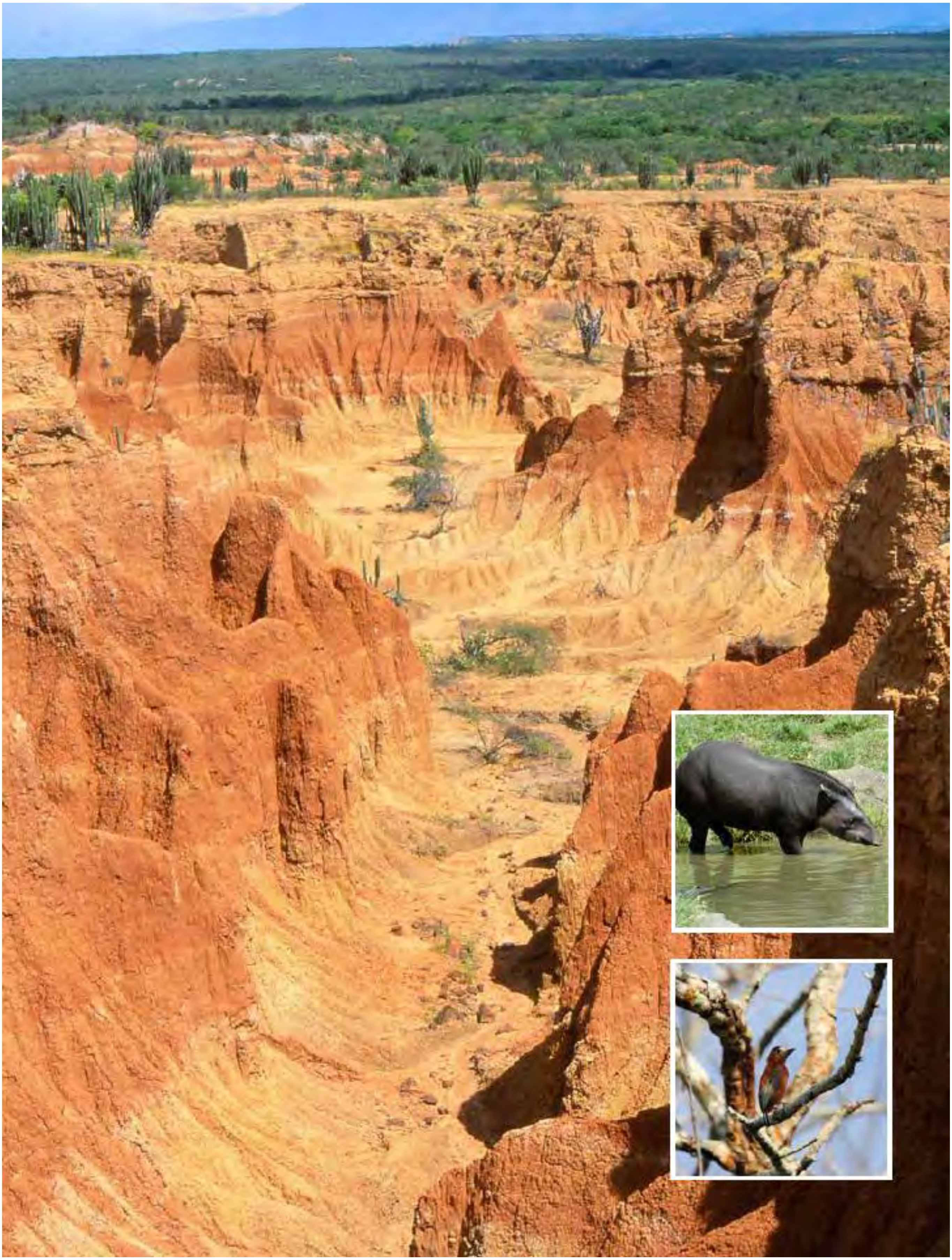
2/ Includes Credit Portfolio, Provisions, Credits to employees, Accounts Receivable Clients Credencial M/L, Accounts Receivable M/E, excepting Accounts Receivable Sundry M/E.

3/ Includes Ordinary Interbank Funds, Bank Purchase commitments and investments.

4/ Value of dividend at closing operational period

5/ The submission of report is made according to the approval by Colombia Finance Superintendence the Single Catalogue (CUIF), for such reason, only the last two years are considered given that the historical before 2014 is under COLGAAP.





Board of Directors
2015 - 2016

Principal

Hector Vesga Perdomo
Ricardo Villaveces Pardo
Iván Felipe Mejía Cabal
Felipe Ayerbe Muñoz
Liliana Bonilla Otoya

Alternates

Mauricio Gutiérrez Vergara
Adolfo Varela González
Eduardo Herrera Botta
Gilberto Saa Navia
Mauricio Iragorri Rizo

Luis Carlos Sarmiento Angulo
Advisor

Efraín Otero Alvarez
President of the Bank

Douglas Berrío Zapata
Legal Vice-President

Gerardo Silva Castro
Corporate Vice-President

Efraín Velásquez Vela
Credit and Surety Vice President

Mauricio Celin Gallo
Customer Service Vice-President

Johnny Leyton Fernández
Risk & Collection Vice President

Darío Piedrahita Gómez
Government Banking Vice President

Francisco Monroy Guerrero
Business Bank 1 Vice President

Alfonso Méndez Franco
Financial Vice-President

Mario Ernesto Calero Buendía
Personal Bank Vice President

Daniel Roberto Gómez Vanegas
Operations and Systems Vice President

Julio Cesar Guzmán Victoria
Credit Vice President

Eduardo Correa Corrales
Human Resources Vice President

Ignacio Zuloaga Sevilla
Corporate Bank Vice President

Constanza Sánchez Salamanca
Business Bank 2 Vice President

Wilson Romero Montañez
Statutory Auditor
-KPMG LTDA.

Report by the President

In compliance with the statutory obligations, I am pleased to submit to Stockholders the results of the Bank corresponding to the second half-year 2015.

Legal Provisions

Among the actions and regulations issued during the semester directly influencing financial sector, the following changes shall be highlighted:

1. **Valuation of guarantees security interest in the PDI**

External Circular No. 32, September 24, 2015 by Colombia Finance Superintendence: whereby the following directives are given to be accomplished no later than December 31, 2015:

a) Establishes the criteria to be used to determine the value of guarantees ensuring the compliance with the credits granted.

b) Includes the guarantees issued by the guarantee funds managing the public resources and the security interest in the Evaluation General Regime, Qualification and provisioning of Credit Portfolio.

c) Amends the classification of guarantees for assignment the Loss Given the Default (**LGD**) In the Reference Model of Commercial Portfolio (**MCP**) and the Reference Model of Consumption Portfolio (**RMCP**) , as well as the inclusion of reference to the security interest

2. Resistance Tests - ERT

External Circular No. 51, December 28, 2015 by Colombia Finance Superintendence: Provides instructions for the implementation of Scheme of Resistance Tests (**SRT)** and the report to inform the results:

a) Sets the objectives, characteristics, responsibilities and duties of information about the SRT.

b) Establishes the minimum guidelines to perform the resistance tests required by the supervisor and the content of the qualitative report.

c) Creates the form "Resistance Tests" Required by Supervisor, defining the contents of the report of qualitative information of tests required by supervisor.

d) Defines the variables of the scenarios, used by the entities to conduct the resistance tests required by supervisor, dated December 31, 2015 and the Superintendence will publish the first quarter of the year following the closing of each tests, the scenarios, the same as with the variables included:

- Internal macroeconomic Variables (National GDP, Inflation, TRM, Unemployment, Colcap, IPC housing, BR Rate, TD, IBR, TES Rate).
- Worldwide macro-economic variables (GDP, Trade Growth, GDP Zone Euro, USA BRENT, LIBOR, CDS 5 years Colombia, EMBI Colombia).

e) For transmission purposes of the results of resistance tests required by Supervisor, the following instructions shall be followed:

- Report at individual level: The banking establishments, the financing companies, the financing corporations, and the financial cooperatives need to design and implement the SRT based on individual financial statements in accordance with the following chronogram:

- Banking establishments active, representing at least 2 % of the total asset of banking sector with closing December 31, 2015, completion of tests August 16 to 26, 2016 and implementation in the risk management policies March 31, 2017.

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- The remaining banking establishments with closing December 31, 2016, first official transmission 26 to 30 September 2017 and implementation in risk management polices March 31, 2018.

• Report at consolidated level: Upon the completion of one year since the date of issue of this circular, the entities controlled, under the obligation to consolidate, will design and implement the SRT at consolidated level.
The results of resistance tests at consolidated level required by supervisor, will be forwarded between September 25 and 29, 2017, with closing December 31, 2016.

3. Technical Patrimony

Decree No 2392, December 11, 2015 by Colombia Ministry of Finance and Pubic Credit: Whereby the Decree 2555 / 2010 in connection with the instruments comprising the technical patrimony of credit establishments, amends criteria applicable to instruments with capacity of loss absorption in the additional basic patrimony and homogenizes the criteria thereof with the debt instruments of the additional patrimony and establishes standards allowing for Colombia Finance Superintendence to apply for additional capital requirements in order to maintain the appropriate capital levels.

Results of the Bank

In the second semester 2015, the stability and recovery index in Europe of the strong economies, due to the positive behavior of GDP and lower unemployment index, to promote the increase of demand and prices, and this way to maintain the expansive monetary policies. The United States Economy, showed an increase by 1.5% in the GDP, where the strengthening of currency is maintained, this way bringing about a decrease of exports, which is compensated by an increase at internal level of the demand resulting from the lower unemployment indexes, this way promoting the FED decision to increment the intervention rate. On the other hand, China economy shows a positive behavior of production, and internal consumption maintains a positive tendency promoted by increased order and employments. Such position of economies under recovery, attempt to compensate the pressure of internal demand, maintain a negative pressure on the Price of raw materials at worldwide level, that in connection with oil, shows prices at levels even under USD30 barrel, such situation influencing as well the price of the other commodities.

In this international economic setting, Colombian economy shows positive indicators in relative terms, reaching 3,2% GDP annual growth in the third quarter 2015. Within this growth, from the demand standpoint, the annual growth of final consumption is highlighted reaching 3,4% and 1,0%, gross capital formation, while exports decreased 0,7%. At the offer level, the different economic sectors showing more dynamism are: commerce, repairing, restaurants and hotels growing 4,8%, agriculture livestock, hunting, forestry and fishing increasing 4,5%, supply of electricity, gas, water, 3,7%, activities of social, communal and personal services 3,1% and financial, insurance real estate activities growing 4,3%.

This behavior allows for maintaining the positive tendency in employment conditions, and for this reason the unemployment rate at November 2015 reached 7,3%, showing 4 points compared to the same month of the precedent year.

Cumulated inflation recorded at the closing December 2015 was 6,77%, showing a higher level by 3,11 points percent compared to that recorded in the last year.

On the other hand, the market representative rate reached $2.585,11 pesos in June 30, 2015 and $3.149,47 pesos in December 31, 2015, representing during this operational period 21,83% devaluation.

At the closing November 2015, 5,18% annual increase was observed of the Total Asset from the Financial System, resulting, mainly due to growth of portfolio placements maintaining a significant dynamics mainly promoted by the gross capital formation, due to the stimulus of low rates and government allowances keeping in the sectors, such as construction. This growth is represented in the total portfolio of the credit establishments showing 9.2% increment, eluding the effect represented by the adoption of IFRS in the Financial Statements, given that the employees' portfolio and the operating leasing did not entered in the balance of total portfolio of the precedent year. The liquidity, however, and the investment portfolio was impacted by the maturity occurred in October 28 of National bonds Certificates (TES) for $8.92b, reflected in the behavior of the market rates.

The interest rates have showed a significant dynamics. Between July and December 2015 the Board of Directors of the Central Bank (Banco de la República) increased the intervention rate by 125pb going from 4.5%EA up to 5.75%EA, the Inter-banking Rate increased from 4,62% EA at June 2015 compared to 5,79% EA on December 2015. The reference rate TD increased as well, going from 4,28%EA at June 2015 up to 5,22% EA recorded at December 2015, and the Usury Rate Legal Limit maintains an upwards trend; on June-April 2015 recorded 29,06%EA, on January-March 2016 the rate reached 29,52% EA.

The credit entities as a whole showed a positive behavior between July and November 2015, according to the last figures released by Colombia Finance Superintendence under IFRS. With regards to the accrued profits at the closing November 2015 reported $9,99b total out of which, $9,05b correspond to the Banks.

In the above environment, Banco de Occidente submitted the following results at the closing December 31, 2015 with financial statements under IFRS:

Total assets grew by $2.565.311MM compared to December 2014, which represents 8,41% annual increase, reaching at December 2015, $33.061.285MM total. Concerning the half-year results, the assets increased $2.739.426MM equivalent to 9,03% half-year growth..

The Legal Tender and foreign Currency Credit Portfolio grew $3.669.087MM compared to December 2014, equivalent to 16,77% annual increase.

The Qualified Credit Portfolio in C, D and E, recorded $1.062.678MM total balance, representing 4.12% of the total Credit Portfolio.

The Balance of Provisions for Asset protection, at the closing December, amounts to $1.029.006MM total, with 15.77% annual growth. At the closing of this operational Period, the Hedging for Portfolio Protection amounts to $ 940.242 MM total, related to the qualified credits in C, D and E is 94.37%, such index lower than that recorded by the Total System, which at the closing December 2015 is 112%.

The Total Inter-banking Investments and Funds reached the amount of $4.615.616MM, decreasing 27,33% compared to the precedent yea, and 9,60% compared to June 2015.

Total Deposits at the closing December 31, 2015 reached de amount of $20.172.820MM decreasing by $125.420MM compared to December 2014 increasing $614.775MM compared to June 2015, this representing an annual percent decrease of 0,62% and a six-months increase of 3,14%. After analyzing the Deposits composition, it is evidenced that this increase in the second semester is explained mainly for the increase of Saving Deposits, reaching the amount of 9.787.065MM increasing $814.224MM compared to June 2015, which means 9.07% percent semiannual increase.

The balance at the closing December 31, 2015 of the total Bonds issued by the Bank is $2.620.715MM.

Invoicing of Operations with Credencial Credit Card reached $2.529.079MM at December 2015, 2014, increasing $174.766MM compared to December 2014, which is equivalent to 7,42%. annual growth, The number of cards placed in the market as of December 31, 2015 was 574.988 cards, increasing by 62.622 cards compared to December 2014, representing 12.22% annual growth.

The total Bank Patrimony recorded $3.635.886MM, decreasing by $213.703MM compared to the precedent year, representing 5.55% annual decrease.

The Net Profit at the closing December 2015 was $491.128MM lower by 59,66% compared to the profit obtained in the precedent year, by removing the effect of the sale of stocks from CORFICOL for $734.072MM in 2014, which means 6,34% growth.

The Profitability analyzed of the Total Asset at the closing December 2015 was 1,53% and that of Patrimony was 13,95%, maintained as in June 2015 where reached 1,57% and 12.18% respectively. The behavior of Credit Establishments at the closing November 2015, last datum available of Colombia Finance Superintendence recorded 2.0% Profitability of the Total Asset, and 14.6% of patrimony.

Tax and legal Contributions

The total Tax and Legal Contributions at the closing second semester 2015 reached an accumulated of $200.615MM, higher than that recorded in the first semester 2015 for $51.187MM and representing 34.3% six-month increase. The effective income and complementary Rate, Indirect Tax and Legal Contributions decreased compared to that estimated at June 2015, an effective rate of 43,7%. The details of these figures are given in the chart attached:

Values (Figures in $ Million)	II Semester 2015	Semester 2015	Variation ($)	Variation (%)
A. Income and & Complementary tax	107.962	72.791	35.171	48,3
B. Wealth Tax	0	42.145	(42.145)	(100)
C. Indirect tax	46.549	37.460	9.089	24,3
VAT	28.210	20.934	7.276	34,8
Industry and Commerce	15.049	13.540	1.509	11,1
Real Estate	1.790	1.624	166	10,2
Surtaxes and Other	1.392	1.305	87	6,7
Registry and Annotations	108	57	51	89,5
D. Contribution Bank Superintendence	3.437	2.853	584	20.5
E. Deposit Insurance	24.020	23.609	411	1,7
F. Tax on Financial transactions(4/1000)	18.647	12.715	5.932	46,7
G. Total Tax and Legal Contributions (A+B+C+D+E+F)	200.615	191.573	9.042	4,7
Dividends Decreed	140.309	134.697	5.612	4,2
H. Tax / Dividends Decreed	143%	145,9%		
I. Effective Rate Income and Complementary Tax	29,4%	23,5%		
J. Effective Rate Income and Complementary Indirect tax and Legal Contributions	43,7%	44,6%		

Affiliates and Associated Companies

The affiliate Banco de Occidente - Panamá S.A. reached at the closing of this operational period US $974.754M total asset, showing 4,37% annual decrease. The loss at the closing December 31, 2015 was US $3.377M, which in percent terms reflect 28.98% decrease compared to 2014.

The Affiliate Fiduciaria de Occidente S.A. at the closing this operational period recorded $218.943MM total asset, which means 1,53% decrease compared to December 31, 2014. The annual profit at December 31, 2015 was $36.038MM recording 12,86% annual growth.

The affiliate Occidental Bank Barbados Ltd. recorded at the closing December 31, 2015 Asset for US$247.822M, representing 3.53% annual decrease. On December 2015 recorded US$874M, accrued loss, which means 189,15% annual decrease compared to the same period in 2014.

The associated Corporación Financiera Colombiana S.A. showed, at December 31, 2015 Asset for 11.639.197MM, which in percent terms represented 108.19% annual growth. The associated company obtained $474.743MM annual profit equivalent to 2,78% annual growth.

Fondo de Pensiones y Cesantías Porvenir, recorded $2.218.776MM total asset at the closing operational period, reaching 13.48% annual growth. The profit at December 31, 2015 was $277.217MM, decreasing 0.63% compared to December 2014.

Relationship Bank and its Subsidiaries

Below the amount of the operations made between the Bank and its Subsidiaries is showed, including in the Statement of Financial Situation and the Statement of Results of the second semester 2015 and which detail by item is recorded in the Note 30.

Accounts	Banco de Occidente Panamá	Fiduciaria de Occidente	Occidental Bank Barbados Ltd.	Ventas y Servicios	Grupo Aval
Total Asset	113.848	213.741	77.579	15.274	0
Total Liabilities	1.172.480	1.177	31.534	980	53.499
Total Income	0	144	144	74	46
Total Expense	7.056	65	96	28.139	6.377

Note: Figures in Million Pesos

Operations with Stockholders and Directors

As of December 31, 2015 the Bank had not loans granted to its stockholders. At the same closing, the loans granted to directors amounted to $2.873MM, supported mainly by credit card operations and credit operation to purchase housing and vehicle, according to the conditions set forth by the Bank to its employees. At this closing there is no credits granted to stockholders holding in the Bank any stock participation for more than 10%.

Bank Foreseeable Evolution

According to the results occurring in the Financial System during the period of the year, it is anticipated that the Bank will maintain some favorable financial profitability and efficiency compared to the Banking System as it has been occurred as yet.

After the Closing Operational Period

According to provisions in article 47, Act 222/1995, it is made clear that no any internal or external significant event has occurred, potentially influencing the normal development of the operations and the Bank's results, from the closing of balance sheet up to the date of this report.

Risk Rating

At the closing of this operational period, Banco de Occidente maintains for the nineteenth consecutive year the triple AAA rating, the highest credit qualification for long-term debt and BRC1+, the highest certainty of payment of short-term debt given by BRC Standard & Poor's.

Additionally, Fitch Ratings states the national qualifications of Banco de Occidente S.A. (Occidente) in 'AAA(col)' and 'F1+(col)' respectively. The perspective in the long-term rating is stable.

Disclosure of Financial Information

In compliance with the provisions in articles 46 and 47 in Act 964/2005, the Bank certifies that financial statements and other relevant reports to the public do not contain defects or errors, inaccuracies or errors preventing from knowing the true patrimonial situation or the operations conducted by the Bank. Additionally, the disclosure and control systems used to include the information contained in such financial statements, and the relevant reports to the public are appropriate, based on reliable information and submitted to reviews made by the internal Audit of the Bank and KPMG Statutory Audit, under the supervision by the Audit Committee from the Board of Directors.

Evaluation about Internal Control System Performance

According to provisions in Part I, Tittle I, Chapter IV, item 6.1.3.15, of the (Legal Basic) External Circular 029/2014, Banco de Occidente and its Subsidiary companies evidenced that their Internal Control System is effective, as the system evaluates the performance of the components: Control Environment, Risk Management, Control Activities, Information and Communication, Monitoring, Technology Management, Accounting Management and Internal Bodies Management.

Liquidity Risk

Concerning the Liquidity Risk Management, the Bank has, for the second semester 2015 a significant level of liquid asset which in an average is located in $4.4 billion, historically similar level to that managed by the Bank in the above operational period and representing an optimal hedging value according to the liquidity requirements. In accordance with the above, the average indicator under SFC methodology of Liquidity Risk - IRL at 7 days located in $4 billion and at 30 days in $3.1 billion, such values similar to those ones submitted in the last years and reflecting a proper liquidity management. It shall be highlighted in the management, the permanent monitoring to indicators of this early alert, such indicators showing a stable behavior within the ranges set out as normal conditions.

Market Risk

Market Risk administration is represented mainly by the fixed income portfolio management, which, for the second semester 2015 was in average $3.4 billion, with downtrend resulting from the punctual liquidations to face the liquidity requirements, with an average maturity of 26 months and 92% participation of bonds issued by Colombian Government, above situation concluded in an appropriate level of market risk exposure - VeR regulatory SFC- average $160.881 Million, such figure located within the limits set out in connection with the technical patrimony and lower than that submitted in the first semester of the year period.

Risk of Landry Asset and Financing of Terrorism- LA/FT

Banco de Occidente at the closing 2015 maintained a fairy low LA/FT risk level, properly implemented the Risk of Laundry Asset and Financing of Terrorism LA/FT Management System and successfully mitigated all the risks. It shall be underlined that the Bank continued implementing significant technological adjustments to Software and Monitoring ACRM – Monitor allowing for improving the knowledge of client, and in the same way continued investing in human resource offering specialized training, all this for the purposes to properly reduce this risk and the underlying risk, as well as to shield the organization against the occurrence of risk of Laundry Asset and Financing of Terrorism

Moreover, it is important to mention that all the quarterly reports were totally and timely submitted to the Board of Directors corresponding to the results and effectiveness of the management developed, compliance with the report to external entities, individual and consolidated evolution of risk, effectiveness of the control mechanisms and instruments, taking into account the monitoring of clients, unusual operations analysis, the alert signals, the reasonability of operations, the results of the annual training program addressed to the employees and the report of Accumulated Risk.

The results of the management are evidenced in the reports submitted by the Compliance Official to the Board of Directors, and in the reports to Internal Audit and KPMG Statutory Audit.

It should be mentioned that, in compliance with the Audit Plan, the KPMG Statutory Audit, submitted to the Board of Directors the results of the evaluation made to LA/FT, in the satisfactory result of the evaluation it is underlined that did not occur improvement opportunities to be implemented by the Compliance Official.

Operative Risk Management System - ORMS

According to the provision in Chapter XXIII of the Accounting and Financial Basic Circular "Regulations Related Operative Risk Management" the Bank manages its operative risks and Business Continuance through the identification , measurement, control and monitoring.

This way, the new risks and controls are permanently identified in the processes, the revision of the applicability of the current controls and monitoring over the risk profile. Additionally, following up and monitoring to the log of operative risk is made, allowing for the implementation of corrective actions focused to reduce the occurrence of events and decrease the levels of risk exposure.

Concerning the Business Continuance, the maintenance and updating of plans is permanently managed, for the purpose to have available the mechanism necessary for the retrieval operation of the defined critical processes and the permanent work to conduct the tests in order to ensure such schemes.

At the closing December 2015, the Bank's Operative Risk Profile shows a low risk rating.

Minimum Requirement of Safety and Quality of Information Management

In compliance with the external Circular 042 October 2012 (formerly circular 052 / 2007,022/ 2010) The Bank continues working in the enhancement of some initiatives based on the accompaniment of processes and projects area in those topics related to procedures ensuring the compliance with the standards.

Free Invoice Circulation

In compliance with the provision in Act 1231 / 2008 and in addition to provisions in Act 1676 / 2013, the Bank reports that there are no available practices to retain invoices from our suppliers, defining internal policies to ensure the free circulation of the invoices submitted by vendors or suppliers.

Legal Software

In compliance with the provisions in Act 603/2000, Banco de Occidente has implemented policies, controls, and sanctions to ensure the legality of the software used. The control of software procurement, development and maintenance, in keeping with the legal requirements about copyrights, the privacy and electronic commerce, are of compulsory compliance by the responsible areas. In this connection, the internal audit performs continuous monitoring to verify the compliance with the regulations provided.

Certification

The Bank has ascertained that the qualitative characteristics of financial information provided in the conceptual framework are properly accomplished related to accounting standards and financial information accepted in Colombia, and for such reason, it is certified that the characteristics contained in the financial statements of Banco de Occidente have been previously verified, submitted on December 31, 2015, and that the same have been faithfully taken from the accounting books of the company, and that there are no any omission of information and that all economic facts have been therein recognized,.

Personnel

Throughout the semester the Bank had the active and efficacious cooperation of all the employees. For such reason, the top management, in addition to highlight this fact, the Bank appreciates their valuable participation.

Dividends

The payment of $165.00 per stock is submitted to the stockholders' consideration
.

On the other hand, it was stated that the Bank's Board of Directors endorsed the report of the President, with 100% favorable voting of the members attending the meeting.

Efraín Otero Alvarez
President

KPMG

Concept by Statutory Auditor

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REPORT BY STATUTORY AUDITOR

Dear Stockholders

Banco de Occidente S.A:

Report about financial statements

I have audited the separate financial statements of Banco de Occidente S.A. (the Bank), such financial statements include the financial situation as of December 31, 2015 and the separate integral statements of results of changes in the patrimony and cash-flows for the semester ended in said date and the relevant notes including a summary of the significant accounting policies and other explanatory information. The financial statement corresponding to the semester by june 30, 2015 were audited by other registered accountant member of KPMG Ltda. who in its report dated August 28, 2015, stated an unqualified opinion about such financial statements.

Responsibility of administration in connection with financial statements

The administration is responsible for the proper preparing and submission of such financial statements in keeping with the Accounting Standards and Financial Information Accepted in Colombia. This responsibility includes to design, implement and presentation of separate financial statements, free from significant material errors, either due to fraud or error, select and apply the appropriate accounting policies, as well as to determine the reasonable accounting estimates in the relevant circumstances.

Responsibility of Statutory Auditor

My responsibility relates to the issuance of an opinion about the separate financial statements based on my audit, I obtained the information necessary to accomplish with my duties and made the examination according to the auditing standards generally accepted in Colombia. Such standards require the compliance with ethical requirements, planning and conduction of audit in order to obtain the reasonable assurance about whether the separate financial statements are free from significant material errors.

Any audit includes the implementation of procedures in order to obtain evidence about the amounts and disclosures in the separate financial statements. The procedures selected and dependent on the discretion of the statutory auditor, In such risk evaluation, the statutory auditor takes into account the internal control relevant preparing and submission of the separate financial statements for the purpose to design proper audit procedures according to the circumstances of the audit. Any audit includes as well the evaluation of the use of the appropriate accounting policies and the reasonability of accounting estimates made by the management, as well as the evaluation of the presentation of separate financial statements in general

I do consider that the evidence of audit I obtained based on the reasonable audit evidence provides a reasonable base to support the opinion given below.

Opinion

In my opinion the separate financial statements, prepared in keeping with the information faithfully taken from the books and attached to the report, show reasonably all the aspects of material significance the separate financial situation of the Bank at December 31, 2015, the results of the operations and the cash-flows of the semester ended in that date, according to Accounting Standards and Financial Information Accepted in uniformly applicable standards with the precedent operational period.

Report about other legal and regulatory requirements

Based on the results of tests, in my opinion, during the second half-year 2015::

a) The Accounting of the Bank has been managed in keeping with the legal standards and the accounting technique.

b) The operations recorded in the books and the acts of the managers are in accordance with the statutes and the decisions of the Stockholders General Meeting.

c) The correspondence, the vouchers of accounts and books and the book of minutes and the record of actions are duly carried and kept.

d) There are in place adequacy actions of internal control, including the risk management systems implemented, upkeep and custody of Bank´s property and those ones of third parties under Bank custody.

e) The standards and instructions given by Colombia Finance Superintendence related to the management and accounting of the goods received in payment have been properly accomplished as well as the implementation and the impact on the separate statement of financial situation results of the risk management applicable system.

f) There is agreement between the separate financial statements herewith attached and the management report prepared by the managers, including the certification by the management about the free circulation of invoices issued by la vendors or suppliers.

g) The information contained in the declaration of self-liquidation of contributions to social security integral system, and specifically that related to the affiliates and the income base of quotation, has been taken from the accounting records and supporting documentation. The Bank is not in arrears for the contributions to social security integral system.

I monitored the answers to questions related to recommendation letters addressed to the Bank's administration, and there is not any material significant pending issues potentially affecting my opinion

Hugo Alonso Magaña Salazar
Statutory Auditor (Substitute)
Banco de Occidente S.A.
T.P. 8 6619 – T
Member of KPMG Ltda.

February 12, 2016

Profit Distribution Project

Second semester 2015

1- Profit of Operational Period		258.765.967.255,55
2- Release of Reserves		
Reserve for marketable investments (Dec. 2336/95)		44.362.014.164,97
Deferred Depreciation Fixed Asset (Art. 130 Tax Statute)		10.345.853.234,80
3- Results General Meeting Exercises		16.513.711.768,67
Total Available to General Meeting		**329.987.546.423,99**
Distribution Project:		
1. Cash Dividend		
A cash dividend for $160,00 monthly per stock is declared, payable, within the first ten days each month according to legislation prevailing, from October 2016 up to March 2017, inclusive, over a total 155,899,719 stocks subscribed and paid-in at December 2015	149.663.730.240,00	
The dividends decreed in the above points will be paid to the holders of stocks appearing registered in the books of stockholders of the Bank at the time when each payment is required and according to the regulations prevailing.		
2. Constitution of reserves		
Reserve for sustainability of dividend	80.000.000.000,00	
3. For the legal reserve	100.323.816.183,99	
Equal Sums	**329.987.546.423,99**	**329.987.546.423,99**

Separate Statement of Financial Situation

December 31, 2015
Comparative figures at June 30, 2015
(in million Col. pesos)

Asset	**Notes**		**December 31 2015**	**JUNE 30 2015**
Cash and equivalent to cash	6 and 30	$	2.449.152	1.640.458
Asset financial investment				
Tradable investments				
Certificates of Debt	7		331.105	409.961
In patrimony papers	7 y 30		8.991	366.940
Derivative and negotiation papers	9 y 29		345.505	157.237
Total negotiable investments			**685.601**	**934.138**
Investments available for sale				
In Certificates of debt	7		2.195.461	2.745.289
In patrimony papers	7 y 30		421.946	18.233
Total investments available for sale			2.617.407	2.763.522
Investments maintained up to maturity, net	8		547.837	601.642
Total financial asset of investment			**3.850.845**	**4.299.302**
Credit portfolio and financial leasing operation, net	10 y 30			
Commercial			14.416.727	12.935.602
Consumption			6.198.254	5.687.541
Mortgage			842.000	712.273
Financial Leasing			4.329.559	4.126.569
Subtotal			25.786.540	23.461.985
Provision for impairment			(979.548)	(909.959)
Total credit portfolio and financial leasing operations, net			**24.806.992**	**22.552.026**
Other Receivable accounts, net	11		212.428	96.734
Non-current asset maintained for sale	12		1	231
Investments in subsidiaries, associate companies,				
Joint Business	13		819.648	797.233
Tangible asset, net	14			
Properties for investment			92.115	75.644
Equipment under operative leasing contract			3.377	5.039
for own use			460.462	452.773
Total tangible asset, net			555.954	533.456
Tangible asset, net	15			
Plus-Value			22.724	22.724
Other intangible asset			112.977	92.800
Total Intangible asset			**135.701**	**115.524**
Asset for income tax	16			
Current			1.733	135.721
Deferred			175.412	102.382
Total asset for income tax			177.145	238.103
Other Asset			374	575
Total Asset		**$**	**33.008.240**	**30.273.642**

See notes attached to this financial statements

Separate Statement of Financial Situation

December 31, 2015

Comparative figures at June 30, 2015

(in million Col. pesos)

Liabilities and Patrimony

Asset	Notes		December 31 2015	June 30 2015
Financial liabilities at reasonable value				
Instruments derivatives	9 y 29	$	268.510	179.230
Financial Liabilities at amortized cost				
Deposits of clients	17		20.158.707	19.549.599
Short-and-long-term financial obligations	18		3.858.606	2.602.576
Bonds and investment papers	18		2.620.716	2.291.766
Obligations with rediscount entities	18		853.020	670.221
Total financial liabilities at amortized cost			27.491.049	25.114.162
Provisions				
Benefits to employees	19		77.348	73.274
Legal	20		4.016	3.629
Other provisions	20		1.713	1.785
Total provisions			83.077	78.688
Liabilities for income and CREE tax	16			
Current			51.762	136.352
Deferred			334.653	258.854
Total liabilities for income and Cree tax			386.415	395.206
Liabilities	21		805.625	603.345
Total Liabilities			**29.034.676**	**26.370.631**
Patrimony				
Subscribed and paid-in capital	22		4.677	4.677
Reserves	22		2.740.223	2.642.928
Premium in placement of shares			720.445	720.445
Undistributed profits				
Adoption of the first time			80.956	80.956
From prior operational periods			17.407	17.407
Total retained undistributed profit			98.363	98.363
Profits of the operational period			258.766	237.605
Other integral results			151.090	198.993
Total patrimony			**3.973.564**	**3.903.011**
Total liabilities and patrimony			**33.008.240**	**30.273.642**

See notes making integral part of financial statements

Separate Statement of Results

For the semester ended in December 31, 2015

With comparative figures for the semester ended on June 30, 2015 (In million Col.de pesos, excepting net profit per stock)

	Notes		December 31 2015	June 30 2015
Income for interest and valuation				
Interest on credit portfolio and financial leasing operations		$	1.245.956	1.120.403
Interest on commercial portfolio			743.421	660.933
Interest on consumption portfolio			441.413	406.350
Interest on housing portfolio			37.018	32.222
Income for repos and inter-banking operations			24.104	20.898
Net changes in the reasonable value of financial asset			95.778	105.571
Net valuation on pre-investments maintained up to maturity			2.285	6.011
Total income for interest and valuation			**1.344.019**	**1.231.985**
Expense for interest and the like				
Current accounts			6.857	7.166
Time Certificates			137.944	142.911
Savings Time Deposits			187.890	173.921
Total interest on deposits			332.691	323.998
Financial obligations			**129.245**	**105.408**
Inter-banking and overnight funds			19.922	15.778
Bank credits and other			6.168	5.808
Bonds and investment papers			103.155	83.822
Obligations with rediscount entities			27.293	19.144
Total expenses for interest and the like			489.229	448.550
Net Income for interest			**854.790**	**783.436**
Provisions				
Credit portfolio and interest receivable, net			272.933	225.442
Recovery and written down			(37.872)	(29.588)
Goods received in payment and delivered back			8.440	9.124
Total Provisions			243.501	204.978
Net income of interest and valuation after provisions			**611.289**	**578.458**
Income for commissions and fees	25		172.538	150.930
Expenses for commissions and fees	25		66.628	81.759
Net income for commissions and fees			**105.910**	**69.171**
Other net income				
Net profit on financial instruments derivatives from negotiation			82.973	27.575
(Loss) net profit difference in exchange			(53.378)	916
Net profit from investments			233	572
Profit for non-current asset maintained for sale			503	1.009
Net participation in profits of associate companies and joint business by patrimonial participation methods			15.521	10.745
Dividends			48.528	54.035
Other operational income			70.128	72.706
Total other Income	**26**		**164.509**	**167.558**
Other expense				
Personal expenses			**190.427**	**178.053**
Indemnities			978	649
Payment of bonus			3.077	1.419
Salaries and benefits to employees			186.372	175.985
General administration expenses	27		292.105	253.925
Expenses for depreciation and amortization			25.778	28.506
Other operational expenses			6.669	44.306
Total other expenses			**514.979**	**504.790**
Profit before income and Cree tax			366.728	310.397
Expense of income and Cree tax			107.962	72.791
Profit of the operational period		$	258.766	237.605
Net profit per stock in COP	**22**	**$**	**1.660**	**1.524**

See notes making integral part of financial statements

Separate Statement of other Integral Results

For the semester ended December 31, 2015

With comparative figures for semester ended June 30, 2015 (In million Col Pesos

		December 31 2015	June 30 2015
Net profit of semester	$	258.766	237.605
Items that may subsequently reclassified to results			
Difference in exchange of conversion of foreign operations		20.628	9.187
Net loss realized in foreign hedging operations		(24.982)	(4.834)
Other integral results of investment accounted for by patrimonial participation method		(28.508)	3.568
Financial papers measured at patrimonial variation		349	(1.112)
Financial papers measured at reasonable value		8.077	-
Net non-loss realized in investments of fixed income		(64.710)	(14.513)
Net profit non-realized in investment of variable income		10.497	-
Deferred tax recognized in other integral results (Note 16)		29.973	5.751
Total Item that may be subsequently reclassified to results		(48.676)	(1.953)
Items that will be not reclassified to results			
Actuarial profits in plans of benefits defined		773	223
Total Items that will be not reclassified to results		773	223
Total other integral results during the semester, net, of tax		(47.903)	(1.730)
Total other integral results of semester	$	210.863	235.875

See notes making integral part of financial statements

See notes making integral part of financial statements

Separate Statement of Change in Patrimony

For the semester ended December 31, 2015

With comparative figures for the semester ended on June 30, 2015

(In million Col Pesos, excepting information per stock)

		Subscr. & Paid Capital	Premium in Placement Stocks	Reserves	Adoption for first time	From Prior Periods	Profits of Period	Other integral results	Total Stock. Patrim
Balance at December 31, 2014	**$**	**4.677**	**720.445**	**1.884.789**	**80.956**	**8.528**	**949.472**	**200.723**	**3.849.590**
Transfer to results		-	-	-	-	949.472	(949.472)	-	-
Creation of reserves		-	-	800.284	-	(800.284)	-	-	-
Deferred paid in cash at $ 150.00 COP monthly per stock payable within the first ten days every month since April 2015 up to September 2015, inclusive, over 155.899.719total subscribed and paid stocks at December 31, 2014.		-	-	-	-	(140.309)	-	-	(140.309)
Wealth tax (Note 22)		-	-	(42.145)	-	-	-	-	(42.145)
Net movements other integral results		-	-	-	-	-	-	(1.730)	(1.730)
Profit of the operational period		-	-	-	-	-	237.605	-	237.605
Balance at June 30, 2015	**$**	**4.677**	**720.445**	**2.642.928**	**80.956**	**17.407**	**237.605**	**198.993**	**3.903.011**
Transfer to a results		-	-	-	-	237.605	(237.605)	-	-
Constitution of reserves		-	-	133.069	-	(133.069)	-	-	-
Release of reserves		-	-	(35.774)	-	35.774	-	-	-
Dividends paid in cash at $ 150.00 COP monthly per stock payable within the first ten days every month since October 2015 up to March 2016, inclusive, over 155.899.719 total subscribed and paid stocks at June 30, 2015.		-	-	-	-	(140.309)	-	-	(140.309)
Net movements of other integral results		-	-	-	-	-	-	(47.903)	(47.903)
Profit of the operational period		-	-	-	-	-	258.766	-	258.766
Balance at December 31, 2015	**$**	**4.677**	**720.445**	**2.740.223**	**80.956**	**17.407**	**258.766**	**151.090**	**3.973.564**

See notes making integral part of financial statements

Separate Statement of Cash Flows

For the semester ended December 31, 2015

With comparative figures for the
semester ended on June 30, 2015
(In million Col. pesos)

Cash flows of operation activities:	December 31 2015	June 30 2015
Profit of the operational period	$ 258.766	237.605
Conciliation of profit of operational period with net cash used in the7 Operation activities		
Depreciation of tangible asset	$ 24.494	28.192
Amortization of intangible asset	1.284	317
Provision for credit portfolio and accounts receivable, net	271,933	225,442
Provision for investments		30
Profit in sale of non-current asset maintained for sale	(503)	(1,009)
Impairment of tangible asset	4,920	10,340
Adjustment in exchange	(32,093)	42,514
Profit in valuation of investment available for sale & investment I subsidiaries	(97,391)	(119,928)
Profit in investment up to maturity	(5,244)	(6,023)
Changes in the reasonable value of property of investment	(3,138)	--
Profit in valuation of derivative negotiation instruments	(82,973)	(27,575
Net Variation in operational asset and liabilities		
Diminution in negotiable investments	788,451	1,415,954
(Increase) decrease in derivative papers of negotiation	(16,624)	14,286
Increase in accounts receivable	(127,765)	(13,252)
Increase in non-current asset maintained for sale	(1,463)	(4,532)
Decrease(increase)in other asset	213	(25)
Increase (decrease) in other liabilities	282,889	(161,960)
Increase (decrease) benefits to employees	4,846	(6,118)
Increase in credit portfolio and financial leasing operations	(2,166,922),	(1,255,945)
Increase(decrease)of client deposits	602,025	(709,304)
Payment of wealth tax		(42,145)
Net cash used in operation activities	**(293,295)**	**(373.136)**
Cash flow of investment activities:		
Acquisition of property and equipment for own use	(51.190)	(23.921)
Acquisition of asset delivered in operative easing	(645)	(3.785)
Acquisition of properties of investment	(13.707)	(14.811)
Acquisition of other intangible asset	(21.461)	(14.811)
Proceeds from the sale of property and equipment for own use	12.681	2.414
Proceeds of the sale of asset delivered in operative leasing	1.393	641
Proceeds of the sale of property of investment	2.694	1.946
Proceeds of the sale of investments	357.485	458.951
Proceeds of the sale of non-current asset maintained for sale	2.196	5.936
Increase of investments	(429.948)	(544.473)
Dividends received	(11.021)	(548)
Net cash used in investment activities	**(151.523)**	**(139.669)**
Cash flow of financing activities:		
Dividends paid	(140.162)	(137.342)
Increase of inter-banking loans and overnight funds	422.648	561.121
Acquisition of financial obligations	3.531.202	2.761.261
Payment of financial obligations	(2.966.661)	(2.884.943)
Issuance of investment of outstanding securities	750.000	--
Payment of outstanding investment securities	(421.051)	--
Net cash provided by financing activities	**1.175.976**	**300.097**
Effect of profit or loss in exchange in cash and equivalent to cash	77.536	(16.946)
Increase (decrease) of cash and equivalent to cash	808.694	(229.654)
Cash and equivalent to cash at the opening period	1.640.458	1.870.112
Cash and equivalent to cash at the closing period	**$ 2.449.152**	**1.640.458**

See notes making integral part of financial statements

Note 1. - Reporting Entity

Banco de Occidente S.A. hereinafter referred to as the Bank, is a legal person private in nature. Legally incorporated as bank establishment authorized to operate under resolution No. 3140 dated September 24, 1993 from Colombia Finance Superintendence, definite renewal of the operating permit of controlled entities. The Bank established on September 8, 1964 under public deed 659 in the Notary Fourth for Cali.

The Bank's headquarters are located in Santiago de Cali. The term set forth in the articles of incorporation is 99 years as from the date of incorporation. In compliance with its business purposes, the Bank may enter into, or execute all the operations and contracts legally allowed to banking establishments commercial in nature, subject to the requirements and limitations of Colombian Laws.

In developing the corporate purpose, the Bank offers to the client's placements of loans in credit, commercial, consumption, credit portfolio and mortgage for housing and financial loan operational leasing, and conducts as well treasury operations in certificates of indebtedness, mainly in the Colombian market. All those operations are funded with deposits received from the clients in modality of current and saving accounts, time deposit certificates, and investment in circulating papers of general guarantee in COP and with financial obligations obtained from correspondent banks in local and foreign currency and from rediscount entities created by Colombia government to encourage the several sectors in Colombian economy.

As of December 31, 2015, the authorized payroll of Banco de Occidente S.A. amounted to 8.728 employees throughout 240 branch offices in Colombian territory. The Bank, is controlled by the society Grupo Aval Acciones y Valores S.A., which is its ultimate controller and this entity, in turn, registers the control situation of entities abroad, 95.00% in Banco de Occidente Panamá S.A. and 100% in Occidental Bank Barbados Ltd. and in the country 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, an entity operating at national level..

Nota 2. - Bases to issue financial statements and summary of the most significant accounting policies.

The separated financial statements of Banco de Occidente S.A., herewith attached, have been prepared in keeping with the Financial Information Accounting Standards (IAS) accepted in Colombia in force as from December 31, 2013, included in several decrees enacted by the National Government and lastly compiled in Decree 2420/2015, updated by Decree 2496/2015, safe for no application of the **IAS** 39 and the IFRS 9 related to the treatment of credit portfolio and its impairment, and the classification and valuations of the investments, to which the accounting provisions issued by Colombia Finance Superintendence included in the Basic Accounting and Financial Circular Letter are applied.

The implementation of the N**CIF** for public interest entities, was required by Decree No. 2784 enacted by the National Government on December 2012 and its adoption is mandatory for management and preparing financial statements of public interest entities, as from January 1, 2015.

The last Financial Statements issued under Colombian accounting principles were issued in December 31, 2014. During 2014 operational period, Colombia Finance Superintendence issued the external Circulars 034 and 036 whereby the Superintendence regulated the classification, valuation, and accounting of investments for individual or separated financial statements as from January 1, 2015 and provided that the goods received as dation in payment, are provisioned according to regulations by Superintendence, regardless of the classification under NCIF and National Congress issued the Act 1739 which allows, for accounting purposes, to record the wealth tax created by such act as from 2015 operational period, 2015, as indicated in Note 2.21, with debit to the patrimonial reserves, not just in the statement of results.

These separated financial statements were prepared in order to accomplish with the legal provisions the Bank is subject to, as an independent legal entity, some accounting principles may differ in connection with those ones applied in the consolidated financial statements, and additionally, they do include neither the adjustments nor the eliminations necessary to establish the Company's and Subsidiaries' consolidated financial integral results. Therefore, the separated financial statements are to be read jointly with the consolidated financial statements of Banco de Occidente S.A. and the subsidiaries thereof.

For legal purposes in Colombia, the principal financial statements are the separated financial statements.

The main accounting policies applied in the separated financial statements herewith attached and the financial statements separated that subsequently will be submitted under **NCIF**, are submitted below:

2.1. Bases of measurement

According to Colombia legislation, the Bank needs to prepare consolidated and separated financial statements.. The separated financial statements are those taken as a basis to distribute dividends and other appropriations by shareholders. The financial statements herewith attached are the separated financial statements, The separated financial statements are those taken as a basis for dividend distribution.

The financial statements have been prepared based on the historical cost, excepting the following items included in the financial situation:

- The derivative financial instruments are measured at the reasonable value
- The financial instruments at the reasonable value with changes in the results, are measured at the reasonable value.
- The property of investment is measured at the reasonable value.

2.2. Functional and presentation currency

The Bank's primary activity is the lending to clients in Colombia and the investments in securities issued by the Republic of Colombia or by national entities, whether or not registered in the National Registry of Securities and Issuers (Registry National de Valores y Measures – RNVE) in Col. Pesos and in lesser extent in granting of loans also to clients residing in Colombia in foreign currency and investments in securities issued by banking entities abroad, securities issued by foreign companies recognized at international level, bonds issued by multilateral credit bodies, foreign governments or public entities. Such credits and investments are funded mainly with clients' deposits and obligations in Colombia, also in Col Pesos.

The profitability of Bank's business is measured and reported to the shareholders and to the public at large, in Colombian Pesos. For the reason above, the Bank management considers that Colombia Peso is the currency more faithfully representing the economic effects of transactions, events and underlying conditions of the Bank, and for such reason, the financial statements separated are submitted in Colombian currency, as the functional currency. Any information is given in million pesos, unless otherwise indicated and has been rounded to the nearest unit.

2.3. Transactions in foreign currency

Transactions in foreign currency are converted to Colombia Pesos using the exchange rate prevailing in the date of transaction. Monetary Asset and Liabilities in foreign currency are converted to functional currency using the exchange rate prevailing in the date of closing financial situation statement, and the non-monetary asset in foreign currency is measured at the historical exchange rate. The profit or loss resulting from the conversion process is included in the statement of results, excepting in the hedging operations recorded in Other Integral Results - (**OIR**) (see Note 9)

2.4. Cash and equivalent to cash

Cash and equivalent to cash include the cash on hand, the bank deposits, and other short-term investments in active markets with three months or less original maturity and bank overdrafts. The bank overdrafts are shown in the current liabilities in the financial situation statement.

2.5. Investment financial asset

Include the investments acquired by the Bank for the purpose to maintain a secondary liquidity reserve, acquire the direct or indirect control of any company of financial or services sector, accomplish with the legal or regulatory provisions, or for the exclusive purpose to remove or reduce the market risk the asset, liabilities or other items of financial statements are subject to..

According to Colombia Finance Superintendence provisions, the basic purpose of the valuation of investments is the calculation, accounting record, and disclosure to the market of value or just exchange price, to which, a given value or security could be negotiated in any given date, in accordance with the specific characteristics and within the conditions prevailing in the marked in such given date.

Determining the value or just price of any value or security, takes into account all criteria necessary to ensure the compliance with the investment valuation purpose, such as the following:

Objectiveness. The determination and assignment of the exchange value or reasonable price of any value or security is made based on the technical and professional criteria, recognizing the effects derived from the changes in the behavior of all variables influencing such price.

Transparence and Representativeness. The reasonable exchange value or Price of any security or title is determined and assigned for the purpose of disclosing any neutral, verifiable and representative result of the rights incorporated in the relevant value of security.

Permanent evaluation and analysis. The exchange value or reasonable price given to any value or security is based on permanent evaluation and analysis of the market conditions, the issuers and the relevant issue. The variation of such conditions reflects in the changes of value or Price previously assigned, with the frequency set forth by the valuation of investments.

Professionalism. Determining the exchange reasonable value or price of any security is based on the conclusions resulting from the analysis and study which will be made by any prudent and diligent expert, focused on the search, obtainment, knowledge and evaluation of the total relevant information available, in such a way that the Price determined reflects the reasonable amount to be received for the sale.

The way to classify, value and account for the different types of investments are indicated below. This in accordance with Chapter I - I of the External Circular Letter, 100/1995, as amended by the External Circular Letter 034/2014; which is the master standard established in Colombia for the classification, valuation and accounting for the investments of individual or separated financial statements issued by Colombia Finance Superintendence:

Classification	Term	Characteristics	Valuation	Accounting for
Negotiable in Certificates of indebtedness	Short-term	Securities and in general any type of investments acquired for the purpose to obtain profit by the price fluctuations.	Use the prices determined by the supplier of prices Infovalmer designed as official according to instruction given in Part III, Title IV, Chapter IV of the Basic Legal Circular of Colombia Finance Superintendence. For the events where there is not, for the day of valuation, reasonable price, the valuation will be made in an exponential manner based on the internal return rate. The exchange market reasonable price of the respective value will be calculated by the summation of the present values of returns and capital In dealing with the securities negotiated abroad, when the supplier of prices designed as official for the relevant segment has not in place any methodology of valuation of those investments, the dirty price BID published by ay platform providing information at 16:00 h, Colombia time is used. This procedure is daily made.	The difference occurred between the current market value and the immediately prior will be recorded as higher lower value of investment and the offsetting entry impacts the results of the operational period This procedure is made on a daily basis. The investments are valued at Market price, as from the same day of acquisition, therefore, the accounting of the differences between the acquisition cost and the market value of investments is made based on purchase date
Negotiable in patrimony instruments	Short-term	Investments in patrimony instruments for the purposes to obtain returns via valuation or sale.	Values taking part recorded in the Registro Nacional de Valores y Emisores (RNVE) and listed in Colombia Exchange Stocks are to	The difference occurred between the actual market value and immediately prior value is registered as higher or lower value of investments and its

Classification	Term	Characteristics	Valuation	Accounting for
			be valued according to the price given by suppliers of valuation prices authorized by Colombia Finance Superintendence. The participant values other than share, such as private capital funds, coverage funds, mutual funds, inter alia, are to be valued based on an exponential manner on the information supplied by the relevant managing company (value of unit).	offsetting entry impacts the results of the operational period.
To maintain up to maturity	Up to maturity	Certificates, and in general any type of investment in respect of which, the Bank has the firm purpose and the legal, contractual, financial and operative capacity to keep them up to the maturity or redemption. Over these investments liquidity operations cannot make nor also simultaneous Repo operations or transient transfer of securities, excepting forced or mandatory subscribed in the investments primary market and provided that the counterpart of the operation is the Central Bank, the Directorate of Public Credit and National Treasure or the entities controlled by Colombia Finance Superintendence. In the same way, they may be delivered as	In an exponential manner, based on the internal rate of return calculated at the time of purchase. This procedure is made on a daily basis.	The present value is accounted for as a higher value of the investment and its offsetting is recorded in the results of the operational period. This procedure is made on a daily basis.

Classification	Term	Characteristics	Valuation	Accounting for
		guarantee in any central risk chamber of counterpart, for the purpose to back-up the compliance with the operations accepted by the chamber for compensation and liquidation.		
Available for sale –certificates of indebtedness	According to the business model implemented by the Bank as from January 1, 2015.	Certificates and in general any type of investments in respect of which the Bank has a firm purpose and the legal, contractual, financial and operative capacity to maintain them according to the business model as from January 1, 2015 Up to December 31, 2014, at least during (6) months as from the day when they were classified in this category. Upon the completion of the (6) months, the first following business day they may be reclassified as negotiable or maintain them up to the maturity date. Otherwise, they will continue to be classified as available for sale. The investments classified in this category may be used (delivered) as guarantee to ensure the negotiation of derivative financial instruments when the counterpart is a chamber of central risk of the counterpart. The values classified as available investments may be	Se the Price determined by supplier of price Infovalmer named as official according to the instructions given in Part III, Title IV Chapter IV of the Legal Basic Circular by Colombia Finance Superintendence. In dealing with certificates negotiated abroad, when the supplier of prices named as official for the relevant segment has not in place any methodology of valuation for these investments, the dirty price BID is used as alternate information source as it is published by a platform supplying information at 16:00 h Colombia official time. For the events when there are not in the day of valuation, exchange reasonable prices, the valuation will be made in an exponential manner based on the internal rate of return. The value or price shall be calculated by the summation of the present value of the future flow on account of returns and capital. This procedure is made on a daily basis.	The changes occurred in these values or certificates are accounted for according to the procedure below: -The difference between the present value in the day of valuation (calculated based on the internal rate of return at the purchase time) and the value immediately before the prior is recorded as higher value of investment with credit or debit in account of results. The difference between the market value and the present value (calculated based on the Internal rate of return at purchase time) is recorded as a non-realized profit or accrued loss in the patrimony accounts. This procedure is made on a daily basis.

Classification	Term	Characteristics	Valuation	Accounting for
		delivered as guarantees in any central risk chamber of counterpart, in order to ensure the compliance with the operations accepted by the chamber for its compensation and liquidation. In the same way, with these investments liquidity operations can be made, reporto or repo operations, at the same time or of temporary transfer of securities.		
Available for sale patrimony instruments	None	Investments giving to Bank the quality of part-owner of the issuer. Make part of each category, the values with low or minimum marketability, or no any quotation and securities maintained by the Bank in tis qualification as controlling or holding company.	The investments in participative securities are valued depending on whether or not in the exchange stock, as follows: Participative securities registered in the Registro Nacional de Valores y Emisores (RNVE). The participative securities registered in the RNVE and listed in Exchange Stocks in Colombia are valued according to the price given by the supplier of valuation prices authorized by Colombia Finance Superintendence Selected by the entity. Participative Securities not registered in the exchange stock. Are valued by the Price gireven by the supplier of prices. When supplier of prices	High and Medium marketability The updating of market value of certificates of high and medium marketability, is accounted for as a cumulate non.- realized gain or loss, in the accounts of patrimony by crediting or debiting to the investment. This procedure is made on a daily basis. The dividends or profit distributed in cash or in kind, included those ones derived from the capitalization of the revaluation patrimony account, with credit or debit to investment. This procedure is made on a daily basis. The effect of participation valuation determined by the application of patrimonial method is accounted for in the respective accounts of non—realized profits or loss (ORI) debited or

Classification	Term	Characteristics	Valuation	Accounting for
			has not in place any methodology to determine the Price, the entities need increase or decrease the purchase cost in the percent of participation corresponding to the investor on the subsequent variations of the relevant issuer.	credited to investment. The dividends distributed in cash or in kind, shall be recorded as income adjusting the relevant non-realized profit or loss accounts (max. up to the cumulate value) and if required, also the value of investment in the amount of surplus over that account.

According to the provisions by Colombia Finance Superintendence, in the external Circular 050 of November 2012, Banco de Occidente S.A contracted Infovalmer S.A as supplier of services of prices for the valuation of investments.

The investments in subsidiaries and the investment in associates, and joint business, are accounted for as indicated below:

a. Investments in subsidiaries:

Patrimonial investments of Bank in entities where the Bank holds the control according to the provisions in the Commercial Code, where it is provided that any entity hold control on other entity when there is a participation higher than 50% of the subscribed and paid-in capital, or administrative control is held, named as affiliates or subsidiaries and are registered by the patrimonial participation method pursuant to provisions in Article 35, Act 222/1995 as from January 1, 2015.

The results of the Bank by semesters ended on December 31 and June 30/2015 include its participation in the results of operational period of subsidiaries and in other integral results in the patrimony, its participation in the patrimony its participations included in the account of other integral results of subsidiaries.

Based on the authorization by Colombia Finance Superintendence and for only one time, the dividends decreed by subsidiaries in the first half-year 2015, were recorded in the statements of results of such operational period.

b. Investments in associated companies:

The associated companies are those entities where the Bank has significant influence, but not control or joint control in the financial and operational policies. It is assumed that there exists significant influence when the Bank holds between 20% and 50% of the right to vote of other entity.

The investments in associated entities are accounted for at the cost. The dividends received in cash or in stocks of such investments are recorded in the results of the operational period, when caused.

c. Joint Agreements:

A joint agreement is that one whereby two or more parties hold a joint control in the distribution of control contractually decided in agreement existing only when the decisions about the relevant activities demand the unanimous consent of the parties sharing the control.

The joint agreements, in turn, is divided into joint operations where the parties holding the joint control of the agreement are entitled to the asset and obligations concerning the liabilities related to the agreement and in the joint business where the parties holding the joint control of the agreement are entitled to the net asset of the agreement.

The joint operations are included in the separated financial statements of the Bank based on their proportional and contractual participation of each one of the assets, liabilities and results of the contract or entity where the agreement exists.

The joint businesses held by the Bank are accounted for at the cost in the separated financial statements.

In the absence of accounting and valuation treatment of the investments in Subsidiaries, associate entities and joint business, the **IAS** 27 shall be taken into account.

Reclassification of the investments

For any investments may be maintained into any of the classification categories, the appropriate value or security needs to comply with the features or conditions of the type of investments they make part.

In any time Colombia Finance Superintendence can request from the Bank the reclassification of any value or security when such value or security fails to comply with the features of the class where they are attempted to be classified, or such reclassification is required to obtain a better disclosure of the financial situation.

Reclassification of investments to be maintained until the maturity of negotiable investments

It is possible to reclassify an investment in the category of investments to be maintained up to the maturity the category of negotiable investments, when any of the circumstances below will occur:

a. Significant impairment of the conditions of issuer, its parent company, its subsidiaries or the associated entities.

b. Changes in her regulation preventing the maintenance of the investment.

c. Merging processes or institutional reorganization involving the classification or the making of investment, in order to maintain the previous risk position of the interest rates or the adjustment to the credit risk policy, previously established by the resulting entity.

d. In the other instances where Colombia Finance Superintendence has issued the previous and explicit authorization.

Reclassification of investment available for sale to negotiable investments or to investment to be held until the maturity

It is possible to reclassify an investment of the category investments available for sale to any of the other two categories, when

a. The composition of significant activities of the business, derived from circumstances such as variations in the economic cycle or the niche of market where the entity controlled is acting or in its appetite of risk.

b. The assumptions of adjustments in the management of investments that the model of risk has previously defined, are materialized.

c. The investor loses its quality of parent company or controlling company, and such circumstance implies as well the decision to alien the investment in short-term as from that date, or

d. Any of the circumstances provided in the conditions for reclassification of investments to maintain until the maturity of the negotiable investment occurs.

The entities reclassifying investments based on the provisions in literal a. and b. above, need to report in writing such event to Colombia Finance Superintendence, within the ten (10) business days following the date of reclassification, addressed to the relevant institutional delegation.

Provisions applicable to investment reclassification

In connection with investment reclassification the indications bellow will be followed:

a. When investments to be maintained up to the maturity, are classified to negotiable investments, the provisions about valuation and accounting shall be accomplished. Consequently, the non-realized profit or loss shall be recognized as income or expense the day of reclassification.

b. When the investments available for sale are reclassified to negotiable investments, the result of reclassification investments are to be recognized in the “Other Integral Result (OIR)” as non-realized gain or loss, until the time when relevant sale is made.

c. When the investments available for sale are reclassified to investments to be maintained up to the maturity, the regulations about valuation and accounting shall be observed. Consequently, the unrealized gains or loss, which are recognized in the OIR, need to be cancelled against the value recorded of investment, taking into account that the effect of reasonable value will not occur, given the decision of reclassification to the category to maintain up to the maturity date. This way, the investment needs to be recorded as if it always had been classified in the category to maintain until the maturity. In the same way, as from that date the investment needs to be valued under the same conditions of Internal Rate of Return the day precedent to the reclassification.

In the events when an investment is reclassified, Colombia Superintendence will be informed about the reclassification made, no later than ten (10) calendar days after the date of reclassification, indicating the reasons supporting the decision and indicating its effects on the statement of results.

The values or certificates reclassified for the purposes to make part of the negotiable investments, cannot be reclassified again.

The Bank, during the second half-year 2015 reclassified investments from the portfolio available for sale towards the negotiable portfolio and they were immediately sold; above is in compliance with the strategies of portfolio approved in the Finance Committees and in accordance with the Model of Business; the value of this reclassification between July 1 and December 31, 2015 was approx. COP468.790 par value in TES Fixed Rate and 95.000.000 UVR units in TES UVR ($21.755).

Up to June 30, 2015, the investment in stocks of Corficolombiana was classified as negotiable and was reclassified to available for sale on August 2015, duly authorized by Colombia Finance Superintendence on August 10. 2015. The effect of valuation recorded up to August 10, 2015 on the statement of profit and loss was $9.852 and the effect of valuation recorded in OIR from August 10 to December 31 / 2015 was $10.497.

Investment Repurchase Rights

Correspond to investments restricted investments representing the collateral guarantee of investments repurchase commitments.

Over these investments the Bank keeps the rights and economic benefits associated to the value and retains all the business inherent to it, even though transfer the legal property to make repo operation.

These titles continue to value daily and recording in the balance sheet and the statement of results according to the methodology and procedure applicable to investments classified as negotiable, until maturity and available for sale.

Investments Delivered in Guarantee

Correspond to the investments in securities or certificates of indebtedness delivered as guarantee of the operations with derivative financial instruments. The liquidation of which may be in cash, if so is provided in the contract or the relevant rules of the system of negotiation of securities of operation record system about values or of the compensation system or liquidations of securities.

These securities are daily valued and accounted for in the balance sheet and the statement of results according to the methodology and procedure applicable to investments classified as available for sale.

Provisions or Loss for Qualification of Credit Risk

Securities and/or Bank Papers of Issues or Non-Qualified Provisions:

The Bank Papers or certificates of indebtedness which have not an external qualification and the bank papers or certificates of indebtedness issued by entities which are not qualified, are qualified and provisioned taking into account the following parameters:

Category	Risk	Characteristics	Provisions
A	Normal	Comply with the terms agreed on in the bank papers security and contain an appropriate capacity of payment of capital and interest.	No applicable.
B	Acceptable	Correspond to issues including uncertainty factors potentially affecting the capacity to properly accomplish with the services of debt. In the same way, its financial statements and other information available involve weakness potentially affecting its financial situation.	The value they are accounted for cannot be higher than eighty percent (80%) of the net face value of the amortizations made up to the date of valuation.
C	Appreciable	Correspond to issues involving high or medium probability of default the timely payment of capital and interest. In the same way, financial statements and the other information available, show deficiencies in the financial situation related to recovery of investment.	The value they are accounted for cannot be higher than sixty percent (60%) of the net face value of amortizations made up to the date of valuation.
D	Significant	Correspond to those issues involving default of the terms agreed upon in the instrument, as well as its financial statements and other information available involve deficiencies in the financial situation, and therefore, the probability of investment recovery is highly uncertain.	The value accounted for cannot be higher than forty percent (40%) of the neat face value of amortizations made of its valuation.
E	uncollectible	Issues that, according to their financial statements and other available information is considered as uncollectible.	The value of these investments is totally.

Certificates and/or Securities of issues or issuers provided with external qualifications

The securities and certificates provided with one or several qualifications given by external qualifiers authorized by Colombia Finance Superintendence, or the securities or certificates of indebtedness issued by entities qualified by such authorized qualifiers, cannot be accounted for by an amount higher than the following percent of their net face value of the amortizations made up to the date of valuation:

Long-term Qualification	Max. Value %	Short-Term Qualification	Max. Value %
BB+,BB,BB-	Ninety (90)	3	Ninety (90)
B+,B,B-	Seventy (70)	4	Fifty (50)
CCC	Fifty (50)	5y6	Zero (0)
DD,EE	Zero(0)	5y6	Zero (0)

To determine the provisions on term deposits, the qualification of the relevant issuer is taken.

The provisions on investments classified to be held up to maturity, in respect of which it is possible to supply a reasonable value, correspond to the difference between the value recorded and such price.

Investments abroad

The negotiable investments and the investments available for sale, represented in securities or certificates of public debt issued abroad and the securities or certificates of private debt issued abroad by foreign issuers, need to be valued according to the Price given by the supplier of prices of valuation designed as official supplier of prices for the relevant segments. Where there is not available any methodology of valuation for these investments, the entities need to use the generic dirt *BID Price published by any platform supplying information recognized at* 16:00 h Colombia official time.

The present value of market value of securities or certificates denominated in any currency other than Dollar of the United States of North America is converted to such currency based on the conversion rates of foreign currency published the day of valuation in the European Central Bank webpage.
When the foreign currency conversion rates are not given in the European Central Bank webpage, the US dollar conversion rate published by the Central Bank of the relevant country is taken.

2.6. Operations with derivative financial instruments

According to **IFRS 9**, any derivative is a financial instrument the value of which changes over the time based on a variable named underlying variable, does not require an initial net investment or otherwise requires a small investment in connection with the underlying asset and is liquidated on a future date.

In the conduction of its operations the Bank usually transacts in the stock markets in financial instruments with forward contracts, swaps, and options complying with the definition of derivative.

All of the speculative derivative transactions are accounted for at the initial time for its reasonable value. The subsequent changes of the reasonable value are adjusted debited or credited to results, as may be the case.

The Bank the hedging derivatives as:

Hedging of net investments in foreign currency which are in foreign currency and are recorded the same as the previous cash-flows. The retained earnings or loss in the patrimony are included in the statement of results when net investment in an affiliate abroad is total or proportional sold, when the investment is partially sold.

The hedging of any net investment in any business abroad, including the hedging of any monetary item accounted for as a part of a net investment, will be accounted in the same way as the cash-flow hedging; the portion of earning or loss of hedging instrument determined as an effective hedging will be recognized in other integral result, and the ineffective portion will be recognized in the result. When any business abroad is totally or partially disposed, the earning or loss of hedging instrument related to the effective portion of the hedging recognized in other integral result, will be reclassified from the patrimony to results as an adjustment for reclassification.

For hedging purposes, Banco de Occidente implements the hedging accounting of investments in affiliates abroad as from January 1, 2014 with foreign currency obligations as provided in paragraphs 72 and 78 in **IAS 39**.

By using hedging accounting it is avoided the potential distortion of its non-use because the investments in foreign currency, which are non-monetary assets in the separated financial statements would not be adjusted by exchange difference, while the liabilities make the function of hedging from the economic standpoint if they are adjusted with offsetting in the statement of results.

The Bank document at the beginning of transaction the relationship existing between the speculation instrument and the item thereby hedged as the target of risk and the strategy to undertake the speculation relationship. The Bank documents as well as its evaluation, both in the starting date of transaction and on recurrent bases that speculation relationship is highly effective to set-off the changes of the reasonable value or in the cash-flows of the items hedged; see detail of hedging in Note 9..

The financial assets and liabilities for operations in derivatives are not offset in the financial statement situation; notwithstanding, when there exists legal and exercisable right to offset the securities recognized and there exists the intent to liquidate over a net basis or otherwise, realize the asset and settle the liabilities and at the same time they are given net in the financial situation statement.

The abroad investments hold a hedging to remedy the variations of type of exchange represented in obligation in foreign currency for the same value in dollars of the investments in each closing; the effect in the results and in the OIR resulting from joint such operations is neutral.

2.7. Credit portfolio and financial leasing operations

According to provisions by Colombia Finance Superintendence this account records the credits granted under different modalities authorized. The resources used in the granting of credits are derived from own or public resources in the deposit modality and from other external or internal financing sources.

The loans are accounted for the face value which usually is equal to the disbursed value, excepting portfolio purchase “factoring”, which are recorded at cost.

Credit Policy

Bank’s credit policy is based mainly on customer’s financial situation, through the study of customer’s financial statements and cash flows.

The guarantees are requested mainly when the operations are at long-term or when dealing with an amount higher than usual according to customer’s characteristics.

Credit Modalities

The credit portfolio structure contains three (3) credit modalities leasing operations:

Commercial

These are the credits granted to natural or legal persons to develop organized economic activities, different from those ones granted in microcredit modality

Consumption

Are those credits that, regardless of the amount, are granted to natural persons to fund the acquisition of consumption commodities or the payment of services for non-commercial or business purposes, other than those credits granted under microcredit modality.

Housing

Are the credits that, regardless of the amount, are granted to natural persons used to purchase new or used housing, or for the construction of individual housing. Pursuant to Act 546/1999, such credits are nominated in UVR or in legal tender and covered with a first-mortgage guarantee, constructed over the financed housing.

The amortization term is minimum between five (5) years and max. thirty 30) years. The credits may be totally or partially prepaid at any time under no any sanction. In the event of partial prepayments, the debtor is entitled to reduce the amount of the installments or reduce the term of the obligation. Additionally, these credits include a remunerative interest rate which is applied over the debt nominated in UVR or in Col Pesos is paid in arrears and are not capitalized; the amount of the credit may up to seventy percent (70%) the cost of the property, determined by the purchase Price or based on an appraisal technically made within six (6) months before the granting of credit. For the credits used to finance social interest housing, the amount of credit may be up to eighty percent (80%) the cost of the property. The real estate funded need to be ensured to cover fire and earthquake risks.

Criteria for Credit Risk Evaluation

The Bank assesses, on a permanent basis, the risk incorporated in its credits assets, both at the time when the credits are granted and throughout the term of the credits, included the restructuring events. For such purposes, the Bank designed and adopted a CRMS (Credit Risk Management System) comprised by policies and processes, reference models to estimate or quantify the expected loss, provision system to cover the credit risk and internal credit control.

The granting of credit is based on the knowledge the subject of credit, its payment capacity and the characteristics of contract to be entered into, influencing, inter alia, the loan’s financial conditions, sources of payment and macroeconomic conditions the applicant for credit is subject to.

In the granting process some variables have been established for each one of the portfolios allowing for discriminating the subjects of credit adapted to the risk profile of the Bank. The segmentation and discrimination processes of the credit portfolio and the prospective subjects of credits are used as the basis of qualification, as well as the application of internal statistic models to evaluate the different aspects of the applicant in order to quantify the credit risk. The methodologies and procedures set forth for the credit granting process allow for monitoring and controlling the credit risk of the different portfolios, as well as the aggregated portfolio, thereby preventing from the excess of credit concentration by debtor, economic sector, economic group, risk factor, etc.

The Bank implements a permanent monitoring and qualification of credit operations in accordance with the granting process, based, among other criteria, on the information related to historical behavior of portfolios and credits; the specific features of debtors, and the guarantees supporting the credits; the debtor credit behavior in other entities and the financial information of debtor allowing to know its financial condition and the sectorial and macroeconomic variables influencing the normal development of such variables.

In the evaluation of territorial public entities, the Bank verifies the compliance with the conditions set forth in Acts 358 / 1997, 550 / 1999, 617 / 2000 and 1116 / 2006.

Credit Portfolio Evaluation and Reclassification

The Bank assesses the risk of credit portfolio introducing amendments to the respective qualifications whenever there is new analysis or new information suggesting such amendments.

For the proper compliance with this obligation, the Bank takes into account debtor's credit behavior in other entities and, specifically, if at the time of the evaluation the debtor has restructured obligations, according to the information given by the central of risk or by any other source. On a monthly basis the behavior of portfolio of customers is updated concerning the payments, cancellations, writing-off and the delay of the operations.

The Bank conducts the credit portfolio evaluation and reclassification in the following events:

- Whenever the credits in default after being restructured, and if so, they will be reclassified.
- Al least in May and September, recording the results of evaluation and reclassification deemed advisable at the closing of the following month.

Credit Risk Qualification

The Bank qualifies the credit based on the criteria above, and classifies them into the following credit risk categories, taking into account the minimum conditions below:

Category	Granting	Commercial Portfolio Granted	Consumption Portfolio Granted
"AA"	The new credits which qualification assigned at the time of granting is "AA".	The credits already granted which do not show default of their contractual obligation more than 29 days, i.e. between 0 and 29 days of default.	The credits which qualification obtained by the application of methodology of qualification of the ARCO established by the standard, is equal to "AA".
"A"	In this category the new credits will be classified to which the qualification assigned at the time of granting the credit is "A".	The credits already granted showing default more than or equal to 30 days and less than 60 days in the contractual obligations, i.e. 30 and 59 days in default.	The credits which qualification obtained by applying the MRCO qualification methodology established is equal to "A".
"BB"	In this category are classified the new credits which qualification assigned at the time of granting is "BB".	The credits already granted showing default of the contractual obligations more than or equal to 60 days and less than 90 days, i.e. between 60 and 89 days of default.	The credits which qualification obtained by applying MRCO methodology established by the standard is equal to "BB".

Category	Granting	Commercial Portfolio Granted	Consumption Portfolio Granted
“B”	In this category will be classified the new credits which qualification assigned at the time granting the credit is “B”.	The credits already granted showing default of contractual obligations more than or equal to 90 days and less than 120 days, i.e. 90 and 119 days of default.	The credits which qualification obtained by applying MRCO methodology established by the standard is equal to “B”.
“CC”	In this category will be classified the new credits which qualification assigned at the time granting the credit is “CC”.	The credits already granted showing default of contractual obligations more than or equal to 120 days and less than 150 days, i.e. between 120 and 149 days of default.	The credits which qualification obtained by applying MRCO methodology established by the standard is equal to “CC”.
“Default”	In this category will be classified the new credits when the applicant is reported by any entity in the Central of Risk CIFIN in the classification D, E or with writing-off portfolio.	The credits already granted showing default more than or equal to 150 days.	Consumption credits with default more than 90 days.

For homologation risk qualifications purposes of commercial and consumption portfolio in the debt reports and in the record in the financial statements, the Bank applies the table below:

Binned Category	Reporting Categories	
	Commercial	**Consumption**
A	AA	AA
		A With current default between 0-30 days
B	A	A With current default more than 30 days
	BB	BB
C	B	B
	CC	CC
	C	C
D	D	D
E	E	E

When by virtue of the reference models adopted by Colombia Finance Superintendence, the Bank qualifies its customers as in default, these are homologated as follows:

Binned Category E = Those customers in default which **PDI** assigned is equal to one hundred percent (100%).

Binned category D = The other customers qualified as in default.

For homologation purposes in the consumption portfolio, the current default the table above makes reference, it is understood as the maximal of the debtor in the aligned products.

Other criteria considered by the Bank to qualify credit operations are the following: for the commercial portfolio granted, the qualification at the time when the credit is granted in the closing months corresponding to the quarter of the disbursement of credit, the qualification in the process of granting with the own characteristics of every debtor and other factors which could be considered of higher risk. For consumption portfolio, the qualification assigned at the time of granting only in the closing month when the credit was granted.

The housing portfolio, taking into account the extension of default, is qualified as follows:

Category	**Criterion (No. of months of default)**
“A” Normal Risk	Update installments or overdue up to de 2 months
“B” Acceptable Risk	Overdue more than 2 months and up to 5
“C” Appreciable Risk	Overdue more than 5 months and up to 12 months
“D” Significant Risk	Overdue more than 12 months and up to 18 months
“E” Uncollectability Risk	Overdue more than 18 months

Classification of credit of Housing Mortgage Portfolio
Category "A": Credit with NORMAL risk. The credits qualified in this Category reflect a proper structuring and attention. The financial statements of the debtors or the cash-flows of Project, as well as the other credit information, indicate appropriate payment compliance, considering the amount and origin of the income of the debtor to support the payments required.

Category "B": Credit with ACCEPTABLE Risk. The credits qualified in this category are acceptably accomplished and protected, even though there exist weaknesses potentially affecting, transiently or permanently, the debtor’s payment capacity or the cash-flows of the Project, in such a way that, if not timely amended, this could impact the normal collection of credit or contract.

Category "C": Deficient credit, with APPRECIABLE risk. This category includes the credits or contracts qualified as insufficient payment capacity of debtor or in the cash-flows of the project influencing the normal collection of the obligation in the terms agreed upon.

Category "D": Doubtful credit with SIGNIFICANT. The credit involving any of the characteristics deficient, and higher degree, so that the probability of collection is highly doubtful.

Category "E": UNCOLLECTABLE. The credit is considered as uncollectable.

Restructuring Process

Restructuring of credit is understood any exceptional mechanism through the execution of any legal business, the purpose of which is to amend the conditions originally agreed upon, in order to allow for the debtor to properly comply with the obligation in the event of any actual or potential impairment of its payment capacity. Additionally, the agreements entered into in the context of the Acts 550/1999,617/2000 and 1116/2006 or the additions or substitutions are considered as restructuring, as well as the extraordinary restructuring and novation.

Fiscal Consolidation Act 617 / 2000

In the restructurings derived from the subscription of Fiscal and Financial Consolidation under the terms in Act 617/2000, the Nation granted guarantees to the obligations assumed by territorial entities with the financial entities controlled by Colombia Finance Superintendence, provided that the requirements set forth in such Act are accomplished and the agreements of fiscal adjustments were executed before June 30/2001. Such guarantee could be up to forty points zero percent (40.0%), for the new credits prevailing at December 31, 1999, and up to one hundred point zero percent (100.0%) for the new credits used for the fiscal adjustment.

The characteristic of this restructuring is that they reverted the provisions constituted on the obligations subject matter of restructuring that were not backed up by the Nation, and maintained the qualification held at June 30/2001.

Should the restructuring agreement is not accomplished, the debtor is ranked in the category held before the restructuring or any higher risk category.

For the effects of the qualification after the relevant restructuring, the terms of the agreement need to be fully accomplished..

In the event of default of the agreement by the public territorial entity, the debt existing as of the date of default which is not supported by guarantee of the Nation, will re-qualified in the Category of risk “E”.

Exceptional Restructuring

For restructuring executed based on the provisions in External Circular 039/1999 from Colombia Finance Superintendence and up to December 31/1999, the Bank could revert provisions provided that the restructuring agreement allowed to qualify in “A” to the debtor, or otherwise the debtor had accomplished at least two installments of interest or made a payment to capital and had obtained certification of compliance with the Management Agreement and the debtor’s payment capacity, according to the terms of the agreement.

Restructuring Agreements

For restructured credits until the application of Act 550/1999, at the beginning of restructuring negotiation, the Bank suspended the accrual of interest over the credits prevailing and maintained the qualification prevailing as of the date of negotiation. Notwithstanding, if the client was qualified in “A” risk category, the client was re-classified at least in “B” category and a provision equivalent to one hundred point percent (100.0%) was constituted from the accounts payable.

In the event of any failure of negotiation, the credits are classified in category “E” bad credit.

When any client is admitted to the restructuring process under the terms in Act 1116/2006, the Bank ceases the accrual of returns and qualifies the client in the risk category according to its current situation. Should client’s situation impairs or it is supposed that the agreement in process does not accomplish with the Bank’s expectations, the qualification is reviewed, and the client reclassified in the relevant risk category. If an agreement is not reached, the judicial liquidation is declared, and the client is classified as in default.

Especial Criteria for Restructured Credits Qualification

The restructured credits may maintain the prior qualification, provided that the restructuring agreement involves an improvement of the debtor’s payment capacity and/or about the probability of default. If restructuring of credit includes grace periods to pay the capital, only maintains such qualification when such grace periods do not exceed one (1) year term as from the date of agreement execution.

The credits can improve the qualifications or change the default condition, after restructuring the credit, only when the debtor ensures a regular and effective behavior of regular and effective payment of capital according to the normal credit behavior, as long as debtor’s payment capacity is maintained or improved
.

Writing down of Portfolio and Leasing Operations

The obligations that, in opinion of the Bank Management are considered as uncollectable or uncertainty remote recovery and which one hundred percent provisioned are subject to writing down after all collection possible means have been used up, according to the concepts of judicial collection bodies and the Bank's Lawyers.

The writing down does not relieve the employees from the potential liabilities related to the credit approval and management, and they are not relieved from the obligation to continue the attempts to obtain the collection of credit.

The Board of Directors is the sole competent body to approve the writing down of the operations considered failed.

Provision for Credit Portfolio, Accounts Receivable and Leasing Operations

The Bank, to cover the credit risk has in place a provision system, to calculate over the outstanding /balance by the application of Commercial Portfolio reference models (**MRC**), consumption Portfolio (**MRCO**). For the loans under housing portfolio modalities, the provision is determined according to customer's arrears.

Commercial and Consumption Portfolio

The Bank applies the methodology of provisions calculation in the cumulative or dissimulative phase, based on the monthly evaluation of impairment indicators behavior, efficiency, stability and growth itemized below, as long as they are accomplished during three consecutive months:

Evaluation	Indicator	Cumulative Phase	Decumulative Phase
Impairment	Actual quarterly variation of individual provisions of total B, C, D and E. portfolio	< 9%	> = 9%
Efficiency	Quarterly accumulative of net provisions of recovery as percent of the quarterly cumulative income from portfolio interest and leasing.	< 17%	> = 17%
Stability	Quarterly cumulative of net provision of recovery of portfolio as percent of quarterly cumulative gross adjusted financial margin.	> 0 y < 42%	< 0 ó > = 42%
Growth	Actual annual growth rate of gross portfolio.	> = 23%	< 23%

As from the closing accounting on May 2011, the changes in the calculations of these indicators were implemented, according to the provisions in the external Circular 017 of May 14/2011, and as indicated in the item 1.3.4.1 of Chapter II in the external Circular 100/1995. Above includes the deflation of Impairment indicators (quarterly actual variation of individual provisions of B, C,D, and E total portfolio) and Growth (Annual actual rate growth of gross portfolio). Additionally the sub-accounts [410238, 410240 and 410244], (Interest for default of consumption) were discounted from the calculation of indicator income for interest of cumulative portfolio during the quarter.

With the indicators above itemized, the portfolio individual provisions was reckoned as the sum of the Procyclical individual Component and the Contra cyclical Individual Component

The Procyclical Individual Component (CIP): Corresponds to the portion of individual provision of the credit portfolio reflecting the credit risk of each debtor, at present the CIP is the expected loss calculated with Matrix A.

The Contra cyclical Individual Component (CIC): Corresponds to the portion of individual provision of credit portfolio reflecting the possible changes in the credit risk of the debtors at the when the impairment of such assets increases. This portion is made in order to reduce the impact on the statement of results when the situation occurs. The CIC corresponds to the higher amount between the CIC of the precedent month impaired by the exposure, and the difference between the expected loss of B and A matrixes of the month of evaluation.

The estimation of expected loss (provisions) results from the application of the formula below:

$$\textbf{Expected Loss} = \mathbf{CIP + CIC}$$

Where,

$$\mathbf{CIP = PI_{Matriz\ A} * PDI * EDI}$$

$$\mathbf{CIC = max\ (CIC_{i,t-1} * \left(\frac{EDI_{i,t}}{EDI_{i,t-1}}\right); (PE_B\ - PE_A)_{i,t}}$$

The segmentation and discrimination processes of credit portfolios and their prospective subject of credit, are used as a basis to estimate the expected loss in the Commercial Portfolio Reference Model (MRC) based on the segments discriminated by the debtors' assets level, under the criteria below:

Portfolios	Concept
Big-sized Companies	More than 15.000 SMMLV asset
Medium-sized companies	Between 5.000 and 15.000 SMMLV asset
Small-sized companies	Less than 5.000 SMMLV asset
Natural Persons	Natural persons debtors of commercial credit

The Reference Model of Consumption Portfolio (MRCO), is based on segments discriminated according to the products and the credit establishments granting the credits in order to maintain the characteristics of the market niches and the products granted.

- General - Automobiles: Credits granted to purchase automobiles.
- General - Other: Credits granted to purchase consumption goods other than automobiles'. In this segment the credit cards are not included.
- Credit Card: Rotative credit to acquire consumption goods using the plastic card.

For the following and qualification of portfolio, the Bank applies the reference models defined by Colombia Finance Superintendence. For Commercial Portfolio, in the qualification process an automatic qualification process is used for the non-individual evaluated portfolio, based on client's classification models according to their probability of default, adjusted using macroeconomic and sectorial factors. This methodology was implemented as from December 2010.

The estimate of expected loss (provisions) results from the application of the formula below:

ÉXPECTED LOSS = [Probability of default] x [Exposure of asset at the time of default] x [Loss resulting from the default]

a. The Probability of Default

Corresponds to the probability that during a twelve (12) months period, the debtors incur in default.

The probability of default was defined according to the following matrixes, set down by Colombia Finance Superintendence:

Commercial Portfolio

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

Consumption Portfolio

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

This way, for debtor-segment of commercial and consumption portfolios the probability of migration is obtained between the qualifications prevailing and qualification of default in the next twelve (12) months, according to the general behavior of credit risk.

b. The Loss Given the Default (LGD)

Defined as the economic impairment the Bank would incur in the event that any of the default situations will occur. The **LGD** for debtors qualified in the default category will imply a gradual increasing default according to the days elapsed after the classification in such category.

The guarantees supporting the operation are necessary to make the calculation of the expected loss in the event of failure of payment and hence, to determine the level of provisions

The Bank considers as appropriate guarantees those securities duly taken holding value set out based on technical and objective criteria, offering solid legally support to the payment of the obligation supported and the possibility of compliance is reasonable appropriate.

In order to assess the support offered and the possibility of compliance of each guarantee, the Bank takes into consideration the following factors: Nature, amount, hedging and liquidity of guarantees, as well as the potential costs of the application and the legal requirements necessary to be enforced.

The Loss Given the Default (**LGD**) by type of guarantee is the following:

Commercial Portfolio

Type of Guarantee	L.G.D.	Days after Default	New PDI	Days after Default	New PDI
SUITABLE GUARANTEES					
- Subordinate Credits	75%	270	90%	540	100%
- Collateral financial admissible	0-12%	-	-	-	-
- Commercial real estate and residential goods	40%	540	70%	1080	100%
- Goods given in leasing, leasing property	35%	540	70%	1080	100%
- Goods given in leasing other than real property	45%	360	80%	720	100%
- Collection Rights	45%	360	80%	720	100%
- Other acceptable Guarantees	50%	360	80%	720	100%
NON-SUITABLE GUARANTEE	55%	270	70%	540	100%
WITHOUT GUARANTEE	55%	210	80%	420	100%

Consumption Portfolio

Type of Guarantee	L.G.DI.	Days after default	New LGD	Days after del Default	New LGD
SUITABLE GUARANTEES					
- Subordinate Credits	0-12%	-	-	-	-
- Collateral financial admissible	40%	360	70%	720	100%
- Commercial real estate and residential goods	35%	360	70%	720	100%
- Goods given in leasing property	45%	270	70%	540	100%
- Goods given in leasing other tan real property	45%	360	80%	720	100%
- Collection Rights	50%	270	70%	540	100%
NON-SUITABLE GUARANTEE	60%	210	70%	420	100%
WITHOUT GUARANTEE	75%	30	85%	90	100%

To homologate the different guarantees given in the credit contract with the segments above listed, the Bank classifies within each group of guarantees the following:

Suitable Guarantees: Suitable guarantees are those guarantees accomplishing with the characteristics listed in literal d) in Item 1.3.2.3.1 of Chapter II in the Basic Accounting and Financial Circular.

1. Admissible Financial Collateral (**AFC**): the following Guarantees are classified as AFC:

- Money deposits in collateral guarantee: This Guarantee has LGD zero percent (0%).
- Standby Letters have LGD zero percent (0%).
- Credit insurance: This guarantee has twelve percent (12%) LGD.
- Sovereign Guarantee of the Nation (Act 617 2000): This Guarantee has zero percent (0%). LGD
- Guarantees issued by Guarantee Funds managing the public resources and have twelve percent (1**2%) LGD I
- Securities endorsed in guarantee issued by financial institution have 12% LGD.

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2. Collection Rights (CR): Guarantees granting the right to collect income of commercial flows related to debtor's underlying assets. Represented by:

- Irrevocable mercantile trust of guarantee
- Pledging of income of decentralized territorial entities of any type

3. Commercial and residential real estate: Classified as such the following guarantees:

- Mortgage trust.
- Real property guarantees.

4. Goods given in leasing property: Classified in this category the goods given in the following leasing contracts:

- Leasing of buildings.
- Leasing of housing.

5. Goods given in leasing other than real property. Classified within this category the goods given in the following leasing agreements:

- Leasing of Machinery and Equipment.
- Leasing of vehicles.
- Leasing furniture and fixture.
- Leasing vessels, trains and aircraft.
- Leasing Computing equipment
- Leasing Livestock's.
- Leasing software.

6. Other suitable guarantees: Classified within this category the guarantees which are not included in the literals above and the guarantees to which the Act 1676 / 2013 (real Property Guarantees) makes reference.

- Pledges over processed inventory.
- Pledges over inputs– basic goods.
- Pledges over equipment and vehicles.
- Pledging of Bonds

7. Non-suitable guarantee: Classified within this category the guarantees (including real estate guarantees) which do not accomplish with the characteristics listed in literal d) of item 1.3.2.3.1 in Chapter II of Basic Accounting and Financial Circular, such as surety, grantor and guarantee by warrant.

8. Without Guarantee: The Bank classifies within this category the obligations which are not backed up by any guarantee.

This way, for each debtor a different LGD I is obtained according to the type of guarantee, and will apply over the actual percent of coverage representing by that guarantee in respect of the obligation.

Since the guarantees involve a significant factor in the calculation of the expected loss, below the policies and criteria of Bank applicable to them are described:

Policy of Guarantees

- The Guarantee is a legal mechanism used to back up the obligations assumed by the customers to the Bank.

- When credits are granted, the entities approving the credits condition the delivery of money to the compliance of some conditions among which the constitution of guarantees.

- The purpose of guarantees is to support and ensure the compliance with the obligation (payment of capital plus interest and other expenses) in the event of any contingent occurrence.

- There exist two types of suitable or non-suitable guarantees. They are defined as suitable guarantees those securities duly issued, with a given value based on the technical and objective criteria offering legal and valid support to the payment obligation, when the Bank grants a preference or right to obtain the payment of the obligation and which compliance probability is reasonably appropriate.

- The credit operations adopted supported on suitable guarantees only are accounted or disbursed when the guarantee is duly constituted and legally issued, excepting the explicit authorization by the approving body.

- The guarantees shall be selected based on the liquidity, i.e. the easy to realize the goods involved. The evaluations of guarantees are to be based on technical appraisals made by expert professionals.

c. The value exposed of the asset:

In the commercial and consumption portfolio it is understood as exposed value of the asset the balance of capital existing, accounts receivable from interest, and other accounts receivable.

As from December 31 / 2012, in compliance with the provisions in External Circular 026/ 2012, the Bank made an additional individual provision over the consumption portfolio equivalent to the addition to the individual pro-cyclical component of 0.5% over the balance of capital of each consumption credit of the month of reference, multiplied by the relevant LGD.

Housing Portfolio

General Provisions

Correspond, at least, to one percent (1%) over the total gross credit portfolio of housing modality.

The Bank maintains at any time, provisions no less than the percent indicated below, over the outstanding balance:

Category	Capital % Portion Supported	Capital % Portion Non-Supported	Interest and Other Concepts
A – Normal	1	1	1
B – Acceptable	3.2	100	100
C – Appreciable	10	100	100
D – Significant	20	100	100
E - Uncollectable	30	100	100

For housing portfolio, if during two (2) consecutive years, the credit remains in category “E”, the percent of provision over the portion guaranteed is increased to sixty percent (60.0%). If one (1) additional year elapses, the percent of provision over the guaranteed portion is increased to one hundred percent (100.0%).

Effect of Suitable Guarantees over the Constitution of Individual Provisions

For individual provisions constitution purposes, the guarantees only support the capital of credits. Consequently, the balances to be amortized covered by securities holding the nature of suitable guarantees, are provisioned in the corresponding percentage, by applying such percentage to:

- In connection with housing credits, in the unguaranteed portion, to the difference between the outstanding balance and the one hundred percent (100%) of the amount of guarantee. For the guaranteed portion, at one hundred percent (100%) of the outstanding balance of the guaranteed debt.

- In connection with microcredit, to the difference between the amount of the outstanding balance and the seventy present (70%) of the guarantee. In such events, depending on the nature of guarantee and the time of default of the respective credit, for the constitution of provisions, the percentages of total amount of guarantee only will be considered, as indicated in the table below:

Not Mortgage Guarantee	
Time of Default	**Percent of Hedging**
From 0 to 12 months	70%
More than 12 months to 24 months	50%
More than 24 months	0%

Mortgage Warranty of Trust in Suitable Mortgage Warranty	
Time of Default	**Percent of Hedging**
From 0 to 18 months	70%
More than 18 months to 24 months	50%
More than 24 months to 30 months	30%
More than 30 months to 36 months	15%
More than 36 months	0%

Alignment Rules

The Bank performs the alignment of qualifications of debtors according to the following criteria:

a. Before the constitution of provisions and qualification homologation, the Bank, on a monthly basis and for each debtor, implements the internal alignment process, and for such purpose the credits under the same modality granted, are carried to the highest risk category.

According to the relevant legal provisions, the Bank is under the obligation to consolidated financial statements, and therefore, ascribes equal qualification to the credits of the same modality given to the same debtor.

Interbank Funds, repo simultaneous operations and temporary transfer of securities.

Interbank Funds

Interbank funds are considered those funds placed or received by the Bank in or from other financial entity in a direct manner, without the need of a transfer agreement of investments or credit portfolio. These are operations connected with the business purpose agreed upon for a term no more than thirty (30) days, provided that with this operation it is intended to take advantage of excess or supply the liquidity deficiencies. In the same way, they include the so-called transactions 'overnight' made with foreign Banks using funds of the Bank.

The interest returns generated by the operation are accounted for in the statement of results.

Reporto or Repo Operations

A repo operation occurs when the Bank acquires or transfers securities in exchange of the delivery of an amount of money, assuming in such act and time the commitment to transfer or acquire once again the property of securities of the same kind and characteristics to its "counterparty", the same day or in any subsequent day and at any given price.

The initial amount may be calculated with a discount over the market price of securities subject matter of the operation; it is possible agree that during the term of the operation, to substitute the securities initially delivered, for other ones, and restrictions to mobility of values subject matter of the operation may be agreed upon.

The returns recorded in this item, are calculated in an exponential manner during the term of the operation and recognized in the statement of results.

The values transferred subject matter to repo operation will be recorded in the debit or credit contingent accounts, depending on whether this is an open or closed operation, respectively.

Simultaneous Operations

This occurs when the Bank acquires or transfer securities, in exchange of delivery of any amount of money, assuming in the same act the commitment to transfer or acquire again the property or securities of the same kind and characteristics, the same day or in a subsequent date for a given price

It is nieder allowed to establish for the initial amount to be calculated with any discount over the market price of securities subject matter of the operation, nor in this account the returns accrued by the transferee and the transferor pays the cost of the operation during the term agreed on.

The difference between the present value (delivery of cash) and the future value implies an income by way of financial returns (final Price of transfer) calculated in an exponential manner during the operation term and recognized in the statement of results.

The values transferred of the simultaneous operation are recorded in the debit contingent accounts for active and passive positions, respectively

Temporary Transfer Operations of Values

They are those operations whereby the Bank transfers the ownership of some values, under the agreement to transfer them in the same date or in any subsequent date, In turn; the counterpart transfers the ownership of other values or any sum of money of equal or higher value than the values subject matter of the operation.

2.8. Non-current asset maintained to be sold

The goods received in payment of credits and the non-current assets maintained for sale about which the Bank has the intent to sell them in any term no more than one year and the sale thereof is considered highly probable, are recorded by the lower value between the carrying value at the time of transfer to this account or the reasonable value less the estimate cost of sale. The goods received in payment that do not accomplish with the conditions to be maintained for sale, are recorded in other accounts of the balance sheet with their nature as investments, properties and equipment for own use or properties of investment for the value of cost.

According to provisions in the External Circular 36 / 2014 issued by Colombia Finance Superintendence, the goods received in dation of payment or delivered back need to be provisioned, irrespective of the accounting classification, in keeping with the instructions set down in Chapter III of Accounting and Financial Basic Circular. According to above, the goods received in payment or delivered back, are provisioned as follows:

Real Property

Establishing a provision in monthly installments within the year after the receipt of good, equivalent to thirty percent (30%) of the cost of acquisition, and increased in monthly installments within the second year in a thirty percent (30%) additional until reaching sixty percent (60%. Upon the completion of legal term for sale and the extension has not been authorized, the provision is increased eighty percent (80%), unless an extension is obtained, in which event twenty percent (20%) can be made within the term of such extension.

When the acquisition cost of the real property is lower than the value of the debt recorded in the balance, the difference is immediately recognized in the statement of results.

When the commercial value of the real property is lower than carrying value received in payment it is accounted in the provision for the difference.

Chattels

Constitution within the year after the receipt of good a provision equivalent to thirty five point zero percent (35,0%) of acquisition cost of the good received in payment, which is increased in the second year by thirty five point zero percent (35,0%) additional until reaching seventy point zero percent (70,0%) of the carrying value of the good received in payment before provisions. Upon the completion of the legal term for sale and extension has not been authorized, the provision will be one hundred point zero percent (100,0%) of the carrying. If the extension is given, the thirty point zero percent (30,0%) remaining of provision may be constituted within the term of such extension.

Without prejudice of the regulations in the provisions aforementioned,, the goods received as dation in payment of chattels corresponding to investment in securities shall be valued by applying the criteria provided for such purposes in Chapter I-I of Accounting and Financial Basic Circular taking into account the classification as negotiable investments, available for sale or to be maintained up to the maturity.

The provisions made on goods received in payment of goods delivered back from leasing operations can be reversed when such goods are sold for cash, if such goods are placed in portfolio or in financial leasing operation, the profit obtained as a result of the transfer of asset to the account portfolio of credits and operations of financial leasing, they will be deferred in the term when the operation has been agreed on.

Regulations related to legal term for sale

The goods received in dation of payment will be made within the year following the date of acquisition, they may, however, accounted as fixed asset, when these goods are necessary for line of business and the limits of asset investment are accomplished.

It is possible to request from the Colombia Finance Superintendence an extension for the sale, such request to be submitted in any case before finishing the legal term set forth.

In the respective request it is necessary to document that notwithstanding the procedures have been properly followed for the sale, it has not been possible to be sold. In any case, the extension of sale will not exceed two years, as from the legal expiration date, and during such period they also continue with the tasks aimed at the sale of such unprofitable assets.

2.9. Goods leased

The goods leased by the Bank are classified as financial goods at the time when lease contract is executed as financial or operative lease. Any lease is classified as financial when transfer essentially all the risks and advantage inherent to the property. Any lease is classified as operative lease if all the risks and advantages inherent to the property are not transferred. The lease contracts classified as financial are included in the balance sheet within the item “Portfolio of credits and financial leasing operations” and are accounted for in the same way as the other credits granted (See Note 10). The lease contracts classified as operative are included within the account property, plant and equipment and are accounted for and depreciated in the time shorter between the useful life and the term of leasing contract. (See Note 14).

2.10. Financial Warranties

“Financial Warranties” are considered those contracts requiring for the Bank to make specific payments to reimburse the creditor for the loss incurred when the specific debtor fails to comply with the obligation of payment according to the original or amended conditions of debt instrument, regardless of its legal form. The financial warranties can adopt, inter alia, the form of bond or financial guarantee.

In its initial recognition, the financial warranties given are accounted recognizing the liability at the reasonable value, which usually is the actual value of the commissions and returns to be received for such contracts during its life, taking as offsetting entry in the asset the amount of commissions and returns assimilated collected at the beginning of the operations and accounts receivable for the actual value of the future cash-flows pending for receipt.

Financial Guarantees, whichever the holder, instrumentation or other circumstances, are periodically analyzed in order to determine the credit risk they are exposed to, and if applicable, to estimate the need to construct any provision for them, determined by applying criteria similar to those set out to quantify the loss due to impairment occurred to such financial assets

The provisions made on financial guarantees contracts considered impaired, are accounted for in the liabilities as “Provisions – for risk and contingent commitments” charged to results.

The income obtained from collateral instruments are recorded in the account income for commissions of the accounts of results and calculated applying the type set forth in the contract caused on the nominal amount of guarantee.

2.11. Property and equipment for own use

The material properties and equipment for own use include the assets owned or under financial leasing, the Bank maintains for the actual or future use and that it is expected to be used during more than one operational period.

The properties and equipment for the own use are recorded in the balance sheet at the acquisition cost, less the accrued depreciation and, if applicable, the estimate loss resulting from comparing the net carrying value of every item with the relevant recoverable value. The cost includes expenses directly assignable to the acquisition of asset.

Depreciation is calculated by applying the straight-line method over the acquisition cost of the assets, less the residual value, it being understood that they have an indefinite useful life and hence, they are not subject to depreciation. Such depreciation recorded charged to results is calculated based on the following useful lives:

Asset		Years
Buildings		
	Foundation – Structure and roof	50 to70
	Walls and divisions	20 to 30
	Finishing's	10 to 20
Machinery and Equipment		**10 to 25**
Furniture and fixture		**3 to 10**
Vehicles		**5 to 10**
Computing Equipment		**3 to 5**

Fort real property the Bank established 3 components of building, to wit: Foundations – covered structure, walls and divisions and finishing's showing the following residual values:

Component	Residual Value
Foundation – Structure and Roof	**0 – 20%**
Walls and divisions	**0 – 10%**
Finishing's	**0 – 10%**

The improvements made to leased real property may be subject to capitalization will be used for more than an operational period and are depreciated in period of lease contract.

The criterion of the Bank to determine the useful life and residual value of these assets, and specifically the buildings for own use, was based on independent appraisals, so that such appraisals will be no more than 3 years before, excepting when there exist impairment signals.

In each accounting closing, the Bank analyzes the existence of signs of external or internal impairment to detect whether any material asset could has been impaired. If there exist impairment evidences, the entity analyzes whether indeed there is impairment by comparing the net carrying value of any asset with the recoverable value, changing the future charges in conditions of impairment, according to its new remaining useful life.

In the same way, when there exist signs that the value has been recovered of any material asset, the Bank estimates the recoverable value and such value is recognized in the accounts of results recording the reversion of loss for impairment accounted in the precedent operational periods, and adjusting the future charges in the amortization account. In no any event, the reversion of loss for impairment of any asset may exceed the increment of the carrying value higher than that it would have if the loss for impairment had not been recognized in precedent operational periods.

Conservation and maintenance expenses of properties and equipment are recognized as expense in the operational period when they are incurred and accounted for in the item “Administration Expenses””.

The profit and loss of the sale of any item of property and equipment are recognized in the results.

2.12. Properties of investment

According to the International Accounting Standards IAS 40” – the Properties of investment are defined as those land plots or buildings considered, totally or partially, or both, that are held by the Bank to obtain revenues, valuation of the asset or both, rather than its use for the Bank's own purpose. The properties of investment are initially recorded at the cost which includes all the costs associated to the transaction and subsequently, such assets are measured in the balance sheet at the reasonable value with changes in the results. Such reasonable value is determined based on appraisals periodically made by independent experts using level two valuation techniques described in the IFRS 13 “Measurement of the Reasonable Value”.

2.13. Leased Assets

The leased assets in its initial receipt are classified in financial or operative leasing in the same way as the goods leased described in items 2.9 above. The lease contracts classified as financial leasing are included in the balance sheet as property and equipment for own use or as property of investments, according to their purpose and are initially recorded in the asset and in the liabilities at the same time for a value equal to the reasonable value of the good leased or for the present value of the minimum payments of rent, if this is lower. The present value of the minimum payments of lease is determined using the interest rate implicit in the lease contract, or if not available, an average interest rate of the bonds placed in the market by the Bank is used. Any direct initial cost of the lessee is added to the amount recognized as asset. The value recorded as liabilities is included in the account of financial liabilities and recorded in the same way as the financial liabilities, the lease agreements classified as operational, are recorded at the cost.

2.14. Intangible Asset

a) Capital Gain

The capital gain (Plus-Value) recorded by the Bank in its financial statements corresponds to merging made by the Bank in precedent years with Banco Unión and Banco Aliadas, which, according to the transaction standard set forth in IFRS 1, the Bank made use of the exemption to record under IFRS by its carrying value as of January 1, 2014. According to IAS 38, such capital gain is considered of indefinite life and is not amortized, even so it is subject to annual evaluation for impairment, and for such purposes the Bank performs a valuation made by an expert independent from the value of business lines related to capital gain (Business Lines of Banco Unión) and based on such valuation it is determined if there exists any impairment, and if so, it is recorded charged to results; subsequent recoveries of Bank valuation are reversed the impairments previously recorded.

b) Other Intangible assets

The other intangible assets held by the Bank correspond mainly to computer hardware, which are measured initially by the cost incurred in the acquisition or in internal development phase. The cost incurred in the investigation phase is directly carried to results. After the initial recognition such assets are amortized under the straight-line method during the estimated useful life which, in dealing with the computer software is between 1 to 15 years.

The cost incurred in the computer programs which are in the development phase, are capitalized taking into account the following evaluation made by Bank’s management:

a) It is technically possible to complete the project for production so that it may be used in the Bank’s operations

b) The Bank’s intent is to complete the Project to be used in the development business, not just to be sold.

c) The Bank holds the capacity to use the asset.

d) The asset will provide economic benefits to the Bank inuring for the completion of more transactions with lower cost

e) The Bank has available the technical and financial resources necessary to complete the development of the intangible asset, to be used by the Bank.

f) The disbursements incurred during the development of Project which will be capitalized, make part of the higher value of such asset.

g) The disbursements incurred after leaving the asset in the conditions required to be used, will be recorded as expense, affecting the statement of results.

2.15. Financial Liabilities

A financial liability is some contractual obligation of the Bank to deliver cash or other financial asset to other entity or individual, or to exchange financial assets of financial liabilities in conditions potentially unfavorable to the Bank or a contract that will be or may be liquidated using instruments of the own patrimony of the entity. The financial liabilities are recorded initially for the value of transaction in the date when they were acquired, which, unless contrary determined, is similar to its reasonable value, less the transactional costs directly assignable to its issue. Subsequently, such financial assets are measured at their amortized cost in accordance to the effective interest rate method determined at the initial time charged to results as financial expenses.

The financial liabilities related to derivative financial instruments are measured at the reasonable value; see note Accounting Policy item 2.6 above.

Financial liabilities only will be written-off from the balance sheet when the obligations generated are extinguished or when they are acquired (either with the intent for them to be written off or with the intent to place them again.

2.16. Benefits to employees

According to the International Accounting Standards IAS 19 “Benefits to Employees” for accounting recognition all the forms of consideration granted by the Bank in exchange of the services supplied by the employees, are divided into three classes:

a) Short-term benefits

According to Colombian labor provisions, such benefits correspond to the salary, legal and extra-legal premiums, vacations, severance, and parafiscal contributions to the national entities paid before 12 months following the end of the operational period. Such benefits are accrued by the accrual system charged to results.

b) Post-Employment Benefits

Post-employment benefits are those ones paid by the Bank to the employees at the time when the employee leaves the company or after completing their period of employment, different from the indemnities, Such benefits, according to Colombia legal regulations, correspond to pensions of retirement assumed directly by the Bank, severance payable to employees who are under the labor regime before enacting the Act 50, and some extra-legal benefits or under collective labor agreement

The liability for the post-employment benefits is determined in the present value of future payments estimated to be made to the employees, calculated based on actuarial studies prepared by the method of unit of credit projected, using, for such purpose, actuarial assumptions of death rates, increase of salary, personnel turnover, and interest rates determined making reference to the returns of the market prevailing for bonds at the end of period of issue by the National Government or high quality business obligations.

Under the method of credit unit projected the future benefits to be paid to employees are assigned to each accounting period when the employee provides its services. For such reason, the relevant expense for these benefits recorded in the statement of results of the Bank includes the cost of the current service assigned in the actuarial calculation plus the financial cost of liability calculated. The variations of liabilities due to changes in actuarial assumptions are recorded in the patrimony in the account “Other integral result”.

The variations in the actuarial liability due to changes in the labor benefits granted to the employees involving backdated effect are recorded as an expense in the first of the dates below indicated:

- When there exist changes of labor benefits granted.
- When provisions for restructuring cost are recognized by any subsidiary of business of the Bank.

c) Other long-term benefits to employees

These are all those benefits different from the short-term benefits granted to the employees and after the employment period and indemnities for the cessation of the employment. According to collective labor agreements and the rules of the Bank, such benefits correspond mainly to seniority premiums.

The liabilities for long-term benefits to employees are determined in the same way as the post-employment benefits described in literal b) above, with the sole difference that the changes in the actuarial liability due to change in actuarial assumptions are recorded as well in the statement of results.

d) Benefits for the termination of labor agreement of the employees

These benefits correspond to payment to be made by the Bank resulting from any unilateral decision by the Bank to terminate the labor agreement or a decision of the employee to accept an offer of the Bank, of benefits in exchange of termination of the labor agreement. According Colombian legislation, such payments correspond to indemnities for dismissal and other benefits that the Bank, in a unilateral decision decides to grant to the employees in the events of dismissal.

The benefits for termination are recognized as liability charged to results in the first of the following dates:

- When the Bank communicates the employees its decision to withdraw the employee.
- When provisions for restructuring costs of any subsidiary or business of the Bank are recognized, involving the payment of benefits for dismissal.

2.17. Taxes

Current Tax

The expense or income for taxation includes the current and deferred income tax and Equity Tax (CREE). The expense of tax is recognized in the statement of results excepting in the portion corresponding to items recognized in the account of other integral result in the patrimony. In this event, the tax is also recognized in such account

The current taxi s the amount to be paid or recovered of the current income tax and equity tax (CREE), calculated based on the tax laws enacted or substantially enacted on the date of Financial Statement situation. The management evaluates periodically the position assumed in the tax returns, in connection with situations where the tax laws are subject matter of interpretation and, if necessary, involves provisions on the amounts expected to be paid to tax authorities.

Deferred tax

Deferred taxi s recognized over temporary differences between the taxation base of asset and liabilities and the amounts recognized in the consolidated financial statements, giving rise to deductible or taxable amounts when determining the tax profit or loss corresponding to future operational periods when the carrying amounts of the asset recovered or the liability liquidated. The deferred tax liabilities, however, are not recognized if they result from the initial recognition of an asset or liability in any transaction different from a business combination that at the time of transaction will not impact the accounting or taxation profit or loss. The deferred tax is determined using the tax rates prevailing in the date of balance sheet and they are expected to be applied when the asset of deferred tax is made or when the liability for deferred tax is compensated.

The deferred tax assets are recognized only in the extent that it is possible that future income will be available against which the temporary difference can be used.

The deferred liabilities are provisioned on the temporary taxable differences arising, excepting for the deferred tax liability on investments in subsidiaries, associates and joint business when it is probable the opportunity of reversion or the temporary difference is controlled by the Bank and it is probable for the temporary difference will not be reversed in a near future. Usually the Bank is not in conditions to control the reversion of temporary differences of investments in affiliates.

The deferred tax liabilities are recognized over the temporary deductible differences of investments in subsidiaries, in affiliates and joint business only in the extent that it is probable for the difference to be reversed in the future and there is enough tax profit against which the temporary difference can be used.

Deferred tax assets and liabilities are set off when there exists a legal right to setoff current deferred tax against liabilities for current tax and when the deferred tax asset and liability relates to tax levied by the same authority over the same entity or different entities when there is an extension to set off the balances over net bases.

2.18. Provisions

Provisions for dismantling and legal lawsuits are recognized when the Bank has a legal current or assumed obligation as a result of past occurrences; it is possible the need of any outflow of resources in order to liquidate the obligation and the amount has been considered in a reliable manner.

When there exist several similar obligations, the probability of any outflow of cash is required, is determined considering the type of obligations as a whole. A provision is recognized even if the probability of outflow of cash with regards to any item included in the same type of obligation can be insignificant.

When it is significant the financial impact resulting from the discount of provisions, they are valued for the present value of the disbursements expected as necessary to liquidate the obligation using a discount rate before tax reflecting the evaluations of actual market of the value of cash in the time and the specific risks of the obligation. The increase in the provision due to the time elapsed is recognized as a financial expense.

2.19. Income

The income is measured by the reasonable value of the consideration received or to be received, and represent amounts receivable for the goods delivered, net of discounts, devolutions, and the value added tax. The Bank recognizes the incomes when the amount of them can be easily measured, date it is probable for the economic benefits to flow to the entity when the specific criteria have been accomplished for each one of the Bank's activities, as itemized below:

a) Interest

The interests are recorded in the account income paid or received in advance.

The income from returns and financial leasing and other concepts are recognized at the time when they occur, excepting the interest, indexation, exchange adjustment, and other concepts resulting from:

- Commercial credits in arrears more than 3 months.

- Consumption credits when are in arrears more than 2 months.

- Housing credits when in arrears more than 2 months.

Therefore, they will not impact the statement of results until they are effectively collected. While the collection is made, the Bank controls and records such interest.

In those events when it is the result of restructuring agreements or any other modality of agreement, it is intended the capitalization of interest recorded in memorandum accounts or balances of written-off portfolio including capital, interest and other concepts, will be accounted for as deferred payment in the code 290800 interests resulting from structuring processes and its amortization in the results, will be in a proportional manner to the values effectively collected.

b) Income from commissions

The commissions are recognized as income in the statement of results separated, as follows:

i. The commissions for bank services when the relevant services are provided;
ii. The annual commissions from the credit card are recorded and amortized based on straight-line method during the product useful-life.
iii. The commissions incurred in the granting of new loans are recorded in income together with the costs incurred in the disbursement.

c) Programs of Clients Loyalty

The Bank operates a loyalty program whereby the clients collect points for purchases made with the credit cards issued by the Bank, and the clients are entitled to redeem the points for prizes according to the policy of the reward scheme prevailing in the date of redemption. The points of reward are recognized as an identifiable component separated from the initial sale operation, assigning the reasonable value of consideration received between the points of reward and the other components of the sale, in such a way that the loyalty points are recognized initially as deferred income at the reasonable value. The income of the points of reward are recognized in the results when they are exchanged.

2.20. Wealthy Tax

In December 2014 the National Government enacted the Act 1739, creating the wealth tax to be paid by all Colombian entities holding more than $ 1.000 million pesos patrimony liquidated as indicated in the Note 16. Such Act provides that, for accounting purposes in Colombia, such tax are to be recorded charged to patrimonial reserves within the patrimony. The Bank made the decision to use such exception and has recorded the wealthy tax payable in January 1, 2015 charged to its patrimonial reserves.

2.21. Net profit per stock

To determine the net profit per stock, the Bank divides the net result of the operational period between the weighted average of the outstanding common stocks during the semesters ended in June 30, 2915 and December 31, 2015 the outstanding common stocks were 155.899.719 stocks.

2.22. New accounting pronouncements issued by IASB at international level:

On December 14, the Decree 2420 was enacted: "Unique Regulatory Decree of Accounting Financial Standards and Quality Assurance of Information and other provisions are provided" (amended by Decree 2496 of December 2015), including the standards issued by the IASB and adopted in Colombia taking force as from January 1, 2016. The impact of these standards is in process of evaluation by the Bank management.

Financial Information Standard	Topic of the amendment	Detail
IFRS 9 – Financial Instruments (November 2013)	The paragraphs 4.2 and 4.4. Chapter 4 (classification) and chapter 6 – accounting of hedging is added. The addendums A and B are amended. Issued on November 2013.	A chapter related to hedging accounting is added. The Chapter 4 Financial Instruments Classification is amended. In the same way the IFRS 7 and IAS 30 are amended.
IAS 19 – Benefits to employees	Plans of definite benefits make clear the way to account the benefits of employees or third	When remunerations are linked to the service, they are to be assigned to the periods of service as a negative

Financial Information Standard	Topic of the amendment	Detail
(November 2013)	parties linked to the services or definite benefits plans	benefit. It is made clear that, if the amount of remunerations is independent from the number of years of service, an entity can recognize as a decrease in the cost of service in the period when the service was supplied.
IAS 36 – Impairment of the asset (May 2013)	Amendments of the disclosure of recoverable value of the non-financial assets.	The amendments require the disclosure of information about the recoverable value of the impaired asset. Introduces the requirement to disclose the discount rate used to determine the impairment where the recoverable value is determined using the present value.
IAS 39 – Financial Instruments (June 2013)	Amendments to the novation and continuance of the hedging operations.	The amendment indicates that it would be not necessary to stop applying the hedging accounting to novated derivatives accomplishing the criteria detailed in the amendment.
CIIFRS 21 – encumbrances* (May 2013)	Interpretation of the IAS 37	Offers a guide about the events where a liability is to be recognized for encumbrances according to provisions in the IAS 37. The CIIFRS can apply to any situation generating any current obligation to pay taxes or levies of the Nation.
Annual improvements Cycle 2010 – 2012 (December 2013)	These amendments reflect topics discussed by the IASB, that were subsequently included as amendments to the FRS	• IFRS 2 – Payments based on actions: definition of "conditions of rights adequacy. • IFRS 3 – Combining of business: Accounting of contingent considerations in any combined business. • IFRS 8 – Follow up of addition • operation of operative segments and conciliation of the total asset of the reportable segments to the assets of the entity. • IAS 16 – Property, plant and equipment / IAS 38 – Intangible asset methods of revaluation – proportional method of accrued depreciation. • IAS 24 – Information to disclose portions related: key management personnel • IAS 38 – Intangible Assets module of the revaluation.
Annual Improvements Cycle 2011 – 2013 (December 2013)	To ensure of annual improvements is to make clear or amend, and do not provide new principles or changes of those ones already existing.	• IFRS 3 – Combinations of business: scope, exceptions for mixed companies and scope of application the paragraph 52 (excepting of portfolio); and • IFRS 13 – Measuring the reasonable value, setting off financial asset and liabilities in connection with the risk of market or risk of credit of the counterpart. • IAS 40 – Property of investment: clarification of the interrelationship of the IFRS 3 Combinations of business and the IAS 40 Properties of investment to classify the property as property of investment or the properties of investment.

Other standards issued

According to the provision in Decree2496 of December 2015, below the standards issued applicable as from 2017 (excepting IFRS 15, applicable as from January 1, 2018). The impact of these standards is under evaluation process by Bank's Management.

Financial Information Standard	Topic of the amendment	Detail
IAS 1 – Submission of Financial Statements	Disclosure initiatives. In connection with the submission of financial statements the amendments make clear the requirements of disclosure.	Some relevant matters indicated in the amendments are the following: • Requirements of materiality IAS 1. • Indicates the specific lines in the integral statement of results and changes in the financial situation that can be disaggregated. • Flexibility related to the order to include the notes to financial statements. • The entity does not need to disclose specific information required by any IFRS if the resulting information is not material. The application of amendments has not to be disclosed.
IFRS 9 – Financial Instruments	Financial Instruments (in the version reviewed of 2014).	The replacement project makes reference to the following: • Phase 1: Classification and measurement of financial asset and liabilities. • Phase 2: Methodology of impairment. • Phase 3: Hedging accounting. On July 2014, the IASB finished the reform of the accounting of financial instruments and the IFRS 9 was issued – Accounting of financial instruments (in the reviewed version 2014), to replace the IAS 39 – Financial Instruments recognition and measurement after expiring the date of validity of the previous standard.
IFRS 11 – Joint Operations	Accounting for acquisitions of interest in joint operations.	Provides indications about the accounting of acquisition of an interest in any joint operation where the activities involve a business, according to the definition in IFRS 3 – Combinations of business. The entities must apply the amendments in a prospective manner to the interest in the joint operations (where the activities of the joint operations involve a business as it is defined in the IFRS 3).
IFRS 10 - Consolidated financial statements IFRS 12 – Information to be disclosed about	Application of the consolidation exception.	It is made clear that the exception of preparing consolidated financial statements applies to a controller entity which is a subsidiary of an entity of investment, when the entity of

Financial Information Standard	Topic of the amendment	Detail
participations in other entities IAS 28 – Investment Entities		investment measures all its subsidiaries at reasonable value pursuant to IFRS 10. The participation method is allowed to an investor in any affiliate or joint business if the investor is subsidiary of an investing entity that measures all its subsidiaries at the reasonable value.
IFRS 10 –Financial Statements Consolidated IAS 28 – Investment Entities	Sale or contribution of goods between an investor and its affiliate or joint business.	Make reference to the event related to IFRS 10 and the IAS 28 in the treatment of loss of control of any subsidiary that is sold or contributed to an affiliate or joint business. It is clarified that the gain or loss resulting from the sale or contributions of asset represent a business, as it is defined in the IFRS 3, between the investor and its affiliate or joint business and is totally recognized.
IFRS 15 – Income derived from the customers	Income derived from the contracts with the customers.	Establishes a 5-steps model applied to the income derived from contracts with the customers. Will replace the following standards and interpretations of income after the date taking force: • IAS 18 - Income; • IAS 11 – Construction contracts • CIIFRS 13 – Programs of customer loyalty; • CIIFRS 15 – Agreements to construct real property; • CIIFRS 18 – Transfer of goods from customers and • SIC 31 – Barter transactions including publicity services.
IAS 16 - Property, plant and equipment	Clarification of depreciation appreciable methods.	It is Forbidding for the entities to use a depreciation method based on the income for items of property, plant and equipment.
IAS 27 – Financial statements separated	Method of participation in the separated financial statements.	Allows for using the participation method to account for the investments in subsidiaries, joint business, and affiliates in their separated financial statements. The amendment clarifies that when any holder entity stops to be an investment entity, or the entity becomes an investment entity, the change must be accounted as from the date when the change occurred.
IAS 38 – Intangible Asset	Clarification of the amortization methods.	Establishes conditions related to the amortization of intangible asset:: a) when the intangible asset appears as a measure of income. b) when it is possible to document that the income and the consumption of the economic benefits of intangible asset are

Financial Information Standard	Topic of the amendment	Detail
		closely related.
Annual improvements Cycle 2012 - 2014	These amendments reflect topics discussed by IASB subsequently included as amendments to the IFRS .	IFRS 5 – Noncurrent asset maintained to sale and discontinued operations. Changes in the asset disposal methods. IFRS 7 – Financial Instruments: information to be disclosed (with changes resulting from amendments to the IFRS 1) - Changes related to services supply agreements. - Applicability of amendments to IFRS 7 in disclosures of compensations in financial statements abridged. IAS 19 – Benefits to employees. Discount rate issues of the regional market. IAS 34 – Intermediate financial information included in any other place in the intermediate financial report.

2.23 New accounting requirements at Colombia level

In December 2015, the National Government issued the Decree 2420, whereby accomplished with all the accounting standards issued up to the date by government in the process for the partial adoption of the international financial report standards and the Decree 2496, updating the above Decree and provided, inter alia, the following, applying to the Bank

- Transposed into the Colombian Legislation the International Financial Report Standards prevailing as from December 31, 2014 and taking force from January 1, 2017, allowing the early application, safe for the IFRS 15 “Income from ordinary activities derived from contracts with customers” which will apply as from January 1, 2018 and stating that conceptual framework for financial information will begin to take force as from January 1, 2016. This new technical regulatory framework includes, inter alia, the new IFRS 9 essentially amending the regime of provisions for credit portfolio in the consolidated financial statements, the amendments to the option for the application in the financial statements separated from the patrimonial participation method for the recording of the investments in subsidiaries and en general, all the new pronouncements indicated in item 2.22 above.

- Determines as parameters to ensure the post-employment benefits the IAS 19 makes reference, the parameters established in the Decree 2783 / 2001, which will be reviewed every three years by the Ministry of Treasury and Public Credit. Such Decree provides for the entities controlled by Colombia Finance Superintendence to use in the actuarial calculations of retirement pensions a mean inflation rate and interest DFT of the last 10 years rather than the current prevailing interest rates and inflation projected as provided in the IAS 19 IAS 19. These amendments began to take force as from 2015, although taking into account that the effects on the actuarial calculations of the Bank only will implement this standard as from 2016.

- Requires the use of the patrimonial participation method in the record of investments in subsidiaries according to the Article 35 in Act 222 / 1995, pursuant to IAS 28. In this issue, according to instruction given by Colombia Finance Superintendence, the Bank was already using the participation method in the record of the investments in its subsidiary.

Nota 3. – Judgments and accounting critical estimates in the application of accounting policies

Preparing the Financial Statements in compliance with the IFRS partially implemented requires for the administration to make the judgments, estimates and assumptions affecting the application of accounting policies and the amounts recognized in the financial statements separated and carrying value of the asset, and liabilities, income and expenses reported. The actual results can differ from these estimates in the following operational period. The judgments and estimates evaluated in a continued basis and are based on the management experience and other factors, including the expectation of future events which are considered as reasonable under the circumstances. The management makes certain judgments as well in addition from those involving estimates in the process to apply the accounting standards. The judgments involving more significant effects on the amounts recognized in the separated financial statements and the estimates potentially resulting in a significant adjustment carrying value of the asset and liabilities in the following year include the following:

The ongoing business: Bank's management prepares the financial statements based on an ongoing business. In the making of this judgment, the management considers the financial position, its current situations, the results of the operations and the access to the financial resources in financial market, and analyzes the impact of such factor on the Bank's future operations. As of the date of this report the management is not aware of any situation leading to think that the Bank has not the capacity to continue with the business ongoing during the first and second half-year 2016..

Provision for Impairment of Loans: According to the provisions by Colombia Finance Superintendence, the Bank reviews in regular basis its credit portfolio in order to assess whether any impairment needs to be recorded charged to the results of the operational period following the guidelines established by this Office indicated in Note 2.7 above. The management makes judgments in connection with the commercial credit and commercial leasing portfolio, in the determination of its qualification by credit risk according to its payment capacity evaluated based on the financial results from up to 12 months age, and the reasonable value of the guarantees granted to assess whether there is any observable datum indicating any decrease in the client's estimate cash-flow. In connection with the consumption and leasing portfolio in the process of granting, the Bank uses scoring internal models assigning a qualification per risk level; such qualification is subsequently adjusted taking into account basically factors of arrears in the payments according to the note 2.7 above. The qualification is based on the number of days in arrears by client.

Upon the completion of the qualification of the different portfolios by level of risk, the calculations of provisions is made using the tables of provision percent set out specifically for each type of credit by Finance Superintendence also indicated in Note 2.7 above, taking into account for such purpose the guarantees supporting the obligations.

Additionally, and also under instructions given by Colombia Finance Superintendence, the Bank makes a general provision for the Mortgage credit portfolio and housing, of 1% of the total portfolio charged to results..

Taking into consideration that provisions for impairment of financial assets for credit portfolio are calculated based on specific percent set forth by Colombia Finance Superintendence, the Bank' management does not do sensitivity analysis of the changes of those percentages, because that Office is the only authorized to implement such changes.

The Bank's management estimates that the provisions for impairment of loans constituted as of December 31 and June 30, 2015, are sufficient to cover the potential loss occurred in the loans portfolio on such dates.

Reasonable Value of financial instruments and derivative instruments: Information about the reasonable values of the financial instruments and derivative instruments evaluated using assumptions which are not based on market observable data, is disclosed in Note 5.

Determining the classification of investments: According to Colombia Finance Superintendence the Bank classifies the financial assets for investments as negotiable, maintained up to the maturity and available for sale; such classification was made by the Bank up to December 31, 2014 at the time of constitution each investment taking into account factors such as: Liquidity of Bank, profitability, need of resources to place as credit portfolio and macroeconomic factors prevailing at the time of the investment, As from January 1, 2015, the Bank makes the above classification following the model of business indicated below, in accordance with the provision in External Circular 034/2014:

Negotiable Investments

Banco de Occidente classifies in the negotiable portfolio the investments in fixed rent structuring as part of the strategy of management liquidity coming from the dynamics of financial intermediation central vocation. This portfolio is developed for the purpose to obtain the contractual flows according to the return offered by the issuer, used as support to deal with potential liquidity requirements and used as well as guarantee for the acquisition of passive operations of liquidity (Repos) with the Central Bank (Banco de la República).

The principal types of securities to support this need of liquidity can be the following:

- Public Debt TES (TF, UVR, TCO, IPC, inter alia)
- Nation Investment, other than TES
- Foreign Indebtedness
- Corporate Debt

Investments available for sale

The Bank classifies in the portfolio available for sale the fixed income investments structured as part of the liquidity management and that can sell in the event of opportunities of sale in order to provide profitability to portfolio.

The main types of securities supporting this need of liquidity may be the following:

- National debit TES (TF, UVR, TCO, IPC, inter alia)
- Nation Investment different from TES
- Foreign debt
- Corporate Debt

Investments to be held up to maturity

The Bank classifies in the portfolio to be held up to the maturity of portfolio made up by the Securities for Agribusiness Development (SAD) and Securities for Debt Redemption (SDR) in order to comply with the Article 8 of External Resolution 3 of the Central Bank (Banco de la Republic) which are made as mandatory investment,

Deferred Income Tax: The Bank assesses the making in the time of the active deferred income tax. The active deferred tax represents recoverable income tax through invoice of deduction of taxable profit and are recorded in the statement of financial situation. The active deferred tax is recoverable in the extent that the production of relative tax benefits is probable. The future tax income and the amount of tax benefits which are probable in the future are based on short-term plans prepared by management. The business plan is based on the management expectations considered as reasonable under the current circumstances, as a reasonable measurement in order to determine the occurrence of deferred tax. The financial and tax projections of Bank, have been made taking into account, exclusively, a vegetative growth of the projected inflation 3% annual in 5 years.

As of December 31 and June 30 / 2015, the Bank's management estimates that items of the active deferred income tax would be recoverable according to the future taxable profits estimated. The deferred tax liability has not been recorded over profits of the subsidiaries that the Bank does not expect to carry in a near future, because the Bank controls the policy of dividends of the subsidiaries and the Bank has the intention to distribute dividends or sell such investments in a near future. Note 16.

Initial recognition of transactions as related parties: In the normal business line the Bank enter into transactions with related parties. IFRS 9 requires initial recognition of financial instruments based on the reasonable values, the judgment applied to determine if the transactions are made at market values of the interest rates when there is no active market for such transactions. The judgment bases consist in the valuating similar transactions with related parties and an analysis of the effective interest rates. The terms and conditions of transactions with related parties are disclosed in Note 30.

Capital Gain (Plus-Value): On an annual basis the Bank's management makes an evaluation of the impairment of plus-value recorded in financial statements; such evaluation is completed at the closing September 30 each year, based on a study made for such purpose by independent experts contracted for such purposes. Such study is made based on the valuation of the line of business which are related to Plus-Value (lines of business of Banco Unión), using the discounted cash-flow method, taking into account such factors as: economic situation of the country and the sector where the Bank operates, historical financial information and projected growths of income and cost of Bank in the next five years and subsequently perpetual growths taking into account capitalization indexes of profits, discounted at free-risk interest rates which are adjusted by risk premiums as required in the circumstances. The assumptions used for such valuation are itemized in Note 15.

Valuation of properties of investment: The properties for investment are reported in the balance sheet at the reasonable value determined in the reports prepared by independent experts at the end of every reporting operational period. Due to the current conditions of the country, the frequency of transaction of properties is low, notwithstanding, the management considers that there are enough activities of the market to provide comparable prices for orderly transactions of similar properties when the reasonable value of the properties for investments is determined, excepting for goods received in payment, classified as properties for investment which are recorded in accordance with the provision for this type of goods in note 2.12 above.

In preparing the valuation reports of the properties for investment of the Bank, the forced sales transactions are excluded. The management has reviewed the assumptions used in the valuation by independent experts and considers that factors such as: inflation, interest rate, etc., have been properly determined considering the market conditions at the end of the operational period reported; notwithstanding the above, the management considers that the valuation of properties for investment is currently subject to a high degree of judgment and to an increased probability that the current income for the sale of such assets can differ from the carrying value.

Estimation of contingencies: The Bank estimates and records an estimation for contingencies, in order to cover the potential loss of labor events, civil and mercantile lawsuits, fiscal objections or other ones, according to the circumstances that, based on the opinion by external legal counsels and/or internal lawyers, are considered as probable loss and may be reasonably valued. Given the nature of a significant number of claims, events, and/or processes, it is not possible, in some instances to do a complete forecast or quantify an amount of loss in a reasonable manner, and for such reason, the real amount of disbursements effectively made for claims, cases, and/or processes is permanently different from the estimated amounts and initially provisioned, and such difference are recognized in the year when they are identified.

Pensions Plan: The measurement of the pension obligations, cost and liabilities are dependent on a great variety of premises at the long-term determined on actuarial bases, including estimations of the present value of future payments projected of pensions for the participants of the plans considering the probability of potential future events, such as increments in the minimum urban salary and demographic experience. These premises may have an effect on the amount and the future contributions, if any variation will occur.

The discount rate allows for determining the future cash-flows at present value on the date of measurement. The Bank determines a long-term interest rate representing the market rate of high-quality fixed income rate investments or for National bonds denominated in Col Pesos, the currency used to pay the benefit, and considers the opportunity and the amounts of payments of the future benefits, to which the Bank has chosen the Government bonds.

The Bank uses other key premises to value the actuarial liabilities, which are calculated based on the Bank's specific experience combined with the statistics published and market indicators (See Note 19), where the more assumptions used in the actuarial calculations and the relevant sensitivity analysis are described.

Nota 4. –Risk Administration and Management

The activities developed exposes the Bank to some financial risks such as: market risks (including foreign currency Exchange risk, risk of reasonable value of interest rate, cash-flow risk for the interest rates, price risk, credit risk and liquidity risk). In addition to above, the Bank is exposed to operational and legal risks.

According to the regulations issued by Colombia Finance Superintendence, the process of risk management of the Bank is implemented within the guidelines designed by the Top Management, in keeping with the management and administration general directives approved by the Board of Directors.

The Bank has in place a Financial Risk Committee made up by members of the Board of Directors, holding periodical meeting to discuss, measure, control and analyze the credit risks (SARC) and Bank's Treasury risks (SARM). In the same way, there exists the Asset and Liabilities Technical Committee (ALCO), which makes the decision related to the Asset and Liabilities and Liquidity Management (SARL) (SARL); in connection with analysis and following Unit of Operative Sisk and Continuance of Business (SARO-PNC) is developed in the Auditing Committee of Board of Directors. The legal risk is monitored about the compliance by the Secretariat General of the Bank.

From the administrative standpoint, the Bank risk management is responsibility of the Vice Presidency of risk and collections, which in turn is made up by the mass collection management and the bank security and information management.

Bellow the analysis of the different risks the Bank is subject to, are listed:

a. Market Risks:

1. **Market risk of financial asset in certificates of indebtedness fixed income and derivatives of interest rate:**

   The market risk of financial asset in certificates of indebtedness fixed income, is derived as a result of the management of portfolio of those certificates as negotiable securities. The risk appears as a result of increased market interest rates and unfavorable changes of the credit risk associated to the issuer of financial instrument.

   As indicated in Note 3 above, the portfolio of fixed income investments is structured as part of the management strategy of liquidity derived from the dynamics of the central vocation of financial intermediation. This portfolio is developed for the purpose to obtain the contractual flows according to the return offered by the issuer and maximize the Bank's revenues. Additionally, the Bank has in place a portfolio of fixed income investments classified as available for sale in order to provide profitability to the portfolio.

   In order to reduce the market risk of this portfolio, the Bank enters into transactions of financial instruments derived from the interest rate minimizing, through compensation of positions the adverse variations in the market risk. Also the Bank enters into derivatives transactions of interest rates with clients in a financial intermediation process where, at the same time, is entered into other derivatives of contrary position in the financial market to close the position. As a general guidelines the Bank has restriction in the maximal number of operations as the bank is in phase of product consolidation, at max. term 10 years per operation (the market operates up to 25 years), a maximum term allowed to the mean portfolio no more than 4.5 years, capacity to operate exclusively fixed rate against IBR indicators (Indicator **and** Reference) and FTD (Fixed Term Deposit) which are the most transacted in Colombian economy, a loss level, stop loss and Seer reasonable reported on a daily basis by the middle office and submitted on a weekly basis to Finance Committee. With these limits it is allowed to control the exposures and reduce the negative events to the acceptable levels by the top management and rent according to the expectations of the different products aiding the entity to deepen and diversify the range of products offered.

   In accordance with the regulations issued by Colombia Finance Superintendence, the market risk management process of investment portfolio, operates within the guidelines designed by the Top Management under the guidelines designed by the Top management, consistent with the general directives approved by the Board of Directors.

The Bank operates Financial Risk Committee of Treasury_holding periodical meetings to discuss, measure, control and analyze the Market Management, risks management (SARM) and liquidity (SARL). Additionally, there are Finance, Audit, and Ethics Committees complementing the management of Corporate Governance of those risks.

The Bank Top Management and the Board of Directors take active part of risk management and control through the analysis of report protocol established and the conduction of several Committees that, in an integral manner make the technical and fundamental monitoring to the several different variables influencing the markets at internal and external level, in order to support the strategic decisions.

The risks assumed in the development of the operations are consistent with the Bank's general business strategy and translated to a structure of limits for the positions in the different instruments according to the specific strategy, the deepening of the markets they are operating, their impact on the weighting of assets by business and solvency level, and as balance structure.

Such limits are monitored on a daily basis and reported on a monthly basis to the Board of Directors. In a quarterly manner in this same report the results of the individual risk management are submitted.

This way, the analysis and follow-up of the several different risk incurred by the Bank is its operation, and the evaluation of results. On the other hand, a permanent analysis of macroeconomic conditions is fundamental to achieve the best combination of risk, profitability and liquidity.

Additionally, for the purpose to minimize the interest rate and exchange rate risks of some items of the balance sheet, the Bank implements compensation strategies derived from the speculation by the taking of positions in instruments such as Forwards, Futures and Swaps.

As a complement to the analysis of results of Treasury management, a calculation of daily and consolidated results is made allowing for submitting from the financial standpoint the accounting results, segmented by each one of the products and business currently offered, involving as benefit more understanding and sensitivity about the management made by Treasury, as well as the impact on the results given the market variations.

The Bank uses the standard model for the measurement, control and management of market risk of interest rates, Exchange rates and the price of the stocks in the books of Treasury and the Bank. Consistent with the requirement by Colombia Finance Superintendence contained in Chapter XXI of Basic Accounting and Financial Circular, and specifically in Annex 1 of such Chapter. Such measurements are made on a daily basis for each risk exposure of the Bank.

Similarly, the Bank has in place parametric models of internal management based on the Value in Risk (VeR), methodology allowing for complementing the market risk management based on the identification and analysis of variances in risk factors (interest rates, Exchange rates) over the value of the different instruments included in the portfolios. Such models are Risk Metrics of JP Morgan with 99% confidence level historical price simulation.

The use of VeR methodology allows for estimating the profit and capital in risk, making easy the assignment of resources to the different business units, as well as to match activities in different markets and identify the positions with the higher contribution to the risk of Treasury business In the same way, VeR methodology is used to determine the limits to the positions of the deal markers and quickly review positions and strategies, as market conditions change.

The methodologies used for the VeR measurement are periodically assessed and submitted to tests allowing for determining its effectiveness. Additionally, the Bank has available tools to perform the stress and/or sensitization tests of portfolios under the simulation of extreme scenarios.

Additionally, there exist established limits associated to each one of the products included in the several different portfolios, which are segmented in Local Currency and Foreign Currency.

In the same way, the Bank has established counterpart quotas and negotiation per operator for each one of the negotiation platforms of the market where the Bank is operating. These limits and quotas are daily managed by the Middle Office of the Bank.

In the same way, there is available a monitoring process to the clean prices and inputs of valuation published by the supplier of Infovalmer where daily are identified the prices with significant differences between the supplied by the supplier of process and the observed in alternate suppliers of information such as Bloomberg, Brokers, inter alia. This segment is made with the purpose to feedback the supplier about the difference of price more significant and that they may be reviewed. This process is complemented with the periodical revision of valuation methodology the portfolios of Fixed Income and Derivatives.

According to the standard model, the value in market risk (VeR) as of December 2015 was $138,668 with effect on 101 basic points, in the individual relationship of the Bank. The VeR indicators of transmission to Colombia Finance Superintendence submitted by the Bank during the quarters ended on December 31 and June 30 2015 are summarized below:

	Second Semester 2015			
Risk Factor	**Minimum**	**Average**	**Maximum**	**Last**
Interest Rate Local Currency	$ 86.272	103.957	116.912	90.349
Interest Rate Foreign Currency	3.860	4.909	6.431	3.860
Interest Rate in UVR	42.648	47.071	49.950	42.648
Exchange Rate	926	1.691	2.295	1.811
VeR Total	**$ 136.784**	**157.628**	**173.560**	**138.668**

	First Semester 2015			
Risk Factor	**Minimum**	**Average**	**Maximum**	**Last**
Interest Rate Local Currency	$ 120.455	155.533	178.835	120.455
Interest Rate Foreign Currency	1.177	1.986	3.331	3.331
Interest Rate in UVR	42.177	47.373	53.338	49.494
Exchange Rate	1.791	2.512	3.233	1.791
VeR Total	**$ 175.071**	**205.912**	**225.400**	**175.071**

As a result of the behavior in the VeR, the asset of the bank weighted by market risk remained in the average around 12,06% of the total weighted assets by risk during the semester ended on December 31, 2015 and 13,50% in the operational period ended on June 30 2015.

According to the model under Bank's internal methodology, the amount in market risk (VeR) as of December 2015 was $50,209. The Bank VeR indicators under this methodology during the semesters ended in December 31 and June 30 2015 are summarized below:

	Second semester 2015			
Currency	**Minimum**	**Average**	**Maximum**	**Last**
Local Currency	$ 28.454	42.002	63.767	39.397
Foreign Currency	1.668	5.725	11.430	10.812
VeR Total	**$ 31.932**	**47.728**	**72.952**	**50.209**

	First semester 2015			
Currency	**Minimum**	**Average**	**Maximum**	**Last**
Local Currency	$ 23.658	45.282	63.791	31.273
Foreign Currency	2.147	4.466	10.350	3.477
VeR Total	**$ 29.236**	**49.748**	**70.708**	**34.750**

As management tool for investment portfolio management several different sensitivity analysis are made of such investment portfolios in several basic points. Below the sensitivity results for all semesters ended on December 31 and June 30, 2015 are given:

	Second semester, 2015					
Classification	**Value of Portfolio**		**25 PB**	**50 PB**	**75 PB**	**100 PB**
Negotiable	$	331.105	(1.246)	(2.476)	(3.689)	(4.886)
Available for Sale		2.195.461	(15.768)	(31.338)	(46.699)	(61.869)
At Maturity		547.867	(783)	(1.564)	(2.342)	(3.117)
Total	**$**	**3.074.432**	**(17.797)**	**(35.378)**	**(52.730)**	**(69.872)**

	First Semester 2015					
Classification	**Value of Portfolio**		**25 PB**	**50 PB**	**75 PB**	**100 PB**
Negotiable	$	409.961	(4.312)	(8.567)	(12.767)	(16.915)
Available for Sale		2.745.289	(24.360)	(48.390)	(72.103)	(95.514)
At Maturity		601.672	(615)	(1.231)	(1.846)	(2.462)
Total	**$**	**3.756.922**	**(29.287)**	**(58.188)**	**(86.716)**	**(114.891)**

Within the monitoring task the daily control of local currency and foreign currency negotiations are made as against the policies and limits approved by the Board of Directors which are aligned to the profile of risk of the entity. Additionally, it is verified for the total operations completed by treasury to be at market prices.

In the same way, a monitoring is made at the rhythm of the business of the trading positions in local currency made by Treasury allowing for knowing the results of the position of this portfolio and the evolution thereof at the levels of value in risk and Stop Loss authorized.

In connection with related and associated parties, by Middle Office it is reported, on a monthly basis to the Board of Directors the detail of them, indicating the type of operation and the amount. The same as the other operations these operations are subject to revision of the market prices.

Concerning the topic of follow-up verifiable means, on a daily basis and through a random process, the monitoring of calls, e-mails and chats is made whereby the conditions of market negotiations, the conduct of employees of treasury are evaluated.

Lastly, and as complement to the control processes mentioned above, the administration and management of users of transactional systems MEC, SETFX and XSTREAM is centralized in the Middle Office by the revision of the roles and profiles and the respective certifications by the immediate Heads.

2. Interest Rate Risk

The Bank has exposure to fluctuations events in the market of the interest rates affecting its financial position and its future cash-flows. The risk results from the placements in investments and credit portfolio at variable interest rates and search them with liabilities with cost at fixed interest rates and vice versa. The interest margins increase as a result of the changes of interest rates and also can decrease and create loss in the event of unexpected movements of such rates. The Bank's management monitors over daily bases and sets limits to level of reprise of asset and liabilities due to changes of the interest rates.

The Bank analyzes the exposure to the interest type in a dynamics way. Several scenarios are simulated taking into account the refining, renewal of positions existing, funding alternatives and coverage. Based on such scenarios, the Bank calculates the impact on the results for any given change in the interest type. For each simulation only asset and liabilities are used representing the most significant positions subject to the type of interest.

Based on the different scenarios, the Bank manages its risk of interest type over the analysis made on a monthly basis by the portfolio and financial committees of the Bank to manage the interest risk in the light to the second step and more representative assets and liabilities. In general, the Bank obtains alien resources in the short-term with variable interest, such as second floor financial entities, the rates of which are implicitly set-off with credits of portfolio.

The table below summarizes the Bank exposure to changes in interest rate. The table shows the mean amounts of asset and liabilities bearing similar interest or with financial cost, respectively, during the semesters ended on December 31 and June 30, 2015 and a sensitivity analysis of changes of 50 basic points.

Semester ended on December 31, 2015

DETAIL OF ACCOUNT	AVERAGE OF SEMESTER	INCOME EXPENSE OF INTEREST	INTEREST RATE AVTERAGE	VARIATION 50 PB IN INTEREST RATE	
FINNANCIAL ASSETS BEARING INTERESTS					
MONETARY MARKET ACTIVE OPERATIONS IN COL. PESOS	$ 53.581	1.778	6.64%	2	(2)
MONETARY MARKET ACTIVE OPERATIONS IN FOREING CURRENCY	77.068	469	1.22%	5	(6)
	130.649	**2.247**	**3.44%**	**7**	**(8)**
INVESTMENTS IN CERTIFICATES OF DEBT AT REASONABLE VALUE IN COL PESOS	2.615.250	83.665	6.4%	34.029	(33.136)
INVESTMENTS IN CERTIFICATES OF DEBT AT REASONABLE VALUE IN FOREING CURRENCY	227.971	2.261	1.98%	687	(678)
	2.843.221	**85.926**	**6.04%**	**34.716**	**(33.814)**
INVESTMENTS IN CERTIFICATES OF DEBT AT AMORTIZED COST IN COL.PESOS	544.741	2.282	0.84%	1.172	(1.172)
INVESTMENTS IN CERTIFICATES OF DEBT AT AMORTIZED COST IN FOREIGN CURRENCY	2.625	3	0.23%	403	(392)
	547.366	**2.285**	**0.83%**	**1.576**	**(1.564)**
CREDIT PORTFOLIO IN COL. PESOS	21.743.886	955.895	8.79%	54.360	(54.360)
CREDIT PORTFOLIO- FOREIGN CURRENCY	1.836.215	28.339	3.09%	4.591	(4.591)
	23.580.101	**984.234**	**8.35%**	**58.950**	**(58.950)**
TOTAL FINANCIAL ASSETS BEARING INTEREST IN COL PESOS	**$ 24.957.457**	**1.043.620**	**8.54%**	**89.563**	**(88.671)**
TOTAL FINANCIAL ASSETS BEARING INTEREST IN FOREIGN CURRENCY	**$ 2.143.879**	**31.072**	**2.9%**	**5.686**	**(5.665)**
TOTAL FINANCIAL ASSETS BEARING INTEREST	**$ 27.101.337**	**1.074.692**	**8.09%**	**95.249**	**(94.336)**

DETAIL OF ACCOUNT	AVERAGE OF SEMESTER	INCOME EXPENSE OF INTEREST	INTEREST RATE AVTERAGE	VARIATION 50 PB IN INTEREST RATE	
FINANCIAL LIABILITIES WITH FINANCIAL COST					
MONETARY MARKET PASIVE OPERATIONS IN COL PESOS	$ 1.000.828	14.390	2,88%	42	(41)
MONETARY MARKET PASIVE OPERATIONS IN FOREIGN CURRENCY	388.301	95	0,05%	139	(142)
	1.389.129	**14.485**	**2,09%**	**181**	**(183)**
CLIENTS DEPOSITS IN SAVING ACOUNT & TDC IN COL PESOS	9.995.329	187.878	3.76%	-	-
	9.995.329	**187.878**	**3.76%**	**-**	**-**
CLIENTS DEPOSITS IN FIXEL TERM DEPOSIT TDC IN COL PESOS	4.598.265	80.143	3.49%	35.787	(35.787)
	4.598.265	**80.143**	**3.49%**	**35.787**	**(35.787)**
FINANCIAL OBLIGATIONS IN COL PESOS	3.356.160	122.960	7.33%	39.182	(39.182)
FINANCIAL OBLIGATIONS IN FOREING CURRENCY	2.162.128	13.657	1.26%	-	-
	5.518.287	**136.617**	**4.95%**	**39.182**	**(39.182)**
TOTAL FINANCIAL LIABILITIES WITH FINANCIAL COST IN COL PESOS	**$ 18.950.581**	**405.371**	**4%**	**75.011**	**(75.011)**
TOTAL FINANCIAL LIABILITIES WITH FINANCIAL COST IN FOREING CURRENCY	**$ 2.550.428**	**13.752**	**1%**	**139**	**(142)**
TOTAL FINANCIAL LIALIABILITIES WITH FINANCIAL COST	**$ 21.501.010**	**419.123**	**4%**	**75.150**	**(75.153)**
TOTAL NET FINANCIAL ASSET SUBJECT TO INTEREST RATE RISK IN COL PESOS	**$ 6.006.876**	**650.132**	**22%**	**14.552**	**(13.660)**
TOTAL NET FINANCIAL ASSET SUBJECT TO INTEREST RATE RISK IN FOREING CURRENCY	**$ (406.549)**	**16.092**	**-8%**	**5.547**	**(5.524)**
TOTAL NET FINANCIAL ASSET SUBJECT TO RISK IN INTEREST RATE RISK	**$ 5.600.327**	**666.224**	**24%**	**20.099**	**(19.184)**

Semester ended in June 30, 2015

DETAEL OF ACCOUNT	AVERAGE OF SEMESTER	INCOME / EXPENSEFPOR INTERÉST	INTEREST RATE AVERAGE	VARIATION 50 PB IN DE INTERÉST RATE	
Financial Assets Bearing Interests				**Favorable**	**Unfavorable**
Monetary market active operations in Col. Pesos	$79.922	20.735	51,895	1	(1)
Monetary market active operations in foreign currency	148.153	399	0,54%	87	(87)
	228.076	**21.134**	**18,53%**	**88**	**(88)**
Investments in certificates of debt at reasonable value in Col Pesos	3.782.349	110.626	5,85%	42.615	(42.615)
Investments in certificates of debt at reasonable value in foreign currency	197.561	2.345	2,37%	1.119	(1.119)
	3.979.910	**112.971**	**5,68%**	**43.734**	**(43.734)**
Investments in certificates of debt at amortized cost in Col. Pesos	628.289	6.011	1,91%	1.231	(1.231)
Investments in certificates of debt at amortized cost in Foreign Currency	-	-	-	-	-
	628.289	**6.011**	**1,91%**	**1.231**	**(1.231)**
Credit Portfolio in Col Pesos	19.959.970	846.832	8,49%	49.900	(49.900)
Credit Portfolio – Foreign Currency	1.546.068	21.827	2,82%	3.865	(3.865)
	21.506.038	**868.659**	**8,08%**	**53.765**	**(53.765)**
Total Financial Assets bearing interest in Col pesos	**$24.450.530**	**984.204**	**8,05%**	**93.747**	**(93.747)**
Total Financial Assets bearing interest in Foreign Currency	**$1.891.782**	**24.572**	**2,60%**	**4.984**	**(4.984)**
Total Financial Assets bearing interest	**$26.342.312**	**1.008.775**	**7,66%**	**98.818**	**(98.818)**

DETAIL OF ACCOUNT	AVERAGE OF SEMESTER	INCOME EXPENSE FOR INTERÉST	INTERES RATE AVERAGE	VARIATION 50 PB IINTEREST RATE	
Financial Liabilities with Financial Cost				**Favorable**	**Unfavorable**
Passive operations of monetary market in Col. pesos	$1.017.892	13.711	2,69%	10	(10)
Passive operations of monetary market in foreign currency	1.381	518	74,94%	113	(113)
	1.019.274	**14.229**	**2,79**	**123**	**(123)**
Deposits of clients in saving accounts and TDC in Col. Pesos	9.664.574	173.909	3,60%	**-**	**-**
	9.664.574	**173.909**	**3,60%**	**-**	**-**
Deposits of clients in Fixed time deposits TDC in Col Pesos	5.307.445	142.923	5,39%	35	(35)
Deposits of clients in Fixed time deposits TDC in foreign currency	-	-	0,00%	-	-
	5.307.445	**142.923**	**5,39%**	**35**	**(35)**
Financial obligations in Col pesos	2.955.700	100.079	6,77%	34	(34)
Financial Obligations in foreign currency	1.645.725	8.696	1,06%	-	-
	4.601.425	**108.775**	4,73%	**34**	**(34)**
Total Financial Liabilities with financial cost in Col. Pesos	**$ 18.945.612**	**430.622**	**5%**	**79**	**(79)**
Total Financial Liabilities with financial cost in foreign currency	**$ 1.647.106**	**9.213**	**1%**	**113**	**(113)**
Total Financial Liabilities with financial cost	**$ 20.592.718**	**439.835**	**4%**	**193**	**(193)**
Total Net Financial Asset subject to interest Rate Risk in Col. Pesos	**$ 5.504.918**	**553.582**	**20%**	**93.667**	**(93.667)**
Total Net Financial Asset subject to interest Rate Risk in Foreign Currency	**$ 244.676**	**15.358**	**13%**	**4.871**	**(4.871)**
Total Net Financial Asset subject to Interest rate risk	**$ 5.749.594**	**568.940**	**20%**	**98.625**	**(98.625)**

Should during the semester ended on December 31, 2015, the interest has been 50 basic points lower keeping unchanged the other variables, the profit of semester had been increased by COP$20.099 (June 30, 2015 COP$98.625), mainly as a result of lower expense for variable passive.

If during the semester ended on December 31, 2015, the interest rates had been 50 basic points higher and all other variables unchanged, the profit of semester would be reduced by COP$19.184 (June 30, 2015 COP$98.624), mainly as a result of the decrease of reasonable values of negotiable investments.

The Bank is exposed to the risk loans prepayment granted at fixed interest rates including housing mortgage loans, which give to debtor the right to repay in advance with no any sanction. The Bank's profits of operational periods ended on December 31 and June 30, 2015, had not changed in a significant manner due to changes in the prepayment indexes because the credit portfolio and the right of prepayment are for an amount similar to that for the credits.

3. Risk of variation of Foreign Currency Type of Exchange:

The Bank operates at international level and is exposed to variations in the type of exchange resulting from exposures to several currencies, mainly in connection with United States of America Dollar and to Euros.

The risk of type of exchange in foreign currency occurs from assets and liabilities recognized in credit portfolio, financial obligations, investments in subsidiaries, and branch offices abroad and in future commercial transactions

The Banks in Colombia are authorized by Banco de la República to negotiate foreign currency and maintain balances in foreign currency in accounts abroad. The legal provisions in Colombia oblige the Bank to obtain an own daily position in foreign currency, determined by the difference between the rights and obligations denominated in foreign currency recorded within and without the balance sheet for an average of three business days, which cannot exceed twenty percent (20%) of technical patrimony; in the same way, such average of three business days in foreign currency may be negative without exceeding five percent (5%) of the technical patrimony given in US$ Dollars.

In the same way, the Bank needs to accomplish with the own position of cash money which is determined by the difference between the assets and liabilities denominated in foreign currency, excluding the derivatives, and some investments. The average of three business days of this own position of cash money could exceed fifty percent (50%) of technical patrimony of the entity; similarly, it will be not negative.

Additionally, the Bank needs to accomplish with limits of gross position of leverage, which is defined as the summation of rights and obligations in future contracts with future compliance denominated in foreign currency: the spot operations denominated in foreign currency with compliance between one banking day (t+1) and three banking days (t+3) and other derivatives on the type of exchange. The average of three business days of the gross position will exceed five hundred percent 550 (%) of the amount of technical patrimony of the entity.

Determining the maximum or minimum amount of the own daily position and of the own and spot position in foreign currency needs to be determined based on the Bank's technical patrimony the last day of the second precedent calendar month, converted to the exchange rate set by Colombia Finance Superintendence at end of the immediate precedent month. These lower limits are those ones legally defined usually the Bank uses the lower limits. Below, the legal limits for the own spot position are described:

Own spot position: third average between 5% and 20% of entity's Technical Patrimony.

Own spot position: hird average between 0% and 50% of entity's Technical Patrimony.

Additional to the legal limits, for own position there is an internal limit of value in risk corresponding to COP$700 daily.

As of December 31 and June 30, 2015, the exchange rates in foreign currency were the following compared to Col-Pesos:

Type of Currency		31 – December 2015	30 - June 2015
USA Dollars (USD/COP)			
At the closing	$	3.149,47	2.598,68
Average of Semester		2.999.35	2.482,97
Euros (EURO/COP)			
At the closing		3.441,11	2.907,66
Average of Semester	$	3.277.09	2.769,27

Basically all assets and liabilities in foreign currency of the Bank are maintained in USA dollars. Below the detail of asset and liabilities in foreign currency given in Col$ by the Bank as of December 31, and June 30, 2015:

31 - December 2015

Account	USA Dollars	Euros	Other Currency	Total
Asset				
Cash and equvalent to cash	$ 302,580	132,971	863	436,414
Invest. in certificates of debt at reasonable value	165,943	-	-	165,943
Invest. in certificates of debt at amortized cost	21,788	-	-	21,788
Invest. In patrimony instruments	170,767	-	-	170,767
Instruments derivative of negotiation	214,268	110,005	-	324,273
Financial asset by credit portfolio at amortized cost	2,020,321	3,403	34	2,023,758
Other Accounts receivable	3,058	5	-	3,063
Other assets	4,665	21	3	4,689
Total asset	**$ 2,903,391**	**246,406**	**899**	**3,150,696**
Liabilities				
Instruments derivative of negotiation	$ 253,794	10,480	-	264,273
Client's deposits	33,184	2,574	282	36,040
Inter-banking funds	637,951	62,106	27	700,084
Credits of bans and other	2,274,108	107,953	-	2,382,062
Obligations with redisount entities	48,757	-	-	48,757
Other liabilities	23,008	1	25	23,034
Total Liabilities	**3,270,803**	**183,113**	**334**	**3,454,250**
Active net position (liability)	**$ (367,412)**	**63,293**	**565**	**(303,554)**

June 30, 2015

Acount		USA Dollars	Euros	Other Currency	Total
Cash and equvalent to cash	$	192,664	33,681	582	226,927
Invest. in certificates of debt at reasonable value		191,278	-	-	191,278
Invest. in certificates of debt at amortized cost		15,833	-	-	15,833
Invest. In patrimony instruments		161,010	-	-	161,010
Instruments derivative of negotiation		83,875	65,618	-	149,494
Financial asset by credit portfolio at amortized cost					
Cash and equvalent to cash		1,628,160	637	258	1,629,055
Other accounts receivable		3,293	4	1	3,298
Other asset		2,586	21	3	2,610
Total asset	**$**	**2,278,699**	**99,961**	**844**	**2,379,505**
Liabilities					
Instruments derivative of negotiation	$	(438,601)	610,598	-	171,997
Deposits of clients		32,849	1,957	(24)	34,782
Inter-banking funds		341,217	-	27	341,244
Credits of bank and other		1,527,168	87,878	233	1,615,279
Obligations with rediscount entities		4,826	-	-	4,826
Other liabilities		4,121	-	48	4,168
Total Liabilities		**1,471,580**	**700,434**	**283**	**2,172,296**
Net active position (liability)	**$**	**807,119**	**(600,473)**	**561**	**207,209**

The Bank's management has issued policies requiring from subsidiaries to manage their risk of type of exchange in foreign currency as against the functional currency. The subsidiaries of Bank are required to cover its exposure of exchange type using for such purpose, operations with derivatives especially with forward contracts.

The net position in foreign currency is daily controlled by the division of treasury who are responsible for closing the positions adjusting them to the tolerance levels set forth.

The Bank holds several investments in subsidiaries and branch offices abroad, the net asset of which are exposed to risk of conversion of their financial statements for consolidation purposes. The exposure resulting from the net assets in foreign operations are mainly covered by obligations.

The estimate effect for increase of each 0,10/US$1 concerning the type of exchange at December 31, 2015 would be an increment by COP$ 1.050 in the assets, COP $928 in the liabilities and COP$8 in the results ($91, $84 and $7, respectively, in face values, at June 30, 2015).

4. Risk of price:

The Bank has exposure to risk of Price of financial assets in patrimony instruments, due to changes in the investments in stocks in the stock markets. The most significant risk is concentrated in the investment in stocks in the company Corficolombiana subsidiary of Grupo Aval, parent company of Banco de Occidente, where as of December 31, 2015 owned a participation amounting to 4,5952% and as of June 30, 2015 owned 4,6022% participation.

The Bank classifies its investments in variable income in securities of participation where the Bank has neither control nor significant influence, in the category of available for sale, when their basic objective is not obtain profits for Price fluctuations in the market, do no quote in stock exchange or they are of low marketability, nor expecting the maturity of investment, nor makes part of portfolio supporting its liquidity in the financial intermediation nor expect to use it as guarantee in passive operations, because its raison d'etre is strategic, directly coordinated with the parent company.

According to the model of business these investments will be sold when they accomplish with some of the conditions below:

- The investment no longer fulfills the conditions of the policy set by the Bank (for instance, the credit qualification of the asset drops below the conditions required by the Ban's investment policy);
- When significant adjustments are required in the maturity structure of the asset to resolve the unexpected changes in maturity structure of the Bank's assets.
- When the Bank requires to make significant capital investments, for example, acquisition of any other financial entities.
- When it is required to make significant disbursements to acquire or construct property and equipment and there is not liquidity for such purpose.
- In corporate reorganization is required of holding company of Banco de Occidente.
- To meet the unusual requirements or needs of disbursement of credits.

Additionally to above, the Bank is exposed to exposure to Price risk of properties classified as investments, which are recorded at the reasonable value and the purpose of which is to obtain income of the lease. The Bank every half-year updates the reasonable value of such assets based on appraisals made by independent experts.

5. Risk of liquidity:

The liquidity risk relates to the impossibility for the Bank to comply with the obligations assumed with the clients and counterparts of financial market at any time, and whichever currency and place, and for such purpose the Bank daily reviews its resources available.

The Bank manages the liquidity risk according to the standard model set forth in Chapter VI of the Accounting and Financial Basic Circular of Colombia Finance Superintendence and consistent with the regulations related the management of liquidity risk through basic principles of Liquidity Risk Management System (LRMS), establishing the minimum prudent parameters to be supervised by the entities in the operations to efficiently manage the liquidity risk they are subject to.

To measure the liquidity risk, the Bank calculates on a weekly basis, Liquidity Risk Indicators (LRI) at the terms 7, 15 y 30 days, according to provision in the standard model given by Colombia Finance Superintendence.

As a part of the liquidity risk, the structure of asset and liabilities, the degree of liquidity of assets, the availability of financing lines and general effectiveness of the asset management; above, in order to maintain sufficient liquidity, (including liquid assets, guarantees and collaterals) to deal with potential the own or systemic stress scenarios.

The quantification of funds obtained in the monetary market is an integral part of the liquidity measurement made by the Bank, supported on the demand of bimonthly legal reserve the Bank determines the primary and secondary liquidity sources in order to diversify the suppliers of funds, with the aim to ensure the stability and sufficiency of resources and minimize the sources concentrations.

Once sources of resources have been determined, such sources will support the need of funds, according to the demand and the need of investment, taking into consideration the Budget, the nature and deepness of the markets.

The availability of resources is daily monitored both to accomplish with the minimum cash reserve and to foresee and/or anticipate the potential change in Bank's liquidity risk profile and this way to make the strategic decisions as applicable. In this event, the Bank has in place indicators of liquidity alert allowing for establishing and determining the scenario where the Bank is operating, as well as the strategies to be followed in each event. Such indicators include, among others, LRI, the levels of deposit concentration, the use of liquidity lines of Central Bank..

By means of the asset and liabilities committees (Finance Committee and ALCO committee), the Bank management is aware of the entity liquidity situation and make the necessary decisions taking into account the high-quality liquid assets to be maintained, the tolerance in the management of liquidity or minimum liquidity, the strategies to grant the loans and the raising of funds, the policy about investments of excess of liquidity, the changes in the characteristics of existing products, as well as the new products, the diversification of sources of funds in order to prevent from the concentration of the gathering of deposits in few investors or savers, the hedging strategies, the results of the Bank and the changes in balance structure.

To control the liquidity risk between asset and liabilities, the Bank makes statistical analysis in order to determine the stability of the gathering of funds with and without contractual maturity.

To accomplish with the requirements by the Central Bank and Finance Superintendence, the banks in Colombia need to maintain cash and restricted banks as part of the legal reserve required and calculated over the daily average of the different deposits of the clients, the current percent is 11% over the requirements excepting time deposits with tem lower than 180 days the percent of which is 4.5% and 0% when exceeds such term. The Bank has properly accomplished with this requirement.

Item	Required
Deposits and demands at sight and before 30 days	11%
Deposits official establishments	11%
Deposits and demands after 30 days	11%
Ordinary saving deposits	11%
Time saving deposits	11%
Commitments of buyback negotiated investments	11%
Other accounts different from deposits	11%
Time Certificates:	
With term less than 540 days	4,5%
With term equal or more than 540 days	0%

As of December 31, and June 30, 2015, below the summary of the liquid assets available projected in a 90 days period by the Bank, according to the provisions, for such purposes by Colombia Finance Superintendence.

December 31, 2015

DESCRIPTION	BALANCE 31 DECEMBER 2015	FROM 1 TO 7 DAYS	FROM 8 TO 15 DAYS	FROM 16 TO 30 DAYS	DAYS 1-30 TOTAL	FROM 31 TO 90 DAYS
ASSET						
Liquid Asset (1)						
Cash and deposits in bank's	$ 2.412.013	-	-	-	-	-
Operations of monetary market	-	10.032	-	-	10.032	-
Investments negotiable in certificates of debt	1.554.585	1.040	4.219	13.877	19.135	42.153
Investments negotiable in Participation papers	-	-	-	-	-	-
Investments to maintain up to maturity	486.601	4	5.804	137.974	143.781	1.407
Other liabilities and creditor contingences	-	-	-	-	-	-
Subtotal	**4.453.199**	**11.075**	**10.023**	**151.850**	**172.948**	**43.559**
Asset contractual matured						
Ordinary Inter-Bank funds sold	-	72.642	-	-	72.642	-
Vencimientos contractuales de todas las inversiones para mantener hasta el vencimiento – TES.	-	-	-	-	-	-
Rights of investment transfer	-	749.891	-	-	749.891	-
Credit portfolio	-	389.199	424.855	978.634	1.792.687	3.199.276
Derivatives Financial instruments	-	117.860	174.374	271.571	563.805	494.738
Other	-	213.106	243.549	456.655	913.310	9.675.196
Flow of income with contractual maturity of asset oof-balance positions FIVC	-	**1.542.698**	**842.778**	**1.706.860**	**4.092.335**	**13.369.210**
Contractual Liabilities maturities	-					
Monetary market operations	-	778.456	17.000	-	795.456	-
Time deposit TDC and TDAs	-	153.134	118.309	358.952	630.395	1.039.788
Derivative financial instruments	-	108.415	-	410.077	518.492	468.583
Financial obligations	-	103.001	152.387	148.822	404.211	725.218
Other liabilities	-	118.144	135.022	253.166	506.332	3.894.475
Fow of expenses with Contractual Maturity of liabilities and off-balance Positions- FEVC	-	**1.261.150**	**422.718**	**1.171.017**	**2.854.886**	**6.128.064**
Net (estimate) flow of non-contractual maturity - FNVNC	**16.029.475**	**374.021**	**427.453**	**801.474**	**1.602.948**	**3.205.895**
Net Flow		(92.473)	(7.393)	(265.631)	(365.497)	4.035.251
Net estimate liquidity requirement –RLN (2)	**$**	**408.793**	**212.543**	**493.123**	**1.114.458**	**2.333.490**
Partial IRL		1089,35%	716,71%	631,06%	399,58%	129,16%

June 30, 2015

DESCRIPTION	BALANCE 30 JUNE 2015	FROM 1 TO 7 DAYS	FROM 8 TO 15 DAYS	FROM 16 TO 30 DAYS	DAYS 1-30 TOTAL	FROM 31 TO 90 DAYS
ASSET						
Liquid Asset						
Cash and deposits in bank's	$ 1.620.159	-	-	-	-	-
Operations of monetary market	-	25.494	-	-	25.494	-
Investments negotiable in certificates of debit	2.338.795	25.980	23.805	39.719	89.503	49.380
Investments to maintain up to maturity	550.283	54	4.648	157.654	162.356	26.040
Subtotal	**4.509.237**	**51.528**	**28.453**	**197.373**	**277.353**	**75.420**
Asset contractual matured						
Ordinary Inter-Bank funds sold	-	79.193	-	-	79.193	-
Rights of investment transfer	-	626.020	-	-	626.020	-
Credit portfolio	-	399.936	473.229	959.643	1.832.809	2.616.803
Derivatives Financial instruments	-	90.501	112.145	232.359	435.005	499.471
Other	-	162.021	185.167	347.188	694.376	8.820.202
Flow of income with contractual maturity of asset off-balance positions FIVC	**-**	**1.357.672**	**770.541**	**1.539.191**	**3.667.404**	**11.936.476**
Contractual Liabilities maturities						
Monetary market operations	-	651.445	-	-	651.445	-
Time deposit TDC and TDAs	-	268.249	237.738	867.294	1.373.281	1.870.139
Derivative financial instruments	-	94.952	-	343.531	438.483	411.261
Financial obligations	-	107.969	71.076	145.512	324.557	675.037
Other liabilities	-	104.022	118.883	222.905	445.811	3.715.885
Fow of expenses with Contractual Maturity of liabilities and off-balance Positions- FEVC	**-**	**1.226.636**	**427.698**	**1.579.242**	**3.233.576**	**6.672.322**
Net (estimate) flow of non-contractual maturity - FNVNC	**14.321.831**	**334.176**	**381.915**	**716.092**	**1.432.183**	**2.864.366**
Net Flow		**(203.141)**	**(39.072)**	**(756.143)**	**(998.355)**	**2.399.788**
Net estimate liquidity requirement –RLN	**$**	**390.203**	**202.403**	**766.219**	**1.166.440**	**2.384.172**
Partial IRL		**1156%**	**761%**	**470%**	**387%**	**127%**

(1) The liquid assets correspond to the sum of those assets existing at the closing of each operational period that given the characteristics can be quickly converted in cash. Among these assets the following: The cash at hand and in banks, the securities or coupons transferred to the entity in development of active operations of the monetary market made the entity which have not been used subsequently in passive operations in the monetary market, the investments in certificates of indebtedness at reasonable value and the investments at amortized cost, provided however that in this case, in dealing with forced or compulsory investments subscribed in the primary market and that it is allowed to make with them operations of monetary market. For calculations purposes of the liquid assets, all the investments mentioned, with no exception, are computed by the reasonable price of exchange in the date of evaluation.

(2) The balance corresponds to the residual value of the liquid assets of the entity in the days after the closing of the operational period, after discounting the net difference between the flows of income and expenses of cash of the entity in that operational period. This calculation is made by the analysis of mismatching of the cash flows of contractual and non-contractual cash flows, liabilities and off-balance positions in the time ranges from 1 to 90 days.

Above calculations of liquidity are prepared supposing a liquidity normal situation according to the contractual flow and historical experience of the Bank. For extreme events of liquidity due withdrawal of deposits, the Bank has in place contingency plans including the existence of credit lines from other entities and Access to especial credit lines with the Central Bank according to the regulations prevailing, granted at the time required, supported with bonds issued by Colombian Government and with high-quality credit portfolio, in accordance with the regulations by the Central Bank. During the semesters ended on December 31 and June 30, 2015, the Bank did not use these credit quotas of last resource.

The Bank has conducted an analysis of the movement of financial liabilities showing the following contractual remaining:

December 31, 2015

DESCRIPTION	Up to one month	More than 1 Month and no more than 3 months	More than 3 Months and no more than 1 years	More than 1 year and no more than 5 years	More than 5 years	Total
FINANCIAL ASSET AT REASONABLE VALUE						
Derivative instuments	96.722	59.425	90.088	22.275	-	268.510
	96.722	**59.425**	**90.088**	**22.275**	**-**	**268.510**
AT AMORTIZED COST						
Monetary market operations	1.024.151	452.595	-	-	-	1.476.746
Deposits of clients	16.331.441	992.946	1.414.994	815.787	603.539	20.158.707
Short-and long term financial obligations	376.128	466.603	1.286.925	252.204	-	2.381.860
Bonds Investments certificates	-	162.750	303.040	**967.272**	1.187.654	2.620.716
Obligations with rediscount entities	5.260	1.816	37.388	327.459	481.097	853.020
	17.736.980	2.076.710	3.042.347	2.362.722	2.272.290	27.491.049
TOTAL FINANCIAL LIABILITIES	17.833.702	**2.136.135**	**3.132.435**	**2.384.997**	**2.272.290**	**27.759.559**

June 30, 2015

DESCRIPTION	Up to one month	More than 1 Month and no more than 3 months	More than 3 Months and no more than 1 years	More than 1 year and no more than 5 years	More than 5 years	Total
FINANCIAL LIABILITIES AT REASONABLE VALUE						
Derivative Instruments	41.895	48.765	76.494	12.076	-	179.230
	41.895	48.765	76.494	12.076	0	179.230
AT AMORTIZED COST						
Monetary market operations	812.163	103.995	52.021	-	-	968.179
Deposits of clients	15.531.375	1.867.202	617.017	889.877	644.128	19.549.599
Short-and-long term Financial obligations	302.251	526.452	638.054	167.640	-	1.634.397
Bonds and investment Certificates	-	71.023	752.550	478.163	990.030	2.291.766
Obligations with rediscount entities	727	2.022	33.843	288.474	345.155	670.221
	16.646.516	2.570.694	2.093.485	1.824.154	1.979.313	25.114.162
TOTAL FINANCIAL LIABILITIES $	16.688.411	**2.619.459**	**2.169.979**	**1.836.230**	**1.979.313**	**25.293.392**

Through Finance Committee, the Finance Risk Committee (risk of treasury and credit risk) and the Board of Directors, the Top Management, was aware of the Bank's liquidity risk situation and the Bank made the necessary decisions taking into account the high-quality liquidity risk to be maintained, the tolerance in the liquidity management or minimum liquidity, the strategies to grant the credits and the gathering of deposits, the policies about placement of excess of liquidity, the changes in the characteristics of existing products as well as the new products, the diversification of sources of funds to prevent the concentration of the gathering of deposits in few investments, or the hedging strategies, the results of the Bank and the changes in the balance structure.

b. Credit Risk

Exposure to credit risk

The Bank is exposed to the credit risk, which means that the debtor produces a financial loss to the Bank due to default of the obligations and total debit. The exposure to credit risk of the Bank arises as the result of its credit operations and transactions with counterparts giving rise to financial asset.

The maximal exposure to credit risk of the Bank, According to **IFRS** 7, is reflected in the carrying value of financial assets in the Bank's financial statement situation.
The potential netting impact of asset and liabilities to potentially reduce the exposure to credit risk not significant.

For guarantees and commitments to extend the amount of credits, the max. exposure to credit risk is the amount of commitments, for such purposes, see Note 23. The credit risk is mitigated by guarantees and collaterals as described below

Mitigation of credit risks, guarantees and other improvements of credit risks

In most other events the maximal exposure to credit risk of the Bank declined by collaterals and other improvements of credit, which reduce the credit risk of Bank. The existence of guarantees can be a solution necessary, not so a sufficient instrument to accept the credit risk. The policies of credit risk of the Bank require an evaluation of debtor's payment capacity, and that the debtor can generate enough resources to allow for the redemption of debits.

The risk acceptance policy is, hence, organized into three different levels in the Bank.

- **Analysis of financial risk**: To authorize the credits, there are in place several models to assess the credit risk. Scoring models for the evaluation of credit risk of consumption portfolio. In the initial evaluation of clients, logistic regression models are used which assign a score to the client, based on socio-demographic variables and some ones behavior in the sector, and allow for determining if the applicant is subject of credit according to the policy of the Bank in respect of the minimum score required. There are also monitoring-up models mainly using client's payment behavior variables and some socio-demographic variables and allow for rating the clients and propose the probability of compliance in the coming years.
  For commercial portfolio with treating models, specifically logistic regression models, the variables of which are mainly financial indicators. With these variables entrance, models are obtained, and for follow-up models, payment behavior variables are added as the maximal height of arrears in the last year, counters of arrears, inter alia. Accordingly, there are entrance and follow-up models for segments of Industry, Commerce, Services Construction, Territorial Entities, and Financial Entities.

- The collateralizations to cover the debt and accepted according to the credit policies of each bank, according to the risk assumed in any of the types, such as personal guarantees, cash deposits, securities, and mortgage guarantees.

- Evaluation of liquidity risk of guarantees received.

The methods used to evaluate the guarantees are in line with the best market practices and imply the use of independent appraisers of real property, the market value of securities or the valuation of companies issuing the securities.

All the guarantees need to be legally evaluated and made following the parameters of their constitution according to the legal applicable standards.

As of December 31 and June 30, 2015, below the detail of the credit portfolio by type of guarantee received to support the credits granted by the Bank:

December 31, 2015

	Commercial	Consumption	Housing	Financial Leasing	Total
Unsecured credits	$ 8.265.124	4.184.742	3.117	57.241	12.510.224
Secured Credits by other banks	357.250	4.090	-	1.994	363.334
Collaterized Credits:					
Housing	23.699	789	312.260	-	336.748
Other Real Property	766.947	30.635	-	3.690	801.272
Investments in patrimony instruments	377.331	9.721	-	-	387.052
Goods in leasing	-	-	522.778	1.026.607	1.549.385
Chattels	-	-	-	1.844.410	1.844.410
Trust indenture. standby and guarantee funds	2.465.471	1.351	-	275.828	2.742.650
Pledge of income	854.988	-	-	8.902	863.890
Security	495.999	1.900.428	-	1.892	2.398.319
Other asset	809.918	66.498	3.845	1.108.995	1.989.256
Total gross credit portfolio	**$ 14.416.727**	**6.198.254**	**842.000**	**4.329.559**	**25.786.540**

June 30, 2015

	Commercial	Consumption	Housing	Financial Leasing	Total
Unsecured credits	$ 7.395.536	3.813.821	2.222	54.371	11.265.950
Secured Credits by other banks	301.297	2.569	204.249	1.351	509.466
Collaterized Credits:					
Housing	22.012	823	-	-	22.835
Other Real Property	625.474	31.702	-	5.130	662.306
Investments in patrimony instruments	375.019	8.758	-	-	383.777
Goods in leasing	-	-	491.604	1.341.441	1.833.045
Chattels	-	-	-	1.614.443	1.614.443
Trust indenture. standby and guarantee funds	2.468.676	694	-	180.046	2.649.416
Pledge of income	549.830	-	-	10.619	560.449
Security	513.109	1.767.954	-	2.576	2.283.639
Other asset	684.649	61.220	14.198	916.592	1.676.659
Total gross credit portfolio	**$12.935.602**	**5.687.541**	**712.273**	**4.126.569**	**23.461.985**

Policies to prevent excess of credit risk concentration

To prevent the excess of credit risk concentration at individual level, of the country and of economic sectors, the Bank maintains indexes of maximum levels of risk concentration updated at individual level and portfolios of sectors. The limit of Bank exposure in any credit commitment, to any specific client is dependent on the rating of client's risk, the nature of risk involved, and the presence of Bank in any specific market.

Fort the purpose to prevent credit risks concentrations, the Bank has a Risk Vice Presidency that consolidates and monitors the credit risk exposure of Bank, and the Board of Directors at Bank's level, establishes policies and maximum limits of consolidate exposure.

Under this credit risk management, continued follow-up is made to the concentration risk through the exposure or concentration limit of the commercial portfolio, which determines that in no any economic activity (CIIU to 4 digits) may exist debits exceeding 9% of the Commercial Portfolio without exceeding 40% Total Bank Patrimony

Below the detail of credit risk at Bank level in the different geographic areas determined in accordance with the country of debtor's residence, overlooking the provisions made up by impairment of credit risk of debtors.

December 31, 2015

	Commercial	Consumption	Housing	Financial Leasing	Total
Colombia	$ 14.071.403	6.198.254	842.000	4.329.559	25.441.216
Panamá	4.177	-	-	-	4.177
United states	5.960	-	-	-	5.960
El Salvador	47.320	-	-	-	47.320
Guatemala	5.733	-	-	-	5.733
Other countries	282.134	-	-	-	282.134
Total gross credit Portfolio	**$ 14.416.727**	**6.198.254**	**842.000**	**4.329.559**	**25.786.540**

June 30, 2015

	Commercial	Consumption	Housing	Financial Leasing	Total
Colombia	$ 12.750.447	5.687.541	712.273	4.126.569	23.276.830
Panamá	4.581	-	-	-	4.581
United States	9.363	-	-	-	9.363
Guatemala	7.866	-	-	-	7.866
Other countries	163.345	-	-	-	163.345
Total gross credit Portfolio	**$ 12.935.602**	**5.687.541**	**712.273**	**4.126.569**	**23.461.985**

Below the distribution of Bank's credit portfolio by economic sector as of December 31, and June 30, 2015.

December 31, 2015

Sector	Commercial	Consumo	Vivienda	Leasingn financiero	Total eneral	% Part
Salaried	$126.041	4.621.285	623.061	39.261	5.409.648	21,00%
Whole and retal trading and repair of vehicles, automotor and motorcycles	2.876.578	316.091	27.983	889.061	4.109.713	15,90%
Manufacturing Industries	2.053.165	90.674	7.497	575.178	2.726.514	10,60%
Construction	1.918.516	34.360	8.377	425.586	2.386.839	9,30%
Transport and Storing	917.552	58.656	18.598	494.292	1.489.098	5,80%
Financial and Insurance activities	1.314.407	10.260	4.635	94.085	1.423.387	5,50%
Capital Renter	298.515	666.687	72.930	30.918	1.069.050	4,10%
Public administration & defense; plans of social security compulsory affiliation	1.037.463	2.553	157	17.942	1.058.115	4,10%
Real state activities	340.673	26.473	6.553	470.989	844.688	3,30%
Human healthcare activities and social assistance	458.906	55.447	19.813	303.078	837.245	3,20%
Administrative and support services	591.878	34.021	6.226	137.320	769.446	3,00%
Agriculture, livestock, hunting forestry and fishing	499.808	63.172	5.135	103.222	671.337	2,60%
Professional scientific and technical activities	314.260	107.452	30.263	188.248	640.223	2,50%
Supply of electricity, gas, vapor and conditioned air	566.165	435	-	37.447	604.047	2,30%
Mining and quarrying explotation	456.611	2.806	-	123.730	583.147	2,30%
Lodging and food services	152.811	46.911	6.076	75.779	281.577	1,10%
Information and communications	128.504	12.204	1.213	96.377	238.298	0,90%
Education	110.172	8.720	1.404	78.839	199.135	0,80%
Cher services activities	107.442	27.425	996	55.783	191.646	0,70%

Distribution of water, evacuation and wastewater treatment	85.050	2.797	111	62.033	149.991	0,60%
Management of waste and environment sanitation	61.736	7.720	972	30.342	100.770	0,40%
Artistic entertainment and recreation activities	283	1.919	-	-	2.202	0,00%
Household activities on condition of employers undifferentiated of the household as producers of goods and services for own use	191	186	-	49	426	0,00%
Organizations activities and extra-territorial entities	**$ 14.416.727**	**6.198.254**	**842.000**	**4.329.559**	**25.786.540**	**100%**

June 30, 2015

Sector	Commercial	Consumption	Housing leasing	Financial	Total General	%Part.
Salaried	$ 108.543	4.246.651	514.459	46.311	4.915.964	21,00%
Wholes and retail trading and repair of vehicles automotor and motorcycles	2.561.722	278.842	23.861	853.500	3.717.925	15.8%
Manufacturing industries	1.983.897	80.001	6.542	580.517	2.650.957	11,30%
Construction	1.808.484	32.272	7.705	375.556	2.224.017	9,50%
Transport and Storing	798.845	52.696	14.630	517.269	1.383.440	5,90%
Actividades financieras y de seguros	1.026.202	8.495	1.810	82.123	1.118.630	4,80%
Financial and ensuring activities						
Capital Rentier	289.401	630.567	71.355	38.244	1.029.567	4,40%
Real Estate Activities	405.749	25.044	5.433	445.999	882.225	3,80%
Public administration and defense plans of social security of compulsory affiliation	776.701	1.093	175	23.098	801.067	3.4%
Human healthcare activities and social assistance	460.968	52.385	17.284	240.535	771.172	3.3%
A Professional, scientific and technical activities	365.657	99.520	29.127	166.309	660.613	2,80%
Agriculture, livestoxk, hunting, forestry and fishing	483.486	53.105	4.840	93.760	635.191	2,70%
Mining and quarryng exploitation	471.931	2.680	-	134.369	608.980	2,60%
Supply of electricity, gas, vapor and conditioned air	545.763	456	-	36.878	583.097	2,50%
Activities of management services and support	241.323	31.222	6.079	124.969	403.593	1,70%
Information and communications	180.866	11.061	350	90.468	282.745	1,20%
Lodging and food services	98.070	40.716	4.817	74.964	218.567	0,90%
Other service activities	99.911	22.601	1.110	54.387	178.009	0,80%
Eduction	93.966	7.399	1.115	50.443	152.923	0,70%
Distribution of wáter, evacuation wastewater treatment,	67.402	2.516	161	66.565	136.644	0.6%
Management of waste and environmental protection activities						
Artistic activities of entertainment and recreation	66.279	6.537	1.420	30.241	104.477	0.40%
Activities in the household as employers activities as	277	1.493	-	-	1.770	0.0%
Differentiatd for service for own us						
Activities of organzations and entities	159	189	-	64	412	0.00%
Total by economic destination	$ 12.935.602	5.687.541	712.273	4.126.569	23.461.985	100%

Process to grant credits and credit lines of the counterpart

The Bank assumes the credit risk in two areas of credit activity, including commercial, consumption and mortgage credit operations and treasury activity, including interbank, administration of investment portfolio, derivatives operations and negotiation with foreign currency operations, inter alia. In spite that these are independent activities, the nature of insolvency risk of the counterpart is equivalent, and therefore, the management criteria are the same.

The principles and standards to manage credit risk in the Bank are given in the Manual Credit Risk Management System (**CRMS**), issued both for traditional bank activity and treasury activity. The evaluation criteria to assess the credit risk apply the main guidelines issued by Financial Risk Committees.

The top authority related to credit activity is the Board of Directors guiding the general policy and is vested with authority to grant the highest allowed credit levels,. In the bank operations the powers to grant credit lines are dependent on amount, term and guarantees offered by the client. The Board of Directors delegated some powers related to credit, in different sectors and officers, who conduct the process of credits and are responsible for the analysis, follow-up and result..

On the other hand, in the operations of treasury activity, the Board of Director approves the lines of operations and counterpart. The risk control is made through three basic mechanisms: Annual allocation of operation quotas and daily control, quarterly solvency evaluation by the issuers and report of investment by economic group.

Additionally, to approve the credits, among other considerations, the probability of default, the quotas of counterpart, the recovery qualification of guarantees received, the term of credits, and concentration by economic sectors, are taken into account.

The Bank has in place a Credit Risk Management System (**CRMS**), managed by the Director of Risk and Operative credit and includes, inter alia, the design, implementation, and evaluation of the risk policies and tools defined by Financial Risk Committee and the Board of Directors. The progression made in the CRMS have allowed for obtaining significant achievements in the integration of credit risk measuring tools in the process to grant the credits and monitoring by the Bank.

In the granting process, the Macroeconomic adjustments are taken into account in connection with the probability of default, applied in order to identify and consider the relationship and trend existing between the economic variables behavior and the probability of default.

The credit risk of financial instruments off the balance is defined as the possibility of loss due to defaults of the counterpart to accomplish with the terms of the contract. The Bank uses the same credit policies in the assumption of contractual obligations in the off balance instruments by application of the policies set forth to approve the credits, limits and monitoring procedures.

Credit Risk Monitoring Process

The monitoring and following up to credits risk to the Bank is made in several steps including following up and management of daily collection based on the non-performing portfolio by age, qualification of risk levels, permanent monitoring to high-risk clients, restructuring process of operations and the receipt of goods in payment.

On a daily basis the Bank issues listing of overdue portfolio and based on such analysis, the Bank’s personnel make the collection process through telephone calls, emails, or writing communications.

The Bank under credit risk management, manually performs the monthly monitoring of the concentration risk by the limit of exposure of concentration of Commercial Portfolio, to determine that in no any economic activity (CIIU 4 digits) there is not doubt higher than 9% of the Commercial Portfolio without exceeding 40% of Total Bank's Patrimony.

The Bank, quarterly makes an individual credit risk analysis with the outstanding balances higher than $500, based on client's financial information updated, compliance with the terms agreed upon, guarantees received and consults to the Risk Centers, based on such information, it is proceeded to rank the clients by risk levels in category A- Normal. B- Subnormal. C- Deficient. D- Doubtful collection, and E- Irrecoverable.

For mortgage credits the classification above by risk levels is made taking mainly into account the arrears.

The exposure to credit risk through a periodical analysis of capacity of the borrower or the potential borrower to determine their capacity to pay the capital and interest. The exposure to credit risk is also partially mitigated by obtaining the collateral, corporate, and personal guarantees. As of December 31 and June 30, 2015, below the summary of portfolio by qualification of risk levels.

	December 31, 2015	June 30, 2015
Commercial		
"A" Normal Risk	$ 13.502.628	12.038.649
"B" Acceptable Risk	440.448	497.675
"C" Appreciable	215.915	159.023
"D" Significant Risk	177.200	177.408
"E" Bad Debt Risk	80.536	62.847
Commercial Portfolio Gross Balance	**14.416.727**	**12.935.602**
Consumption		
"A" Normal Risk	5.733.583	5.246.083
"B" Acceptable Risk	137.041	135.602
"C" Appreciable	107.206	100.013
"D" Significant Risk	132.636	132.211
"E" Bad Debt Risk	87.788	73.632
Consumption Portfolio Gross Balance	**6.198.254**	**5.687.541**
Housing		
"A" Normal Risk	804.131	678.938
"B" Acceptable Risk	9.714	10.308
"C" Appreciable	236	377
"D" Significant Risk	25.609	19.458
"E" Bad Debt Risk	2.310	3.192
Housing portfolio gross balance	**842.000**	**712.273**
Financial Leasing		
"A" Normal Risk	3.859.751	3.636.014
"B" Acceptable Risk	236.566	283.256
"C" Appreciable	96.018	64.331
"D" Significant Risk	102.334	107.303
"E" Bad Debt Risk	34.890	35.665
Financial leasing portfolio gross balance	**4.329.559**	**4.126.569**
Gross balance of financial asset credit portfolio	**$ 25.786.540**	**23.461.985**

The Bank each semester performs the analysis of clients potentially involving a significant impact of loss to the Bank and makes the appropriate provisions according to the instructions by Finance Superintendence. The monitoring of clients showing problems is by the UNA and based on such list, the Bank makes allocation of persons who will individual monitoring to each client. Such monitoring includes meetings with the clients to determine the potential reasons of risk and propose of joint solutions to obtain the compliance with the debtor's obligations.

Restructuring credit operations due to debtor's financial problems
The Bank periodically reschedules the debt of client with default problems related to their credit obligations with the Bank, requested by debtor, Such rescheduling usually are extensions of the term initially agreed on, rebates of interest, partial cancellation of debt or the combination of the above conditions.

The basic policy to implement such rescheduling of debt is to provide the clients with a financial viability allowing for them to adapt the payment conditions of debt to a new situation of funds generation.

When any credit is rescheduled due to debtor's financial problems, such debt is identified in the files of the Bank as rescheduled credit in accordance to the provisions issued by Colombia Finance Superintendence. The rescheduling process involves a negative impact on the debtor's risk qualification. The risk qualification made at the time of rescheduling only is improved when the client is properly compliant during a reasonable period with the terms of the agreement and its new financial situation is appropriate or additional sufficient guarantees are obtained.

Re-scheduled Credits		**December 31, 2015**	**June 30, 2015**
Local interest-bearing	$	137.514	151.143
Local not-interest bearing		213.276	184.815
Total re-scheduled	**$**	**350.790**	**335.958**

Receipt of goods received in payment

When the compelling collection or re-scheduling of credits fails to succeed within the reasonable time, it is proceeded to make the collection trough legal action or agreement with the client to receipt goods in payment are reached. The Bank has in place clearly established policies to receive goods in payment and operates separate departments specialized in the management of such events, receipt of goods in payment and subsequently such goods are sold.

During semesters ended on December 31 and June 30, 2015, below the detail of goods received in payment and sold in such periods.

		December 31 2015	**30 June 2015**
Goods received in payment	$	15.057	2.755
Goods sold		(2.013)	(429)
Total	**$**	**3.044**	**2.326**

c. Operational Risk

The Bank has in place the Operative Risk Management (**ORM**) implemented according to the guidelines included in Chapter XXIII of Accounting and Financial Basic External Circular 100/1995 by Colombia Finance Superintendence.

Thanks to ORM the Bank has reinforced the understanding and control of risks in processes, activities, products and operative lines, this way reducing the errors and identifying the improvement opportunities supporting the development and operation of new products and/or services.

In the Bank's Operative Risk Manual, there are policies, standards and procedures ensuring the business management in keeping with the defined levels of appetite to risk.. Also there is available the Manual of Business Continuance Plan for the operation of Bank in the event of any critical process interruption.

The Bank keeps detailed record of the Operational Risk events, supplied by Bank's information systems and the risk managers, with the record in the expense accounts assigned for the proper accounting monitoring.

In a monthly and quarterly way, the ORM Committee and the Board of Directors, respectively, are informed about the most significant issues of occurrences related to operational risk, such report including the monitoring to the implementation of corrective actions aimed at mitigating the qualified risks in extreme and high zones, the evolution of loss for operational risk, the action plans based on the events occurred, inter alia. In the same way, the changes in the profile of risk are reported, based on the identification of new risks and controls in the current and in the new processes.

The Operative Risk Unit is handled by the Operative Risk and Business Continuance Management, which is under the Risk and Collection Vice Presidency.

The Operational Risk and Business Continuance Directorate, has available three analysis of Business Continuance and one Coordination of Operational Risk with four analysts of Operational Risk.

The net loss recorded for operational risk events in the second semester 105 were $ 1.907, itemized as follows: Accidents (43.7%), Other lawsuits Judicial Administrative Process (29.8%), Sundry – Operational Risk (26.1%), Other accounting accounts (0.4%).

According to Basle risk classification, the events resulted from External Fraud (43.6%, $ 831), Legal (29.6%, $564), Execution and Administration of Processes (23.2%, $ 441) and other (3.6%, $70).

In the external fraud, the events with more frequency are the results from frauds with debit card and credit card for distance purchase ($148), forgery or copy of magnetic band ($90) and spoofing ($79).

In legal risk, the most relevant events occur for guilty verdict against the Bank, for claims of clients resulting from the alleged fraudulent use of its products by third parties ($539).

For errors in the execution and administration of process the principal event is the result of errors in conciliation of accounting items ($307).

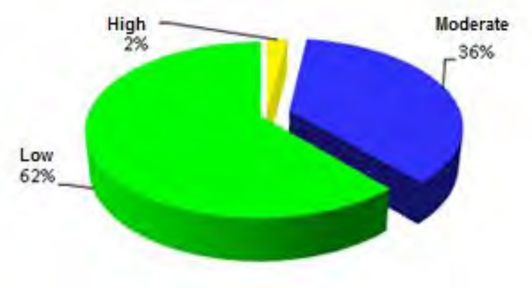
Concerning the profile of operational risk, as of December 31, 2015, 212 processes are considered, for which the Bank has identified the risks and controls. To produce the risk profile, the debugging of duplicated risks and controls, movement of positions were taken into account (Risk Managers), updating of duplicates and procedures, as well as the changes to processes documented by the Processes and Projects Division.

The evolution of figures resulting from each updating of operational risk profile of the Bank as of December 31 and June 30, 2015, is given below:

	December 31 2015	June 30 2015
Processes	212	222
Risks	1.255	1.277
Failures	4.305	4.440
Controls	4.991	5.248

Below the consolidated Bank's risk profile at the closing operational period, December 2015:

Residual Risks December 2015		
External	0	0%
High	28	2%
Moderate	455	37%
Low	772	61%
TOTAL	**1,255**	**100%**



Business Continuance Plan

According to the definition by Colombia Finance Superintendence and as part of the Operational Risk management, the Business Continuance Plan makes reference to the detailed set of actions describing the procedures, the systems and the resources necessary to resume and continue the operation in the event of interruption.

In the second semester, 2015, the permanent updating work of the continuance model was continued (updating of strategies, plans and directories), as well as the permanent monitoring to the compliance with the service level agreements for the relevant updating thereof and completion of both technological and operational tests.

Lastly, and in order to comply with the external Circular 042 from Finance Superintendence the permanent monitoring was made to the continuity plans of third parties offering to Bank critical services, such scheme reinforced with the support by Asobancaria.

d. Risk of Laundry Asset and Financing of Terrorism

Within the framework of regulation of Colombia Finance Superintendence and specially following the instructions given in Legal Basic Circular, Part I, Title IV, Chapter IV, the Bank shows satisfactory results of the management developed in connection with Laundry Asset Risk and Financing of Terrorism System (**LA/FT**), which are in compliance with the regulations prevailing, to the policies and methodologies adopted by the Board of Directors and the Recommendations of International Standards related to this topic.

The activities developed by the Bank or concerning LA/FT were developed taking into account the methodologies adopted by the Bank, allowing for the Bank to go ahead with the mitigation of risks the Bank is subject to, such results achieved as a consequence of the application of controls designed by each one of the risk factors defined in the Legal Basic Circular Part I, Title IV, Chapter IV of Colombia Finance Superintendence (Client, Product, Channel and jurisdiction), maintaining a Consolidated Risk Level quite Low, such aspect confirmed by the existence of events or situations contrary to the good image Banco de Occidente has maintained in connection with LA/FT.

Following the recommendations of the International Bodies and the national legislation about LA/FT, the risk of Laundry Asset and Financing of Terrorism (LA/FT identified by the Bank are properly managed under the concept of continued enhancement and aimed at reasonably minimizing the existences of such risks in the organization.

For the continued development of this task, the Bank has available technological tools allowing for the implementation of the policy know the client, know the market, transactional habit of clients, inter alia, for the purposes to identify unusual operations, and timely report suspect operations to the Information Unit and Financial Analysis (**IUFA**). It is necessary to emphasize that our entity implements continued improvement of the functions supporting the development of LA/FT in the Division of compliance, related the different applications and analytical methodologies, allowing for the mitigation of eventual risks of Laundry Asset and Financing of Terrorism.

This risk management system, is reinforced by the segmentation of risk factors developed by the entity using data mining tools of recognized technical value, allowing, for each risk factor (client, product, cannel and jurisdiction), to identify the risk and monitoring of the operations developed in the entity in order to detect the unusual operations based on the profile of segments.

On the other hand, the Bank maintains its training institutional program addressed to the employees, whereby instructions are given concerning the regulatory framework and control mechanisms available about LA/FT prevention in the organization, this way promoting the culture about LA/FT, which is properly accomplished and according the program.

In compliance with the provisions in the legal regulations and according to the amounts and characteristics required in Part I, Title IV, Chapter IV of the Legal Basic Circular, the Bank timely submitted the information and instruction reports to the different control entities.

The Bank maintains the policy indicating that the operations of the entity are to be processed under the highest ethical standards and control, prioritizing the ethical and moral principles for the achievement of the commercial goals, such aspects that, from the practical standpoint have been translated into implementation of criteria, policies, and procedures used to manage the LA/FT risk, that have been implement for the mitigation of those risks reaching the least exposure possible level.

According to the results of the several different steps related to LA/FT and the reports of the controlling entities, Internal Audit and Tax Auditing, as well as comments by the Board of Directors in connection with the reports submitted on a quarterly basis by the Compliance Official, the Entity maintains a proper LA/FT risk management.

During the second half-year 2015, the reports prepared by Internal Audit and Tax Auditing, related to LA/FT in order comply with the recommendations focused to System optimization. According to reports received, the results of the Official of Compliance management about LT/FT are considered as satisfactory and do not require Material Enhancement.

e. Legal Risk

The Legal Vice Presidency supports the task related to legal risk management in the operations developed by the bank and processes instituted against the Bank. Specifically, defines and establishes the procedures necessary for the proper control of the legal risk of the operations, ensuring for them to accomplish with the legal provisions, that they are documented, analyzes and writes the contracts supporting the operations developed by the different business units. The Financial Vice Presidency supports the tax legal risk, as well as the Human Resources Vice Presidency, the labor legal risk.

The Bank, consistent with the instructions issued by Colombia Finance Superintendence, appraised the allegations of the processes against the Bank based on the analysis and concept of the lawyers; and in those events required, the respective contingencies are duly provisioned.

In connection with the copyrights, the Bank uses only software or licenses legally acquired and does not allows for its equipment to use programs different from those officially approved.
In the Note 20 to financial statements, the legal actions against the Bank are detailed.

Note 5. – Estimating reasonable values

The reasonable values of financial asset and liabilities negotiated in the active markets (as the financial asset in certificates of indebtedness and patrimony and derivatives actively quoted in stock exchanges or in interbank markets) is based on prices supplied by the supplier of prices, authorized by Colombia Finance Superintendence, who determines the prices by using weighted averages of transactions occurred during the negotiation day.

An active market is that one where the transactions of asset and liabilities are carried out with sufficient frequency and volume in order to provide continuous information of pricing.. Any dirt price is that one including the accrued interest and outstanding interest over the security, since the date of issue or since the last payment of interest up to the date of compliance of sale/purchase operation.

The reasonable value of financial asset and liabilities which are not negotiated in any active market is determined by the valuation techniques determined by the supplier of Price of the Bank. The valuation techniques used for non-standardized financial instruments such as options, swaps of foreign currency and derivatives of the OTC market include the use of interest rate valuation curves or currencies constructed by the suppliers of Price based on market data and extrapolation to specific conditions of the instrument valued, discounted cash-flow analysis, position price models, and other valuation techniques usually used by the participants of the market, using the most amount of market data and rely at least possible on specific data of entities.

The Bank can use internally developed models for financial instruments which are not in possession of active markets. Such models usually are based on methods and techniques of valuation usually standardized in the financial sector. The valuation models are used mainly to value patrimonial financial instruments not quoted in the stock exchange, the certificates of indebtedness, and other debt instruments to which the markets were or have not been active during the financial operational period. Some inputs of these models may not be observed in the market, and therefore, they are estimated based on assumptions.

The output of a model always is an estimation or approximation of a value that cannot be certainly estimated, and the valuation techniques used cannot fully reflect all the factors relevant to the Bank's position. Therefore, the valuations are adjusted, if required, in order to allow additional factors, including country risk, liquidity risk, and counterpart risk.

The reasonable value of non-monetary assets such as property of investment or credit guarantees for impairment purposes is made based on appraisals made by independent experts with proper and sufficient experience and knowledge of the real property market or the asset under valuation. Usually, such valuations are made by reference to market data or based on the replacement cost when there is insufficient data of the market.

The reasonable hierarchy of value includes the following levels

- The entries of Level 1 are prices quoted (unadjusted) in active markets for assets or liabilities identical to those that the entity can access at the date or measurement.
- The entries of Level 2 are entries different from the prices quoted included in the Level 1 which are observable for the asset or liability, either directly or indirectly.

- The entries of Level 3 are those ones not-observable for the asset or liability.

The level in the hierarchy of reasonable value where the reasonable value is fully classified is determined based on the entry of the lowest level significant for the measurement of the whole reasonable value. For such purpose, the significance of any entry is valued in connection with the total reasonable value. Should any measurement of reasonable value uses observable entries requiring significant adjustments based on non-observable entries, such measurement is a Level 3 measurement. The evaluation of the significance of any specific entry to the total reasonable value measurement requires the judge taking into account specific factors of the asset or liability.

Determining about what is considered as “observable” requires a significant judgment by the Bank. The Bank considers as observable those market data already available which are regularly distributed or updated, which are reliable and verifiable, have property rights, and are provided by independent sources taking active part in the reference market.

(a.) Measurement of reasonable value over recurrent base

Measurements of reasonable value based over recurrent bases are those ones the accounting standards IAS require or allow in the financial situation statement at the closing of accounting operational period.

The Table below analyzes, within the hierarchy of reasonable value, the assets and liabilities (by class) of the Bank measured at the reasonable value as of December 31, and June 30, 2015 over recurrent bases.

December 31, 2015

	Reasonable values calculated using Internal models				Effect of reasonable assumptions over reasonable value			
	Level 1	Leel 2	Level 3	Tota	Valuation Technique for levels 2 and 3	Principal data entered	More favorable	Less favorable
ASSET								
RECURRENT MEASUREMENTS AT REASONABLE VALUE								
Investments in Certificates of Debt at reasonable value								
Issued or ensured by Colombian Government	$ 888.093	1.404.956	-	2.293.049	Tasas de Interés	Sistemas transaccionales	33.540	(3.538)
Issued or ensured Emitidos o garantizados por otras instituciones	3.059	64.571	-	67.630	Tasas de Interés	Sistemas transaccionales	321	(321)
Issued or ensured by entities of Colombian real Sector	-	6.268	-	6.268	Tasas de Interés	Sistemas transaccionales	90	(90)
Issued or ensured by other foreign financial institutions	-	159.528	-	159.528	Tasas de Interés	Sistemas transaccionales	289	(289)
Other	-	91	-	91	Tasas de Interés	Sistemas transaccionales	1	(1)
Investments in equity instruments	397.297	-	16.894	414.191	Precios de mercado			
Derivatives of negotiation								
Forward of currency	-	306.439	-	306.439	Interpolación	Sistemas transaccionales	104	(103)
Swap Interest rate	-	2.818	-	2.818	Interpolación	Sistemas transaccionales	24	(23)
Swap currency	-	17.817	-	17.817	Interpolación	Sistemas transaccionales	143	(142)
Other	-	18.431	-	18.431	Interpolación	Sistemas transaccionales	412	(211)
Property of investment at reasonable value	-	92.115	-	92.115	Enfoque de mercado	Construcción mantenida y utilizada		
TOTAL ASSET AT REASONABLE VALUE , RECURRENTS	1.288.449	2.073.034	16.894	3.378.377			34.924	(4.718)
LIABILITIES								
Derivatives of negotiation								
Forward of currency	-	234.268	-	234.268	Interpolación	Sistemas transaccionales	342	(340)
Swap Interest rate	-	2.298	-	2.298	Interpolación	Sistemas transaccionales	20	(20)
Swap Currency	-	22.582	-	22.582	Interpolación	Sistemas transaccionales	93	(92)
Other	-	9.362	-	9.362	Interpolación	Sistemas transaccionales	66	(200)
TOTAL LIABILITIES AT REASONABLE VALUE RECURRENT	$ -	268.510	-	268.510			521	(652)
Equity Instruments valued at equity variation	$		16.746	16.746				

June 30, 2015

	Reasonable Values Using internal model					Effect of reasonable assumptions on reazonable Value	
	Level 1	Level 2	Total	Technique of valuation For levels 2	Principal data entered	More favorable	Less favorable
ASSET							
MEASUREMENT AT REASONABLE VALUE RECURRENTS							
Investments in certificates of debt at reasonable value							
Issued or ensured by Colombian Government	$ 2.810.339	51.672	2.862.011	Tasas de interes	Sistemas transaccionales	42.542	(42.539)
Issued or ensured by other Colombia financial Institutions	21.269	99.431	120.700	Tasas de interes	Sistemas transaccionales	429	(430)
Issued or ensured by entities of Colombia real sector	7.969	76	8.045	Tasas de interes	Sistemas transaccionales	149	(150)
Issued or ensured by other financial institutions of foreign sector	-	156.830	156.830	Tasas de interes	Sistemas transaccionales	12	(12)
Other	-	7.663	7.663	Tasas de interes	Sistemas transaccionales	8	(7)
Investments in equity instruments	366.940	-	366.940				
Derivatives of negotiation							
Forward of currency	-	142.415	142.415	Interpolación	Sistemas transaccionales	491	(1.615)
Forward Interest rate	-						
Swap Interest rate	-	22	22	Interpolación	Sistemas transaccionales	1	(1)
Swap currency	-	6.832	6.832	Interpolación	Sistemas transaccionales	487	(338)
Other	-	7.968	7.968	Interpolación	Sistemas transaccionales	155	(110)
Property of investment at reasonable value	-	75.645	75.645	Enfoque de mercado	Construcción mantenida y utilizada		
TOTAL ASSET AT REASONABLE VALUE RECURRENT	3.206.517	548.554	3.755.071			44.274	(45.202)
LIABILITIES							
Derivatives of negotiation							
Forward of currency	-	157.029	157.029	Interpolación	Sistemas transaccionales	(1.372)	805
Swap Interest rate	-	9	9	Interpolación	Sistemas transaccionales	(2)	1
Swap currency	-	16.163	16.163	Interpolación	Sistemas transaccionales	(138)	397
Other	-	6.026	6.026	Interpolación	Sistemas transaccionales	12	25
TOTAL LIABILITIES AT REASONABLE VALUE	-	179.227	179.227			(1.500)	1.228
Equity Instruments valued at patrimonial variation	**$ -**	**-**	**18.233**				

The investments, the values of which are based on market Price quoted in active markets, and hence, some investments issued or supported by Colombian Government, other Colombian financial institutions and entities of Colombia real sector.

Financial instruments quoting in the markets which are not considered as active, even though they are valued according to the market prices quoted, quotations of stockbrokers or sources of alternative prices supported by observable entries, are classified in the Level 2. Other investments issued or ensured by Colombian Government, other Colombian financial institutions, entities of Colombia real sector, entities of the foreign real sector, derivatives and properties of investments are included. Since investments of the Level 2 include positions which are not negotiated in the active markets and/or are subject to limitation of transfer, the valuation may be adjusted in order to reflect the absence of liquidity or non-transferability, which usual are based on the information available in the market.

As indicated in the note above, the reasonable value of the investment properties are determined based on the appraisal made by independent experts as of December 31, 2015, which were prepared under the methodology of sales comparative approach, determining the value of assets according to comparison with other similar currently transacted or previous transacted in the real-estate market; this comparative approach considers the sale of similar or substitute goods, as well as data obtained from the market and produces an estimate of value using processes including the comparison.

According to the External Circular 034/2014 by Colombia Finance Superintendence, the unlisted investments and when the Bank has no any significant influence or control, which as of June 30, 2015 amounted to $18.233, their carrying value was determining by adjusting the investments by the proportional participation in the patrimonial variances of entities where the Bank holds the investment determined based on financial statements or certificates issued by such entities up to six months old.. As of December 31, 2015, these same investments amount to $33.640, out of which $16.894 their reasonable value was determined by using a reasonable valuation methodology for variable income securities made by the supplier of prices INFOVALMER and classified as Level 3

As a result of the above, the consistence in the standards accounting application and financial information accepted in Colombia, is impacted in connection with the precedent operational period.

The Table below shows the net transfers between levels 1 and 2 for the semesters ended in December 31 and June 30, 2015:

December 31, 2015

		Level 1 to Level 2
MEASUREMENTS AT REASONABLE VALUE FOR RECURRENT		
Asset		
Investments at reasonable value of fixed income	$	1.359.639

The investments transferred from the Level 1 are those related to positions which negotiation was inactive as December 31, 2015, although it was negotiated on June 30, 2015.

June 30, 2015

		Level 1 to Level 2	Level 2 to Level 1
MEASUREMENTS AT REASONABLE VALUE			
Asset			
Investments at reasonable value fixed income	$	**110**	**237.008**

The investments transferred from the Level 1 are related to positions which negotiation was inactive as of June 30, 2015, although they were negotiated on December 31, 2014. The investments transferred to Level 1 are related to positions to which there was significant commercial activity on June 20, 2015, although they were negotiated in an inconsistent manner on December 31, 2014 or nearby such date.

The Table below shows the transactions of the patrimony instruments of lower participation (lower than 20%) valued at patrimonial variation and reasonable value for the semesters ended on December 31, and June 30, 2015:

		Patrimony Instruments
Balance January 1, 2015	**$**	**18.087**
Adjustment to valuation with effect on ORI		(1.112)
Additions		1.250
Difference in exchange		8
Balance on June 30, 2015		**18.233**
Adjustment to valuation with effect on ORI		349
Additions		8.077
Difference in exchange		6.960
Adjustment to valuation with effect on ORI		21
Balance on December 31, 2015	**$**	**33.640**

(*) This adjustment, in addition to the unrealized guarantee of Corficolombiana for $10,497, amounts to $18.574 corresponding to the net unrealized profit in patrimony instruments measured at reasonable value of the second semester 2015.

The Table above shows the summary of the financial assets of Bank at amortized cost as of December 31, and June 30, 2015 compared to the values determined at reasonable value, to which it is practical the calculation of the reasonable value.

	December 31, 2015		June 30, 2015	
	Carrying value	Estimate reasonable Value	Carrying Value	Estimate de Reasonable Value
Asset				
Investment of fixed rent at Amortized Cost	$ 547.837	539.157	601.672	592.824
Credit portfolio amortized Cost	25.517.137	26.445.379	21.375.298	22.918.521
Liabilities				
Deposits of clients	$ 20.158.707	20.661.329	19.436.658	21.072.818
Financial obligations	7.332.342	7.218.505	4.593.878	4.624.377

The methodologies of reasonable value for fixed interest-bearing securities at the time zero correspond to the adjustment of the difference between purchase Price (TIR purchase) and the market Price published by supplier of Price INFOVALMER. For subsequent measurement this reasonable value about each one of the investment is determined with daily valuation using the market price released by the same supplier of prices.

The methodology of reasonable value of Banco de Occidente liabilities (TD’s and Bonds) is made by applying the so-called PWPREI application, that values at market Price the Bank’s standardized liabilities in Pesos, using the information released by the suppler of prices INFOVALMER.

Note 6. – Cash and its equivalent to cash

The balances of cash and equivalent to cash include the following:

	December 31 2015	June 30 2015
In Col. Pesos		
Cash	$ 500.046	457.988
In Central Bank of Colombia	1.507.385	954.173
Bank and other financial entities at sight	156	40
Deposits and investment & Certificates of debt With less than three months maturity	5.117	1.301
	2.012.704	**1.413.502**
In foreign currency		
Cash	8.117	23.645
Bank and other financial entities at sight	428.298	203.282
Spot Operations - Net	33	29
	436.448	**226.956**
Total cash and equivalent to cash	**$ 2.449.152**	**1.640.458**

Below the detail of credit quality is given, determined by independent rater agents, of the main financial institutions whereby he Bank maintains funds in cash:

Credit quality		December 31 2015	June 30 2015
Banco Republica	$	2.015.547	1.435.806
Grade of investment		428.487	120.041
Without rating or unavailable		5.118	84.611
Total	**$**	**2.449.152**	**1.640.458**

The spot operations as of December 31 and June 30, 2015, are as follows:

		December 31 2015	June 30 2015
Spot Operations			
Spot Operations Asset	$	7.923	9.110
Spot Operations Liabilities		(7.890)	(9.081)
Net Position	**$**	**33**	**29**

As of December 31, 2015 the legal reserve in Colombia is 11%, over the total gatherings (11% as of June 30, 2015).

Cash and equivalent to cash by $1.507.385 as of December 31, 2015 makes part of legal reserve required to accomplish with the legal requirements of liquidity ($ 954.173 as of June 30, 2015).

There exists no any restriction about cash and equivalent to cash.

Note 7. – Financial Asset of investment

a) Negotiable investments

Negotiable investments as of December 31, and June 30, 2015 are itemized below:

		December 31, 2015		June 30, 2015
CERTIFICATES OF DEBT				
In Col. Pesos				
Issued or ensured by Colombian government	$	125.137	$	153.631
Issued or ensured by other financial institutions		39.836		65.052
		164.973		**218.683**
In Foreign currency				
Issued or ensured by other financial Institutions		166.132		191.278
Total Certificates of debt	**$**	**331.105**	**$**	**409.961**

		December 31 2015	June 30 2015
PATRIMONY INSTRUMENTS			
With Adjustment of results			
In Col Pesos			
Corporate Stocks			
Corporación Financiera Colombiana S.A.	$	-	366.940
Promotora La Alborada S.A under restructuring		205	-
Promotora La Enseñanza S.A		124	-
Plaza Mayor Medellin Convenciones Y Exposiciones S.A		1	-
		330	**366.940**
Fiduciary Assignments			
GNB Sudameris		499	-
Accion Fiduciaria SA		999	-
Fiduciaria Fiduagraria		150	-
Alianza Fiduciaria SA		54	-
Fiduciaria Fidubogota - Villa Sabrina		6.959	-
		8.661	-
Subtotal		**8.991**	**366.940**
Total financial assets of negotiation	**$**	**340.096**	**776.901**

b) Investments available for sale

The available investments for sale on December 31 and June 30, 2015 are detailed below

December 31, 2015

Financial assets in certificates of debt with adjustment to patrimony - ORI	*Amortized cost*	*Unrealized cost*	*Unrealized loss*	*Reazonable Value*
In Col Pesos				
Issued or ensured by Colombian Government	$ 2.240.473	6.589	(79.151)	2.167.911
Issued or ensured by other financial institutions	5.664	12	(6)	5.670
Other	88	4	-	92
	2.246.225	**6.605**	**(79.157)**	**2.173.673**
In foreign currency				
Issued or ensured by other financial institutions	**15.624**	**-**	**(103)**	**15.521**
Issued or ensured by entities of de real sector	**9.974**	**-**	**(3.707)**	**6.267**
	25.598	**-**	**(3.810)**	**21.788**
Total certificates of debt	**2.271.823**	**6.605**	**(82.967)**	**2.195.461**

Financial asset in Patrimonial papers	**Cost**	**Unrealized profit**	**Unrealized Loss**	**Reasonable value**
With adjustment to patrimony - ORI				
In Col Pesos				
Corporate stocks (1)	406.819	15.981	(974)	421.826
In foreign currency				
Corporate stocks	120	-	-	120
Total equity instrument	**406.939**	**15.981**	**(974)**	**421.946**
Total investment available for sale and unrealized profit (loss) in others Integral result	**$ 2.678.762**	**22.586**	**(83.941)**	**2.617.407**

(1) L The investment i Corficolombiana was reclassified from negotiable to available for sale, duly authorized by Colombia Finance Superintendence. See note 2.5.

June 30, 2015

Activos financieros en títulos de deuda con ajuste a Patrimonio - ORI	Costo Amortizado	Ganancia no Realizada	Pérdidas no realizadas	Valor razonable
Financial assets in certificates of debt with adjustment to Patrimony-ORI				
In Col Pesos				
Issued or ensured by Colombian Government	$ 2.719.963	19.632	(31.214)	2.708.381
Issued or ensured by other financial institutions	20.913	86	-	20.999
Other	70	6	-	76
	2.740.946	**19.724**	**(31.214)**	**2.729.456**
In foreign currency				
Issued or ensured by other financial institutions	7.736	128	-	7.864
Issued or ensured by entities of de real sector	8.261	-	(292)	7.969
Total certificates of debt	**15.997**	**128**	**(292)**	**15.833**
	2.756.943	**19.852**	**(31.506)**	**2.745.289**
Financial asset in Patrimonial papers	**Cost**	**Unrealized profit**	**Unrealized Loss**	**Reasonable value**
With adjustment to patrimony - ORI				
In Col Pesos				
Corporate stocks (1)	11.554	7.134	(554)	18.134
In foreign currency				
Corporate stocks	99	-	-	99
Total equity instrument	**11.653**	**7.134**	**(554)**	**18.233**
Total investment available for sale and unrealized profit (loss) in others Integral result	**$ 2.768.956**	**26.986**	**(32.060)**	**2.763.522**

Below a detail of investments available for sale in patrimony instruments are given
:

Entity	December 31 2015	June 30 2015
Redeban Multicolor S.A. (1)	$ 5.908	6.029
Deposito Centralizado de Valores de Colombia Deceval S.A. (1)	2.730	809
A.C.H Colombia S.A. (1)	7.277	1.158
Cámara De Compensación de Divisas de Colombia S.A. (1)	596	146
Cámara De Riesgo Central de Contraparte de Colombia S.A. (1)	383	675
Corporación Financiera Colombiana Corficol S.A.	397.297	-
Master Card Inc.	120	99
Aportes En Línea S.A. (Management and Contact)	241	178
Casa de Bolsa S.A Sociedad Comisionista de Bolsa	2.518	2.599
Pizano S.A. En Reestructuración	1.419	1.668
Cifin S.A.	3.457	2.841
Goods in dation of opayment	-	2.031
Total	**$ 421.946**	**18.233**

(1) These financial instruments were recognized on June 30, and up to December 30, 2015 to the patrimonial variation, according to provision in literal ii) of item 6.2.5 in Chapter I-I of the CE 100 1995. As from December 31, 2015 were recognized at reasonable value based on the Price by supplier of prices INFOVALMER as indicated in item) Item 6.2.5 of chapter I-I; the effect of this change on measurement was $7.311 in the ORI, making part of the adjustment with effect on ORI for reasonable value of the patrimonial instruments with lower participation of $8.077 (see note 5).

c) Ensuring repo operations

Below the financial assets are itemized at reasonable value currently ensuring repo operations, which have been delivered in guarantee of operations with financial instruments and those ones delivered as collaterals guarantees to third parties to support financial obligations with other banks (See note 18).

		December 31 2015	June 30 2015
Delivered in money market			
Issued or ensured by Colombian government	$	717.226	571.543
Issued or ensured by other financial institutions		32.049	52.287
		749.275	**623.830**
Delivered in guarantee of operations With derivative instruments			
Issued or ensured by Colombian Government		103.708	57.264
Total operations in guarantee	**$**	**852.983**	**681.094**

Below the detail of credit quality determined by independent risk rater's agents, from the major counterparts in certificates of debt and investments in patrimonial instruments where the Bank holds financial asset at reasonable value:

		December 31 2015	June 30 2015
Grade of investment			
Sovereigns	$	2.293.048	2.862.012
Corporate		6.268	7.969
Financial entities		624.456	652.133
Total grade investment		**2.923.772**	**3.522.114**
Speculative			
Other public entities		91	76
Total speculative			
Without qualification or unavailable			
Corporate		33.640	18.233
	$	**2.957.503**	**3.540.423**

As of December 31, 2015, the financial asset available for sale are ensuring repo operations for $707.520 (June 30, 2015 $557.175)

Over the financial assets in certificates of indebtedness and patrimonial instruments at reasonable value there is not legal or economic restrictions, pledging or encumbrance, and there is no any limitation to the ownership.

The financial assets in patrimonial instruments at reasonable value with adjustment to other integral results have been named taking into account that they are strategic investments to the Bank and therefore, it is not expected to be sold in a near future and there is higher uncertainty in the determination of the reasonable value generating significant fluctuations from one to other period. During the semester ended on December 31, 2015 dividends in the statement of results have been recognized these investments for $13.339 ($1,742 during the semester ended on June 30, 2015). In the same way, during the semesters above mentioned, transfers to the accounts ORI corresponding to accrued profit for sale of such investments have not been occurred.

Below the summary of financial assets available for sale in certificates of indebtedness by date of maturity:

		December 31 2015	June 30 2015
Less than 1 year	$	302.588	227.434
Between more than 1 yr and 5 years		1.191.433	1.440.283
Between more than 5 years and 10 years		655.130	1.025.223
More than 10 years		46.310	52.349
Total	**$**	**2.195.461**	**2.745.289**

Note 8. – Investments maintained up to maturity, net

The balance of investments maintained up to maturity includes the following at December 31 and June 30, 2015:

		December 31 2015	June 30 2015
CERTIFICATES OF INDEBTEDNESS			
In Col. Pesos			
Issued or ensured by Colombian Government	$	5,691	35,191
Issued or endured by other entities of Colombian Government		526,424	566,481
Total certificates of indebtedness		**532,115**	**601,672**
In Foreign currency			
Issued or ensured by other financial institutions		15,752	-
Provision for impairment of credit risk		(30)	(30)
Total assets in certificates of indebtedness at amortized cost	**$**	**547,837**	**601,642**

Below the detail of the credit quality determined by independent risk rater's agents of the major counterparts in certificates of indebtedness where the Bank holds investments up to the maturity:

		December 31 2015	June 30 2015
Col. Pesos			
Issued and ensured by the Nation and/or the Central Bank	$	532.115	601.672
Foreign Currency			
Without qualification or unavailable	$	15.752	-

Below the movement of provisions for impairment of credit risk of the investments maintained up to maturity during the operational periods ended on December 31, 2015 and June 30, 2015:

		December 31 2015	June 30 2015
Balance at the beginning of period	$	(30)	-
Provisions during the period		-	(30)
Balance at the closing period	**$**	**(30)**	**(30)**

Below the summary of the investments maintained up to maturity by date of maturity:

		31 dismember 2015	30 June 2015
Up to 1 month	$	141.838	160.820
More than 1 month and no more than 3 months		1.196	25.922
More than 3 months and no more than 1 year		389.081	414.930
More than 5 years and no more than 10 years		15.752	-
	$	**547.867**	**601.672**

Not 9. – Derivatives Instruments and accounting of hedging

a. Derivatives Instruments of negotiation:

The table below incudes the reasonable values as of December 31, and June 39, 2015, from forward contracts, futures, options, swaps of interest rate and of foreign currency the Bank is committed

Concepto		December 31, 2015 Notional Amount	December 31, 2015 Reasonab Value	30, 2015 Notional amount	30, 2015 Reazonab amount
Asset					
Forward contracts					
Forward contracts to purchase foreign currency	$	3.653.364	235.098	3.575.408	138.497
Forward contract to sell foreign currency		2.115.581	71.341	332.402	3.918
Subtotal		**5.768.945**	**306.439**	**3.907.810**	**142.415**
Swap					
Swap contracts of foreign currency		60.137	17.817	56.021	6.832
Swap contract of interest rate		529.777	2.818	324.109	22
Subtotal		**589.914**	**20.635**	**380.130**	**6.854**
Futures contracts					
Futures contracts to purchase foreign currency		-	-	800.258	-
Futures contracts to sell notional bonds		-	-	21.248	-
Contratos de Futures of purchase notional bonds		11.981	-	-	-
Subtotal		**11.981**	**-**	**821.506**	**-**
Purchase of options					
Options purchase of foreign currency		265.373	18.431	209.050	7.968
Total asset	**$**	**6.636.213**	**345.505**	**5.318.496**	**157.237**
Liabilities					
Forward Contracts					
Forward contracts to purchase foreign currency		1.328.071	41.804	222.108	1.561
Forward contracts to sell foreign currency		3.228.902	192.463	3.604.890	155.468
Subtotal		**4.556.973**	**234.267**	**3.826.998**	**157.029**
Swap					
Swap contracts, foreign currency		82.155	22.582	51.934	16.163
Swap contracts of interest rate		334.320	2.298	452.485	11
Subtotal		**416.475**	**24.880**	**504.409**	**16.174**
Futures contracts					
Contratos de futuros de compra de moneda extranjera		**-**	**-**	**26.712**	**-**
Contratos de futuros de venta de moneda extranjera		-	-	798.937	-
Subtotal		**-**	**-**	**825.649**	**-**
Contratos de opciones					
Options to sell foreign currency		353.341	9.363	181.967	6.027
Total liabilities		**5.326.789**	**268.510**	**5 .339.033**	**179.230**
Net position		**1.309.424**	**76.995**	**(20.537)**	**(21.993)**

The derivative instruments agreed on by the Bank usually are transacted in organized markets and with clients and local and foreign counterparts of the Bank. The derivative instruments included net favorable (assets) or unfavorable (liabilities) conditions as a result of fluctuations in the exchange rates of foreign currency and in the market of interest rate or other variables relative to their conditions. The accrued amount of reasonable values of assets and liabilities in derivative instruments may vary significantly from time to time.

As of December 31, 2015 there are not derivative contracts to be separated, accounted for and disclosed according to the provisions in IAS 39.

Maturities by term, of derivative commercial instruments as of December 31 and June 30, 2015.

LESS THAN ONE YEAR

Concept	December 31, 2015		June 30, 2015	
	Notional amount	Reasonabl Value	Notional Amount	Reasonable Value
Assets				
Forward Contracts				
Purchase of foreign currency	$ 3.641.687	234.150	3.549.773	135.557
Sale of foreign currency	2.095.926	70.838	332.150	3.910
Subtotal	**5.737.613**	**304.988**	**3.881.923**	**139.467**
Swap				
Foreign Currency	28.596	11.106	5.435	128
Interest Rate	502.304	145	324.109	22
Subtotal	**530.900**	**11.251**	**329.544**	**150**
Options				
Purchase of foreign currency	241.773	17.373	194.475	7.279
Subtotal	**241.773**	**17.373**	**194.475**	**7.279**
Total assets	**$ 6.510.286**	**333.612**	**4.405.942**	**146.896**
Liabilities				
Forward Contracts				
Purchase of foreign currency	$ 1.326.523	41.751	6.404	361
Sale of foreign currency	3.165.490	186.927	3.588.087	154.763
Subtotal	**4.492.013**	**228.678**	**3.594.491**	**155.124**
Swap				
Foreign currency	32.162	15.003	21.602	5.972
Interest rate	302.194	45	452.485	11
Subtotal	**334.356**	**15.048**	**474.087**	**5.983**
Options				
Sale of foreign currency	332.974	8.097	169.267	5.625
Total liabilities	**5.159.343**	**251.823**	**4.237.845**	**166.732**
Net position	**$ 1.350.943**	**81.789**	**168.097**	**(19.836)**

MORE THAN ONE YEAR

Concept

	December 31, 2015		June 30, 2015	
Assets	**Notional amount**	**Reasonabl Vaue**	**Notional amount**	**Reasonabl amount**
Forward Contracts				
Purchase of foreign currency	$ 11.677	948	25.635	2.940
Sale of foreign currency	19.655	503	252	8
Subtotal	**31.332**	**1.451**	**25.887**	**2.948**
Swap				
Foreign Currency	31.541	6.711	50.586	6.704
Interest Rate	27.473	2.673	-	-
Subtotal	**59.014**	**9.384**	**50.586**	**6.704**
Options				
Purchase of foreign currency	64.170	1.058	14.575	689
Total asset	**$ 154.516**	**11.893**	**91.048**	**10.341**
Liabilities				
Forward Contracts				
Purchase foreign currency	$ 1.548	54	215.704	1.201
Sale foreign currency	63.412	5.535	16.803	704
Subtotal	64.960	5.589	232.507	1.905
Swap				
Foreign currency	27.244	7.579	30.332	10.191
Interest rates	32.126	2.253	-	-
Subtotal	**59.370**	**9.832**	**30.332**	**10.191**
Options				
Sale foreign currency	20.368	1.266	12.800	402
Total Liabilities	144.698	16.687	275.639	12.498
Net position	**$ 9.818**	**(4.794)**	**(184.591)**	**(2.157)**

Derivative financial instruments of negotiation contain the CVA/DVA component associated to the credit component of these contracts, as of December 31, 2015 the effect of CVA/DVA in the statement of results was an expense for $1.386

Definition of adjustment model for credit risk CVA/DVA for derivative instruments of the Bank:

For the incorporation of credit risk to valuation methodology, under IFRS 13 for Bank's derivative instruments, it was decided to carry out under the affectation premise of the discount rate, within the valuation of such instruments as of the relevant closing date. The above is carried out in groups or sets, within the Derivatives Portfolio, according to the currency (for example, pesos, euros or dollars) of the instrument, the accounting of its evaluation (asset or liability) and the counterpart whereby the operation is made.

In the event of the derivatives transacted in any standardized market or even, before a Chamber of Central Risk of Counterpart, the Price includes the credit risk concept equal to zero, because, there is in between a central risk chamber of the counterpart, and therefore, it is not necessary to conduct the exercise. For the event of derivatives negotiated in the OTC market (Options, Forwards, IRS, CCS) that do not include such concept, the analysis is made.

This way the credit risk calculation was made to all non-standardized derivative instruments, that the entities do not maintain. To determining the adjustment for credit risk for portfolios.

Below the detail of credit quality is shown determined by independent risk raters agents, of the principal counterparts in active derivative instruments.

Credit quality	**December 31, 2015**	**June 30, 2015**
Grade of Investment	$ 217.206	116.527

b) Financial Instruments and accounting of hedging:

In the development of its operations the Bank holds the following investments in affiliates abroad as of December 31 and June 30, 2015:

	December 31, 2015	
Entity	**Balance in Dollars**	**Balance in million Pesos**
Banco de Occidente Panamá S.A.	28.230.798	$ 88.912
Occidental Bank (Barbados) Ltd.	18.222.334	57.548
Total	**46.453.132**	**$ 146.460**

	June 30, 2015	
Entity	**Balance in Dollars**	**Balance in million Pesos**
Banco de Occidente Panamá S.A.	28.179.351	$ 73.229
Occidental Bank (Barbados) Ltd.	18.239.035	47.397
Total	**46.418.386**	**$ 120.626**

Inasmuch as such investments are in dollar, the functional currency of the above affiliates, the Bank is subject to the variation risk in the type of exchange of Peso, the functional currency of the Bank related to dollar. In order to cover this risk, the Bank has entered into indebtedness operations in foreign currency and as such, it has named obligations in foreign currency for USD $46.453.132 as of December 31, 2015 and USD $ 46.418.386 as of June 30, 2015 covering 100% of the investments prevailing in those affiliates, the financial obligations are of short-term maturity, and therefore, upon the maturity of such obligations, the Bank's management assumes new obligations in foreign currency to maintain 100% coverage of the investments.

If the obligations are in the same currency they are recorded abroad, the coverage is considered perfect and consequently, no any ineffectiveness is recorded in the coverage; according to above, inefficacy of coverage was no recognized in the statement of results. In the ORI were recognized $

24.982 and $ 4.834 on December 31, 2015 and June 30, 2015 and respectively, product of the efficacy of coverage.

Note 10. – Credit Portfolio and financial leasing operations, net

1. Credit Portfolio by Modality

Below the distribution of credit portfolios in the Bank is shown by modality:

	December 31 2015	June 30 2015
Common Loans	$ 17.482.636	15.833.557
Loans with resources from other entities	691.968	511.180
Factoring without resource	6.437	6.804
Letters of credit covered	130.643	109.175
Discounts bank current account	50.544	107.260
Discounts	19.782	25.445
Credit cards	1.237.208	1.157.306
Housing mortgage letter	313.928	204.885
Credits to employees	16.641	15.785
Real property given in leasing	523.756	502.410
Chattels given in leasing	5.043.594	4.722.969
Remittances in transit		1.884
	4.847	
Money market operations and related operations	83.005	79.572
Portfolio interest	186.465	167.329
Interest financial component financial leasing operations	22.637	23.977
Client Consumption payments	18.736	17.724
Commercial clients payments	9.967	9.530
Credit letters of deferred payment	4.649	2.569
Anticipate income in interest	(3.414)	(3.319)
Anticipated income in commissions	(10.890)	(14.477)
Interest resulting from restructuring processes	(17.518)	(10.113)
Credits to apply to collection obligations		(11.223)
	(30.838)	
Others	1.757	1.756
Total Gross credit portfolio	**25.786.540**	**23.461.985**
Provision for financial asset impairment by credit portfolio **(*)**	(979.548)	(909.959)
Total net credit portfolio	**$ 24.806.992**	**$ 22.552.026**

(*) The item provisions includes the housing credit and housing leasing general provision, the balances of which as of December 31, 2015 AMOUNTS TO $8.377 (June 30, 2015 $7.073).

2. Credit portfolio movement of provision.

The following is the movement of provision for financial asset impairment by credit portfolio during the semesters ended on December 31, and June 30, 2015:

As of December 31, 2015

Classification	Commercial	Consumption	Housing	Financial Leasing	Total
Balance at the beginning of semester	$ (384.437)	(345.792)	(20.951)	(158.779)	(909.959)
Provision recorded charged to results	(191.361)	(273.781)	(6.471)	(62.644)	(534.257)
Writing down of credits	37.999	133.484	905	18.254	190.642
Recovery of loans	122.136	112.501	2.825	36.564	274.026
Balance at the end of Semester	**$ (415.663)**	**(373.588)**	**(23.692)**	**(166.605)**	**(979.548)**

At June 30, 2015

Classification	Commercial	Consump	Housing	Leasing Financial	Total
Balance at the beginning of semester	$ (358.257)	(308.029)	(30.067)	(159.192)	(855.545)
Provision recorded charged to results	(159.729)	(234.827)	(12.340)	(60.181)	(467.077)
Writing down of credits	33.882	97.901	1.087	27.877	160.747
Recovery of loans	99.667	99.163	20.369	32.717	251.916
Balance at the end of Semester	**$ (384.437)**	**(345.792)**	**(20.951)**	**(158.779)**	**(909.959)**

3. Credit portfolio maturity period

A Below the distribution of credit portfolio in the Bank by maturity period:

	December 31, 2015				
	Up to 1 Yr	Between 1 and 3 Yrs	Between 3 and 5 yrs	More than 5 Yrs	Total
Commercial	$ 9.015.061	3.164.206	1.217.146	1.020.314	14.416.727
Consumption	1.850.530	2.858.889	1.306.979	181.856	6.198.254
Housing	71.679	139.551	132.632	498.138	842.000
Financial Leasing	1.311.552	1.598.465	740.184	679.358	4.329.559
Total portfolio	**$ 12.248.822**	**7.761.111**	**3.396.941**	**2.379.666**	**25.786.540**

	June 30, 2015				
	Up to 1 Yr	Between 1 and 3 Yrs	Between 3 and 5	More than 5 Yrs	Total
Commercial	$ 8.328.055	2.904.018	916.587	786.942	12.935.602
Consumption	1.679.809	2.615.402	1.240.486	151.844	5.687.541
Housing	63.088	121.523	115.223	412.439	712.273
Financial Leasing	1.270.481	1.521.767	690.447	643.874	4.126.569
Total portfolio	**$ 11.341.433**	**7.162.710**	**2.962.743**	**1.995.099**	**23.461.985**

4. Credit portfolio by type of currency.

Below the classification of credit portfolio by type of currency:

	December 31, 2015			June 30, 2015		
	Legal Tender	Foreign Currency	Total	Legal Tender	Foreign Currency	Total
Commercial	$12.489.213	1.927.514	14.416.727	11.413.051	1.522.551	12.935.602
Consumption	6.151.639	46.615	6.198.254	5.642.413	45.128	5.687.541
Housing	842	-	842	712.273	-	712.273
Financial Leasing	4.328.551	1.008	4.329.559	4.123.142	3.427	4.126.569
Total	**$ 23.811.403**	**1.975.137**	**25.786.540**	**21.890.879**	**1.571.106**	**23.461.985**

5. Credit portfolio financial Leasing.

As of December 31 and June 30, 2015 the following is the reconciliation between gross investment in financial leasing and the present value of the minimum payments receivable on those dates:

	December 31, 2015	June 30 2015
Total gross lease rentals to be received in the future	$ 5.951.827	5.454.008
Estimate residual value of assets delivered in (unensured) lease	832	929
Gross Investment in financial leasing agreements	**5.952.659**	**5.454.937**
Less: financial unrealized income	(1.623.100)	(1.328.368)
Net investment in financial lease agreements	**4.329.559**	**4.126.569**
Provision for net investment impairment In financial lease agreements	**$ (166.605)**	**(158.779)**

6. Credit portfolio financial leasing - Maturity.

Below the detail of the gross net investment in financial leasing contracts receivable as of December 31 and June 30 2015 in one of the following periods:

	December 31, 2015		June 30, 2015	
	Gross invest.	Net invest.	Gross invest.	Net invest.
Up to 1 yr	$ 1.628.444	1.172.916	1.475.617	1.102.774
Between 1 and 5 yr	3.095.594	2.185.737	2.861.629	2.133.738
More than 5 yr	1.228.621	970.906	1.117.691	890.057
Total	**$ 5.952.659**	**4.329.559**	**5.454.937**	**4.126.569**

In the financial leasing operations the Bank as the lessor delivers goods to the lessees to be used for any agreed term in exchange of the rental and the lessee, upon the completion of the term, is entitled to acquire the assets by a call option agreed since the beginning, usually corresponding to a Price substantially below of commercial Price at the time of exercise the call option.

In most of the contracts the rental is calculated taking as a reference the TD adding some nominal points.. The insurances, maintenance and any charge on the asset are the responsibility of the lessee. On the other hand, there are lease operations without call option that from the very beginning include guaranteed residual or if not guaranteed the residuals correspond to a low percent in respect of the asset value. In most of the above contracts, the rental is calculated taking as a reference the TD adding or subtracting some nominal points responsibility of the lessee, VAT, insurance and maintenance of the asset.

Note 11. – Other accounts receivable, net

The following is the detail of other accounts receivable as of December 31 and June 30, 2015:

Retail	**31 December 2015**	**30 June 2015**
Dividends	$ 10.999	11.025
Commissions	4.536	3.582
Rentals	314	236
Sale of goods and services	2.583	4.628
To holding company, subsidiaries. Associated and related	1.667	178
Rentals of goods given in operational leasing	285	468
Prospective buyers	1.840	-
Advance of contract suppliers	2.069	-
Claims to insurance companies	1.882	2.192
Advance industry and commerce tax	8.498	-
Others	30	1.743
Prepaid expenses	12.023	3.497
Sundry (1)	171.197	75.901
Total Other Accounts Receivable	**217.923**	**103.450**
Provision of other accounts receivable	(5.495)	(6.716)
Total other accounts receivable	**$ 212.428**	**96.734**

(1) As of December 31, 2015, the balance is mainly made up by the credit balance for income year 2015 by $46,673, credit balance by CREE of 2013 operational period by $34.107, credit balance by CREE operational period 2014 by $52.245 and other and $38.172.

The following is the movement of the provisions for the semesters ended on December 31 and June 30, 2015:

		31 December 2015	30 June 2015
Balance at the beginning of period	**$**	**6.716**	**4.846**
Provision charged to results		12.761	10.615
Recoveries from other accounts receivable		(59)	(334)
Writing down		(13.923)	(8.411)
Final balance of period	**$**	**5.495**	**6.716**

Note 12. – Non-current assets maintained for sale

The following is detail of non-current asset maintained for sale:

		31 December 2015	30 June 2015
Other non-current assets maintained for sale			
Vehicles	$	1	1
Real property		-	230
Total	**$**	**1**	**231**

The real property classified as non-current assets maintained for sale has as reference the provision in the IFRS 5. It is evidenced that their sale is highly possible, i.e., there exists sale/purchase promise and the real property can be sold in the current (Physical and Legal) conditions). The estimate time to sell the real property is max. 12 months period. Additionally, these assets are marketed taking as a reference the reasonable value given by the appraiser.

Below the detail of the profit and/loss resulting from the sale of the goods classified as maintained for sale during the semester ended on December 31 and June 30, 2015:

ASSETS MAINTAINED FOR SALE

As of June 30, 2015		**Carrying value**	**Value of sale**	**Profit and/or loss**
Real property	$	2.296	2.925	629
Chattels		2.631	3.011	380
		4.927	**5.936**	**1.009**
At December 31, 2015				
Chattels		1.693	2.196	503
	$	**1.693**	**2.196**	**503**

Note 13. – Investments in subsidiaries, associates and joint business companies

Below the detail of investments in subsidiaries, associates and joint business:

		December 31 2015	June 30 2015
Subsidiaries	$	378.600	373.803
Associates		437.999	419.431
Joint business		3.049	3.999
Total	**$**	**819.648**	**797.233**

Below the detail of movements of investment accounts in subsidiaries, associates and joint business for the semesters ended on December 31 and June 30, 2015:

	Subsidiarias	Asociadas	Negocios conjuntos	Total
Balance at December 31, 2014	332.385	401.583	4.633	738.601
Participations recorded in the profit (loss)	11.330	-	(634)	10.696
Participations recorded i other integral results	3.568	-	-	3.568
Dividends received in companies recorded participation method	10.785	17.848	-	28.633
Purchase and capitalizations	1.881	-	-	1.881
Adjustment for exchange difference	13.854	-	-	13.854
Balance at June 30, 2015	373.803	419.431	3.999	797.233
Participations recorded in profit (loss)	16.470	-	(950)	15.520
Participations recorded in other integral results	(28.508)	-	-	(32.863)
Dividends received in companies recorded by participation method	(15.985)	-	-	(15.985)
Purchase and capitalizations of operational period	12.192	18.568	-	30.176
Adjustment for exchange difference	20.628	-	-	25.587
Balance at December 31, 2015	378.600	437.999	3.049	819.648

As from January 1, 2015 the patrimonial participation method was recorded pursuant to provisions in External Circular 034/2014 by Colombia Finance Superintendence, for investments in subsidiary companies,

Below the detail of investments in subsidiaries, associates and joint business:

		December 31 2015	June 30 2015
Subsidiaries	**$**	**378.600**	**373.803**
Fiduciaria de Occidente		209.912	202.515
Ventas y Servicios S.A.		13.793	10.377
Banco de Occidente Panamá S.A.		77.315	79.548
Occidental Bank (Barbados) Lt		77.580	81.363
Associates		**437.999**	**419.431**
Porvenir S.A.		436.584	418.016
A.T.H.		1.415	1.415
Joint Business		**3.049**	**3.999**
Total	**$**	**819.648**	**797.233**

The patrimonial participation method recorded for investments in subsidiaries was calculated taking as a basis the financial statements of those entities as of November 30, 2015, these being the last financial statements available.

a. Detail of investments in subsidiaries:

December 31, 2015

Name of subsidiary	Percent of Participation	Principal Domicile		Carrying Value	Asset	Liabilities	Result
Fiduciaria de Occidente s.a.	94,98%	Bogotá	$	209.912	224.223	30.282	17.647
Ventas y Servicios	45,00%	Bogotá		13.793	78.197	52.309	2.365
Banco de Occidente Panamá	95,00%	Panamá		77.315	3.011.112	2.978.506	(10.505)
Occidental Bank (Barbados)	100,00%	Barbados		77.580	770.966	707.369	3.135
Total			**$**	**378.600**	**4.084.498**	**3.768.466**	**12.642**

June 30, 2015

Name of subsidiary	Percent of Participation	Principal Domicile		Carrying Value	Asset	Liabilities	Result
Fiduciaria de Occidente s.a.	94,98%	Bogotá	$	202.515	222.513	30.649	17.952
Ventas y Servicios	45,00%	Bogotá		10.377	82.489	64.054	1.507
Banco de Occidente Panamá	95,00%	Panamá		79.548	2.550.368	2.512.485	(6.359)
Occidental Bank (Barbados)	100,00%	Barbados		81.363	675.030	618.467	1.532
Total			**$**	**373.803**	**3.530.400**	**3.225.655**	**14.632**

The business purpose of Fiduciaria de Occidente S.A. - Fiduoccidente is the execution of commercial trust agreements and trust mandates, pursuant to legal provisions. The principal purpose is to acquire, sell, encumber, administer movable and immovable property and intervene as debtor or as creditor in any type of credit operations.

Banco de Occidente (Panamá) S.A. is an entity incorporated according to legislation of Republica de Panama, and started banking operations in that country on June 30, 1982 under international license issued by the Banking National Commission of the Republic of Panama.

Occidental Bank (Barbados) Ltd. was incorporated under the laws of Barbados in May 16/1991, and is authorized to manage the Banking business in the territory of Barbados.

The business purposes of Ventas y Servicios S.A. is to supply technical or administrative services as provided in article 5 of Act 45, 1990, such as: Computer Programming, marketing, creation and organization of query files, and performing of statistic calculations and reports in general. The company Ventas y Servicios S.A. is consolidated by reason of the significant influence at administrative level by its parent company. The business purpose of Ventas y Servicios S.A., is to supply technical or administrative services as provided in Article 5, Act 45/1990, such computer programming, marketing, creation and organization consult files and performance of statistic calculations and report, in general. The company Vents y Servicios S.A., is consolided by reason of the dominant influence at administrative level of the parent company.

The activities made by these entities are strategic operations to achieve Bank’s purposes.

During the first semester 2015 dividends from the subsidiaries were received as follows:

FIDUCIARIA DE OCCIDENTE S.A.	Cash	$ 5.496
	Stocks	$ 10.785
OCCIDENTAL BANK (BARBADOS) LTD.	Cash	$ 1.881

Colombia Finance Superintendence authorized, in an exceptional manner, and for one time, for the Bank to receive the dividends decreed by subsidiaries entities in the operational period ended on December 31, 2014 as an income in the first semester 2015.

During the second semester 2015 dividends from subsidiaries were received as follows:

FIDUCIARIA DE OCCIDENTE S.A.	Cash	$ 7.598
	Stocks	$ 8.387

The dividends received from Fiduciaria de Occidente S.A. were recognized in the second semester 2015 as a lower investment value.

VENTAS Y SERVICIOS	Cash	$ 1.288 (*)

(*) Correspond to dividends decreed on profits, 2014.

Over investments there is no any legal or economic limits, pledging or encumbrance, there is not any restriction to the ownership.

The following chart shows the effect on the statement of results and on the account other integral results of the application of patrimonial participation Method as of December 31, 2015:

Entity		ORI by MPP application		G & P de MPU application
Fiduciaria de Occidente	$	(4.016)	$	19.012
Ventas y Servicios S.A.		(253)		449
Banco de Occidente Panamá S.A.		(11.725)		(4.798)
Occidental Bank (Barbados) Lt		(12.514)		1.807

b. Detail of investments in Associates:
November 30, 2015

Name of subsidiary	Percent of Participation	Principal Domicile		Carrying Value	Asset	Liabilities	Result
Porvenir	24,16%	Bogotá	$	436.584	2.360.030	1.088.979	103.195
A.T.H	20,00%	Bogotá		1.415	41.303	33.956	95
Total			**$**	**437.999**	**2.401.333**	**1.122.935**	**103.290**

June 30, 2015

Name of Associate	Percent of Participation	Principal Domicile		Carrying Value	Asset	Liabilities	Result
Porvenir	24,16%	Bogotá	$	418.016	2.161.189	909.487	157.712
A.T.H	20,00%	Bogotá		1.415	54.370	47.023	94
Total			**$**	**419.431**	**2.215.559**	**956.510**	**157.806**

During the first semester 2015 dividends from associates were received as follows:

PORVENIR	Cash	$ 16.283
	tocks	$ 17.848

During the second semester 2015 dividends from associates were received as follows:

PORVENIR	Cash	$ 16.621
	Stocks	$ 18.568

Those dividends were recognized as income in both two semester, 2015.

As of December 31 and June 30, 2015 the investments in associates are given at cost according to IAS 27 Separated Financial Statements, without effect neither on statement of results nor on the patrimony.

c. Detail of the investments in joint business:
November 30, 2015

Name of Joint business	Percent of Participation	Principal Domicile		Carrying Value	Asset	Liabilities	Result
A.T.H	25,00%	Bogotá	$	3.049	33.128	30.290	3.354

June 30, 2015

Name of Joint business	Percent of Participation	Principal Domicile		Carrying Value	Asset	Liabilities	Result
A.T.H	25,00%	Bogotá	$	3.999	45.109	28.518	7.169

During semesters ended on December 31 and June 30, 2015 dividends from joint business were not received.

According to Colombia Finance Superintendence, concerning the valuation of investments, the unlisted investments are determined by adjusting the investments for the proportional participation in the patrimonial variations of the entities where the Bank holds investment determined, based on financial statements or certifications issued by such entities even up to six months old.

For the development of its operations ATH has entered into an account agreement in participation with other financial entities of Grupo Aval for the purpose to develop all commercial operations related to the centralized management of data and funds electronic transfer operations through teller machines, internet or any other electronic means.

ATH takes part as the quality manager of such agreement to develop in its own name the personal credit subject matter of the agreement.

Note 14. – Tangible asset, net

Below the movement of tangible asset accounts (property and equipment for the own use, properties given in operating leasing and properties of investment) as of December 31, and June 30, 2015:

		For own use	Given in operating	Properties of invest	Total
Cost or reasonable:					
Balance at de Dec. 31 2014	$	**642.812**	**17.111**	**62.780**	**722.703**
Purchase or capitalized expenses (net)		23.530	474	14.811	38.815
Withdrawals /sales (net)		(4.109)	(3.247)	(1.947)	(9.303)
Balance at June 30, 2015		**662.233**	**14.338**	**75.644**	**752.215**
Purchase or capitalized expenses (net		51.189	644	13.707	65.540
Withdrawals /sales (net)		(35.124)	(4.491)	(2.695)	(42.310)
Reclassifications		(2.321)	-	2.321	-
Changes in reasonable value		-	-	3.138	3.138
Balance at December 31, 2015	$	**675.977**	**10.491**	**92.115**	**778.583**
Accrued Depreciation					
Balance at December 31, 2014	$	**(150.272)**	**(9.237)**	-	**(159.509)**
Depreciation of semester Charged to results		(22.297)	(5.895)	-	(28.192)
Withdrawals/sales		2.087	5.918	-	8.005
Balance at June 30, 2015		**(170.482)**	**(9.214)**	**-**	**(179.696)**
Depreciation semester charged to results		(23.595)	(899)	-	(24.494)
Withdrawal / sales		22.445	3.049	-	25.494
Balance at December 31, 2015	$	**(171.632)**	**(7.064)**	**-**	**(178.696)**
Loss for impairment:					
Balance at December 31, 2014	$	**(28.660)**	**(63)**	-	**(28.723)**
Charge for Impairment of semester		(10.318)	(22)	-	(10.340)
Balance at June 30, 2015		**(38.978)**	**(85)**	**-**	**(39.063)**
Charge for impairment of semester		(4.905)	(15)	-	(4.920)
Reimbursement for impairment		-	50	-	50
Balance at December 31 2015	$	**(43.883)**	**(50)**	**-**	**(43.933)**
Tangible asset, net:					
Balance at June 30, 2015	$	**452.773**	**5.039**	**75.644**	**533.456**
Balance at December 31, 2015	$	**460.462**	**3.377**	**92.115**	**555.954**

a) Properties and equipment for own use

Following the detail of Balance sheet at December 31, and June 30, 2015 by type of properties and equipment for own use:

December 31, 2015

For own use	Cost	Accrued depreciation	Loss for impairm.	Carrying amount
Land	$ 69.546	-	-	69.546
Buildings	324.964	(38.188)	(43.782)	242.994
Office equipment, fixture and accessories	53.792	(29.314)	(2)	24.476
Informatics equipment	130.628	(97.194)	(16)	33.418
Vehícles	6.362	(2.959)	-	3.403
Movilization equipment & machinery	1.783	(635)	(83)	1.065
Machinery, plant & equipment installed	24.044	-	-	24.044
Improvement property of others	12.663	(3.342)	-	9.321
In-progress constructions	52.195	-	-	52.195
	$ 675.977	**(171.632)**	**(43.883)**	**460.462**

June 30, 2015

For own use	Cost	Accrued depretiation	Loss for impairm.	Carrying amount
Land	$ 70.442	-	-	70.442
Buildings	332.734	(31.104)	(24.130)	277.500
Office equipment, fixture and accessories	57.053	(33.799)	(4.138)	19.116
Informatics equipment	136.505	(102.349)	(9.899)	24.257
Vehícles	8.178	(869)	(593)	6.716
Movilization equipment & machinery	3.000	(726)	(218)	2.056
Machinery, plant & equipment installed	1.898	(1.635)	-	263
Improvement property of others	52.423	-	-	52.423
	$ 662.233	**(170.482)**	**(38.978)**	**452.773**

The ongoing constructions and improvements in property of others, include mainly the following:

WORK	VALUE
New Building Avenida Colombia	$ 49.254
Work Alto Prado	395
Chico p 2 y 3	272
Work Parquiamerica Cartagena industrial park	152
Calle 100	125
Work Residence Tequendama Torre Norte	116
Work Credicentro Cali Av. 3ra norte	115
Work Club Banco Room of Meetings	110
Work Mosquera	99
Work Central de Transportes Cali	97
Work Chico - Bogotá- drafts	93
Edificio Carvajal (Floors 2. 3 and 4)	54
Work Calle 15 Cali	41
Av.19 banca Vehículos Local Santa Bárbara	30
Manizales Principal	29
Others	1.213
Total ongoing constructions	**$ 52.195**

WORK	Cost	Accrued depretiation	Carrying Value
Ed. Calle 72 P.10 Torre B - Bta	$ 571	(43)	528
Antonio Nariño Popayán	531	(101)	430
Edificio Citibank piso 10	523	(68)	455
Cúcuta enlargement	490	(95)	395
Montería Ppal.	460	(92)	368
Work calle 15 Cali	458	(28)	430
Edificio Bochica piso 8 - Bogotá	400	(400)	-
Work Av. Santander-Manizales	387	(23)	364
Credicentro Bucaramanga	376	(153)	223
Autopista Sur - Medellín	342	(199)	143
Pitalito	331	(61)	270
Av.40 Villavicencio	307	(25)	282
Of. Corabastos	304	(304)	-
Chiriguana	272	(43)	229
Le Champ	249	(17)	232
Of Valledupar Olímpica	244	(99)	145
Gran Plaza del Sol	239	(84)	155
Belaire	239	(47)	192
Smart office primer piso	237	(51)	186
Palmetto Plaza	234	(33)	201
Other	5.469	(1.376)	4.093
Total improvements in properties of others	**$ 12.663**	**(3.342)**	**9.321**

Upon the completion of such assets, they will be transferred internally to the relevant asset.

All properties and equipment of Bank, as well as the properties given in operating leasing are duly ensured against fire, weak current and risks with insurance policies in force. The Bank has insurance policies to cover properties and equipment for $ $736.669 and $676.669 at December 31 and June 30, 2015 respectively, covering theft, fire, lighting, explosion, seism, strike, riot, and other.

Over the Bank's property and equipment there exist no mortgages or pledges.

The Bank considers impairment of properties and equipment when its carrying value surpasses its recoverable value. The Bank assesses at the end of every operational period over the reported items, if there exists an incipient impairment of value of any asset, and if so, the recoverable value of asset is estimated.

In order to determine if there is any signal of impairment of value from any asset, the following factors will be considered:

External information sources:

(a) There are observable signals that the asset value has decreased during the period, significantly more than the expected impairment as a result of time elapsed or due to the normal use.

(b) During the period occurred, or will occur in the immediate future, significant changes involving adverse impact on the entity, related to the legal, economic, technological or market environment where the entity operates, or even, on the market where the asset is used.

(c) During the operational period, the market interest rates or other investment returns rates show increments potentially influencing the discount rate used to calculate asset value in use, thereby significantly reducing its recoverable value.

(d) The carrying value of net assets of the entity is higher than its stock market capitalization.

Internal information sources:

(e) There is available evidence about obsolescence of physical impairment of an asset.

(f) During the operational period have occurred or it is expected the occurrence in a near future significant changes in the scope or the way the asset is used as expected to be used, which will unfavorable impacts the entity.

(g) There is evidence derived from internal reports indicating the asset economic performance to be or would be worse than expected.

b) Properties and equipment given in operating leasing:

Below the detail of Balance sheet at December 31 and June 30, 2015 by type of properties and equipment given in operating leasing:

Given in Operating leasing		Cost	Accrued depretiation	Loss for impairment	Carrying value
Equipment, and office furniture & fixture	$	302	(280)	-	22
Computing equipment		4.686	(3.975)	(14)	697
Vehícles		4.284	(1.880)	(31)	2.373
Movilization equipment & machinery		1.219	(929)	(5)	285
Balances at December 31, 2015	**$**	**10.491**	**(7.064)**	**(50)**	**3.377**
Equipment, and office furniture & fixture		473	(373)	(1)	99
Computing equipment		7.835	(5.720)	(41)	2.074
Vehícles		4.140	(1.790)	(35)	2.314
Movilization equipment & machinery		1.891	(1.331)	(8)	552
Balances at June 30, 2015	**$**	**14.338**	**(9.214)**	**(85)**	**5.039**

The following is the summary of leasing minimum rentals receivable in the next terms over goods delivered in operating leasing at December 31 and June 30, 2015:

		December 31 2015	June 30 de 2015
No more than 1 year	$	2.344	3.912
More than 1 year and less than Five years		1.491	1.464
Total	**$**	**3.835**	**5.376**

During the semesters ended on December 31 and June 30, 2015 no any income was recorded in the results of semester for contingent rentals received for goods delivered in operating leasing.

In operating leasing operations, the Bank as lessor delivers goods to the lessee for them to be used during any term set forth in exchange of a lease fee. Upon the completion of leasing term, the lessee may purchase the asset for the commercial value, or extend the lease term, or otherwise, deliver back the asset. In most of the contracts the lease fee is calculated taking as a reference the DTF adding or subtracting some nominal points and for the extensions fixed lease fees are agreed on. The VAT, the insurance, the maintenance and any other charges over the asset are responsibility of the lessee. The assets delivered back are relocated or marketed by the Bank.

c) Investment properties

The following is the detail of the Balance sheet at December 31 and June 30, 2015 by type of investment property:

Investment Properties		Cost	Adjustments accrued at reasonable value	Carrying value
Land	$	43.193	(50)	43.143
Buildings		45.784	3.188	48.972
Balances at December 31, 2015	**$**	**88.977**	**3.138**	**92.115**
Land		38.013	-	38.013
Building		37.631	-	37.631
Balances at June 30, 2015	**$**	**75.644**	**-**	**75.644**

The following amounts have been recognized in the statements of results delivered by the administration of investment properties during the semesters ended at December 31 and June 30, 2015.

		December 31 2015	June 30 2015
Rental revenues	$	963	951
Operating direct expenses derived from investments properties generating revenues for rentals		52	61
Direct operating expenses resulting from investment properties that do not generate revenues for rentals		452	391
Net	**$**	**459**	**499**

The investment properties are annually appraised at the reasonable value based on the market values determined by qualified independent experts with enough experience in the evaluation of similar properties. The important methods and assumptions used to determine the reasonable value according to the provisions in IFRS 13 were the following

Market Comparative Method.

This is the evaluation technique attempting to determine the commercial value of the good, based on the study of last offers or transactions of goods similar and comparable to the property subject matter of the appraisal. Such offers or transactions to be qualified analyzed and interpreted to reach an estimate of the commercial value.

Sales Comparison Approach.

The approach by sales comparison approach allows for determining the value of the property under appraisal by comparison to other similar properties under transaction or which have been recently transacted in the real-estate market.

This comparative approach considers the sales of goods similar or substitute, as well as data obtained from the market and sets forth an estimate of value using processes including the comparison. Usually, a good the value of which (the object of valuation) is compared to the sales of similar goods marketed in the open market. Advertising and offers may be considered as well.

As of the date, the Bank has neither restriction in the collection of revenues from rental nor at the disposal of goods classified in investment properties.

Note 15. – Intangible assets, net

Below the movement of the intangible asset accounts by quarters ended at December 31, and June 30, 2015 :

		Plus-Value	Other Intangible	Total Intangible Asset
Cos:				
Balance at January 1 , 2015	**$**	**22.724**	**71.119**	**93.843**
Additions / Purchases (net)		-	22.019	22.019
Balance at June 30, 2015		**22.724**	**93.138**	**115.862**
Additions / Purchase (ne)		-	21.461	21.461
Balance at December 31, 2015	**$**	**22.724**	**114.599**	**137.323**
Accrued amortization:				
Balance at January 1, 2015	**$**	**-**	**21**	**21**
Amortization of period charged to results		-	317	317
Balance at June 30, 2015	**$**	**-**	**338**	**338**
Amortization of period charged to results		-	1.284	1.284
Balance at December 31, 2015	**$**	**-**	**1.622**	**1.622**
Intangible asset net:				
Balance at June 30, 2015	**$**	**22.724**	**92.800**	**115.524**
Balances at December 31, 2015	**$**	**22.724**	**112.977**	**135.701**

In the closings above, the Bank shows no any loss for impairment of those intangible assets.

Plus-Value

Plus Value recorded corresponds to the merger of the Bank with Banco Unión occurred on years before the implementation process of the IFRS which evaluation purposes has been assigned to the Bank as a whole unit generating cash to such plus-value

The technical study of plus-value valuation by the acquisition of Banco Unión was conducted by the firm Estructuras Financieras S.A.S. an independent firm specialized in financial valuations, the conclusion of the plus-value evaluation was recorded by the Bank on September 015 concluded that there is not impairment indexes to the line of business acquired by the Bank.

The amount recoverable from the unit generating cash was determined based on calculations of use value. Those calculations used cash-flows projections approved by the top management covering 5-years and 3 months periods. Below the main assumptions used in such valuations:

Macroeconomic Assumptions						
Índex	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
CPI) Nacional Annual	6.8%	5.0%	3.6%	3.0%	3.0%	3.0%
TD) EA Average Annual)	4.6%	4.7%	4.6%	4.7%	4.7%	4.5%
Income Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
CREE Tax + Surtax	14.0%	15.0%	16.0%	18.0%	18.0%	18.0%

According to IAS 36 the cash flows in the budgets or the last financial forecasts have been approved by the Bank´s top management, excluding any cash inflows or cash outflows expected to be occurred of the future restructuring or improvement of assets returns. The projections based on such assumptions or forecasts will cover at most five years period.

The macronomic assumptions for the horizon projection 2014/2019 were taken from Bancolombia, and according to the last tax reform passed in January 2015 it is considered the income tax + CREE.

In order to define the tax to discount the flows there exists as framework the concept capital cost based on CAPM (Capital Asset Pricing Model), This model is defined based on a free-risk rate, added to the component Premium of market risk, which may increase or decrease depending on the behavior of asset market, the specific valuation of which will be made (Beta Coefficient). The development of the discount rate to be used in the valuation of business acquired by the Bank in the acquisition of Banco Unión is as follows:

Discount Rate

a. **Free-Risk Rate (Rf):** The returns of US Treasury Bonds at 30 years were taken as free-risk rate. Rf = 2.83%. As against: Ministry of Finance and Public Credit, January 22, 2016.

b. **Risk country (Rc)**: This rate represent the Premium of risk of sovereign bonds of the Republic of Colombia (maturity 2044) over the free-risk rate (as described in item a) above. This Premium reflects the appreciation made by the capital markets of investment risk in Colombia, compared to the management of their economic policies.

   Rc= 4.02%. Source: Ministry of Finance and Public Credit, January 22, 2016.

c. **Premium of Market Risk (Rm):** A risk Premium for the US market was taken. Since Colombian market allows the access of investors from other markets, and given that in Colombia, the same as in most of the emergent economies, there is not a market average returns rate for a diversified portfolio, it is reasonable to assume that such investors aspire to obtain a risk Premium no less than that obtained in the US market. Rm=6.00%. Source: Damodaran. URL www.damodaran.com [22/01/16]

d. **Beta (β):** As beta coefficient the range calculated was applied for several banking entities in Colombia, giving as result 0.84.

e. In these conditions, the discount rate obtained is the following:

$$\text{Capital cost} = ((Rf+Rc)+ \beta*(Rm))$$

As a result of the valuation, it was concluded that it is not necessary to construct any provision for impairment corresponding to Plus-Value at December 31 and June 30, 2015.

Estimation capital cost for valuation acquisition Banco Unión

Estimated capital costs for valuation of acquisition

Banco de Occidente: Banco Unión

Variable	Rate 1	Rate 2	Rate 3
Free-risk rate	2.83%	2.83%	2.83%
Risk country	4.02%	4.02%	402.00%
Market risk premium	6.00%	6.00%	6.00%
Beta	1.00	0.84	0.68
Capital Cost (USD)	**12.89%**	**11.89%**	**10.89%**
Devaluations (Peso/Dollar)	5.00%	5.00%	5.00%
Capital Cost (COP)	**18.53%**	**17.48%**	**16.43%**

Result of valuation line business acquisition Banco Unión at September 30, 2015

Lines		Scenario – Discount to Rates in COP			% Participation to ión a	Scenario – Discount to Rates in COP		
		18,53%	17,48%	16,43%		18,53%	17,48%	16,43%
Ordin.. Portfolio	$	1.035.402	1.178.296	1.275.415	11,10%	115.318	131.233	142.050
Treasury credits		140.043	158.078	172.055	17,00%	23.871	26.945	29.327
Unidirecto		40.516	43.813	47.636	100,00%	40.516	43.813	47.636
Vehicles		704.464	758.655	821.420	6,20%	43.416	46.755	50.624
Personal Loan		643.305	694.074	752.933	20,80%	134.073	144.654	156.921
Credencial & visa		745.672	804.386	872.456	11,30%	83.940	90.550	98.212
Crediunion plus		81	88	95	100,00%	81	88	95
Overdraft account		85.253	91.671	99.100	15,30%	13.004	13.983	15.116
Prootion portfolio		63.865	69.057	75.077	2,30%	1.457	1.575	1.713
Sundry debtors ME		25.180	27.280	29.714	7,10%	1.779	1.927	2.099
TOTAL	**$**	**3.483.781**	**3.825.398**	**4.145.901**		**457.455**	**501.523**	**543.793**
Consolidated Participation						13,10%	13,10%	13,10%

With these scenarios, the valuation of each one of the line of business of Banco Unión (acquire by merging process) amount to more than $430.000, widely surpassing the plus-value balance amounting to $22.724; based on this result it was determined tat it is not necessary to construct any provision for impairment corresponding to the plus-value at December 31, and June 30, 2015.

Detail of intangible asset different from plus-value

December 31, 2015

	Cost	Accrued amortization	Loss for Impairment	Carrying value
Programs and informatics applications	$ 114.599	1.622	-	112.977

June 30, 2015

	Cost	Accrued amortization	Loss for Impairment	Carrying value
Programs and informatics applications	$ 93.138	338	-	92.800

Note 16. – Provision for income tax and CREE.

The liability for income tax and CREE at December 31 and June 2015 corresponds to the following:

	December 31 2015	June 30 2015
Current Income tax and CREE (1)	$ 27.279	$ 118.559
Excess of tax provision	-	3.641
Tax uncertainty	24.483	14.314
Adjustment precedent periods	-	(162)
Total	**$ 51.762**	**$ 136.352**

(1) The figures disclosed at June 30, 2015, were not offset with the relevant asset inasmuch as the agreement with Colombia Finance Superintendence, this must be made in an annual manner.

a. Components of the expense for income tax:

The expense for income tax for the semesters ended on December 31, and June 30, 2015 include the following:

	Semesters ended on	
	December 31 2015	June 30 2015
Income tax, current period	$ 33.619	73.205
CREE tax	16.359	29.156
Surtax CREE	9.088	16.198
Subtotal tax current period	**59.066**	**118.559**
Adjustment precedent periods	-	(36.586)
Excess provision of period	138	3.641
Adjustment for tax uncertain tax positions of precedent periods	10.169	(7.272)
Net deferred tax of period	38.589	(5.552)
Total	**$ 107.962**	**72.791**

b. Conciliation of the tax rate according to the tax provisions and the effective rate:

The tax provisions prevailing applicable to companies, provide that:

i. The tax income is taxed at the rate 25% by way of income and complementary tax.

ii. As from January 1, 2013, the Act 1607, December 2012 creates the equity income tax - CREE as the contribution by the entities and legal persons and assimilated taxpayers of the income and complementary tax for the benefit of workers, employment generation, and social investment. The equity income tax “CREE”, for the taxable years 2014 and 2015 and subsequent periods is 9%.

iii. As from 2015 an additional surtax CREE 5% for 2015, 6% 2016, 8% 2017 and 9% 2018 taxable years.

iv. The base to determine the income tax and CREE will be no less than 3% of net patrimony in the last day of the precedent taxable operational period.

The Council of State, under Writ 20998, February 24, 2015, required the provisional Paragraph 1 of Article of Decree 2701 of November 22, 2013, providing that the taxable base of the Equity-CREE, and includes the recovery of deductions as net income of such tax, and for such reason Banco de Occidente taking into account this consideration of Council of State, requested Project of amendment by DIAN for $ 33,585 of the income by CREE of taxable year 2014, filed in the DIAN in June 30, 2015 and from accounting standpoint a recovery was recorded in the first semester for $33,000, in the same way, in the second semester 2015, the amendment project was filed with DIAN related to the income

CREE declaration, taxable year 2013 for $ 34,106 under writing communication filed on September 15, 2015.

Pursuant to article 165, Act 1607/2012 and the Regulatory Decree 2548 / 2014, for taxation purposes, the remittances contained in the tax regulations to the accounting standards, will remain in force during the years following to the taking force of the IFRS. Consequently, during taxable years 2015 to 2018 inclusive, the fiscal bases of the items included in the tax returns will continue to be unchanged and the determination of liability for current income tax and equity income tax (CREE), will be made based on the tax standards prevailing, which in some instances are referred to the previous accounting principles up to December 31, 2014 (Decree 2649 / 1993 and other complementary provisions.

Consistent with above, the determination of taxable base of income and CREE taxes for the semesters ended on December 31, and June 30, 2015 was made based on the applicable tax provisions.

The following is the detail of the conciliation between the total tax expense of the Bank calculated at the taxation rates currently prevailing and the tax expense actually recorded in the statement of results.

	Semesters ended on	
	December 31 2015	**June 30 2015**
Net profit of before income tax	**$ 366.728**	**$ 310.397**
Tax rate prevailing	39%	39%
Theoretical tax expense calculated according to the taxation rates prevailing	143.024	121.056
Non-deductible expenses	3.812	11.168
Dividends received non-constitutive of income	(23.102)	(23.691)
Profit (loss) i sale or investment valuation not constitutive of income	(16.153)	9.061
Interest and other non-taxed income	(7.251)	(5.479)
Deductions with different rates for CREE	6.620	-
Tax benefit in the acquisition of productive assets	(12.070)	(2.748)
Excess of provision of period	138	3.641
Adjustment of precedent periods	-	(35.042)
Adjustment of uncertain taxation provisions	10.169	(5.175)
Other concepts	2.776	-
Total tax expense of period	**$ 107.962**	**72.791**

c. Tax uncertainty:

Below the movement of the tax uncertainty during semesters ended on December and June 30, 2015:

		Semesters ended on	
		December 31 2015	**June 30 2015**
Balance at the opening period	$	14.314	21.586
Increase (decrease) of the uncertainty during semester		6.689	(1.162)
Amounts reverses by unused provisions		-	(4.902)
Adjustment previous periods		1.796	-
Financial Cost		1.684	(1.208)
Balance at the closing period	**$**	**24.483**	**14.314**

Uncertainty in open tax positions

The liability for current income tax at the closing December 31 and June 30, 2015 includes $24.483 and $ 14.314, respectively, with regards to related uncertainties taken on account of attention to employees, remissions, and sinisters. The Bank's top management considers that those exposures are more probable to be required to compensate if they are contested by the tax authorities. The sanctions to the delinquent interest related to such tax uncertainties are accrued and recorded as opeating expenses.

The Balance at December 31, 2015 expected to be totally used or released when the inspection rights of the tax authorities with regard to the declarations have expired,is as follows:

Year		**Value**
2016	$	7.008
2017		7.837
2018		9.638
Total	**$**	**24.483**

d. Deferred income with regards to subsidiaries, associates companies and joint business

During the semester ended on December 31, 2015 the Bank did not record deferred tax liabilities with regard to any temporary discrepancies of investments in subsidiaries, as a result of the application of the exception provided in paragraph 39 of IAS 12, taking into account that the requirements provided in such regulation was accomplished, because the Bank holds the control on the investments of such temporary discrepancies, and the management considers that it is probable they will be not reversed in the medium-term.

e. Deferred tax by type of temporary difference:

The differences between the carrying value of asset and liabilities and the taxation bases thereof, give rise to the following temporary differences generating deferred tax, calculated and recorded in the semesters ended on December 31 and June 30, 2015 based on the tax rates currently prevailing for the taxable years where the temporary differences will be reversed.

Semester ended on December 31, 2015

Active deferred tax		Balance June 30 2015	Credited (Changed) to results	Credited (Changed) to ORI	Balance at December 31 2015
Investments available for sale in certificates of debt		-	-	29,853	29,853
Investments in subsidiaries and Associates		-	5,411	(1,425)	3,986
Valuatio of derivatives		76,226	31,350	-	107,576
Difference between the accounting and fiscal bases credit portfolio		7,036	(1,285)	-	5,751
Provision for credit portfolio		10,463	946	-	11,409
Accounts Receivable		-	7,852	-	7,852
Difference between accounting and fisal bases of properties & equipment cost and properties & Equiip. for invetsment		816	(314)	-	502
Differences between the accounting and fiscal bases of deferre charges and intangible assetws		2,797	(264)	-	2,533
Non-deductible passive provisions		1,858	1.843	-	3,702
Benefits to employees		3,186	(1,241)	303	2,248
Subtotal	**$**	**102,382**	**44.298**	**28,731**	**175,412**
Deferred tax liabilities					
Valuation of fixed income investments	$	(52,775)	8,801	-	(43,974)
Valuation of viable income investments		(3,250)	(4,137)	4,164	(3,223)
Valuation of derivatives		(64,876)	(79,436)	2,925	(141,387)
Provision fo accounts receivable		-	(210)	-	(210)
Difference between accounting and fiscal bases of property plant and equipment & equip. & property of investment		(65,328)	956	-	(64,372)
Differences between accrual accounting & fiscal bases of property plant & equipment depreciation		(64,899)	3,531	-	(61,368)
Provision for property and equipmment		-	(34)	-	(34)
Depreciatiation of godos given in leasing		-	(5,199)	-	(5,199)
Differencesbetween accounting & Fiscal bases of deferred charges of of intangible assets		-	(66)	-	(66)
Mercantile credit		(7,726)	327	-	(7,399)
Other assets		-	(2,414)	-	(2,414)
Other liabilities		-	(5,007)	-	(5,007)
Subtotal		**(258,855)**	**(82,887)**	**7,089**	**(334,653)**
Total	**$**	**(156,472)**	**(38,589)**	**35,820**	**(159,241)**

Semester ended on June 30, 2015

		Balance at December 31, 2014	Credited (charged) to results	Credited (charged to ORI	Balancea June 30 2015
Deferred tax asset					
Valuation of fixed income investments	$	1.115	(6.866)	5.751	0
Valuation of variable income investments			0		
Valuation of derivativs		92.215	(15.990)	0	76.226
Provision of investments		0	-	0	0
Diffrences between accounting and fiscal bases of credit portfolio		0	7.036	0	7.036
Provision for credti portfolio		9.044	1.419	0	10.463
Fnancial asset in concesión contracts		0	0	0	0
Differences between accounting and fiscal bases of godos received in payment		0	0	0	0
Provision for godos receilvled in payment		0	0	0	0
Differences between accounting and fiscal bases of cost of property, equipment and propertyof invetments		1.343	(527)	0	816
Differences between accounting and fiscal bases of accrual depretiation of property, plant & equipment		0	0	0	0
Activos biológicos		0	0	0	0
Diferencias entre las bases contables y fiscales de cargos diferidos de activos intangibles		18.320	(15.524)	0	2.796
Utilidades no traídas en inversiones en subsidiarias (únicamente para el consolidado)		0	0	0	0
Pérdidas fiscales		0	0	0	0
Excess of prsumptive income		0	0	0	0
Provisiones pasivas no deducibles		2.954	(1.096)	0	1.858
Benefits to employees		4.581	(1.395)	0	3.186
Mercantile credit		0	0	0	0
Other		0	0	0	0
Subtotal	$	**129.574**	**(32.943)**	**5.751**	**102.382**
Deferred tax liabilities					
Valuation of fixed income investments		(64.984)	12.209	0	(52.775)
Valuation of variable income investments		(2.563)	(687)	0	(3.250)
Valuation od derivatives		(88.470)	23.595	0	(64.876)
Provision of iinvestments		-	-		-
Differences between accounting and fiscal bases of redit portfolio		(2.011)	2.011	0	-
Provision for credit portfolio		(1.211)	1.211	0	-
Differences between accounting and fiscal bases of goods received in payment		-	-		-
Provision for godos received in payment		-	-		-
Differences between accounting and fiscal bases of cost of propertu, equipment & property of investment		(65.328)	-	0	(65.328)
Differences between accounting and fiscal bases of accrual deretiation of property and equipment		(65.055)	156	0	(64.899)
Differences between accounting and fiscal bases of deferred of intangible asset		-	-		-
Profit not carried in investments in subsidiaries		-	-		-
Provisions non-deductible liabilities				0	-
Plus-Valueía		(7.726)	-	0	(7.726)
Otros		-	-		-
Subtotal	**$**	**(297.349)**	**38.495**	**-**	**(258.854)**
Total	**$**	**(167.775)**	**5.551**	**5.751**	**(156.472)**

The analysis of asset and liabilities by deferred tax at December 31 and June 30, 2015 is the following:

		December 31 2015	June 30 2015
Asset by deferred tax:			
Asset by deferred tax to be recovered after more than 12 months	$	36.788	19.773
Asset by deferred tax to be recovered in 12 months		138.624	82.609
Total Asset Tax		**175.412**	**102.382**
Liabilities by deferred tax:			
Liabilities by deferred tax to be recovered after more than 12 months		(153.864)	(160.156)
Liabilities by deferred tax to be recovered in 12 months		(180.789)	(98.698)
Total tax liabilities		**(334.653)**	**(258.854)**
Asset and liability deferred tax (Net)	**$**	**(159.241)**	**(156.472)**

f. Effect of current and deferred tax on each component of the account of other integral results in the patrimony:

The effect of current and deferred tax on each component of the account other comprehensive tax, are detailed below:

		December 31, 2015			June 30, 2015		
		Amount Before tax	Expense (Income) of tax	Net	Amount before tax	Expense (income) of tax	Net
Difference in exchange inforeign operations	$	4.354	(1.480)	2.874	(916)	311	(605)
Profit (loss) net non-realized in hedging foreign operations		(4.354)	1.480	(2.874)	916	(311)	605
Profit (loss) non-realized of investments							
Inverstments available for sale		0	(35.820)	(35.820)	0	(5.751)	(5.751)
Total other integral results during operational Period		0	(35.820)	(35.820)	0	(5.751)	(5.751)

g. Transfer Pricing

Since the taxable year 2004 the taxpayers of income and complementary tax that entered into operations with related parties from abroad, are under the obligation to determine, for income and complementary tax purposes, their ordinary and extraordinary income, their cost and deductions, and their asset and liabilities, considering for such operations, the prices or margin of profit they would agree on with third independent parties (principle at market values). As of the date, the Bank's administration and its accounting advisors have not concluded as yet the relevant study for 2015 taxable year. Notwithstanding, they consider that, based on the results of the relevant study in 2014, additional provisions of income tax will be not required, derived from the analysis of pricing of 2015, making the results of the operational period.

The article 260-7 as amended by Act 1607/2012 stated in paragraph 2, that the operations made by taxpayers of income and complementary tax with persons, associations, entities or companies located, resident or domiciled in tax heavens are subject to the regime of transfer pricing and accomplish with the obligation to submit the relevant documentation and the informative declaration related to such operations.

Note 17.- Deposits of clients

Below the detail of balance of deposit received from the clients of the Bank in the development of the capturing deposits operations:

Detail		**December 31 2015**	**June 30 2015**
At sight			
Current accounts	$	5.784.069	5.092.094
Saving accounts		9.795.013	8.978.715
Other funds at sight		121.374	115.589
		15.700.456	14.186.398
At term			
Time Deposits		4.458.251	5.363.201
Total Deposits	**$**	**20.158.707**	**19.549.599**
By currency			
In Col. pesos		20.122.667	19.514.817
in other currency		36.04	34.782
Total by currency	**$**	**20.158.707**	**19.549.599**

Below the detail of maturity of Time Deposit Certificates in force at December 31, de 2015:

Year	**Value**
2015	$ 28.077
2016	3.011.466
2017	444.718
2018	116.933
2019	107.000
After 2019	750.057
Total	**$ 4.458.251**

Below the summary interest rates prevailing caused on the clients' deposits:

	December 31, 2015	
	Deposits in Col pesos Rate	
	minimum %	maximum %
Current accounts	-	3.2%
Saving accounts	1.0%	6.5%
Time Deposit Certificates	0.05%	8.94%

	June 30, 2015	
	Deposits In Col- Pesos Rate	
	Mín. %	Max. %
Current accounts	-	3.2%
Saving accounts	1.0%	4.85%
Time Deposit Certificates	0.05%	9.08%

Frequency interest liquidation: For Time Deposits Certificates the frequency of interest liquidation corresponds to agreement with the client in its certificate; for saving accounts, those frequencies correspond to the agreement with each client in the certificate; for saving accounts those frequency is daily liquidation.

Below the detail of concentration of deposits received from the clients by economic sector:

Sector		December 31 2015		June 30, 2015	
		Amount	%	Amount	%
Government or government entities (1)	$	4.011.945	20%	4.763.383	24%
Manufacture		482.600	2%	389.207	2%
Real Estate		258.54	1%	225.730	1%

Commerce		873.352	4%	741.661	4%
Agrículture and livestock		135.275	1%	105.393	1%
Individuals		1.746.274	9%	1.646.053	8%
Other (2)		12.650.721	63%	11.678.172	60%
Total	**$**	**20.158.707**	**100%**	**19.549.599**	**100%**

(1) The Government includes the sectors O and U (according to CIIU corresponding to public administration and defense and social security plans of compulsory affiliation and activities of organizations and extra-territorial bodies, respectively.
(2) The most representative item included in this category corresponds to financial and insurance activities (Sector K), which at the closing December 31, 2015 showed $7.983.023 total balance representing, 63.10% out of total of category (At June 30, 2015 showed $6.968.749 total balance, representing 59.67% of the total category).

At December 31, 2015, there was 4.996 clients with balance higher than $250 for $17.707.379 total (At June 3, 2015 there was 4.429 clients for $17.381.769).

For clients' deposits the expense caused in results on account of interest of saving accounts. Time Deposit current at the closing semesters ended on December 31 and June 30, 2015 was $332.691 and $323.998, respectively.

Note 18. – Financial Obligations

1. Financial Obligations

The following is the summary of financial obligations obtained by Bank at December 31, 2015 and June 30, 2015, for the basic purpose to finance its operations mainly of international trade:

		December 31 2015	June 30 2015
Colombia Legal Tender			
Interbanking and overnight funds			
Banks	$	120	818
Ordinary inter banking funds purchased		65.052	43.007
Simultaneous operations		149.023	6.372
Commitments of transfer in repo operations		550.168	551.691
Total Interbank and overnight funds	**$**	**764.363**	**601.888**
Foreign Currency			
Interbanking and overnight funds			
Correspondent Banks		76.994	14.396
Ordinary inter banking funds purchased		591.542	274.787
Simultaneous operations		31.524	52.113
Commitments of transfer in repo operations		12.323	24.995
Total Interbank and overnight funds	**$**	**712.383**	**366.291**
Credits		2.348.576	1.611.346
Letter of Credit		4.649	2.569
Acceptances		28.634	20.482
		2.381.860	**1.634.397**
Total financial obligations	**$**	**3.858.606**	**2.602.576**
Less: short-term obligations		**1.476.746**	**968.179**
Long-term obligations	**$**	**2.381.860**	**1.634.397**

At December 31, 2015 short-term financial obligations corresponding to simultaneous and repo operations for $730.715 were ensured with investments for $749.275 (at June 30, 2015 for $610.177 ensured with investment for $623.830).

Below the summary of effective interest rates caused on short-term financial obligations:

INTERBANKING FUNDS RATE	**in Col. pesos**		**In foreign currency**	
	Rate Mín %	**Rate Max %**	**Rate Mín. %**	**Rate Max %**
Inter-banking Funds and repo and simultaneous operations repo				
December 31, 2015	2,55	5,71	0,01	1,3
June 30, 2015	4,44	4,45	0,08	1

For short-term financial obligations the expense cause in results on account of interest on operations monetary market of the type inter-banking funds, commitments of transfer in repo operations, simultaneous and other interest at closing of semesters ended at December 31, and June 30, 2015 was $19.922 and 15.778, respectively.

2. Bonds and investment papers

The Bank is authorized by Colombia Finance Superintendence to issue or place Bonds or general guarantee bonds. The total of issues of bonds by the Bank have been issued unguaranteed and represent exclusively the obligation of each one of the issuers.

The detail of liabilities at December 31, and June 30, 2015, by date issue and maturity date in legal tender was as follows:

ISSUER	DATE ISSUED	DEC 31/2015	JUN 30/2015	MATURITY DATE	INTEREST RATE
Ordinary bonus leasing de occidente	25-ago-08	$ -	21.024	25-ago-15	IPC + 6,60
Ordinary bonus leasing de occidente	25-ago-08	52.903	52.903	25-ago-18	IPC + 7,00
Ordinary bonus leasing de occidente	30-Mar-09	123.450	123.450	30-Mar-16	IPC + 6,00
Ordinary bonus leasing de occidente	30-abr-09	1.000	1.000	30-Mar-19	IPC + 5,75
Ordinary bonus first issue of program	26-Nov-10	-	122.000	26-Nov-15	IPC + 3,15%
Ordinary bonus first issue of program	26-Nov-10	-	6.000	26-Nov-15	DTF + 1,35%
Ordinary bonus newopenning first issue of program	2-Mar-11	39.300	39.300	2-Mar-16	IPC + 3,05%
	26-Nov-10	-	12.500	26-Nov-15	IPC + 3,65%
Ordinary bonus 3rd issue of program	22-Sep-11	59.180	59.180	22-Sep-16	IPC + 4,0%
	22-Sep-11	12.760	12.760	22-Sep-16	7,25%
	22-Sep-11	32.000	32.000	22-Sep-18	IPC + 4,20%
	22-Sep-11	134.300	134,3	22-Sep-21	IPC + 4,50%
Ordinary bonus 3rd issue of program	9-Feb-12	80.000	80.000	9-Feb-19	IPC + 4,34%
	9-Feb-12	120.000	120.000	9-Feb-22	IPC + 4,65
Ordinary bonus 4th issue of program	09-ago-12	-	50.000	09-ago-15	DTF + 1,67%
	09-ago-12	100.950	100.950	09-ago-22	IPC + 4,10%
Subordinater bonus 2nd issue of program	09-ago-12	149.050	149.050	09-ago-27	IPC + 4,27%
	30-ene-13	200.000	200.000	30-ene-25	IPC + 3,58%
Ordinary bonus 5th issue of program	29-May-13	231.100	231.100	29-May-16	IBR + 1,30
	29-May-13	19.540	19.540	29-May-20	IPC + 2,90%
	29-May-13	2.750	2.750	29-May-28	IPC + 3,10%
Ordinary bonus 6th issue of program	21-Nov-13	-	218.200	21-Nov-15	IBR + 2,08%
	21-Nov-13	70.750	70.750	21-Nov-17	IPC + 2,89%
	21-Nov-13	61.050	61.050	21-Nov-20	IPC + 4,35%
Ordinary bonus 7th issue of program	8-May-14	150.030	150.030	8-May-17	IBR + 1,39%
	8-May-14	122.180	122.180	8-May-21	IPC + 3,70%
	8-May-14	77.790	77.790	8-May-24	IPC + 4,00%
Ordinary bonus 8th issue of program	16-Jul-15	205.950	-	16-Jul-17	6,00%
	16-Jul-15	45.050	-	16-Jul-18	6,26%
	16-Jul-15	99.000	-	16-Jul-20	IPC + 3,48%
Ordinary bonus 9th issue of program	19-Nov-15	100.000	-	19-Nov-17	IBR + 2,04%
	19-Nov-15	50.000	-	19-Nov-20	IPC + 3,51%
	19-Nov-15	250.000	-	19-Nov-27	IPC + 4,65%
INTEREST PAYABEL BONUS		30.633	21.960		
TOTAL		$ 2.620.716	2.291.766		

a) Issues of Subordinate Ordinary Bonds in, 2012 I and 2013 I. Issues of Ordinary Bonds in 2008. 2009. 2010. 2011 (two issues). 2012 II. 2013 (two issues) 2013 II and 2013 III . 2014 I and 2015 II

b) Amount of issue authorized:

Year	Amount
2008	$400.000
2009	500.000
2010	550.000
2011 I	400.000
2011 II	247.120
2012 I	200.000
2012 II	300.000
2013 I	300.000
2013 II	253.390
2013 III	350.000
2014 I	350.000
2015 I	350.000
2015 II	400.000

Note: The issued made in 2010 for $550.000 was made in two tranches. The first tranche was on December 25, 2010 by an amount of $359.500 and the second tranche was on May 10, 2011 for $190.450 total amount, corresponding to the issue of year 2010.

a) The legal representative of the two holders of bonds is Helm Fiduciaria S.A.

b) For the issues made in 2010 ($550.000). 2011 ($400.000 y $247.120). 2012 ($200.000 and $300.000). 2013 ($200.000. $253.390 y $350.000). 2014 ($350.000) Y 2015 ($350.000 and $400.00) the par value and minimum investment is $10.000.000 and $10.000.000 (in Col pesos) respectively.

   For the issues in 2008 ($400.000) and 2009 ($500.000) the par value and minimum investment is $100.000 and $1.000.000 in pesos) respectively.

The future maturities at December 31, 2015 of the outstanding investment papers in long-term debt, are

Year		Nominal mount
2016	$	496.423
2017		526.730
2018		129.953
2019		81.000
2020		229.590
Posterior al 2020		1.157.020
	$	**2.620.716**

For long-term financial obligations for issue of bonds caused in results on account of interest at closing of semesters ended on December 31, $100.806 and June 30, 2015 $83.822.

3. Financial obligations with rediscount entities

Colombian government has established some credit programs in order to promote the development of specific economic sectors, including foreign trade, agriculture, tourism, housing construction and other industries. The programs are managed by several government entities such as Banco de Comercio Exterior ("BANCOLDEX"), Fondo para el Financiamiento del Sector Agropecuario ("FINAGRO") and Financiera de Desarrollo Territorial ("FINDETER").

The following is a detail of the loans obtained by the Bank from entities at December 31 and June 30, 2015:

	Interest rates Prevailing at closing		December31 2015	June 30 2015
Banco de Comercio Exterior - "BANCOLDEX"	Entre -2.00% y 8.88%	$	333.793	291.849
Fondo para el Financiamiento del Sector Agropecuario - "FINAGRO"	Entre 0.50% y 6.60%		90.551	89.538
Financiera de Desarrollo Territorial "FINDETER"	Entre -4.00% y 9.79%		428.676	288.834
Total		$	**853.020**	**670.221**

The following is the detail of financial obligations maturity with rediscount entities in force at December 31, 2015:

Year		Value
2015	$	226
2016		164.202
2017		147.834
2018		124.640
2019		88.207
2020		83.942
After 2020		243.969
Total	**$**	**853.020**

For financial obligations with rediscount entities and foreign Banks caused in results on account of interest at the closing of semesters ended on December 31, 2015 and June 30, 2015 was $33.461 and $24.952, respectively.

Note 19. - Provisions for employees benefits

According to Colombian labor legislation and based on the labor conventions and collective agreement executed with the employees, the different employees of the Bank are entitled to short-term benefits such as: salary, vacations, legal and extra-legal premiums and severance, and long-term benefits such as extra-legal premiums and retirement benefits such as: severance to employees continuing with the labor regime before the Act 50/1990 and legal and extra—legal retirement pension. For compensation of key staff of the top management, includes salaries, benefits other than cash and contributions to a post-employment benefits, See note 30.

Due to Bank personnel benefit plans, the Bank faces some risks (interest rate and operational risk), which the Bank attempts to minimize by the implementation of policies and procedures of risk administration as defined above in Note 4.

The following is the detail of the balances of provisions for benefits to employees as of December 31 and June 30, 2015:

	December 31 2015	June 30 2015
Short-term benefits	$ 36.192	29.426
Post-employment benefits	12.593	14.240
Long-term benefits	28.563	29.608
Total	**$ 77.348**	**73.274**

a) Post-employment benefits

- In Colombia retirement pensions when the employees leave the entity after completing some age years and service, are assumed by public pension funds based on contribution plans defined whereby the entities and the employees contribute on a monthly basis with amounts defined by laws for them to obtain the retirement pension when the employee complete the age of retirement; notwithstanding, some employees hired by the Bank before 1968 who accomplished with the age and service years required, the pensions are assumed directly by the Bank.

- 123 employees contracted by the Bank before 1990 are entitled to receive at the time when the employee voluntarily leaves the company an indemnity or compensation corresponding to the salary of the last month multiplied by every year worked in the Bank at December 31, 2015 the provision for such concept corresponds to $4.112.

- The Bank provides extra-legally or according to collective agreements to the employees leaving the company after completing the years of age and service, to receive the pension given by the pension funds: at December 31, 2015 the provision for this concept corresponds to 5.388.

- The Bank recognizes an extralegal bonus to the employees leaving the company when they complete the age and years of service to enjoy the pension by the funds: This bonus is given at the time when the employee leaves the Bank. The amount assigned to professional personnel is $10 and operative personnel $5 (Bonus of retirement pension).

- In the Bank there are employees covered by previous labor regimes according to which their severances are assumed by the Bank at the time when the employee leaves the Bank (severance of employees of the previous law) the regimes involve this benefit in contribution plans defined.

The following is the movement of retirement benefits to employees and long-term benefits during the operational periods ended on December 31 and June 30, 2015:

	Retirement benefits		Long-term benefits	
	December 31, 2015	June 30 2015	December 31, 2015	June 30 2015
Balance at the opening	$ 14.240	14.582	29.608	30.782
Costs incurred during semester				
Interest Expense	445	445	1.105	1.105
Costs of services paid	224	224	1.771	1.771
Total Costs Benefits	**669**	**669**	**2.876**	**2.876**
Changes in actuarial assumptions	(773)	(224)	(1.810)	(2.218)
Payments to employees	(590)	(787)	(2.111)	(1.832)
(Profit)/loss for direct agreement with the employees	(953)	-	-	-
Balance at the closing semester	**$ 12.593**	**14.240**	**28.563**	**29.608**

The variable used to calculate the obligation projected of the different retirement benefits and long-term benefits to the employees are shown below:

	December 31 2015	June 30, 2015
Discount rate	8,38%	7,60%
Inflation rate	3,75%	3,00%
Salary increase rate	3,75%	3,00%
Pension increase rate	3,75%	3,00%
Employees turnover rate (Between the year of service (Between year 1 and 40 of service for males and females, the turnover rate is the following)	13,1%	4,7%

The expected life of the employees is calculated based on the mortality tables published by Colombia Finance Superintendence, developed based on the expectation of mortality supplied by different insurance companies operating in Colombia.

The sensitivity analysis of liability for retirement benefits to employees of the different financial and actuarial variable is itemized below:

Benefits of retirement

	Variable used		Increment in the variable		Diminution in the variable	
Rate of discount	8,50%	$ 22.435	9,00%	$ 21.875	8,00%	$ 23.024
Rate of salaries growth	3,83%	22.435	4,33%	23.048	3,33%	21.847
Pension growth rate	3,83%	22.435	4,33%	23.048	3,33%	21.847
Increment 1 year in the life expectancy	17,59	22.435	18,09	8.668	17,09	8.291

Long-tern benefits

	Variable used		Increment in the variable		Diminution in the variable	
Rate of discount	8,00%	$ 28.563	8.50%	$ 27.151	7,50%	$ 30.089
Rate of salaries growth	3,50%	28.563	4.00%	30.150	3,00%	27.085
Pension growth rate	3,50%	28.563	4.00%	30.150	3,00%	27.085
Increment 1 year in the life expectancy	25,82	28.563	26,32	28.863	25,32	28.256

b) Long-tern benefits to employees

- The Bank grants to the employees long-tern extra-legal premiums during their labor life dependent on the years of service. Every five, ten, fifteen and twenty years, etc, calculated as days of salary (between 15 and 180 days) each payment.

- The Bank has recorded the liabilities corresponding to those benefits based on the actuarial calculations made under the same parameters of retirement benefits, the retirement benefits correspond to $12.593 as of December 2015.

c) **Payment expected future benefits**

The payment of expected future benefits, reflecting services, as may be the case, it is expected to be paid as follows:

Year	Post-employment Benefits	Other long-term Benefits
2016	$ 2.691	4.064
2017	1.141	4.603
2018	1.314	4.920
2019	1.154	4.871
2020	1.216	4.297
2021-2025	5.920	19.888

The Bank will cover with equity cash the future cash-flows for payment of extra-legal benefits and pensions.

Note 20. - Provisions for legal contingencies and other provisions

The movement and balances of legal provisions and other provisions during the operational periods ended on December 31 and June 30, 2015 are itemized below:

		Legal Provisions	Other provisions	Total provisions
Balance as of January 1. 2015	$	3.922	1.757	5.679
Increment of provisions in period		28	28	56
Uses of provisions		(73)	-	(73)
Amounts reversed for unused provisions		(248)	-	(248)
Balance as of June 30, 2015	**$**	**3.629**	**1.785**	**5.414**
Increment of provisions in period		1.707	35	1.742
Uses of provisions		(570)	(107)	(677)
Amounts reversed for unused provisions		(750)	-	(750)
Balance as of December 31, 2015	**$**	**4.016**	**1.713**	**5.729**

Other legal provisions

The 29 civil lawsuits filed against the bank resulting from the development of its line of business, and involving a risk, which have to do mainly with claims of clients considering that (i) checks from their accounts were unduly cashed or (ii) without their authorization the withdrawal of resources was allowed trough electronic means, as well as the labor lawsuits, representing any risks, are duly provisioned for $3.262.

Provisions of taxation nature

The three tax lawsuits filed against the Bank derived from the development of the line of business and representing risk, which have to do mainly with industry and commerce tax, advertising signs and boards in the municipalities of Bogota and Cartagena, and where the determination of the taxable base is discussed in connection with the determination of taxable base calculation, related to the investments returns of the savings section for Bogota and the inclusion of sundry income when they are no included in the base to be determined, and a customs sanction, are duly provisioned for the amount of $754.

Other provisions

As of December 31, 2015 the other provisions correspond to decommissioning costs of spaces for automated teller machines and offices/locations under lease, which after valuing the outfitting to be made to delivery back the locations to the lessors, the cost incurred would be the decommissioning for $1.713.

Note 21. – Other liabilities

The other liabilities include the following:

	December 31, 2015	June 30, 2015
Dividend and surplus payable	$ 73.279	73.131
Suppliers and services payable	153.551	168.113
Withholdings and labor contributions	47.677	45.262
Collections made	37.558	30.029
Cashier's check	259.853	126.091
Collection services	24.122	-
Contributions over transactions	8.408	13.069
Commissions and fees	2.011	2.176
Industry and commerce	11.585	1.032
Sales tax payable	5.691	5.938
Other taxes	303	22.152
Prospective buyers	24.782	2.644
Rentals	260	669
Accounts Cancelled	2.751	2.647
Other	153.794	110.392
Total	**$ 805.625**	**603.345**

Note 22. - Patrimony

The number of stocks authorized, issued and outstanding as of December 31 and June 30, 2015, were the following:

	December 31, 2015	June 30, 2015
Number of stocks authorized	200.000.000	200.000.000
Number of subscribed and paid stocks	155.899.719	155.899.719
Total stocks	**155.899.719**	**155.899.719**
The total subscribed and paid stocks breakdown is as follows:		
Subscribed and paid capital, common stocks	**$ 4.677**	**4.677**

Retained Earnings Appropriated in Reserves

The composition as of December 31 and June 30, 2015 is as follows:

	December 31 2015	June 30 2015
Legal Reserve	$ 2.388.811	2.291.516
Compulsory and Voluntary Reserves	351.412	351.412
Total	**$ 2.740.223**	**2.642.928**

Legal Reserve

Pursuant to legal provisions prevailing, the Bank needs to create a legal reserve following the approval of ten percent (10%) the net profit of every year until reaching an amount equal to fifty percent (50%) of subscribed capital stock. This reserve may be reduced below fifty percent (50%) of the subscribed capital stock in order to catch in losses in excess of the retained profit. The legal reserve will not be less than the aforementioned percent excepting to cover loss in excess of the retained profit.

Compulsory and Voluntary Reserves

The compulsory and voluntary reserves are approved for its constitution by the stockholders general meeting in the ordinary session annually held.

Based on article 10 in Act 1739/2014 enacted by the national government providing that "The taxpayers of wealthy tax may charge this tax against patrimonial reserves without impacting the profit of the operational period both on the separated and individual balances, as well as in the consolidated balance sheet ¨, the Bank, under minutes of the 120 stockholders general meeting held on January 26, 2015, in the first semester 2015, charged to patrimonial reserves the amount of $42.145 to pay the wealthy tax of the operational period 2015.

Dividends Decreed

The dividends are decreed and paid to the stockholders based on the net profit of the precedent semester. The dividends decreed were the following:

	December 31, 2015	June 30, 2015
Profits of semesters shown in the separated financial statements.	$ 237.605	923.569
Dividends paid in cash	Dividends paid in cash $150 pesos monthly per stock. Payable within the first ten days each month. Since October 2015 to March 2016, inclusive, on 155.899.719 total stocks subscribed and paid as of June 30, 2015.	Dividends paid in cash $150 pesos monthly per stock. Payable within the first ten days each month. Since October 2015 to March 2016, inclusive, on 155.899.719 total stocks subscribed and paid as of December 31, 2014.
Outstanding common stocks	155.899.719	155.899.719
Total outstanding stocks	**155.899.719**	**155.899.719**
Total dividends decreed and paid in cash	**$ 140.309**	**140.309**

Net profit per stock

The following chart summarizes the net profit by stock for the semesters ended on December 31 and June 2015:

	December 31 2015	June 30 2015
Net profit of the operational period	$ 258.766	237.605
Weighted average of common and preferred stocks used to calculate the net profit by (common and Preferred Stocks)	155.899.719	155.899.719
	$ 1.660	**1.524**

The Bank has a capital simple structure and for this reason there is no any difference between basic profit by stock and diluted profit.

Note 23. – Commitments and contingencies

a. Commitments

Credit commitments

The development of normal operations the Bank grants guarantees or letters of credit to the clients whereby the Bank irrevocably undertakes to make payments to third parties in the event that the clients fail to accomplish with their obligations to those third parties, with the same credit risk for credit portfolio. The granting of guarantees and letter of credit are subject to the same policies for approval of the disbursement concerning the credit quality of clients and the guarantees obtained are considered as appropriate to the actual circumstances.

The commitments for credit extension represent unused portion of authorization to extend credits by way of loans, use of credit cards or letters of credit. Concerning the credit risk on the commitments to extend credit lines, the Bank is potentially exposed to loss for an amount equal to the total amount of unused commitments, if the unused amount it totally withdrawn, nevertheless the amount of loss is lower than total amount of commitments to extend the credits are contingent once the client maintains the specific standards of credit risk. The Bank monitors the maturity terms of commitments related to the credit lines because the long-term commitments involve a higher credit risk than the short-term commitments.

Below the detail of the guarantees, letters of credit, and credit commitments in the unused credit lines as December 31 and June 30, 2015:

	December 31, 2015		June 30, 2015	
	Notional a amount	Reasonable value	Notional amount	Reasonable value
Guarantees	$ 933.484	933.484	696.112	696.112
Unused letters of credit	119.697	119.697	114.517	114.517
Quotas of unused credit cards	1.946.478	1.946.478	1.926.733	1.926.733
Other	1.990.789	1.990.789	1.957.940	1.957.940
Total	**$ 4.990.448**	**4.990.448**	**4.695.302**	**4.695.302**

The pending balances of unused credit lines and guarantees not necessary represent future requirements of cash because such quotas can expire and unused totally or partially.

Below the detail of credit commitments by type of currency:

		December 31 2015	June 30 2015
Col. Pesos	$	4.245.248	4.120.844
Dollars		690.415	524.741
Euros		54.551	49.113
Other		234	604
Total	**$**	**4.990.448**	**4.695.302**

Commitments of disbursement of capital expenses

As of December 31, 2015, the Bank has the following contractual commitments related to capital expenses (intangibles and other):

ADDENDUM 3 - Q023412 TO THE LEASE CONTRACT OF MACHINE OF CONTINGENCY Q018374	USD	108.692	Other
TRAVEL EXPENSES SUPPLIER CSI RESOURCES, AGREED ON IN THE LICENSING AGREEMENT AND SERVICES NO.201100496 PFOR THE YEAR 2015.	USD	120.000	Intangible
ADDITIONAL CLAUSE TO COTRACT 201100595 OF LICENSING SERVICES AND SOFTWARE IMPLEMENTATION OF FOREIGN TRADE FOR ADDITIONAL DEVELOPMENTS FIRST STAE BANK TRADE	USD	125.000	Other
LICENCES OF VMWARE FOR THE CCC IN THE MIGRATION OF THE COMPUTING CENTER OF CONTINGENCY FOR THE NEW ESX EQUIPENT	USD	133.044	Other
TI-MT-VOICQ29398-PROJECT SECURITY IN DEVELOPMENT - ACQUISITION, SOPPORT, INSTALLTION, TRAINING AND MAINTENANCE OF THE SECURITY PRODUTS OF CODE AND APPLICATIONS BY MEANS OF THE PRODUCT FORTIFY OF HP.	USD	134.028	Other
EXECUTION BENCHMARK FASE2 ODA8	USD	134.992	Other
ADMINCQ35578-PROJECT CONNECTION AVAL-CONTRACT NO.1506RS26-299 INFRASTRUCTURE LENOVO IMPLEMENTATION	USD	136.800	Other
PURCHASE OF BALANCER OF COPUTING CENTER OF CONTINGENCY	USD	154.640	Intangible
ODA 26 – CONTRAING ORACLE TO ACCOMPANY INFRASTRUCTURE TO SUPPORT EXIT OF PASSIVE CBS	USD	156.090	Other
RENEWAL BUS DEVEOPENT RESOURCES	USD	157.800	Other
SAP MAINTENANCE COTRACT, UNDER CONTRACT ENTERED INTO BETWEE SAP AND ATH	USD	173.592	Other
TI - PROJECT TECHNOLOGICAL UPDATING MACHINES SERIES, VTL AND RED SAN - CONTINGENCY	USD	205.368	Other
LT - RCACQ48484 – RE-ENGINEERING OF MONITO PHASE II	USD	231.986	Other
PERFORM TECHNICAL OUTFITTINGS TO BANK TRADE APPLICATION AND PAYMENT MODULE AS A RESULT OF OF THE GAP ANALYSIS IN ADDITION TO THE PURCHASE OF MODULE OF CONCILIATIONS CONSULTING	USD	249.122	Intangible
SERVICES DE CONSULTO IMPLEMENTATION IDM – PROJECT USERS MANAGEMENT	USD	254.812	Other
LEGALIZATION REQUIREMENTS ODA17	USD	278.460	Other
SUPPLY ORACLE LICENSES	USD	314.994	Other
CONSULTANCY SERVICES OUTPUT OF PRODUCTION NOVEMBER 20	USD	318.780	Other
PAGO PROYECTO SEGURIDAD EN CANALES ELECTRONICOS CONCEPTOS ACORDADOS PARA DICIEMBRE 2014, JANUARY, FEBRUARY AND MARCH 2015	USD	321.021	Other
TCS DEVELOPMENS	USD	334.710	Other
EXTENSIONMACHINE POWER 795 OF CONTINGENCY	USD	378.948	Other
PURCHASE OF VIRTUALIZATION SERVERS APLICATIONSORACLE AND REPLACEMENT INTEL X86 SERERS	USD	379.959	Other
BPM LICENSESINSTALLATIOON SERVICES	USD	585.752	Other
ODA 27 – CONTINUITY ORACLE RESOURCES EXTENSION PROCESS	USD	601.040	Other
IMPLEMENTATION RESOURCES AND SUPPORT DECEMBER AND JANUARY	USD	609.323	Other
SERVICES SUPPLY CONTRACT HISTORY	USD	776.771	Other
ADDITIONAL CLAUSE NO.1 TO THE CONTRACT OF LICENSING SERVICES AND IMPLEMENTATION OF REPORT FOREIGN TRADE	USD	782.069	Intangible
SW LICENCES TOOL GOVERNMENT OF DATA AND QUALITY OF DATA ANDMAINTENANCE SUPPORT OF THE LICENSES FROM 2016 UP TO 2018	USD	811.333	Intangible
LEASE AGREEMENT UNDER FIXED TERM OF THEMACHINE P795 OF CONTINGENCE PECIFIED IN THE IN THE IBM PROPOSAL	USD	981.375	Other
TO CONTRACT SOLEM PROFESIONAL SERVICES FOR THE CONTINUANCE OF ICBS PROJECT	USD	1.241.114	Intangible
RENEWAL IBM SOFTWARE, PASSPORT ADVANTAGE, IPS PROJECT IPS, NEW LICENSES TSM, BPM, CLEAR CASS AND CLEAR QUEST.	USD	1.247.384	Other
ACQUISITION INFRASTRUCTURE FOR CONEXION AVAL PROJECT, PURCHASE ORDER NO.14860	USD	1.258.560	Other
CONTINUITY OF ORACLE RESOURCES PROCESS OF - ODA22 EXTENSION	USD	1.316.568	Other
DEVELOPMMENT AND E IMPLEMENTATION CBS ACTIVE - FLEXCUBE	USD	6.050.964	Intangible
ADMINCQ35578-PROJECT CONEXION AVAL-SERVICIOS OF TESTS SPECIALIZED FOR THE PROJET COP		302	Other
2519ADM-CHANGE OF PLATFOR OF THE MRA-CQPRO00001753	COP	327	Other
CONTRACTING OF 5 OUTSOURCING RESOURCES TO CONTINUE SUPPORTING THE FRONT OF TESTS IN THE DESIGN TASKS AND THE EXECUTION OF TESTS AND IN GENERAL, FOR THE QUAITY ASSURANCES OF THE SOFTWARE FUNCTIONAL TESTS)	COP	340	Other
IDM LICENSES	COP	362	Other
PROVIDE THE SERVICES FOR THE CONSTRUCTION OF 22 SERVICES FOR THE SOLUTION OF BANCA MÓVIL IN SMARTPHONE AND TABLETS OF THE BANKS AV VILLAS, BOGOTÁ, OCCIDENTE AND POPULAR UNDER THE PLATFORM OF KONY.	COP	472	Other
ADMINCQ35578–PROJECT CONNECTION AVAL-NEW SCOPE FOR IMPLEMENTATION IMPLEMENTACION AFI	COP	591	Intangible
CONTRACT TO PROVIDE CONSULTANCY SERVICES AND IMPLEMENTATION OF SISTEMA ERP (ECC AFD SYSTEM ERP (ECC – AFI	COP	2.194	intangible
BPM PERSONS IMPLEMENTATION PROCESS	COP	2.608	Intangible

Commitments of operating leasing

The Bank receives immovable goods via operating leasing for a determined term in exchange of rental fee. In most of contracts the rental fee is calculated taking as a reference the Consumer Price Index (CPI), usually the term of such contracts is 5 and 10 years.. Below the detail of commitments for operating rental payment in the next years:

	December 31 2015	June 30, 2015
No more than one year	$ 10.769	3.598
More than one year and less than five years	52.164	1.555
More than five years	33.096	93.243
Total	**$ 96.029**	**98.396**

b. Contingencies

Legal Contingencies

From time to time during the line business operations claims against the Bank or against some Subsidiaries arise based on their own estimates and with the support of the external legal counsels, the Bank's Management considers that it is not possible to occur significant loss in connection with such claims. The provisions required have been recognized in financial statements.

For December 31, 2015, the Bank faces with the legal proceedings against the entity resulting from materials (equal to or higher than $3.100):

(i) A group action in the Civil Court 15 Medellin Circuit under file No. 5001310315-20140004500, filed by Mrs. Adriana Patricia Benítez Benítez and other, including six additional respondents, among which, Meta Petroleum. Trans Masivo S.A. and Masivo Carga S.A. The process is the result of transit accident resulting in death and personal injuries to several persons where a tractor truck which trailer the property of the Bank was involved, by reason of a leasing agreement of which the company Trans Masivo S.A. is the tenant. The Bank timely answered the complaint and the proceeding is currently in the stage of notification of the other defendant parties and called in guarantee. The claims amount to $7.326. The judicial proceeding did not show significant progression during the second semester, 2015. It is considered as yet that the probabilities of losing the process are remote taking into account that the eventual damages occurred with the assets given in leasing need to be assumed by the tenant, as provided in the leasing agreement.

(ii) An ordinary civil proceedings in the Third Civil Court of Pasto, under file 201300232, filed by Mrs. Gloria Janeth Caicedo. Through this proceeding the plaintiff applies for the import leasing contract to be resolved, alleging the possible default of the Bank, such default, according to the plaintiff, infringing damages for $5.702. The Bank timely answered the complaint and currently is in the stage of the collection of evidences. It is considered for the possibilities to lose the proceeding are remote.

(iii) Lawsuit of civil party filed by Juan Esteban Gonzalez within the criminal proceedings reported to the Prosecutor from Girardot regional Office 3, File No. 253073. The demand was filed within criminal investigation related to the death and personal injuries resulting from a transit accident occurred in 2006, where supposedly was involved the vehicle of an entity held under leasing agreement. The claim was timely answered by the Bank and the tenant of leasing contract was called as the insurance company. The claim was promoted by some relatives of the deceased person and it is intended for them to be indemnified for $3.215. The process currently is in the step of trial. It is considered that the possibilities of losing the process are remote, taking into account that the eventual damages occurred with the assets given in leasing need to be assumed by the tenant, as provided in the leasing contract.

(iv) Popular action filed by José Reynaldo Bolaños against Banco de Occidente and other financial entities in Eighth Administrative Court of Cali, filed under No. 2009-00224. The process is instituted against the financial entities taking part in the restructuring the purblind debt of Cali Municipality in 1999, considering that in such restructuring process interests were capitalized overlooking the legal requirements for such purposes. The evidentiary state of the demand was closed without the provision of any evidence to support the facts of the claim, and for such reason, at the closing December 31, 2015 it is not required to estimate provisions for this proceeding, the allegations were estimated by $41.339.

(v) Popular action promoted by Carlos Julio Aguilar against Banco de Occidente and other financial entities before the Eleven Administrative Court, Circuit of Cali under the file 2004-1924. The process originates against the financial entities taking part in the Performance Plan of Valle Department in 1998. Considering that the charge of interest on interest was agreed upon. The sentence of the first instances has not been issued as yet, and there is no any evidence supporting the factual issues of the lawsuit, and for such reason, at the closing operational period June 30, 2015 it is not required to estimate provision for such process. The allegations were estimated by $15.900 amount.

Note 24. – Management of appropriate capital

The objective of the Bank concerning the adequate capital management are focused to: a) accomplish with the requirement of capital set forth by Colombian Government; and b) maintain a proper structure of patrimony allowing for maintaining the Bank as a going concern..

According to the requirements by Colombia Finance Superintendence, the financial entities need to maintain a minimum patrimony as determined by the legal provisions prevailing, and no less than 9% of the weighted asset by risk level also determined by the legal provisions.

During the operational periods ended on December 31 and June y 30, 2015 the Bank has properly accomplished with the capital requirements.

Below the detail of the Bank’s solvency ratios as of December 31, and June 30, 2015:

TECHNICAL PATRIMONY			**December 31, 2015**	**June 30 2015**
Basic Patrimony		$	2.887.742	2.885.302
Additional Patrimony			446.243	527.506
Technical Patrimony		**$**	**3.333.985**	**3.412.808**
Growth ceiling of assets				
Less:				
Weighted Assets and contingencies by risk level				
Category II	20%	$	129.493	86.057
Category III	50%		566.195	448.350
Category IV	75%		-	-
Category IV	80%		3.310.620	3.154.379
Category V	90%		148.101	95.387
Category VII	95%		38.139	3.107
Category VIII	100%		21.644.579	19.764.229
Category IX	110%		159.077	124.846
Category X	120%		40.784	11.444
Category IX	130%		565	1.928
Contingences			1.842.304	1.589.440
Total weighted asset and contingencies		**$**	**27.879.857**	**25.279.167**
Market risk value		$	1.540.758	1.945.231
Solvency ratio			**11,33 %**	**12,54 %**

Note 25. – Income and expenses for commissions and fees

Below the detail of income and expenses for commissions and fees, for the semester ended on December 31 and June y 30, 2015:

	December 31, 2015	June 30 2015
Income for commissions and fees		
Banking services	$ 72.156	35.931
Banking guarantees	6.071	4.530
Commissions establishments affiliated to credit and debit card	33.189	57.640
Charges for credit cards management	22.019	-
Commissions for drafts, checks and checkbook	10.042	9.564
Insurance commission	21.670	18.895
Commission from insurance Premium collection	-	18.362
Other commissions earned	7.391	6.008
	172.538	**150.930**
Expenses for commissions and fees		
Banking services	15.387	12.279
Banking guarantees	15	-
Services of operators' information processing	357	111
Service to financial institutions for collection of contributions	1.721	1.488
Commission to personal banking sales force	16.528	9.790
Placements	13.610	11.691
Master card operation cost	13.516	11.313
Expense of debit and credit interbanking card rate	-	29.290
Other	5.494	5.797
	66.628	**81.759**
Net income for commissions and fees	**$ 105.910**	**69.171**

Note 26. – Other income, net

Below the other income of the semester ended on December 31 and June 30 , 2015 is detailed:

	December 31, 2015	June 30 2015
Other income		
For valuation of spot operations	$ 1.576.143	633.614
For difference in exchange	1.833.528	750.888
For sale of non-current asset maintained for sale	503	1.009
For sale of investments	233	572
Participation in profit of associated companies and joint business by patrimonial participation method	21.417	17.346
Dividends	48.528	54.035
For the sale of property and equipment	2.145	512
Rents	1.027	1.013
Reversal of the loss due to impairment	3.587	-
Recovering operative risk	205	396
Indemnities	1.258	2.272
Lease rentals of operative leasing	2.796	3.951
National deposit	-	2.069
Management fee	-	17.848
Services of automated teller machine	-	5.557
Devolution CREE 2014	34.107	-
Administration fee personal banking	-	2.375
Administration fee business banking	-	3.216
Other sundry	25.004	33.497
	3.550.481	1.530.170
Other expenses		
For valuation of spot operations	1.493.169	606.039
For difference in exchange	1.886.906	749.972
Participation in loss of associated companies and joint business by patrimonial participation method	5.897	6.601
	3.385.972	1.362.612
Total other net income	**$ 164.509**	**167.558**

Nota 27. – Administration General Expenses

Below the detail of the administration general expenses, of the semesters ended on December 31 and June 30, 2015:

	December 31 2015	June 30 2015
Fees of consultancy, audit and others (1)	$ 18.931	14.808
Tax and rates	65.196	50.175
Rent	23.357	23.909
Contributions affiliations and transfers	37.786	31.701
Insurance	24.848	24.361
Maintenance and Repairing	8.310	6.554
Outfitting and Installation	2.425	3.090
Cleaning and vigilance services	5.983	6.043
Publicity and advertising	31.564	18.838
Utilities	12.127	13.923
Electronic processing of data	4.911	3.840
Travel expenses	4.904	3.633
Transport	3.899	3.990
Stationery	2.532	2.835
Especial Attention Services	5.846	4.256
Cafeteria	1.460	1.225
Other outsourcing services	6.514	5.505
Security services	2.028	1.560
Building administrative expense	4.294	-
Mail expenses	2.482	-
Cardholders marketing	7.698	8.175
Commercial and credit information	4.725	3.292
Professional training	2.132	1.118
Others	8.153	21.094
	$ 292.105	**253.925**

(1) As of December 31 and June 30, 2015 includes fees on account of financial advisory by $6.349 and $6.960, respectively.

Note 28. – Operation segments analysis

The operation segments are components of the Bank responsible for developing commercial activities potentially generating income or incurring in expenses and which operational results are usually reviewed by Bank’s Board of Directors and to which the specific financial information is available; according to the above, the Bank has defined as business segments four sub-segments: The Company Banking, the personal Banking, the Credit Card and drafts and other Operations.

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a. Description of products and services from which each reportable segment derives the income.

In the financial information available in the Bank at Commercial Units level (Banks/Segments) the main items of the Statement of Results associated to each reportable sub-segment, relates as follows; the credits of the ordinary portfolio in the Bank Company, the credits Personal Loan in the Bank Persons, the Credit Card and Drafts in the respective Bank, and lastly, the Treasury operations in the segment Other Operations.

In all segments compensated concepts are managed such as the item appears of transfer interest, where interest for deposits are recognized, and interest is charged for placements according to the term and rate agreed on.

b. Factors used by the Management to identify the reportable segments:

The operation segments identified above, correspond to the internal composition of the commercial units that the Bank, within its corporate structure defined and adopted since the first semester of the immediately precedent year.

The group of Banks is organized into four sub-segments of business comprised by: the consolidate of the Company Banking consolidating the segments of the Government Banking, the Corporate Banking and the Company Banking 1 and 2. In the same way, there is the segment of the Personal Banking and the segment of the Credit cards and Drafts.

The consolidated information is reviewed by Bank's Board of Directors and is available to the stock market taking into account that the Bank holds its stocks and securities values registered in the Registro Nacional de Valores de Colombia.(Colombia Securities National Registry)

c. Measurement of the net profit and the asset and liabilities of the operative segments

The Bank's Board of Directors reviews the consolidated financial information of each one of the operation segments prepared according to the Accounting Financial Reporting Standards accepted in Colombia, in force since December 31, 2015, as indicated in Note 2

The Board of Directors assesses the performance of every segment based on the net profit of each one and the certain credit risk indicators.

d. Information of net profit, asset and liabilities of reportable operation segments.

The following is the detail of the abridged reportable financial information by segment as of December 31 and June 15, 2015:

December 31, 2015

BANCO DE OCCIDENTE
STATEMENTS OF RESULT BY COMMERCIAL SEGMENT
JUN-DEC 2015

CONCEPT	Total Banc Bussines	Banking Person	Credit Card and Surety	Other Operations	Total Banco Colgaap	Adjust P&L to NCIF	Total Banc NCIF
INTEREST RESEIVED PORTFOLIO MM+ ME	$ 736,508	319,841	186,358	3,047	1,245,754	834	1,246,588
INTEREST PAID ML+ME	256,712	18,311	712	211,945	487,680	(606)	487,074
NET COMMISIONS ML+ME +SUNDRY	71,099	32,147	44,273	(25,347)	122,172	5,012	127,184
NET INCOME ML	550,895	333,677	229,919	(234,245)	880,246	6,452	886,698
NET POTFOLIO PROVISION & OTHER PROVISIONS	79,374	85,577	60,259	(24,136)	201,074	40,423	241,497
TRANSFER INTEREST	42,402	(109,340)	(72,440)	139,378	-	-	-
NET FINANCIAL INCOME	513,923	138,760	97,220	(70,731)	679,172	(33,971)	645,201
SUBTOTAL ADMINISTRATIVE EXPENSE	188,719	116,599	84,476	129,594	519,388	(11,228)	508,160
SUBTOTAL OTHER CONCEPT INCOME & EXPENSES	27,059	3,087	(22)	157,069	187,193	42,494	229,687
GROSS OPERATIONAL PROFIT	352,263	25,248	12,722	(43,256)	346,977	19,751	366,728
INCOME TAX	125,486	4,896	5,118	(59,952)	75,548	32,414	107,962
DG DISTRIBUTION (Compensed)	(3,053)	(909)	(441)	4,403	-	-	-
acaunting profit	$ 229,830	21,261	8,045	12,293	271,429	(12,663)	258,766

June 30, 2015

BANCO DE OCCIDENTE
STATEMENT OF RESULT BY COMMERCIAL SEGMENT
JAN-JUN 2015

Concept	Total Banc Company	Banckiing Persons	Credit card surety	Other Operations	Total Banc Colgaap	Adjust F&L a NCIF	Total Banc NCIF
INTEREST RESEIVED PORTFOLIO MM+ME	$ 722,976	298,330	169,961	3,567	1,194,833	(49,485)	1,145,348
INTEREST PAID ML+ME	242,180	16,964	529	187,329	447,001	-	447,001
NET COMMISIONS ML+ME SUNDRY	66,910	28,768	37,227	(21,423)	111,482	5,270	116,752
NET INCOME ML	547,706	310,134	206,659	(205,185)	859,314	(44,215)	815,099
NET PORTFOLIO PROVISION & OTHER PROVISIONS	79,917	73,029	55,478	12,470	220,894	3,098	223,991
RENSFER INTEREST	49,533	(89,529)	(51,442)	91,439	0	-	0
NET FINANCIAL INCOME	517,322	147,576	99,739	(126,216)	638,420	(47,313)	591,107
SUBTOTAL ADMINISTRATIVE EXPENSE	248,350	96,066	71,836	120,092	536,343	(26,924)	509,420
SUBTOTAL OTHER CONCEPT INCOME EXPRENSES	23,983	304	499	202,710	227,496	1,213	228,709
GROSS OPERATIONAL PROFIT	292,955	51,813	28,403	(43,598)	329,573	(19,177)	310,396
INCOME TAX	107,838	14,375	11,077	(29,310)	103,979	(31,188)	72,791
DG DISTRIBUTION (Offset)	16,566	5,122	2,519	(24,206)	-	-	-
acaunting profit	$ 168,551	32,316	14,807	9,919	225,594	12,011	237,605

Note 29. – Compensation of financial statements with financial liabilities

The following is a detail of the financial instruments subject to compensation contractually required as of December 31 and June 30, 2015:

As of December 31, 2015

	Gross amounts of financial assets recognized	**Gross amounts of financial offset liabilities recognized in statement of financial situation**	**Net amount of financial asset included in the statement of financial situation**
Paragraph applied IFRS 7 - 13C	(a)	(b)	(c)=(a)-(b)
Asset			
Derivative financial instruments	$ 7.308.615	6.963.110	345.505
Liabilities			
Derivative financial instruments	6.881.003	7.149.513	(268.510)

As of June 30, 2015

	Gross amounts of financial assets recognized	**Gross amounts of financial offset liabilities recognized in statement of financial situation**	**Net amount of financial asset included in the statement of financial situation**
Paragraph applied IFRS 7 - 13C	(a)	(b)	(c)=(a)-(b)
Asset			
Derivative financial instruments	$ 5.126.527	4.969.290	157.237
Liabilities			
Derivative financial instruments	5.005.817	5.185.047	(179.230)

The Bank holds derivative financial instruments which are legally enforceable instruments according to Colombian legislations or the country where the counterpart is found. Additionally Colombian legal provisions allow for the Bank to offset derivative instruments from its same liability obligations.

Note 30. – Related-parties

According to IAS24 a related-part is any natural person or entity related to the entity who is related to them that prepares its financial statements where control could be made or joint control over the reporting entity; to exercise significant influence over the reporting entity; or to be considered as a member of the management key staff of the reporting entity; or the controller of the reporting entity. Within the definition of related-party, it is included: a) natural persons and/or relatives related to the entity, entities that are members of the same group, (controller and subsidiary), associates or joint business of the entity or entities of the group, post-employment benefits plans for the benefit of the employees of the reporting entity or any related entity.

The related parties for the Bank are the following:

1. Stockholders holding participation equal to or higher than 10% together with the transactions made with their related parties as defined in IAS24.

2. Members of the Board of Directors: Include the members of the principal and alternate members of the board of directors together with the transactions made with their related-parties, as defined in IAS24.

3. The management key staff: include the President and Vice Presidents of the Bank who take part in the planning, management and control of the Bank.

4. Subsidiary Companies: include the companies where the Bank holds control according to the commercial code and IFRS 10 of consolidation.

5. Associated companies and other entities making up the Grupo Aval: companies where the Bank has significant influence, generally considered when the Bank holds between 20% and 50% participation of capital stock and to the entities belonging to the Aval Group.

All transactions with related-parties are made at market conditions, the most representative balances as of December 31 and June 30, 2015, with related parties, are included in the following accounts of the Bank:

December 31, 2015

		STOCKHOLDER	MEMBERS BOARD OF DIRECTORS	KEY PERSONNEL OF MANAGEMENT	SUBSIDIARIES ENTITIES	ASSOCIATE & ENTITIES GRUPO AVAL
ASSET						
CASH AND EQUIVALENT TO CASH	$	-	-	-	20.786	178
FINANCIAL ASSET IN INVESTMENT		-	-	-	394.347	378.748
FINANCIAL ASSET IN CRETIT OPERATIONS		-	678	2.258	23	24.043
ACCOUNT RESEIVABLE		-	-	-	5.286	13.229
LIABILITIES						
DEPOSITS		2.800	-	-	430.830	204.774
ACOUNTS PAYABLE		-	-	-	14	187
FINANCIAL OBLIGATIONS		-	-	-	775.329	-
OTHER LIABILITIES	$	50.699	-	-	-	-

June 30, 2015

	STOCKHOLDER	MEMBERS BOARD OF DIRECTORS	KEY PERSONNEL OF MANAGEMENT	SUBSIDIARIES ENTITIES	ASSOCIATE & ENTITIES GRUPO AVAL
ASSET	$				
CASH AND EQUIVALENT TO CASH	-	-	-	84.091	66
FINANCIAL ASSET IN INVESTMENT	-	-	-	373.803	794.815
FINANCIAL ASSET IN CRETIT OPERATIONS	-	2.624	2.210	31	26.013
ACCOUNT RESEIVABLE	-	-	-	2.762	11.986
LIABILITIES					
DEPOSITS	595	-	-	254.582	125.385
ACOUNTS PAYABLE	50.679	-	-	1.585	304
FINANCIAL OBLIGATIONS	-	-	-	644.390	-
OTHER LIABILITIES	$ -	-	-	-	122

There are unsecured loans granted to directors, i.e., with personal signature, as of December 31, and June 30, 2015, for $678 y $468, respectively.

There are not loans granted to directors bearing no interest, all loans are granted at market rates.

The key directors of Banco de Occidente hold participation in the Boards of Directors from other entities of the Grupo Aval, over which, the Bank, after doing the appropriate analysis it was not determined that due to this participation any significant influence would be made over the operative and financial policies of such related entities.

The most representative transactions by semester ended on December 31, 2015 and June 30, 2015 with related parties include:

a. Sales, services and transfers

December 31, 2015

	STOCKHOLDER	MEMBERS BOARD OF DIRECTORS	KEY PERSONNEL OF MANAGEMENT	SUBSIDIARIES ENTITIES	ASSOCIATE & ENTITIES GRUPO AVAL
INTEREST INCOME	$ -	-	-	47	9
FINANCIAL EXPENSE	28	-	-	11	4.983
INCOME FOR FEES & COMMISSIONS	46	-	-	92	2.479
FEES & COMMISSIONS EXPENSE	6.349	-	-	1	1.174
OTHER OPERATIONAL INCOME	-	-	-	223	55.454
OPERATIONAL EXPENSE	$ -	-	-	35.345	2.580

June 30, 2015

	STOCKHOLDER	MEMBERS BOARD OF DIRECTORS	KEY PERSONNEL OF MANAGEMENT	SUBSIDIARIES ENTITIES	ASSOCIATE & ENTITIES GRUPO AVAL
INTEREST INCOME	$ -	-	-	42	643
FINANCIAL EXPENSE	20	-	-	23	780
INCOME FOR FEES & COMMISSIONS	70	-	-	73	2.250
FEES & COMMISSIONS EXPENSE	6.939	-	-	-	1.523
OTHER OPERATIONAL INCOME	-	-	-	18.379	39.160
OPERATIONAL EXPENSE	$ -	-	-	27.063	2.431

*** The stockholders with more than 10% participation are included.**

The outstanding amounts are not guaranteed and will be liquidated in cash. Guarantees have neither granted nor received. Any expense has been recognized neither in the current operational period nor in precedent periods with regards to uncollectible or bad accounts related to the outstanding amounts of related-parties.

b. Compensation to management key staff:

The management key staff includes the President and Vice President. The compensation received by management key staff comprises the following, by semesters ended on December 31 and June 30, 2015:

Concepts	December 31 2015	June 30 2015
Salaries	$ 6.074	5.676
Short-term benefits to employees	237	282
Other long-term benefits	77	180
Total	**$ 6.388**	**6.139**

The compensation of management key staff includes salaries, benefits other than cash and contributions to a plan of post-employment defined benefits (See Note 19).

c. Loans and other concepts with related-parties.

Others		Members of the Board of Directors	Management Key Staff	Subsidiary Companies	Associated companies & Entities of Grupo Aval
December 31, 2015	$	678	2.258	23	24.043
June 30, 2015	$	2.624	2.210	31	26.013

Note 31. – Events after the closing date to prepare financial statements

Banco de Occidente S.A. entered into an agreement with TransUnion Netherlands II B.V., to sell one hundred percent (100%) of its participation in CIFIN S.A., stock company, qualified as Corporation of Technical and Administrative Services, authorized as operator of financial, credit, commercial and services information.

Last Monday February 8, 2016, the stockholders subscribed the agreement, and sold 75.1% its shareholding of CIFIN S.A. Banco de Occidente S.A. sold 55.168 common stocks for $ 629.563,37 pesos total per stock of CIFIN S.A.

Note 32. – Approval of financial statements

The separated financial statements and the notes included were approved by the Board of Directors and the Legal Representative, according to Minutes No. 1407, dated February 12, 2016, to be submitted to the Stockholders General Meeting, which may be approved or amended.

Red de Oficinas

Aguachica
Andalucía
Armenia
2 Oficinas
1 Credicentro
Barrancabermeja
Barranquilla
12 Oficinas
1 Credicentro
1 Centro de Pagos
y Recaudos
1 Oficina Leasing
Bello
Bogotá
60 Oficinas
2 Credicentros
2 Centros de Pagos
y Recaudos
Bucaramanga
6 Oficinas
1 Credicentro
1 Oficina Leasing
Buenaventura
Buga
Cali
31 Oficinas
3 Credicentros
1 Oficina Leasing
Cartagena
8 Oficinas
1 Credicentro
Casanare
(San Luis de Palenque)
Cartago
Chiriguaná
Chía
Cúcuta
2 Oficinas
Dosquebradas
Duitama
Envigado
Espinal
Facatativá
Florencia
Galapa
Girardot
Girón
Guatapé
Ibagué
3 Oficinas
1 Credicentro
1 Oficina Leasing
Ipiales
Itagüí
La Unión
La Victoria
Leticia
Manizales
2 Oficinas
1 Credicentro
Medellín
19 Oficinas
2 Credicentros
1 Centro de Pagos
y Recaudos
1 Oficina Leasing
Montería
2 Oficinas
1 Credicentro
Mosquera
Neiva
3 Oficinas
Palmira
2 Oficinas
Pasto
2 Oficinas
1 Centro de Pagos
y Recaudos
1 Credicentro
Pereira
3 Oficinas
1 Credicentro
1 Oficina Leasing
Piedecuesta
Pitalito
Popayán
2 Oficinas
Puerto Tejada
Riohacha
Rionegro
Sabaneta
San Andrés (Islas)
San Antero
San Gil
Santa Marta
2 Oficinas
1 Centro de Pagos
y Recaudos
Santander de
Quilichao
Soledad
Siberia
Sincelejo
Sogamoso
Tuluá
Tunja
2 Oficinas
1 Credicentro
Valledupar
2 Oficinas
Villavicencio
3 Oficinas
1 Credicentro
Yopal
1 Oficina
1 Credicentro
Yumbo
Zipaquirá