

Semmianual Balance to June 30, 2013

VIGILADO SUPERINTENDENCIA FINANCIERA
DE COLOMBIA



**Banco de
Occidente**

Significant Data

Million Colombian Pesos

	June 09	June 10	June 11	June 12	June 13
Total Deposits 1/	9.676.761	10.690.130	11.978.790	12.851.360	15.912.379
Total Placement 2/	8.583.900	10.951.222	13.254.150	15.491.010	18.022.291
Investment 3/	3.168.131	4.157.904	3.986.276	3.543.878	4.606.653
Capital and Legal Reserve	868.473	1.148.577	1.355.179	1.812.150	2.095.850
Total Asset	12.887.172	17.118.440	19.815.136	22.267.996	26.121.850
Half Year Profits	182.683	187.451	214.342	223.616	214.714
Monthly stock dividend	94,50	98,50	105,00	111,00	127,00

Note

- 1/ Include Current Account deposits, Time Deposit, Saving Deposits, Trust Funds, Bank Collection Services.
- 2/ Include Credit Portfolio, Provisions, Credit to Employees, Accounts Receivable, Credencial Clients L/T, Account Receivable F/C, excepting sundry Accounts Receivable F/C
- 3/ Includes Interbank Ordinary Funds Sold, Sale back and investment commitments
- 4/ Value of dividend at the closing operation period



Board of Directors

2012 - 2013

Principals

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

Substitutes

Mauricio Gutiérrez Vergara
Adolfo Varela Gonzalez
César Caicedo Jaramillo
Gilberto Saa Navia
Alfonso Osorno Cújar

Luis Carlos Sarmiento Angulo
Consultant

Efraín Otero Alvarez
President

Douglas Berrío Zapata
Legal Vice President

Bernardo Escobar Montoya
Financial Vice President

Gerardo Silva Castro
Corporate Bank Vice President

Efraín Velásquez Vela
Personal Bank Vice President

Mario Ernesto Calero Buendía
Vehicle Bank Vice President

Agustín Esguerra Restrepo
Leasing Bank Vice President

Daniel Roberto Gómez Vanegas
Operations and Systems Vice President

Julio Cesar Guzman Victoria
Credit Vice President

Johnny Leyton Fernández
Risk and Collection Vice President

Eduardo Correa Corrales
Human Resources Vice President

Ignacio Zuloaga Sevilla
Bogotá Region Vice President

Constanza Sánchez Salamanca
Southwest Region Vice President

Jaime Giraldo García
Northwest Region Vice President

Carmén Alicia Salcedo Arrázola
North Region Vice President

Wilson Romero Montañez
Statutory Audit – KPMG Ltda.

Report by the President

In compliance with statutory obligations, we are pleased to submit to Stockholders the Results of Bank Operations during First half-year 2013 operational period.

Legal Standards

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

- **Electronic Deposits**

External Circular Letter N° 7, of March 19/2013 by Colombia Finance Superintendence: whereby instructions about administration and management of electronic deposits from natural persons are issued, particularly relative to opening, information, Safety and Risk Management of Laundry Asset and Financing of Terrorism (**SRMLAFT**)

Opening of Saving Accounts

External Circular Letter 13 dated May 3/2013 by Colombia Finance Superintendence, whereby: whereby the limit of debit operations amount of saving accounts is extended with opening simplified formalities, from two to three Minimum Monthly Legal Salaries prevailing. It is authorized for the client to have several saving accounts with such characteristics in financial system, provided that only one account is held in the respective entity. Lastly, and consistent with above, such saving account are exempt from the obligation to fill out admission application and attend the interview related to SRMLAFT.

- **Housing Credits**

Decree 0701 of April 12/2013 by Colombia Ministry of Treasury and Public Credit: whereby the offer of interest rate coverage to fund new housing are regulated, providing that the coverage will consist of a financial exchange whereby the financial institution delivers the equivalent month interest rate agreed on in the credit or contract, discounting the relevant coverage, and receives the equivalent monthly interest rate agreed upon in the credit contract. Concerning bank entities, it is provided that those credit entities interested in accessing to this coverage, are to enter into, with Banco de la Republica, and final exchange of interest rate frame agreement..

Resolution 1263 of April 24/2013 from Colombia Ministry of Treasury and Public Credit: whereby the terms and conditions to do the exchange of flows derived from the coverage of interest rate are given, thereby facilitating new housing funding, and the scope and contents of interest rates financial exchange frame contracts are indicated. It is established, inter alia, the calculation of the amounts to be delivered by credit entities in the exchange of flows, and the conditions for early termination.

External Circular Letter N°14 of May 3/2013 from Colombia Finance Superintendence: The requirements of information for credit entities to supply to current and potential debtors of credits or leasing agreements. In the same way, amortization systems are given to be used by the entities, and the calculation methods of pay downs, prepayments of extraordinary rates. On the other hand, it is indicated to the entities that it is an abusive practice to condition the access to this coverage to the purchase of the products or services.

- **Protection of Personal Data**

Decree N°1377 of June 27/2013 by the Ministry of Industry, Commerce and Tourism: whereby Act 1581/2012 is regulate, providing the condition for personal data protection. It is determined that collection of personal data shall be limited to the expressly reason or the purpose they are required. Additionally, it is established that in the treatment of personal data the owner shall be informed about the information, purposes of treatment and what the data is considered as sensitive and what non-sensitive data keeping evidence of the authorization.

Bank's Results

European crisis evolution spread from Greece to Spain and Portugal, has brought about a negative trend in the European debit which has spread to French economy, where German and England economies are maintained thus far as the most solid economies of the continent. To this European crisis, slowing going to its recovery, the quick deceleration of China economy and the emergent economies of Asia and Latin America resulting in worldwide demand contraction of raw material, thereby negatively affecting the commodities with a downward trend, such situation transmitted to Colombia economy as well.

Additionally, in the United States the situation has showed slow recovery indexes, the change of expectations about less expansive monetary assumed by FED have generated the increment of level of rates, recovering the solidity of Dollar at international level and resulting in the depreciation of currencies in Latin America which direct the flow of investments capital that were thrusting emergent economies, once again towards developed economies markets and maintains volatility of financial markets with drop of prices of stocks and certificates of debt of the country.

For Colombian economy, positive indicators are maintained, with a downward tendency versus foreign markets uncertainty. In this economic environment, our economy reached 2.8% DGP annual growth in the first half-year 2013, highlighting, from the demand standpoint the annual growth of 3.7% gross capital formation, and 3.5% household consumption growth, supported on the credit growth. While export declined 1.2%, it has been observed a low worldwide demand for other investors and the decline of commodities price. At the level of the several different economic sectors those showing more dynamic growth are the construction 16.9%, activities of social, community and personal 4.5%, supply of electricity, gas and water, 3.4% and financial, insurance, real estate activities reached an increment of their profit by 1.18% annual as of June de 2,013, the income for credit interest being the more representative item with 42.4% increment.

The behavior of Colombian economy has had as a consequence the maintenance of the positive tendency of employment conditions, and therefore, unemployment rate as of June 2013 reached 9.2%, being the lower in 0.8pp to the index occurred in the same period of the precedent year.

The annual inflation recorded at the closing period June 2013 was 2.16%, showing a positive tendency compared to that in the precedent year, maintaining controlled levels within the target expected by the Central Bank (Banco de la Republica) in 2013, where the item with more positive variance was education with 4.48%.

On the other hand, the market representative rate went from Col\$1.768,23 on December 31/2012 up to Col\$1.929,00 on June 30/2013, which represented during this period 9.09% devaluation.

In the first half-year 2013 the availability of net resources was maintained with financial system transactions, mainly addressed to the placements of portfolio, given by a volatility of portfolio valuation and the significant dynamics showed by gross capital formation and household consumption, with the stimuli of low rates and government subsidies in such sectors as construction. On June 2,013, total portfolio showed 13,35% annual REAL increase with a sustained dynamics since 3 years ago, where the modality of the higher growth was housing credit with 22.78%, while the lower dynamics was that of consumption with 10.86%.

Concerning the interest rate, it was observed a behavior towards the decline of intervention rate of the Central Bank of 100pb in the first half-year 2013, reaching 3.25% and interbanking rate going from 4,27% EA on December 2012 down to 3,17%EA recorded at the closing period June 2013. Such behavior reflected in the market rates, due to competition pressure in the placement of resources generated on the portfolio dynamics and the low investment profitability. This way, TD reference rate declined, going from 5.22%EA on December 2012 down to 3.99%EA on June 2,013. Notwithstanding, usury rate of Consumption and Ordinary Portfolio was maintained more stable, as on October. December 2012 was 31.34%EA, and reached 31.25%EA for the period April-June 2013.

Banking system as a whole showed positive behavior on June 2013. Annual growth of deposits in the Credit Establishments was 17.37% annual, while credit portfolio evolution showed an annual increment of 13.35%. The system reported accrued profit at the closing period June 2013 by \$3.989MMM.

Within the aforementioned environment, Banco de Occidente showed the following results at the closing period June 30 2013:

Total Asset grown by \$3,853,854MM compared to June 2012, representing 17.31% annual growth reached as of the closing period June 2013 and total \$26,121,849MM. In semiannual term, the asset grown \$2,511,658MM equivalent to 10.64% semiannual decline.

Legal and Foreign Tender Credit Portfolio grown by \$2.395.550MM compared to June 2012, equivalent a to 15,35% annual increment.

Credit Portfolio ranked C, D and E, showed \$663,307MM total balance, representing 3,68% total Credit Portfolio. At Banking System level at the closing June 2013 this ratio reached 3,86%.

Provisions Balance for Asset Protection, at semiannual closing date reached \$746,277MM total, which means 11.46% annual growth. At the closing period, the Coverage for Portfolio Provisions compared to credit value ranked C, D and E was 60.48%, such index maintaining levels quite near to those recorded for the Total System, which at the closing period June 2,013 was 60.49%.

Total Investments reached \$4,606,652MM total amount, growing by 29.99% compared to June 2012 and 19.24% as against December 2012.

Total Deposits behavior at the closing period June 2013 reached \$15,912,378MM amount growing by \$3,061,019MM compared to the first semiannual period 2012 and \$1,568,808MM compared at the closing period of the precedent year, representing a percent annual growth of 23.82% and 10.94% semiannual growth. Upon the analysis of Deposits composition, it is evidenced that this growth is explained mainly by the increment of Savings Account Deposits, reaching \$7,309,706MM which means \$1,662,370MM growth related to the same operational period of the preceding year, representing 29.44% annual percent growth.

The balance at the closing period June 30/2013 for the total Bonds issued by the Bank was \$2.765.476MM.

Operation invoicing with Credencial Credit card reach \$998,246MM on June 2013, which means \$82,175MM increase at June 2012, equivalent to 8.97% annual growth. The quantity of card placed in the market as of June 30, 2013 was 458,444 cards, an increase by 47,774 cards compared to June 30 / 2012, representing 11.63% annual growth

Bank's Total Patrimony showed an amount of \$3,523,616MM, growing by \$415,130MM related to the precedent year and by \$44,565MM related to the closing period 2012, which represents 13.35% annual growth and 1.28% semiannual growth.

Semiannual Net Profit at the closing period June 2013 was \$214,714MM less by 3.98% than the profit obtained on June 2012.

Total Asset Annual Profitability for this semiannual period was 1.64% and patrimony profitability was 12.19%, declining against 2.01% and 14.39% recorded in the same operational period from the precedent year. It should be noted that similar behavior was observed in the Banking System at the closing period June 2013, the last data available from Colombia Finance Superintendence where profitability recorded of Total Asset was 2.00% and Patrimony profitability was 14.99%.

Tax and Legal Contributions

Total Tax and Legal Contributions at the closing first semiannual period 2013 reached \$152,542MM accrued amount, such figure higher than that recorded in the second half-year 2012 by \$6,254MM and representing 4.3% semiannual growth. Effective Income and Complementary, indirect tax and legal Contributions increased as against the first half-year period 2013. The itemization of these figures are given in the Table below:

Figures (in Million COL\$)	I Half-Year 2013	II Half-Year 2012	Variance (\$)	Variance (%)
A. Income and Complementary Tax	71.915	67.118	4.797	7,1%
B. Patrimony Tax	19.949	15.985	3.964	24,8%
C. Excise Tax	27.936	32.353	(4.417)	(13,7%)
VAT	15.570	14.054	1.516	10,8%
Industry and commerce Tax	9.234	10.249	(1.015)	9,9%
Real Estate Tax	920	772	148	19,2%
Overcharge and cost	2.139	7.187	(5.048)	(70,2%)
Registry and annotation	73	91	(18)	(19%)
D. Bank Superintendence Contribution	3.493	3.119	374	12,0%
E. Deposit Insurance	22.234	19.795	2.439	12,3%
F. Financial Transaction Tax (4/1000)	7.015	7.918	(903)	(11,4%)
G. Total Tax and Legal contribution (A+B+C+D+E+F)	152.542	146.288	6.254	4,3%
Decreed Dividend	107.571	103.829	3.742	3,6%
H. Tax / Decreed Dividend	141,8%	140,9%		
I. Effective Rate of Income & Complementary Tax	25,1%	18,9%		
J. Effective Rate Income and Complementary , and Indirect Tax and Legal Contributions	41,5%	33,7%		

Affiliates and Associated Companies

The affiliate **Banco de Occidente - Panama S.A.** reached at the closing operational period US \$833,588M, total asset, representing 14.37% annual growth. The profit at the closing on June 30, 2013 was US \$1,178M, which in percent terms indicates decrease of 270.97% compared to June 2012.

The affiliate **Fiduciaria de Occidente S.A.** at the **closing** of this operational period showed \$153,720MM total asset, which means 24.69% growth compared to June 2012. Semiannual accrued profit at the closing June 30, 2013 was \$16.505MM reaching 4.77% annual growth.

The affiliate **Occidental Bank Barbados Ltd.** recorded at the closing June 30, 2013 US\$224,31M Asset representing 13.97% annual growth. In 2013 obtained Semiannual profit for US\$124M, which means 130.40% decrease compared to prior period.

The associated **Corporación Financiera Colombiana S.A.** recorded on June 30, 2013 \$8.838.556MM asset which in percent terms represented 2.53% annual decrease. \$312,968MM annual profit was obtained which is 12.6% higher than that obtained on 2012.

Fondo de Pensiones y Cesantías Porvenir, showed at the closing operational period \$1,362,536MM total asset, reaching 46.57% annual growth. At the closing on June 30, 2013 the profit was \$90,663MM, which means a decrease by 14.91% as against the same period in 2012.

Relationship Bank Underlying Companies

Below the amount of operations made between the Bank and its underlying companies is showed, including the Balance Sheet and Statement of Results of the first half-year 2013 the detail of which is showed in the Note 22.

Account	Banco de Occidente Panama	Fiduciaria de Occidente	Occidental Bank Barbados Ltd.	Sales and Services	Grupo Aval
Total Asset	88.646	102.791	50.405	5.571	0
Total Liabilities	293.555	430	72.795	4.874	65.760
Total Income	12.927	16.736	3.220	693	85
Total Expenses	1.528	0	891	15.676	8.204

Note: Figures in Million Colombian Pesos

Operations with Stockholders and Directors

As of June 30, 2013 the Bank had loans for \$211,890MM with admissible guarantee, and \$55,964MM with other guarantees granted to its stockholders under market conditions. At the same closing date, there were loans granted to Directors for \$28,720MM, supported basically on credit card operations and credit operations to purchase house and vehicle, according to conditions stipulated by the Bank to its employees. At the closing date there exist no credits granted to stockholders holding in the Bank any stock participation higher than 10%.

Bank Foreseeable Evolution

Considering the results of Financial System as a whole during the last year, it is anticipated that the Bank will maintain profitability indicators and financial efficiency favorable comparable to the system average, as historically has occurred.

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Alter Closing Operational Period

In the past April 2013, after obtaining the applicable authorizations, Grupo Aval Acciones y Valores, together with its affiliates companies Porvenir, Banco de Bogotá and Banco de Occidente, with a participation similar to that held in the AFP of the Group, performed the purchase of 99.99% of BBVA Horizonte stocks.

Concerning the Bank, on April 2013 the cash payment for \$118,135 million was made, with this operation it is ensured the merging to Porvenir, stock participation in AFP of the Group will not change.

Qualification of Risk

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

Disclosing of Financial Information

In compliance with the provisions in articles 46 and 47 of Act 964/2005, Banco de Occidente hereby certifies that financial statements and other relevant reports for the public do not contain misstatements, or errors preventing from knowing the true patrimonial or operational situation conducted by the entity. Additionally, disclosure and control systems used by the Bank to incorporate the information contained in such financial statements and reports addressed to the public are adequate, based on truthful information and subject to audit made by the Bank and Statutory Auditor KPMG under the supervision of Board of Directors' Audit Committee.

Evaluation about the Performance of Internal Control System

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

Liquidity Risk

In the first half-year 2013, positive Risk Liquidity Indicator (RLI) is highlighted and with an upward tendency in the event of the indicator at 7 days, an average occurs of \$3.2 billion pesos and at 30 days \$2.7 billion, higher levels than those observed during precedent semiannual periods. This indicator is mainly represented in an axle in an excellent level of net asset which in an average are located in \$3.4 billion pesos, that, given the net requirements of liquidity at 7 and 30 days, represent a Liquidity Ratio 1.926% and 528% mean respectively (Net Asset over Liquidity Required). Early warning indicators, aiding to manage properly in advance any Liquidity Risk alert, showed during the half-year period stable levels and within the ranks considered as normal conditions

Market Risk

The measuring made by using the calculation of the amount under risk reflected an \$87.609 Million mean exposure level in the first half-year 2013, such level located within the limits set out. Fixed income portfolio continues represented mainly by Colombia government certificates (90%) and it is located in mean maturity according to the structure of 39 month portfolio.

As from March 2013, the entity valuating investment portfolio of fixed income and derivatives, according to the scheme of suppliers of prices in compliance with the directives by Colombia Finance Superintendence. The Bank, by a selection process singled out INFOVALMER as its sole provided of prices of valuation.

Laundry Asset Risk and Financing of Terrorism (SARLAFT)

The Bank, at the closing of the first half-year period 2013 continued within the qualification of **SARLAFT** in the quite low risk, fully implementing the Risk Management of Laundry Asset and Financing of Terrorism and implementing its best efforts necessary to alleviate the risk related to this concept.

Within the relevant aspects it is necessary to underline that the Bank continues doing significant technological investments in order to shield the organization against SARLAFT risk. In the same way, all the appropriate quarterly reports corresponding to the outcomes and effectiveness of the management accomplished were submitted to the Board of Directors, thereby complying with the reports to external entities, individual and consolidated evolution of risk, effectiveness of control and mechanisms and instruments, taking into account transactional monitoring, unusual operations analysis, warning signals, reasonability of the operations, the results of integral training program addressed to all employees, as well as the evaluation of the compliance with SARLAFT, and it was concluded that there is no opportunity for material improvements

Operative Risk Management System - ORMS

The Bank has accomplished with the provisions in Chapter XXIII of Accounting and Financing Basic Circular Letter "Regulations Related to Operative Risk Management", by the identification, measurement, and monitoring of the Operative Risks and Business Continuance.

The Operative Risk Management System –ORMS- of the Bank includes policies, procedures and methodologies guiding the management by the analysis of risks and operative controls and continuance, the monitoring registry of operative risk events and reduction of risk exposure levels. This management is evidenced both in the reports submitted by management to the ORMS committee and to the Board of Directors, and in the reports to Internal Audit and KPMG Statutory Auditing.

Concerning training, the Bank has accomplished with institutional training program, by means of virtual course addressed to all employees, and face training to third parties discharging duties of the entity.

At the closing period June 2013, Bank's operative risk profile shows low risk qualification

Minimal Requirements of Security and Quality of Information Management

In compliance with External Circular Letter 042 of October/2012 (formerly Circular Letter 052 / 2007,022 / 2010), issued by Colombia Finance Superintendence, the Bank carried out the activities to comply with the new initiatives within the dates defined the Superintendence. On the other hand, it is provided to start again, in the fourth quarter/2013, the Project to refine some initiatives, with the training of technology area

Legality of Software

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

Certification

According to provisions in article 57 of Decree 2649/1993 it is certified that statements contained in financial statements of the Banco de Occidente, as of June 30, 2013, have been previously verified, and that the information therein contained has faithfully taken from the company's accounting books, and that they do not contain omission of data, and that all economic facts have been therein recognized.

Personnel

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

Dividends

Monthly payment of dividend for Col\$ 135.00 per share is submitted to the consideration of shareholders.

Efraín Otero Alvarez

President

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

Ricardo Villaveces Pardo
Iván Felipe Mejía Cabal

Mauricio Gutiérrez Vergara
Adolfo Varela Gonzalez
Gilberto Saa Navia
Alfonso Osorno Cújar

Opinion by External Auditor



TO. **Stockholders**
Banco de Occidente S.A.
Bogotá

I have audited all financial statement of Banco de Occidente S.A., comprising by comparative balance sheet as of June 20, 2013 and December 31, 2012 and the comparative statement of results, change in patrimony, and cash flows for the semiannual operational periods ended on said dates and their respective notes including the summary of significant accounting policies and other explanatory information.

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

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

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

In my opinion, financial statements aforementioned, taken from the books and attached to this report, reasonably represent all the relevant material issues, Banco de Occidente S.A. financial situation as of June 30, 2013 and December 31, 2012, the results of its operations and the cash flows for semi-annual periods ended in the dates above, according to accounting principles generally accepted in Colombian and the instructions by Colombia Finance Superintendence, applied in a consistent manner.

Based on the results of my tests, in my opinion:

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

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

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

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

July 26, 2013

Profit Distribution Project

First Half-Year of 2013

1- Operational Profit	214.714.023.396,28
2- Release of Reserve	
Fixed Asset Deferred Depreciation (Art. 130 Tax Statute)	6.345.747.367,25
Total at the Stockholder General Meeting Disposal	221.059.770.763,53

Distribution Project

1 Cash Dividend

A Cash Dividend by Col\$130.00 monthly per share is declared, payable monthly during the first ten days, from October, 2013 up to March, 2014, inclusive, on a total of 155.899.719 stocks subscribed and paid-in capital on June 30, 2013

121.601.780.820,00

Dividends decreed in the items above will be paid to bank stockholders registered in the shareholders book of the bank at the time each payment is due and according to regulations prevailing

2. Creation of Reserve

Reserve for marketable investments. (Dec. 2336/95).

26.550.509.133,79

3. For Legal Reserve

72.907.480.809,74

Equal Sums

221.059.770.763,53

221.059.770.763,53

Comparative Balance Sheet as of June 30, 2013

(Given in Million Pesos)

Asset	June 30, 2013	December 31, 2012
Available (Notes 5 & 31)	2,147.116	1,500.330
Active positions in Monetary and Related Market Operations (Notes 6 & 31)	287.969	380.724
Investments (Note 7 & 31)	4,318.684	3,482.736
Negotiable Investments in Certificates of Indebtedness	883.217	651.231
Marketable Investments in Participative Titles	5.074	-
Investment to maintain up to maturity	563.213	535.414
Investments Available for Sale in Certificates of Indebtedness	679.940	479.836
Investments Available of Sale in Certificates of Participation	1,433.756	1,248.873
Rights of Marketable Investment Transfer in securities or certificates of indebtedness	507.893	335.266
Rights of Marketable Investment Transfer to maintain up to expiry date	-	11.607
Rights of Investment Transfer available for sale in securities or certificates of indebtedness	208.454	183.979
Marketable investments delivered as guarantee in operations with financial derivatives instruments, and other, in certificates of debt	19.565	19.233
Investments Available for Sale delivered as guarantee in operations with derivatives financial instruments and other in securities of indebtedness	17.572	17.297
Credit Portfolio and Financial Leasing Operations (Notes 8 & 31)	17,195.863	16,173.447
Housing Credits	4.530	1.764
Category A, Norma Risk	4.451	1.782
Category B, Acceptable Risk	128	-
Less : Provision	(49)	(18)
Credits and Consumption Financial Leasing Operations, Fit Guarantee	1,361.326	1,291.419
Category A, Norma Risk	1,291.862	1,229.382
Category B, Acceptable Risk	30.752	29.801
Category C, Appreciable Risk	26.632	23.487
Category D, Significant Risk	51.320	42.735
Category E, Uncollectibility Risk	10.998	9.315
Less : Provision	(50.238)	(43.301)
Credits & Operations of Consumption Financial Leasing , Other warranties	2,262.778	2,029.045
Category A, Normal Risk	2,198.960	1,977.894
Category B, Acceptable Risk	66.544	56.366
Category C, Appreciable Risk	37.617	31.708
Category D, Significant Risk	50.544	40.330
Category E, Uncollectibility Risk	49.307	37.804
Less: Provision	(140.194)	(115.057)
Credits and Operations of Commercial Financial Leasing, Fit Guarantee	7,071.681	6,391.395
Category A, Normal Risk	6,597.166	6,823.796
Category B, Acceptable Risk	275.022	230.648
Category C, Appreciable Risk	90.794	87.686
Category D, Significant Risk	138.815	156.886
Category E, Uncollectibility Risk	47.428	27.324
Less: Provision	(77.544)	(70.143)
Credits and Operations of Commercial Financial Leasing, Other Guarantees	6,648.449	6,169.889
Category A, Normal Risk	6,600.649	6,081.162
Category B, Acceptable Risk	138.622	177.264
Category C, Appreciable Risk	74.072	61.775
Category D, Significant Risk	40.706	44.843
Category E, Uncollectibility Risk	45.074	43.334
Less: Provision	(250.674)	(238.489)
Less: Contra-Cyclic Individual Provision	(152.855)	(142.448)
Less: General Provision	(46)	(18)
Spot Operations Acceptances and with Derivative Financial Instruments (Note 9)	92.285	72.481
Debtors for Bank Acceptances	36.262	22.213
Spot Operations	27	1
Operations with Derivative Financial Instruments – speculation	55.996	50.267

Accounts Receivable (Notes 10 & 31)		546.068		587.728
Interest	152.154		151.314	
Leasing Operations Financial Component	23.204		20.392	
Commissions and Fees	1.942		1.249	
Rents of Goods Given in Operational Leasing	11.980		8.020	
Payment on Account of Clients	138.114		151.211	
Others	260.921		292.150	
Less: Provision	(42.247)		(36.608)	
Marketable goods received in payment and delivered back goods (Note 11)		25.186		27.568
Goods Received in Payment	25.978		24.525	
Goods delivered back of Leasing Agreements	24.753		27.847	
Less: Provision	(25.545)		(24.804)	
Property and Equipment (Note 12)		244.541		235.505
Land, Buildings and Constructions in Progress	230.200		221.290	
Equipment, Office Furniture and Fixture	42.132		41.212	
Computing Equipment	116.710		111.818	
Others	79.398		74.420	
Less: Accrued Depreciation and Amortization	(256.482)		(248.748)	
Plus: Deferred Depreciation	32.858		35.738	
Less: Provision	(275)		(225)	
Goods Given in Operative Leasing (12)		355.990		365.831
Machinery and Equipment	89.778		74.790	
Vehicles	60.113		53.612	
Computing Equipment	239.110		241.849	
Computer Software	115.280		116.995	
Other	83.746		82.668	
Less: Accrued Depreciation and Amortization	(226.145)		(198.634)	
Less: Provision	(5.892)		(5.449)	
Other Asset (Note 13)		514.603		393.623
Permanent Contributions	395		393	
Advanced Payments & Deferred Charges	136.182		135.488	
Intangible Asset	23.519		24.272	
Goods to Place in Leasing Agreements	224.277		209.413	
Other	130.905		24.377	
Less: Provision	(675)		(320)	
Valuations		393.816		390.218
Investments for Sale in Participation Papers of Low or Minimum market profitability or without Stock Exchange Quotation (Note 7 & 31)	111.797		138.027	
Property and Equipment	282.019		252.191	
Devaluations		(271)		-
Investments for Sale in Participation Papers of Low or Minimum market profitability or without Stock Exchange Quotation (Note 7 & 31)	(271)		-	
Total Asset		26.121.850		23.610.191
Contingent and Memorandum Accounts				
Contingent Credit Accounts per Contra (Note 23)		4.358.739		4.530.563
Debit Contingent Accounts (Note 23)		6.721.080		6.554.750
Papers delivered Operation. Repo-Simultaneous –Temporary Transf. Related Papers	716.347		531.087	
Interest Credit Portfolio and Financial Leasing Operation	59.462		59.443	
Rents and Sanctions in Operative Leasing Agreements	2.102		4.980	
Rights in Speculation Options and Coverage	78.687		53.280	
Other	5.864.482		5.905.960	
Debit Memorandum Accounts (Note 24)		32.252.546		28.321.235
Credit Memorandum Accounts per Contra (Note 24)		36.406.351		33.932.060
Total Contingent and Memorandum Accounts		79.738.716		73.338.608

Liabilities and Shareholders' Equity	June 30, 2013	December 31, 2012
Liabilities		
Deposits and Payabilities (Notes 14 & 31)	15.945.311	14.551.474
Deposits in Bank Current Account	4.449.91	4.504.703
Time Deposit Certificates	3.964.658	3.471.555
Saving Deposits	7.309.707	6.326.286
Other	221.036	248.930
Passive Positions in Monetary Market and Related Operations (Note 15)	845.306	639.084
(Bank) Outstanding Acceptances and Derivative Financial Instruments (Note 9)	100.105	66.117
Bank Outstanding Acceptances	36.545	22.687
Operations with Derivative Financial Instruments – of speculation	63.560	43.430
Credits of Banks and other Financial Obligations (Notes 16 & 31)	2.045.252	1.792.452
Other Entities in the Country	880.882	905.779
Overseas Entities	1.164.370	886.673
Accounts Payable (Notes 17 & 31)	634.451	523.335
Interest	94.149	80.801
Commissions and Fees	1.583	1.437
Other	538.719	441.097
Outstanding Investment Papers (Note 18)	2.765.477	2.312.087
Bonds	2.765.477	2.312.087
Other Liabilities (Nota 19)	137.704	145.084
Accrued Labor Obligations	38.578	41.552
Income Received in Advance	9.555	11.522
Pension of Retirement	3.704	3.753
Other	85.867	88.257
Estimate Liabilities and Provisions (Note 20)	124.628	101.508
Labor Obligations	1.419	18
Tax	83.884	83.296
Other	39.325	18.194
Total Liabilities	22.598.234	20.131.141
Net Worth		
Capital Stock (Note 21)	4.677	4.677
Number of Stocks 155.899.719		
Face Value each Stock: \$30		
Reserve (Note 22)	2.273.596	2.104.882
Legal Reserve	2.091.173	1.930.554
Statutory and Occasional Reserves	182.423	174.328
Surplus or Deficit	1.030.629	1.081.981
Cumulated Profit or Loss non-realized in Available Investment for sale	637.084-	691.763
Valuations	393.816	390.218
Devaluation	(271)	-
Profit for the period	214.714	287.510
Total Net Worth	3.523.616	3.479.050
Total Liabilities and Net Worth	26.121.850	23.610.191
Contingent and Memorandum Accounts		
Credit Contingent Accounts (Note 23)	4.358.739	4.530.563
Sureties and Guarantees	570.737	497.480
Letters of Credit	135.199	148.251
Credits Approved and non-disbursed	1.510.238	1.508.886
Opening of Credit	1.984.032	2.293.171
Options Obligations – Speculation and Coverage	131.786	61.028
Other Contingencies	26.747	21.747
Debit Contingent Accounts per Contra (Note 23)	6.721.080	6.554.750
Debit Memorandum Accounts per Contra (Note 24)	32.252.546	28.321.235
Credit Memorandum Accounts (Note 24)	36.406.351	33.932.060
Total Contingent and Memorandum Accounts	79.738.716	73.338.608
Profit (Loss) Per Share (in pesos)	1.377,26	1.844,20

Cfr. Notes accompanying financial statements

Comparative Statements of Results

(Given in Million Pesos)

	Periods		
	From January 1 to June 30, 2013	From July 1 to December 31, 2012	
Direct Operational Income (Note 31)	1,633.984		1,460.280
Interest and Discount Redeemed Credit Portfolio	719.326		726.352
Returns in Operations. repo, simultaneous Transient Transfers of values and Other interest	21.251		19.733
Profit in Valuation of Marketable Investments in en Certificates of Indebtedness	15.221		44.502
Profit of Marketable Investment Valuation in Participative Titles	74		-
Profit in Valuation of Investments Available for Sale in Certificates of Indebtedness	22.194		19.327
Profit in Valuations of investments to Maintain up to Maturity	4.445		6.569
Profits in Positions in closing operations repo-open, simult. and transient transfers of papers	2.520		191
Simultaneous and Transient Transfer of Values	784		628
Profit made in Investment Available for Sale	1.156		1.513
Readjustment of Real Value Unit - UVR	93.556		95.062
Commissions and Fees	26		1
Profit on valuation of spot operations	155.777		136.540
Profits in Derivatives Operations - de Speculation	292.064		105.696
Changes	898		570
Profit in sale of investments	304.692		303.596
Operations Income - Leasing	771.750		556.741
Direct Operational Expense (Note 31)	227.248		232.069
Interest, Deposits and Playabilities	31.858		38.147
Interest Credits of Bank and Esther Financial Obligations	11.568		1.466
Loss in Negotiable Investments Valuation in Certificates of Indebtedness	1.935		354
Loss in Positions of Operat. Repo Opened, simult. & transf. temp. of Equities	60.848		62.120
Commissions	1		-
Loss in Spot Operation Valuation	171.501		120.597
Loss in Derivatives Valuations - of Speculation	266.452		101.802
Changes	339		186
Loss in Sale of Investments		862.234	903.539
Direct Operational Result		(134.095)	(140.471)
Other Operational Income and Expense – Net		352.979	339.089
Other Operational Income (Note 25 & 31)	93.053		78.375
Dividends & Participations	196.673		202.969
Recoveries	63.253		57.745
Other		487.074	479.560
Other Operational Expense	173.738		168.241
Personnel Expenses	313.336		311.319
Other (Note 26)		728.139	763.068
Operational Result before Provisions, Depreciations and Amortizations		387.889	348.306
Provisions	244.033		215.746
Credit Portfolio	33.234		26.209
Accounts Receivable	110		18
Financial Leasing Operations	39.837		31.554
Operative Leasing Operations	1.597		1.099
Contra cyclic Component Individual Provisions	63.486		61.355
Other	5.592		12.325
Depreciations		67.063	69.380
Amortizations		24.898	25.635
Net Operational Result		248.289	319.747
Non-operational Income (Note 27)		49.252	42.665
Profit in Sale of Property Delivered in Payment and Delivered Back	1.809		2.482
Profit in Sale of Property, Equipment and other Asset	381		52
Recoveries	37.025		38.243
Other Non-Operational Income	10.037		1.888
Non-Operational Expense (Note 28)		10.912	7.784
Loss in sale of Goods Delivered in Payment and Delivered back	2.803		787
Loss in the sale of Property – Equipment and other Asset	-		5
Loss for Disasters	3.321		4.467
Other Non-Operational Expense	4.788		2.525
Non-Operational Net Result		38.340	34.881
Profit before Income Tax		286.629	354.628
Income and Complementary Tax (Note 29)		71.915	67.118
Profit of the Operational Period		214.714	287.510
See notes accompanying Financial Statements			

Cash Flow Statements

Half-year periods ended on June 30, 2013 and December 31, 2012

(in Million Col\$)

	June 30, 2013	December 31, 2012
Cash Flow of the Operational activities:		
Net Profit	\$ 214.714	287.510
Adjustment to reconcile Net Profit and Net Cash provided by operational activities		
Investment Returns: Investments until maturity and investment available for sale	(32.886)	(69.123)
Dividends Received in Stocks	(66.473)	(51.642)
Profit on gains made	(784)	(628)
Loss of Profit in the valuation of Derived Financial Instruments	15.699	(15.944)
Loss or Profit on sale of Goods Received in Payment, Net	994	(1.695)
Profit on sale of Property, Plant & Equipment, Net	(381)	(47)
Depreciation	67.063	69.380
Amortization of Mercantile Credit	753	744
Amortization of Deferred Charges	24.145	24.891
Refund of provision other Asset	(149)	(205)
Refund of Accounts Receivables Provision	(14.044)	(14.043)
Refund of Portfolio Provision	(180.720)	(187.380)
Refund of Operative Leasing Provision	(1.423)	(1.184)
Refund of Provision of Goods Received in Payment and Delivery Back	(3.591)	(2.030)
Reversing of Property, Plant and Equipment Provision	(60)	(36)
Provision for Credit Portfolio	347.356	308.655
Operative Leasing Provision	1.597	1.099
Accounts Receivable Provision	33.234	29.265
Provision of Property and Equipment	110	18
Provision for Goods Received in Payment and Delivery back	4.332	8.586
Provision Other Asset	503	219
Total Results	195.275	98.900
Increase in Salable Investments	(358.431)	(137.331)
Decrease (Increase) in Accounts Receivable	24.462	(126.106)
Increase in Deferred Charges	(37.524)	(28.173)
Net Increase in other Asset	(105.949)	107.253
Increase in Other Liabilities	120.611	(107.363)
Non-realized Difference in Exchange	910	(163)
Total Operations	(355.921)	(291.883)
Net Cash Provided for Operation Activities	54.068	94.527
Cash Flow of Investment Activities:		
Increase of Credit Portfolio	(1.122.327)	(1.476.515)
Proceeds on Sale of Property, Plant & Equipment	44.800	95.416
Proceeds on Sale of Investments	536.066	439.067
Proceeds on Sale of Goods Received in Payment	21.889	7.120
Purchase of Property, Plant and Equipment	(110.621)	(115.730)
Purchase of Investments	(927.522)	(227.060)
Net Cash Used in Investment Activities	(1.557.715)	(1.277.702)
Cash Flow of the Funding Activities:		
Dividend Paid	(112.973)	(105.562)
Increase of Deposit and Payables	1.388.517	1.616.121
Increase (Decrease) of Interbanking and Overnight Funds loans	190.707	(959.768)
Acquisition of other Bank Loans	1.378.586	1.189.936
Payment of other Bank Loans	(1.218.657)	(1.093.580)
Issue of Bonds	453.390	300.000
Net Cash Provided for Financing Activities	2.079.570	947.147
Effect in Exchange Difference over Cash and equivalent to cash	21.891	(1.830)
Increase (Decrease) of Cash and Equivalent to Cash	554.031	(236.407)
Cash and equivalent to cash at the beginning of half-year	1.881.054	2.119.291
Cash and equivalent to cash at the end of half-year	2.435.085	1.881.054

See note accompanying financial statements.

Statements of change in Stockholders Equity

Half-year periods ended on June 30, 2013 and December 31, 2012

(In Million Col\$)

Concept	Common Stocks	Legal Reserve	Occasional Statutory Reserve (Note 21)	Surplus of Valuations Net	Accrued Profit or Loss Unrealizable Invest. Available. Sale price.	Results		Total stockholders Equity
						Prior operational periods	Operational period	
Balance June 30, 2012	\$ 4.677	1.807.473	178.838	371.731	519.625	2.525	223.616	3.108.485
Distribution net profit first half-year 2012		123.081	(4.510)	-	-	105.046	(223.616)	-
Paid dividend \$115.00 monthly per stock, payable within the ten days each month since October, 2012 until March, 2013, inclusive, on the total 155.899.719 stocks subscribed and paid as of June 30. 2012	-	-	-	-	-	(107.571)	-	(107.571)
Movement of the operational period	-	-	-	18.486	172.138	-	-	190.624
Net profit as of December 31, 2012	-	-	-	-	-	-	287.510	287.510
Balance on December 31, 2012	\$ 4.677	1.930.554	174.328	390.218	691.763	0	287.510	3.479.050
Distribution net profit second half-year 2012	-	160.619	8.095	-	-	118.796	(287.510)	-
Paid dividend by parent company for \$ 127.00 monthly per stock, payable within the 10 first days each month since April, 2013 until September, 2013, inclusive, over 155.899.719 total stocks subscribe and paid as of December 31, 2012	-	-	-	-	-	(118.796)	-	(118.796)
Movement of the Operational Period	-	-	-	3.327	(54.679)	-	-	(51.352)
Net profit as of June, 2013	-	-	-	-	-	-	214.714	214.714
Balance as of June 30, 2013	\$ 4.677	2.091.173	182.423	393.545	637.084	-	214.714	3.523.616

See notes accompanying financial statements

Notes to Financial Statements

(Million Pesos)

(1) Reporting entity

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

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

As of June 30, 2013, Banco de Occidente S.A. operates with 7,500 employees through 222 offices in the Colombian territory. The Bank has situation of control exercised by the society Grupo Aval Acciones y Valores S.A. and this in turn, registers situation of control on entities overseas, 95.00% in Banco de Occidente Panama S.A. and 100% in Occidental Bank Barbados Ltd, as well as in Colombia, 94.98% of Sociedad Fiduciaria de Occidente S.A., and 45,00% of Ventas y Servicios S.A.

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

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

(2) Principal Accounting Policies

(a) Basic Accounting Policies

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

(b) Equivalents of Cash

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

(c) Active and passive positions in Operations of Monetary Market and those related.

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

Interbank Funds

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

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

Report or Repo Operations

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

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

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

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

Simultaneous Operations

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

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

In this item, the returns caused by the purchaser are registered and that the alienating person pays as cost of the simultaneous operation during the term thereof.

The difference between the present value (delivery of cash) and the future value (final price of the transference) constitutes an income by way of financial returns calculated exponentially during the term of the operation and is recognized in the statement of results.

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

Securities Transfer Operations

Securities transfer operations are those one whereby the Bank transfers the ownership of some securities, with the agreement to transfer back on the same date or subsequent date. In turn, the counterpart transfers the ownership of other securities or any amount of money equal to or higher than the securities subject matter of the operation.

(d) Investments

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

The main purpose of Investment valuation is the calculation, accounting registration, and disclosure to the market the amount or market price or fair exchange price, any given value or security could be transacted at any given date, according to its specific characteristics and under the conditions prevailing in the market on that date.

The determination of value or exchange fair price of any security, considers all criteria necessary to ensure the compliance with investment, as the following:

Objectivity. Determining and indication of the value or exchange fair price of any paper or security is made based on technical and professional criteria knowing the effects derived from the changes of behavior of all variables potentially affecting such price.

Transparence and representativity. The value or exchange fair price of any paper or security is determined and assigned for the purpose to disclose a certain, economic, verifiable and representative result represented of the rights incorporated in the appropriate paper or title.

Permanent Evaluation and Analysis. The value or exchange fair price attributed to a value or security is based on the permanent evaluation and analysis under such market conditions, of the issuers, and the respective issuance. Variations of such conditions are reflected in the changes of value or price previously assigned, with the priority established for investment valuation.

Professionalism. Determination of value or exchange fair price of any paper of security is based on the conclusions from the analysis and study made by and wise and diligent expert, addressed to search, obtainment, knowledge and evaluation of all relevant available information, in such a way that the price determined reflect the amounts which reasonably would receive for its sale.

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

Classification	Term	Characteristics	Appraisal	Accounting
Marketable	Short-Term	Securities and in general any type of investment acquired for the purpose to obtain profit by price fluctuations.	<p>Use the price determined by supplier of prices Infovalmer nominee as official according to instruction in Chapter XVI, Title I in Legal Basic Circular Letter by Colombia Finance Superintendence.</p> <p>For the case where there is no, in the valuation day, fair exchange prices, the valuation will be made in and exponential manner based on the internal return rat. The value or fair price of market exchange of the respective value, will be calculated by the summation of of present value of future flows of the returns and capital.</p> <p>For the securities traded abroad, when the supplier of prices nominee as official for the appropriate segment has not in place a valuation methodology for those investments, as an alternate information source is used the dirt bid price released by a platform of information supply at 16:00 h, Colombia official time</p> <p>This procedure is made on a daily</p>	<p>The difference occurred between current market value and immediately precedent, is registered as higher or lower of the investment, and its counterpart influences the results of period. This procedure is made on a daily basis.</p> <p>Investments are valued at market price as from the same day of acquisition; therefore, accounting of the changes between the acquisition cost and the market value of investments is made based on purchase date.</p>

Classification	Term	Characteristics	Appraisal	Accounting
Marketable in participations papers	Short-term	Investment in at sight collective portfolios for the purpose to obtain returns.	Participations in collective portfolios are valued taking into account the unit value calculated by the managing company the day of the date of valuation.	The difference occurred between the market actual value and the value immediately before the registration as higher or lower value of investment and its counterpart affects the results of period.
To hold up to maturity term	Up to its maturity term	<p>Titles and in general any type of investment for which the Bank has the serious purpose and the legal, contractual, financial and operational capacity to keep them up to the maturation of their period of maturity or redemption.</p> <p>The investments up to maturity date cannot perform liquidity operations nor repurchase operations simultaneous or temporary transfer of investments, save whether they are forced or obligatory investments subscribed in the primary market, provided that the counterpart is Banco de la Republica, Public Credit and National Treasure General Director or the entities supervised by the Colombian Financial Superintendence</p> <p>Likewise, the could be delivered as guarantee in any central risk chamber of the counterpart in order to back up the compliance</p>	<p>Exponentially from the internal return rate calculated at the moment of the purchase.</p> <p>This procedure is daily performed.</p>	<p>The present value is recorded as a major value of the investment and its counter-account is recorded at the period results.</p> <p>This procedure is daily performed.</p>

Classification	Term	Characteristics	Appraisal	Accounting
		with the operations accepted by the chamber for its compensation and liquidation		
Available for sale –Debt securities	One year	<p>Titles and in general any type of investment for which the Bank has the serious purpose and the legal, contractual, financial and operational capacity to keep them up at least one (1) year from the first day when they were classified in this category.</p> <p>The first business day after the first year, they may be reclassified as marketable of to maintain up to the maturity. Otherwise they will continue classified as available for sale.</p> <p>Investments classified in this category may be used (delivered) as guarantee backing up the negotiation of financial instruments derived, when the counterpart is a counterparty central risk chamber.</p> <p>The securities classified as investments available for sale may be delivered as guarantees in a counterparty central risk chamber of the counterpart in order to back up</p>	<p>Use the prices given by supplier of prices Infoalmer nominee as official according to instructions set out in Chapter XV, Title I of the Legal Basic Circular Letter by Colombia Finance Superintendence.</p> <p>For securities marketed abroad, when the supplier of prices nominee as official for the appropriate segment has not a valuation methodology for these investments, These investments are used as alternate source of information, the bid dirty price released by a platform of supply of information at 16:00 h Colombian time</p> <p>For the case where there is no, in the valuation day, fair exchange prices, the valuation will be made in and exponential manner based on the internal return rat. The value or fair price of market exchange of the respective value, will be calculated by the summation of of present value of future flows of the returns and capital.</p>	<p>Changes that may be present to these securities or titles are counted according the following procedure:</p> <ul style="list-style-type: none"> - Difference between the value present on the appraisal day and the previous one is registered as higher or lower investment value with advance or charge to the result accounts. - The difference between market value and present value is registered as an accumulated not performed profit or loss, within the patrimony accounts. <p>This procedure is daily performed.</p>

Classification	Term	Characteristics	Appraisal	Accounting
		<p>the compliance with the operations accepted for its compensation and liquidation.</p> <p>Likewise, with these investments liquidity operations may be made, report or repo operations, simultaneously or the temporary transfer of securities.</p>		
Available for sale – participative securities	Without term	<p>Investment granted to the Bank the quality of co-owner of the issuer.</p> <p>Make part of this category, the securities with high medium, low or minimum marketability, or with no quotation and securities keeping the Bank in its quality of controlling or parent company.</p>	<p>Investments in participation titles are value depending that they are or not quoted in the stock exchange</p> <p>Participative securities registered with the National Registry of Securities and Issuers (NRSI)</p> <p>Participation Securities registered with NRSI and listed in the Stock Exchange in Colombia, are valued with the price determined by the supplier of prices of valuation authorized by Colombia Finance Superintendence.</p> <p>Participations in collective portfolios and the values issued in connection with titration are valued taking into account the unit value calculated by the managing company the day immediately prior to the date of valuation even though they are listed in the stock exchange of Colombia. Above,</p>	<p>Low or minimum bursatility or without any quotation:</p> <ul style="list-style-type: none"> - Difference between market or updated investment values, and the value for which the investment is registered as follows: <p>If it is higher, in first instance, it diminishes the provision or devaluation up to exhaust it and the excess is registered as surplus for valorization.</p> <p>If it is lower it affects the surplus for valorization until running out and the excess is recorded as devaluation.</p> - When the dividends or profits are allotted in kind, including those from the capitalization of patrimony revalorization account, it is registered as income the part that has been counted as surplus for valorization, charged to the investment and it is reverted such surplus. - When the dividends or profits are distributed in cash, it is registered as revenue the value counted as surplus for valorization, re-investing such surplus and the sum of the dividends exceeded thereof is counted as a minor investment value. <p>High and Middle Bursatility:</p> <p>The actualization of the market value of the high and middle bursatility securities or those quoted in internationally recognize foreign stock exchanges, is counted as accumulated</p>

Classification	Term	Characteristics	Appraisal	Accounting
			<p>excepting the participations in collective portfolios influencing the price in the secondary market and the representative values of participations in exchange stock funds, which are value by the price reported by the supplier of prices.</p> <ul style="list-style-type: none"> • Participation Securities quoting only in stock exchange abroad <p>According to the price determined by suppliers of valuation prices authorized by Colombia Finance Superintendence.</p> <p>When price is not available, the closing price available in the stock exchange will be used as quoted in the day of valuation or in default thereof, the latest closing price during 5 exchange days, or the plain average of closing prices reported during the last 30 days.</p> <ul style="list-style-type: none"> • Participation values which are not registered in the stock exchange <p>They are value by the price determined by the price determined by the supplier of prices.</p> <p>When supplier of prices has not in place a methodology to determining the</p>	<p>not performed profit or loss within the patrimony accounts, with advance or charge to the investment.</p> <p>This procedure is daily performed.</p> <p>The dividends or profits allotted in kind or cash, including those coming from the capitalization of the account revalorization of patrimony are registered, with advance or charge to the investment.</p> <p>This procedure is daily performed.</p>

Classification	Term	Characteristics	Appraisal	Accounting
			price, the entities may increase or decrease the acquisition cost in the participation percentage corresponding to the investor over the subsequent variances of patrimony of the respective issuer	

According to regulations by Colombia Finance Superintendence, in the External Circular Letter 050 of November 2012, Banco de Occidente S.A hired an Infovalmer S.A as supplier of prices for valuation, which did not involve any significant impact in the calculation of price valuation of our investments

Investments Reclassification

For any investment to be maintained within any of the classification categories, the respective security or title shall comply with the characteristics or conditions of the type of investments it makes part.

At any time, Colombia Finance Superintendence may require for the Bank to reclassify a security or title, whenever it fails to comply with characteristics of the class where it is intended to be classified to the reclassification is required to obtain a better disclosure of financial situation.

Investment may be reclassified according to the following provisions:

Of investments to maintained until the maturity to marketable investments. There is reason for reclassification when occur any of the circumstances below:

- Significant impairment of issuer's conditions, its parent company, its subsidiary companies, or its related-companies.
- Changes in the regulation preventing the maintenance of investment.
- Processes of merging involving the reclassification or realization of an investment for the purpose to maintain the previous position of interest rate risk or otherwise, to complain with credit risk police previously set out by the surviving entity.
- Other unforeseeable occurrences, following the authorization by Colombia Finance Superintendence

From investments available for sale to marketable investments or to investments to maintain until the maturity: There is place for reclassification, when:

- One year term has been in this classification.
- Investor loses its quality of parent company of controlling company, if this event involves the alienation decision of investment or the main purpose of obtaining profit by the fluctuations at short-term of the price, from that date.
- Significant impairment of issuer's conditions, its parent company, its subsidiary companies, or its related companies.
- Changes in the regulation preventing from investment maintenance.
- Processes of merger involving the reclassification or realization of the investment for the purpose to maintain the position previous of the risk of interest rates or become adjusted to credit risk policy, previously established by the resulting entity.
- The investment goes from low to minimum marketability or with no any quotation to high or medium marketability.

When investments to maintain until maturity or investments available for sale are reclassified to marketable investments, the standards about valuation of the later are observed, and consequently, the unrealized profit or loss are recognized as revenues or expenses the day of reclassification.

In the events where an investment is reclassified, Colombia Finance Superintendence will be advised the reclassification made no later than within the ten (10) running days following the date of reclassification, indicating the reasons justifying such decision and explaining its effects on the statement of results. The securities or titles reclassified with the purpose of taking part in the marketable investments, cannot be reclassified again.

Investment Back Purchase Rights

Corresponding to restricted investments representing collateral guarantee of investment back purchase commitments.

Over these investments, the Bank keeps the economic rights and benefits associated of the security and retain all rights inherent to it, even though transfers the legal ownership when performing repo operation.

These securities will continue valued to daily value and accounting for in the balance sheet and statement of results according to methodology and procedure applicable to investments classified as marketable, until the maturity and available for sale.

Investments Delivered in Guarantee

Correspond to investments in securities or certificates of debt which are delivered as guarantee to the operations with financial instruments derived, which liquidation may be in cash, as provided in the contract or in the appropriate rules if security negotiation system, of the operation registry system of compensation or liquidation securities.

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

Provisions or Loss for Ranking of Credit Risk Securities and/or Titles of not rated Emissions or Provisions

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

Category	Risk	Characteristics	Provisions
A	Normal	Meets the agreed terms in the security or title and hold adequate capacity of capital and interest payment.	No applicable.
B	Acceptable	Corresponds to emissions with uncertainty factors that might affect the capacity to continue to comply properly with the debt services. Likewise, its financial statements and other available information present weaknesses that may affect the financial situation.	The net value cannot be higher than eighty percent (80%) of the acquisition cost, net par value of the amortizations made until the date of valuation.
C	Perceptible	Corresponds to emissions that present high or middle probability of failure to comply with the oportune capital and interest payment. Likely, its financial statements and other available information show deficiencies in the financial situation that compromise investment recuperation.	The net value cannot be higher than sixty percent (60%) of the acquisition cost.
D	Significant	Corresponds to those emissions that present failure to pay the agreed terms in the title, as well as its financial statement and other available information present marked deficiencies in their financial situation, so that the probability to recover the investment is highly uncertain.	The net value cannot be higher than forty percent (40%) of the acquisition cost.
E	Irrecoverable	Issuers that according to their financial statements and other available information, the investment is deemed irrecoverable. Likewise, if financial statements are not available with closing date June 30 and December 31 each year	The value of these investments must be fully provisioned.

Securities y/or Titles of Emissions or Issuers holding External Rankings

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

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

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

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

Overseas Investments

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

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

(e) Portfolio of Financial Leasing Credits and Operations

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

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

Credit Policies

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

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

Credit Modalities

The structure of credit portfolio includes three (3) forms of credit and leasing operations:

Commercial

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

Consumption

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

Mortgage

These are the credits that, irrespective of the amount, are given to natural persons, used to the acquisition of new or used housing, or used for individual housing construction. According to the Act 546/1999, these credits are nominated in UVR or in legal tender and covered by first mortgage guarantee over the housing.

The redemption term is between five (5) years, minimum and thirty (30) years, maximum term. The credit can be totally or partially prepaid at any time with no any penalty. If partially prepaid, the debtor is entitled to elect if the amount prepaid decreases the installment or rather decrease the term of the obligation. Additionally, these credits have a remuneration rate, which applies over the balance of debt nominated in UVR or in pesos; the interest is collected in arrears and are capitalized; the amount of credit may be up to seventy percent (70%) of real proper value, determined by the purchase value or by the appraisal technically made within the six (6) month before the obtainment of credit. In the credits used to finance social interest housing, the amount of credit may be up to eighty percent (80%) of price of property. The housing funded will be ensured to cover against fire and earthquake risk.

Criteria for Credit Risk Assessment

The Bank permanently values the risk incorporated in credit asset, both at the time the credits are granted, and throughout their life, included the restructuring cases. For such purposes, the entity designed and implemented a CRMS (Credit Risk Management System) comprised by credit risk management policies and procedures, reference models expected loss estimation and quantification, system of provision to cover credit risk and internal process control.

Granting of credits is based on the knowledge of credit subject, its payment capability, and the characteristics of the contract to be entered into, including, inter alia, the conditions of loan, guarantees, source of payment and the macroeconomic conditions the borrower may be subject to.

In the granting process, variables allowing for determining the credit subjects matched to the Bank risk profile have been established for each type of portfolio. Segmentation and discrimination processes of credit portfolios and their potential credit subjects, are used as a basis for qualification, as well as the application of internal statistic models assessing the several different applicant's aspects for credit risk quantification. Methodologies and procedures implemented in to grant the credit allow for monitoring and controlling the credit exposure of the several different portfolios, as well as the aggregate portfolio, thus preventing an excess of credit concentration by debtor, economic sector, economic group, risk factor, etc.

The Bank makes a continued monitoring and qualification of credit operations consistent with the process to grant the credit, based, among other criteria, on the information related to the historical portfolios and credits behavior; debtors' specific characteristics and backing up guarantees, debtor's behavior in other entities, and financial information of prospective borrower allowing for knowing its financial situation; and sector 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 laws 358/1997, 550/1999, 617/2000, and 1116/2006.

Assessment and Requalification of the Credit Portfolio

The Bank assesses its credit portfolio risk introducing the corresponding modifications in the respective rankings when there are

For the proper compliance with this obligation, the Bank considers the debtor's credit history in other entities and particularly if at the time of evaluation the debtor has restructure obligations, according to information from central risk or any other source. The behavior of portfolio of clients is updated in connection with pay downs, writing-off, and the magnitude of the late payments.

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

- When credits are in arrears after being restructure, and in such event the credits are to be reclassified.
- At least during May and November, the results of the evaluation and the reclassification applicable shall be recorded at closing of the subsequent.
- When the credits are in arrears after being restructured, and in such event the credits are to be immediately reclassified.

Credit Risk Ranking

The Bank qualifies the credit operations based on criteria aforementioned and classifies the operations into any of the credit risk categories below taking into account the following objective minimum conditions:

Category	Granting	Commercial Portfolio Granted	Consumption Portfolio Granted
"AA"	New credits with ranking "AA" assigned at the moment of granting.	The credits already granted that are not in arrears more than 29 days default of contractual obligations, i.e. between 0 and 29 days in arrears.	The credits which qualification obtained by applying MRCO qualification methodology established for arrears, by the regulation, is equal to "AA".
"A"	New credits with ranking "A" assigned at the moment of granting.	The credits granted in arrears higher than or equal to 30 days and less than 60 days default of contractual obligations, that is, 30-59 days in arrears.	The credits which qualification obtained by applying MRCO qualification methodology established in the regulations is equal to "A".
"BB"	New credits with ranking "BB" assigned at the moment of granting.	The credits already granted currently in arrears higher than or equal to 90 days of default of contractual obligations, that is, between 60 and 89 days in arrears.	The credits which qualification obtained by applying the MRCO qualification methodology is equal to "BB".
"B"	New credits with ranking "B" assigned at the moment of granting.	The credits already granted in arrears more than or equal to 90 days and less than 120 days default of contractual obligation, that is, between 90 and 119 day in arrears	The credits which qualification obtained by applying MRCO qualification Methodology established by the regulations is equal to "B".
"CC"	New credits with qualification assigned at the time the credits is granted as "CC"	The credits already granted in areas for more than or equal to 120 days and less than 150 days of default of contractual obligations, i.e. 120 and 149 days in arrears of contractual obligation	The credits which qualification obtained by applying MRCO qualification methodology established by the regulation, is equal to "CC".
"Default"	In this category will be classified the new credits when the applicant is reported by any entity in Central of Risk CIFIN in qualification D, E or written-off portfolio.	The credits granted showing arrears of more than or equal to 150 days.	Consumption Credits in arrears for more than 90 days.

For homologation purposes, commercial and consumption portfolios risk qualification in the indebtedness reports and in the financial statements, the Bank applies the following table:

Grouped category	Report category	
	Commercial	Consumption
A	AA	AA
		A actual delay between 0- to 30 day
B	A	A actual delay more than 30 days
	BB	BB
C	B	B
	CC	CC
	C	C
D	D	D
E	E	E

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

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

Grouped Category D = The other clients qualified as in default.

For homologation purposes in consumption portfolio, the current arrears the table above refers to, is understood as the maximum recorded by debtor in the products..

Other criteria considered by the Bank to qualify credit operations are the following: For commercial portfolio, the qualification given at the time when the credit was authorized during the closing months corresponding to the quarter of disbursement of credit, the qualification in the granting process with the own characteristics of each borrower and other factors which may be considered of the higher risk.. For consumption portfolio, the classification given in the granting only at the closing month when the disbursement was made..

Housing portfolio, considering the criterion of age of arrears, is qualified into:

Category	Criteria (No. Of month in arrears)
"A" Normal Risk	With updated installments or due 2 months
"B" Acceptable Risk	Overdue more than 2 months and up to 5 months
"C" Appreciable Risk	Overdue more than 5 months or up to 12 months
"D" Significant Risk	Overdue more than 12 months and up to 18 months
"E" Failure of payment	Overdue more than 18 months

Classification of Mortgage Credit Portfolio

Category "A": Credit with NORMAL risk. The credits classified in this category reflect an appropriate structure and compliance. Financial statements of debtors or the cash-flows of the project, as well as the other credit information indicate proper payment capacity. From the amount and origin of income standpoint for the debtor to comply with the payment obligations.

Category "B": Credit with ACCEPTABLE risk . The credits qualified in this category are acceptably managed and protected, although there are some 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 early remedied, may affect the normal compliance with the credit or contract.

Category "C": Deficient credit, under APPRECIABLE risk. In this category are included the credits or contracts showing shortcomings of payment capacity of debtor or in the cash-flows of the project, endangering the normal compliance with the obligation of terms agreed upon.

Category "D": Doubtful credit with SIGNIFICANT risk. This is the credit with any of the characteristic of shortcoming, although in a higher degree in such a way that the probability of collection is highly doubtful .

Category "E": UNCOVERABLE credit, considered and bad debt.

Restructuring Process

Restructured credit means that one which by signing any legal business, aims at modifying the originally agreed conditions in order to allow the debtor to attend appropriately his obligation in connection with the current or potential impairment of its payment capacity. Additionally, restructuring are considered the agreements entered in the context of the Acts 550/1999, 617/2000, and 1116 de 2006 or the additions and substitution thereof, as well as extraordinary restructuring and novations.

Fiscal Restructuring Act 617/2000

In restructuring derived from the subscription of Fiscal and Financial Consolidation Programs under the provisions in Act 617/2000, the Nation issued guarantees to obligations assumed by territorial entities controlled by Colombia Finance Superintendence, provided that the requirements set forth in such Act and agreement are accomplished before June 30, 2001. Such guarantee could be up to forty point zero percent (40.0%) for credits in force on December 31, 1999, and up to one hundred point zero percent (100.0%) for the new credits used for fiscal adjustment.

This restructuring featured because they reversed the provisions constituted about the obligation subject matter of restructuring in the portion backed up by the Nation, while the portion of obligation subject matter of restructuration were not backed up by the Nation, maintained the qualification they had as of June 30/2001

Should restructuring agreement is accomplished; the debtor is qualified in the category held before restructuring or in any of higher risk.

For qualification improvement purposes, the qualification after the corresponding restructuring, the terms of the agreement are to be currently accomplished.

In the event of default of agreement by the territorial public entity, the debt existing as of the date of default which is not supported by Nation guarantee, it will qualify in "E" risk category.

Extraordinary Restructurings

For structuring made as from the date the External Circular Letter 030/1999 takes force, issued of the Colombia Finance Superintendence, and up to December 31, 1999, the Bank cold reverse provisions provided that restricting agreement would allow to qualify the debtor in "A", or otherwise, at least two installments had been made or a payment to capital had been made and a certification of compliance had been obtained from the Management Covenant and debtor's payment capacity, in line with the terms of Agreement

Restructuring Agreements

For restructured credits until the validity of Act 550/1999, when beginning restructuring negotiation, the Bank suspended the accrual of interest over the credit prevailing and maintained the qualification they had as if the date of negotiation.. Notwithstanding, if the client was qualified in "A" risk category, it was reclassified at least to "B" category and a provision equivalent to one hundred point zero percent (100.0%) was constituted from the accounts receivable.

In the event of any failure of negotiation, the credits were qualified in "E" category uncoverable credit.

When any client is admitted to the restructuring process under the terms of Act 1116/2006, The Bank suspends the accrual of returns and qualifies the client in any risk category consistent with the actual situation. If client's situation impairs or it is assumed that the ongoing agreement fails to meet Bank's expectations, the qualification is reviewed, and the client reclassified in the appropriate risk category. If an agreement is not reached, or judicial liquidation is declared, the client is classified as in default.

Especial Criteria to Qualify Restructured Credits

The credits restructured can retain the prior qualification provided that the restructuring agreement involves any improvement of debtor's payment capacity and/or of the probability of default. If restructuring provides grace period to pay the capital, only such qualification is maintained when those periods will not exceed one (1) year term as from the execution of the agreement.

The credits may enhance qualification of otherwise modify its default condition, after restructuring; only when debtor documents a behavior of regular and effective payment of capital consistent with a normal credit behavior, provided however that its payment capacity is maintained or improved.

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

Credit portfolio, in the opinion of the Administration unrecoverable or remote or uncertain retrieval, and they are one hundred percent (100%) provisioned, is susceptible of punishment following unsuccessfully attempting collection actions, in accordance with the concepts issued by the collection lawyers and bank manager lawyers.

Punishment does neither relieve the officers of the liability for credit approval and management, nor releases them from the obligation to pursuing collections activities.

The Board of Directors is the sole body competent to approve the writing-off operations considered unrecoverable.

(g) Provision for Credit Portfolio, Account Receivable and Financial Leasing Operations

The Bank to cover the credit risk is based on system of provisions, calculated over the outstanding balance by the application of reference models of Commercial Portfolio (MRC) and consumption portfolio (MRCO). For he credits under modalities of housing portfolio, the provision is determined in function of the client's delay.

Commercial and Consumption Portfolio

The Bank applies the methodology of calculation of provisions in cumulative or de-cumulative phase based on the monthly assessment of the behavior of deterioration, efficiency, stability and growth indicators, described below, provident that they are accomplished during three consecutive months:

Assessment	Indicator	Cumulative Stage	De-cumulative Stage
Impairment	Actual semester variations of individual provisions of total portfolio B, C, D y E	< 9%	> = 9%
Efficiency	Quarterly accumulate of net provisions from recoveries as percentage of accumulate income for portfolio and leasing.	< 17%	> = 17%
Stability	Quarterly cumulated of net provisions of recoveries from portfolio as percentage of quarterly accumulated of adjusted gross financial margin.	< 42%	> = 42%
Growth	Annual actual growth rate of gross portfolio.	> 23%	< = 23%

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

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

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

Contra-cyclic Individual Component (CIC): corresponds to the portion of credit portfolio individual provision reflecting the possible changes in credit risk of debtors where impairment of such assets increases. Such portion is constituted in order to reduce the impact on statement of results when such situation occurs. CIC corresponds to the higher value

Consumption Portfolio

Qualific.	Matrix A			Matrix B		
	General – Auto motors	General – Other	Credit Cards	General – Auto motors	General – Other	Credit Cards
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	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

This way for each debtor, commercial and consumption segment, the probability to migrate between its current qualification and the default qualification in the coming twelve (12) months is obtained, according to the cycle of credit risk general behavior.

b. Loss due to default (PDD)

It is defined as the economic impairment incurred by the Bank in the event that any default situation will occur. PDI for debtors qualified in default category will involve a gradual increase according to the days elapsed after classification in such category.

The guarantees backing up the operation are necessary to calculate the expected loss in the event failure to pay, and hence, to determine the level of provisions.

The Bank considers as appropriate guarantees those assurances duly executed having a value determined based on technical and objective criteria offering a legally efficacious of the payment of the obligation supported and which possibility of compliance is reasonably adequate.

To evaluate the support offered and the possibility of compliance of each guarantee, the Bank considers the following factors: Nature, value, coverage and liquidity of guarantees, as well as the potential cost of compliance and legal requirements necessary make them enforceable.

PDD by type of guarantee is the following:

Commercial Portfolio:

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

Consumption Portfolio

Type of Guarantee	P.D.D.	Days after default	New PDD	Days after default	New PDD
Non-admissible guarantee	60%	210	70%	420	100%
Admissible financial collateral	0 – 12%	-	-	-	-
Commercial and residential real estate property	40%	360	70%	720	100%

Type of Guarantee	P.D.D.	Days after default	New PDD	Days after default	New PDD
Goods given in real estate property leasing	35%	360	70%	720	100%
Goods given in leasing different from real estate leasing	45%	270	70%	540	100%
Other collaterals	50%	270	70%	540	100%
Collection rights	45%	360	80%	720	100%
With no guarantee	75%	30	85%	90	100%

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

1. Inadmissible guarantee: As such are included, among other, the codebtors, endorsers, and warrant guarantee.
2. Admissible Financial Collateral: Includes the guarantees below:
 - Collateral security deposit: This guarantee implies zero percent (0%) PDI
 - Stand By Letters considered appropriate guarantees, zero percent PDI .
 - Credit insurance: This guarantee has twelve percent (12%) PDI
 - Sovereign Guarantee of the Nation (Act 617 / 2000): This guarantee has zero percent (0%) PDI.
 - Guarantees issued by Guarantee Funds: This guarantee has twelve percent (12%) PDI
 - Pledge on securities issued by financial institutions: This guarantee has twelve percent (12%) PDI
3. Collection rights: Represented by:
 - Irrevocable Mercantile Fiducias of guarantee.
 - Pledging of income of territorial and decentralized entities of any order.
4. Real Estates and residential property: Classified as such the following guarantees:
 - Mortgage Fiducias
 - Real estate Guarantees.
5. Goods given in Leasing: the goods given in the following leasing agreements are classified in this category:
 - Real Estate Leasing.
 - Housing Leasing .
6. Goods delivered in leasing different from real estate. The goods given in the following leasing agreements are included in this category:
 - Leasing of machinery and equipment.
 - Leasing of vehicles.
 - Leasing of furniture and fixture.
 - Leasing ships, trains and aircraft.
 - Leasing of computing equipment.
 - Leasing livestock.
 - Leasing of software.
7. Other collaterals: The following guarantees are included in this category:
 - Pledge over processed inventory.
 - Pledge over supplies – basic goods.
 - Pledge over equipment and vehicles.
 - Bonds od pledging.

8. Without guarantee: The Bank classifies within this category all guarantees not included in the items above and all obligations with no any guarantee.

This way, for each debtor a different PDI is obtained according to the type of guarantee backing up the operation.

Given that guarantees constitute an important factor in the calculation of the expected loss, the policies and criteria of the Bank applied to them are described below::

Politic of Guarantees

- The guarantee is a legal mechanism used to back up the obligations assumed by the clients to the Bank.
- When credits are given, the approving entities condition the delivery of money to the compliance of some conditions, among which, the constitution and delivery of guarantees.
- The purpose of guarantees is to back up and ensure the compliance with the obligation (capital plus interest, fees and other charges) in the event of any contingency or default.
- There exist two types of appropriate or non-appropriate guarantees. Appropriate guarantees are those ones duly executed with a value established based on the technical and objective criteria offering and efficacious legal support of the compliance with the obligation guaranteed, giving to the Bank a preferred or best right to obtain the payment of the obligation the possibility of which is reasonably sufficient.
- The credit operations approved supported by any appropriate guarantee, care not susceptible of counting for or disbursing unless the guarantee has been duly constituted and legally executed, unless an explicit authorization by the approving entity.
- The guarantees will be chosen in accordance to its liquidity, that is, the facility to perform the goods involved. The evaluation of guarantees must be based on technical appraisals made by expert professionals.

c. The value exposed of the asset

In the commercial portfolio and consumption portfolio, it is understood as exposed value of the assted the outstanding balance of capital and interest and other receivables.

As of December 31. 2012, in compliance with the provisions in the External Circular Letter 026 / 2012, the Bank made an additional individual provision over the portfolio of consumption equivalent to the procyclic individual component of 0.5% over the outstanding capital of each consumption credit of the reference month multiplied by the corresponding PDI correspondent.

The application of this Circular Letter resulted in additional provisions for COP\$10.995 with direct effect on the results of the operational semester ended on December 31/ de 2012.

Housing Portfolio

General Provision

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

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

Category	Capital % Potion Backed up	Capital % Portion non-backed up	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- Uncoverable	30	100	100

For Housing Portfolio, if during two (2) consecutive years the credit remain in the category “E”, the percent of provision over the guaranteed portion increases sixty point zero percent (60.0%). Should one additional year elapses under these conditions, the percent of provision over the guaranteed portion increases to one hundred percent (100.0%).

Effect of the appropriate guarantees over the constitution of individual provisions

For the purposes of individual provisions constitutions, the guarantees only over the capital of credits. Consequently, the outstanding balances to be amortized of the credits covered by securities holding the character of appropriate in the percentage corresponding by the application of such percentage:

- In dealing with housing credit in the portion not covered by guarantee, to the difference between the value of the outstanding balance and one hundred percent (100%) of the amount backed up. For the backed up portion at one hundred percent (100%) of the outstanding balance backed up
- In dealing with microcredit, to the difference between the amount of outstanding balance and the seventy percent (70%) of the value of guarantee. In these cases, depending on the nature of guarantee and the time of default of the respective credit, for the constitution of portions only the percentages of total value of guarantee indicated in the following charts are considered:

Non-mortgage Guarantee	
Time in Default	Percentage of coverage
0 to 12 months	70%
More than 12 months to 24 months	50%
More than 24 months	0%

Mortgage or Fiducia Appropriate Guarantee	
Time in default	Percentage of coverage
0 to 18 months	70%
More than 18 month to 24 months	50%
More than 24 month to 30 month	30%
Mora than de 30 months to 36 month	15%
More than 36 months	0%

Lining up Rules

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

- Following the constitution of provisions and qualification homologation, monthly and for each debtor, the Bank performs the internal lining up, and for such purpose it is carried to the higher risk category the credits of the same modality granted to debtor
- According to the relevant legal provisions, the Bank is under the obligation to consolidate financial statements; it assigns equal qualification to the credits of the same modality granted to a debtor.

(h) Acceptances, Spot Operations and Derivatives

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

Bank Acceptances

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

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

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

Spot Operations

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

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

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

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

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

Derivative Financial Instruments

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

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

- **Forward Operations**

A 'forward' is a derivative formalized by an agreement between two parties, made to the measure of the needs, to purchase/sell any specific amount of a given subjacent at any future date, stating, in the date of execution, the basic conditions of derivative financial instrument, between the parties, mainly the price, the delivery date of underlying and the modality of delivery. The assessment of instrument in the maturity date may be made by physical delivery of the underlying or by liquidation of differences, depending on the underlying and the modality of delivery agreed on, this latter susceptible of modification by mutual agreement between the parties during instrument term.

- **Options**

An "option" is a contract giving the holder an option or the right, although this does not imply the obligation of purchase or sale a specific amount of an asset at any price and at any determined date or during any determined time. Such contract undertakes the signatory to sale or purchase the asset in the date when the "option" will be exercised by the holder according to the conditions related to quantity, quality, and price determined for such purpose in the contract.

- **Swaps**

A swap operation, or financial swap is a contract entered into between two parties whereby the contracting parties Exchange a series of cash flows, calculated according to some conditions contractually agreed on which must be compensated on the specific dates at the agreed on at the beginning of the operation.

The purpose of this type of operations is to reduce the risks generated by the variations of exchange and interest rates. In general, the swaps are contracts aimed at covering those long-term operations involving a residual flow.

Swap operations may be about interest rate, or contracts where cash flows paid by both two parties are nominated in the same currency, and swaps of Exchange type, or foreign currency where the flows of the operation are nominated in different currencies.

There exist two types of interest rate swaps: Fixed rate by variable rate, and variable rate by variable rate

The Interest Rate swap (IRS) is a an agreement between two parties needing to Exchange the interest derived from the payment or collection of future flows existing in different modalities of interest rate. In this type of swap, there is no transfer of principal and is made in the same currency.

The Cross Currency Swap (CCS) is a contract between two parties needing to Exchange principals, which are nominated in different currencies, for a specific time period . During the time of contract, each of the parties assume the interest generated by the principal received in the swap or Exchange. On the amortization dates and upon the expiry of contract, the principals are exchange at the original type of currency of every party, and the spot rate of the beginning of the operation is used.

There exist three types of swaps over currencies: Swap of fixed foreign currency against fixed swap and swap on foreign currency variable against swap variable,.

- **Futures**

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

Futures may be accomplished by cash liquidation, by means of opposite operation before expiry date, by physical delivery of product or by making liquidation against an index.

Accounting and valuation of Derivatives Financial Instruments:

Financial instruments derivatives can be negotiated for any of the purposes below:

- Coverage of risks from other positions,
- Speculation, attempting to obtain profit, or
- By doing market arbitration.

Accounting of the financial instruments derivatives is dependent on its negotiation purpose

✓ Financial Instruments Derivatives with Speculation Purposes

These operations are included in the balance sheet, since the date of execution of the fair price of exchange. When in the initial date the value of contracts is zero (0), i.e., neither payments are made nor physical delivery between the parties, the statement of results remains unchanged. In the subsequent valuations, the variations in the fair price of exchange are recorded in statement of results.

In the date of assessment of financial instruments derivatives the balances corresponding to account of the balance sheet are paid out and any difference is charged as a profit or loss in the respective account the statement of results, as applicable. Should the accumulate balance of financial instrument derivative on such date is positive, an income is recorded, and if negative, an expenditure is recorded. This procedures is carried out in and independent manner, instrument by instrument, each time there are liquidated.

Type of Operation**Valuation and Accounting**

Forward Securities on In the forward of purchase over securities, the right is calculated by valuing the security at the market price and the obligation obtaining the present value of the purchase amount agreed upon.

Forward on foreign currency In the event of forwards of sale over securities the right is calculated obtaining the present value of the sale amount agreed and the obligation valuing the security at market price. Methodology of valuation for forward and spot operations over foreign currency used by the Bank, is made by bringing to present value the flows, (future obligations and rights involved in the operation; the more usual is that one of these two flows is given in US Dollars, and the other one in Colombia Pesos. Each flow is brought to present value using market discount rates in dollar and Colombian Pesos for the remaining term in each operation. These present values are computed using the continuous composed rates. Once present values of the flows are obtained, they are re-expressed in Colombian pesos using the Market Representative Rate calculated and certified by Colombia Finance Superintendence. The interests used are those of the market based on mean devaluations of Colombian Market.

Type of Operation**Valuation and Accounting**

Options The determination of option market value in currency made by the Bank, it is estimated using a methodology developed by Black and Scholes.

Information to be used in the model to value the options is obtained from financial information systems currently providing the prices for the variables involved (Volatility, free rates of local and foreign risks).

The initial record corresponds to the premium actually paid and the variations in the exchange fair price in respect of the initial actually paid are accounted for in the statement of results. The rights and obligations are recorded in the contingent accounts.

When the Bank purchase an option, either "call" or "put" , the accounting records, both of the premium paid and its daily variances at Exchange fair price is made in the Asset.

When the Bank sells an option, the accounting record of the premium received and the records of daily variations at Exchange fair price are recorded in the Liabilities.

Futures In the date the contract is finishes, the balances corresponding to value of right and that of the obligation are paid out, and any difference ins charged as profit of loss in the valuation of derivatives

In this type of derivatives, there is daily assessment of profit and loss. The Chamber of Counterpart Central Risk "CCCR" communicates, in a daily basis, the result of participant compensation and proceeds to debit or credit the loss and profit made.

For the event of futures of notional bond, if the Bank shows short position, it notices the "CCCR" the security intended to be used to comply with its obligation, according the specifications of the deliverables basket and the transfer of such securities is made through the deposits of securities (DCV and/or DECEVAL) who will confirm to "CCCR" the transfer of such securities.

For the event of futures of dollar/peso exchange rate at the term of the contract, the assessment is made against the underlying price (MRR) published the last day of negotiation.

The value of the obligation to be recorded by the seller in its bank (right for buyer), in Colombian pesos, corresponds to the price of each unit of contract of futures reported on the date of valuation, by Stock Exchange by the number of contracts, and by the nominal value of each contract. On the other hand, the value of the right to be recorded, the seller in its balance sheet (obligation for purchaser), in Colombian pesos, corresponds to the price of each unit fixed in the future contract, multiplied by the number of contracts and by the nominal value of each contract.

The Novated Forwards consist of financial instruments derivatives, negotiated in the counter market and which counterparts, by mutual agreement, make the decision to carry it to a

counterpart central risk chamber for its compensation and liquidation; this agreement is governed by the frame contract executed between the initial counterparts until the day when the counterpart central risk chamber is interposed as counterpart of the operation. From that moment on, the rules of the chamber will apply and therefore, the frame contract will cease to be valid previously executed between the initial counterparts of such financial instrument. Likewise, the respective Counterpart Central Risk Chamber must ensure to Colombian Finance Superintendence, the Access to the information of those operations required by the Superintendence.

The accrued balance existing in the balance sheet until the day when the counterpart central risk chamber effectively accepts the operation, this same day is carried to an payable or a receivable account, as applicable, in the name of such chamber, Such account is cancelled with rules of the respective Counterpart Central Risk Chamber.

Type of Operation

Valuation and Accounting

Swaps

The valuation of swap consists of bringing to present value (disconnection) each one of the future flows and turn them into the currency base of the accounting. To carry out the process of valuation of swap, the Bank updates the market information (curves of interest rate and exchange rate) and according to the specific characteristics of each operation, breaks down the swap into future cash flows and calculates the total flow in every date of compliance.

The summation of presents values of flows received is accounted of as a right and the summation of the series of flows delivered are accounted for as an obligation.

The result of valuation of the day when the operation was made, is recorded as a deferred, which is amortized until the maturity of swap. From the result of valuation since the second day and up to the maturity of the operation, the amortization of such deferred is subtracted.

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

Corresponded to goods received in payment of credit obligations unpaid by clients recorded by its commercial value supported on an appraisal of recognized technical value. When the difference between final value and the credit paid is higher, such difference is recorded as an account payable.

Valuations of immovable property received in payment, are accounted for in the memorandum accounts

When the good received in dation of payment is not in marketable conditions, its cost is increased with the necessary expenses incurred to render salable to property.

The goods delivered back from financial leasing operations due to default of the contract by the lease, or due to refraining from exercising purchase option, the good recorded at the cost, corresponding to the balance receivable from the leasing contract.

Valuation on goods delivered back, movable and immovable, they are recorded in the memorandum account.

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

Immovable Property

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

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

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

Movable Property

For movable property, a provision equivalent to thirty five zero percent (35.0%) of the acquisition cost of the property received in payment is made within the following year the property is received, and increased in the second year by thirty five zero percent (35.0%) until reaching seventy zero percent (70%) of the value booked of the property received in payment before provisions. Upon the completion of the legal terms to sell the asset, without any extension is obtained, the provisions will be one hundred zero percent (100.0%) of the value of property before provision, unless an extension is obtained, and in such event the additional thirty Zero percent (30.0%) may be made during the extension.

Without prejudice of the provisions aforementioned, the movable goods received in payment corresponding to investment papers are value by applying criteria that for such purpose, are provided in chapter I of the Accounting and Financing Basic Circular Letter, taking into account its classification as marketable investments, available for sale of to be maintained up to the maturity.

The provisions made over property received in payment or property delivered back from leasing operations, may be reversed they are spot sold, if those goods are placed in portfolio or in financial leasing operations, the profit derived as a result of the transfer of asset to the account portfolio of credit and financial leasing operations , shall be deferred in the term where operation was agreed on.

Regulations about Legal Term for Sale

The goods received in payment shall be sold within two years following the date of acquisition; they may, however, accounted for as fixed asset, when they are necessary in the ordinary line of business and the limits of investment of asset are accomplished.

It is possible to apply for Colombia Finance Superintendence to extend such term of sale, and such application may be submitted in any case properly in advance to the legal expiry term set forth.

In the respective application, it is necessary to demonstrate that, notwithstanding. The procedures of management for the alienation have been flowed, it has not been possible to obtain the sale. In any case, the extension of term cannot exceeded, two years, as from the date of maturity of their initial legal term, and during such period it is necessary to continue with the tasks aimed at the sale of these unproductive assets.

(k) Property and Equipment

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

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

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

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

The property and equipment are recorded at cost price, which was re-expressed as a result of the inflation up to December 31, 2000.

Individual provisions on the property and equipment which net vale is higher than the commercial value determined by technical appraisal shall be recorded, and when the net value is lower than the commercial value, such difference is recorded as valuations of asset in the patrimony.

(l) Asset given in Operative Leasing

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

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

The goods given in operative leasing are recorded at cost and disbursement on account of improvement and repairs to increase their efficiency and useful-life of that of capitalized asset. The expenditures for maintenance and repairs are accounted for as expense of the operational period where expenses are made.

Depreciation of goods given in operative leasing, is made in the time resulting lower between useful-life of the good and the leasing contract term.

Over the value of goods given in leasing a general 1% provision is made, without exceeding the accrued depreciation amount one hundred percent of the goods given in operative leasing.

(m) Branch Offices and Agencies

Accounts for the transactions of the operations made between Main Office and the Branch Offices, as well as those made between them and the Agencies.

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

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

(n) Prepaid Expenses and Deferred Charges

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

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

Causation or Amortization is made as indicated below:

Prepaid Expenses

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

Deferred Charges

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

-
- Contributions and affiliations during the prepaid time period.
 - The other concepts are amortized during the estimate period to recover the expenditure or the obtainment of the expected benefits

(o) Goods to be placed in Leasing Agreements

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

(p) Intangible Goods

Under Resolution 0828, of May 19/2006, Colombia Finance Superintendence authorized the take-over of Banco Unión Colombiano S.A. The mercantile credit resulting from the difference between the value paid and net patrimony as of the date of the take-over, of Banco Union Colombiano, is redeemed by exponential system in 237 month, the difference between 20-year term and the time already redeemed according to provisions in the External Circular Letter N° 034/2006 of Colombia Finance Superintendence . In any case, the Bank may voluntarily elect a shorter period.

At present, the Bank values at market prices the line of business associated to mercantile credit, which are fully determined and identified within the the entity acquired since the zero time of the acquisition, to determine if there is or not due to impairment of value. The valuation is made by using the method of flow of profit generated by each line of business identified as generator independent from cash.

In the event that it is determined that business lines have resulted in loss for the impairment of value, such loss shall be immediately recognize in the statement of results as an amortization of mercantile credit associated to the same. This means that in no any event, the deferral was allowed. In the same way, if subsequently the situation becomes contrary, the loss recorded may not be invested, nor also in the balance of credit, the mercantile credit acquired may be increased

Similarly, if any of the business lines is known, more future benefits are no longer generated, the entity must immediately proceed to the amortization of mercantile credit assigned to such line of business, against the statement of results.

Rights in Trust

Registers the rights generated by virtue of execution of mercantile trust contract giving to the settlor or beneficiary the possibility to exercise the rights according to the constitutive act or law.

The transfer of one or more goods made by the settlor to the trustee shall be made, for accounting purposes, by its adjusted cost, so that the delivery itself does not involve the obtainment of profits to the constituent and the profit will only involve incidence on the results when the good or goods subject matter of trust when “actually” it is sold the third parties.

(q) Valuations

- Valuations of investment available for sale in certificates of participation are booked based on issuer's patrimonial variances.
- Valuations of real estate property are determined by comparing the net cost to the value of commercial appraisals made recognized and independent persons or firms. If any devaluation will occur, considering the Standard of reasonable prudence, for each real estate property, a provision is made.
- Valuation of art and culture goods is recorded taking into consideration conservation status of the works, originality, size, technique and quotation of similar works.

Asset Valuation and Devaluations

Valuation of action making part of patrimony, include:

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1. Commercial technical appraisals made by specialized firms, versus book net value of property and equipment and goods given in operative leasing of Bank.
 2. Commercial value of available investment for sale in participative securities versus its net book cost.

For investment quoted in stock exchange, such surpluses are determined based on the market value or in default thereof, with their intrinsic value, as determined over financial statements up six month before.

In the event of impairment of value for investments available for sale, participative securities and property and equipment by real property, in keeping with prudence standard, for each good, individually, the value of valuation is reversed, if available and provision is constituted.

Over goods received in payment and delivered back, valuations are not recorded

(r) Prepaid Income and Deferred Liabilities

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

(s) Estimate Liabilities and Provisions

The Bank records Provisions to cover estimate liabilities, taking into account that:

- There exists an acquired right, and as a result, an obligation assumed.
- The right is payable or probably, and
- Provision is justifiable, quantifiable and verifiable.

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

(t) Retirement Pensions

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

Retirement pension payments are charged against the provision made.

(u) Legal Reserve

According to Decree 663 of April 2/1993, the Legal Reserve of credit entities is made up, at least with 10% of net profit from each operational period, until completing 50% of the subscribed capital; such reserve only may be decreased down to such percentage in order to set-off accrued loss in excess of the amount of undistributed profit

(v) Contingent Accounts

Economic facts or circumstances, potentially affecting Bank's financial structure, are recorded and contingent accounts. Additionally, those operations whereby the entity could acquire any right or assume an obligation the occurrence of which is conditioned that any fact will or not occur, are recorded as contingent accounts, depending on eventual or remote future factors. Contingent accounts include collaterals, bank guarantees given, open letters of credit unused, and other contingencies.

(w) Memorandum Accounts

Its items records the operations made with third parties that by its nature do not affect bank's financial situation, as well as fiscal accounts corresponding to the figures used to produce tax declarations. Similarly, it includes the accounts of internal control record and commercial information. The memorandum accounts may be debtor or creditor, depending on the nature of of the operation. It contains, in addition, the value of credits classified by age, the reciprocal operations with affiliates and as from January 1, 2001, the value for indexation fiscal adjustments of non-monetary asset and the patrimony.

(x) Income, Cost and Expense Recognition

The Bank uses the standard of association and accrual method to recognize and record income, cost and expenses. Interest, commissions, and rent paid or received in advance are recorded in the account of expense or income prepaid or received in advance. Interest, indexation, exchange adjustment, monthly rent and income for other concepts will stop causing when any credit shows the following default: commercial credit, 3 months; consumption credit, 2 months.

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

- Commercial credits more than 3 months in arrears
- Consumption credits more than 2 months in arrears
- Housing credits more than 2 months in arrears

Therefore, they do not affect the statement of results until they are effectively paid. While this result occurs, the appropriate record is made in the memorandum accounts.

For those cases where, as a result of restructuring agreement or any other modality of agreement occurs, capitalization of interest is accomplished recorded in the memorandum accounts or written-off portfolio balance including capital, interest and other concepts will be recorded as deferred credit in the code 272035 and its redemption to the statement of results will be made in proportion to the amount actually recovered

(y) Related-Parties

Related-parties are considered:

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

(z) Conversion of Transactions in Foreign Currency

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

Operations in foreign currency, other than dollar, are converted into American Dollars, and the re-converted to Colombian Pesos, using the market representative exchange rate (MRR) calculated on a daily basis and certified by Colombia Finance Superintendence. At the closing of the respective operational period on June 30, 2013 and December 31, 2012, the exchange rates were \$ 1.929.00 (in pesos) and \$1.768.23 (in pesos), respectively

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

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

Leverage gross position is defined as the summation of i) the rights and obligations in fixed term and future contracts in foreign currency; ii) spot operations in foreign currency with compliance between on banking day (t+1) and two bank days (t+2), and iii) the exchange exposure to debit contingencies and credit contingencies acquired in options and derivatives negotiations over the type of exchange.

Arithmetic averages of three (3) business days of own position will exceed the equivalent in foreign currency to 20% of technical patrimony.

Arithmetic averages of three (3) business days of own spot position may be negative without exceeding the equivalent in foreign currency to 5% of technical patrimony.

Arithmetic average of three (3) business days of own spot position will not exceed to 50% of technical patrimony.

Arithmetic average of three (3) business days of own position leverage gross position will not exceed 550% of the amount of technical patrimony. For such purposes, the Bank determines technical patrimony in Dollars based on financial statements of the precedent second calendar month and applying exchange rate, to the re-expression of figures in foreign currency of the precedent month.

As of June 30, 2013 and December 31, 2012, the asset in foreign currency amounted to USD 1,837,691,325.71, USD -360,779,127.91 173.243.226.49 (Dollars) and liabilities to US\$1,830,737,195.51 and USD -360,779,127.91 (Dollars), respectively

aa) Net profit per Stock

As of June 30, 2013 and December 31, 2012 net profit per stock was computed according to the weighted average of outstanding stocks that was 155.899.719 per both half-years.

(bb) Weighted Asset Ratio per Level of Risk – Technical Net Worth

Technical net worth can be less than nine point zero percent (9.0%) of asset in legal and foreign currency weighted by level of risk, as indicated in article 2.1.1.1.2 of Decree 2555/2010, formerly article 2, Decree 1720/2001. The individual compliance is checked out every month and every six months in a consolidated manner with its subsidiaries in Colombia, controlled by Colombia Finance Superintendence and the financial affiliates abroad.

Classification of risk asset in each category is made by applying the percentages determined by finance superintendence to the risk asset to each of the items of asset, creditor contingent accounts, deals, and financial assignments established in the Account Single Plan. As from January 30, 2002, the market risk is additionally included as a part of asset weighted by risk.

The Decree 1771 / 2012 amends the definition and calculation of regulatory capital for the purpose to improve its quality according to the best international practices.

The new definition is based on the recommendations by the Basle committee in connection with the reinforcement of regulatory capital by the improvements in the quality of instruments contained, taking into account Colombia surrounding condition.

A new definition of regulatory capital is introduced, in such a way that the capital will be made up by the following elements:: The Ordinary Basic Patrimony (OBP), the Additional Basic Patrimony (ABP) and the Additional Patrimony (AP), the first of those being that of the major quality. Previously, the Basic and the Additional Patrimonies only existed. The standard contains a description of each one of the categories, the elements includes and the criteria to be used in order to select them.. The amendment maintains the total current minimum solvency level of 9% for the credits establishments, although introduces the new measuring basic solvency of 4.5%, which must accomplish with the OBP, made up by instruments with higher loss absorption capacity.

No later than August 2, 2013 the credit establishments aforementioned are to comply with the minimum level of capital set out in the new decree.

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

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

Property, Plant and Equipment

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

Premium of Stock Placement

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

Financial Statements

For the statement of changes in the financial situation, the Decree 2649/1993 provides the definition as a Basic Financial Statement; Colombia Finance Superintendence does not require this statement.

(4) NIIF Banco de Occidente implementation project

Pursuant to Act 1314 / 2009 and Regulatory Decrees 2706 and 784 / 2012, THE Bank is under the obligation to begin the process of convergence of the accounting and financial information standards applied in Colombia with international standards. For such purpose, the Consejo Técnico de la Contaduría Pública, through the Direccinamiento Estratégico, classified the companies by groups; the Bank belongs to the Group 1, which transitional period begins on January 1/ 2014 and the issue of the first financial statements under these international standards of financial information is in 2015 operational period.

The Bank submitted to Finance Superintendence, on February 2013 the Plan for the implementation of international standards of financial information, underlining that the Bank implemented in 2012 a preliminary understanding of the Standards, on November 2012 an specialized firm was hired to work out a conceptual diagnosis of the major financial impacts and the information systems.

In a parallel manner, the Grupo Aval started the corporate Project for conversion to NIIF in all the companies of the Group and to develop the Project, contracted other specialized firm as the advisory in the implementation process.. At the closing June 2013, the first phase has been advanced of the corporate project consisting of the training of the different team Works and a preliminary discussion of the financial diagnosis.

(5) Available

The detail of the available in legal tender and foreign currency converted to legal tender is as follows

	Jun. 30, 2013	Dec. 31, 2012
Legal Tender		
Cash	\$ 320.357	466.760
Central Bank	1.694.322	912.218
Banks and other Financial Entities	2.211	13.104
Conversion	256	1.241
In Transit Remittances	226	171
	\$ 2.017.372	1.393.494
Foreign Currency Conversion to Legal Tender		
Cash	19.312	16.480
Central Bank	531	476
Banks and other Financial Entities	109.238	88.519
In Transit Remittances	663	1.361
	\$ 129.744	106.836
	\$ 2.147.116	1.500.330

The balance in cash and deposits in the Central Bank in legal tender, as of June 30, 2013 and December 31, 2012, include value computed for bank reserve to be maintained over the deposits received from clients, according to legal provisions.

There are no items higher than 30 days and provisions are not required.

There exists no any other restriction on the available.

(6) Active Positions in Monetary Market and Related Transactions

Below the detail of active positions in Monetary and related market transactions:

	Jun. 30, 2013		Dec. 31, 2012	
		Annual Effective Average Rate		Annual Effective Average Rate
Legal Tender				
Ordinary Inter-bank funds sold:	\$ 60.000	3.21%	217.900	4.19%
Investment Transfers investment in simultaneous operations	28.910	-		
Foreign Currency				
Ordinary Inter-bank Funds Sold	199.059	0.19%	162.824	0,06%
	199.059		162.824	
	\$ 287.969		380.724	

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

(7) Investments

Detail of Investment below:

Investments in Certificates of Indebtedness		June 30, 2013	Dec. 31, 2011
Marketable			
Legal Tender			
Issued by the Nation	\$	771.990	557.908
Securities of credit contents derived from ownership processes		113	252
Financial Institutions		19.712	16.707
	\$	791.815	574.867
Foreign Current			
Issued by the Nation		4.293	-
Foreign Bank		63.520	60.925
Other		23.589	15.439
		91.402	76.364
	\$	883.217	651.231
Investments in Certificates of Indebtedness To Maintain Until Maturity			
Legal Tender			
Foreign Bank	\$	119.395	124.435
Financial Institutions		443.818	410.979
	\$	563.213	535.414
Investments in Certificates of Indebtedness Available for Sale			
Legal Tender			
Issued by the Nation	\$	643.787	377.575
Securities of credit contents derived from ownership processes		28.560	78.384
Financial Institutions		-	16.734
Other		7.593	7.143
	\$	679.940	479.836
Backpurchase rights (Transfer) of investment in Certificates of Debt			
Marketable			
Legal Tender			
Certificates of domestic public debt issued or endorsed by the Nation	\$	435.412	242.036
Foreign Current			
Certificates of External Public debt issued or endorsed by the Nation		70.444	91.282
Securities issued, endorsed, backed up, or accepted by third parties abroad		2.037	1.948
	\$	507.893	335.266

To Maintain Until Maturity

Legal Tender			
Certificates of internal public debt issued or endorsed by the Nation	\$	-	11.607
	\$	-	11.607
Available for Sale			
Legal Tender			
Certificates of internal public debt issued or backed up by the Nation	\$	208.454	183.979
	\$	208.454	183.979
Investments delivered in Guarantee with Derivate Financial Instruments and Others			
Available for Sale			
Legal Tender			
Certificates of internal public debt issued or backed up by the Nation	\$	19.565	19.233
	\$	19.565	19.233
Available for Sale			
Legal Tender			
Certificates of internal public debt issued or backed up by the Nation	\$	17.572.	17.572.
	\$	753.484	567.382

The Treasury operations participated with 1.16 % of total operational income of the Bank as of June 30, 2013..

Investment in Certificates of Participation			
Marketable in Certificates of Participation			
In Collective Portfolios	\$	5.074	-
	\$	5.074	-

The following itemizes Certificates of Participation Available for Sale:
Available for sale in Participative Securities

June 30, 2013

Business Name	Stock Capital	# Shares Owned	% de Participation	Cost (1) Adjusted	Patrimonial Value	Net Valuation	Provi.	Unrealized Accrued Profit/Loss	Rating
Shares with highly stock market liquidity with exchange market quotation									
A Toda Hora S.A.	-	333	20,00%	263	1.354	1.091	-	-	A
A.C.H. Colombia S.A.	-	6.595	4,79%	272	973	701	-	-	A
Cámara de Compensación de Divisas de Colombia S.A.		2.500	3,19%	80	116	36			
Cámara de Riesgo Central de Contraparte de Colombia S.A	-	40.367	1,17%	472	617	146	-	-	A
Casa de Bolsa S.A.	-	15.223	7,95%	2.584	2.717	133	-	-	A
Depósito	-	482	1,26%	457	659	202	-	-	A

June 30, 2013

Business Name	Stock Capital	# Shares Owned	% de Participation	Cost (1) Adjusted	Patrimonial Value	Net Valuation	Provi.	Unrealized Accrued Profit/Loss	Rating
Central de Valores S.A.									
Fiduciaria de Occidente S.A.	-	15.021	94,98%	59.560	102.677	43.116	-	-	A
Gestión y Contacto S.A.	-	102	1,02%	126	160	34	-	-	A
Pizano S.A.	-	6.982	0,92%	2.211	2.055	(155)	-	-	A
Porvenir S.A.	-	84.948	23,10%	178.006	212.594	34.588	-	-	A
Redeban Multicolor S.A.	-	9.996	7,24%	1.564	5.524	3.960	-	-	A
Ventas y Servicios S.A.	-	1.073	45,00%	3.132	4.316	1.183	-	-	A
Cifin S.A.	-	1	7,00%	442	1.203	761	-	-	A
AFP Horizonte S.A (1)	-	4.273	11,82%	118.135	118.020	(116)	-	-	A
Overseas Investments:									A
Banco de Occidente Panamá S.A.	11	1.261	95,00%	44.784	51.908	7.124	-	-	A
Occidental Bank Barbados Ltd	8	1.855	100,00%	31.684	50.405	18.721	-	-	A
	\$			443.772	555.299	111.526	-	-	
Shares with highly stock market liquidity with exchange market quotation Bursátil National Investment									
Corporación Financiera Colombiana S.A.	-	203.116	13,54%	989.910	989.910	-	-	662.892	A
Other securities: National Investments									
MasterCard	-	130.807	0,00%	74	74	-	-	-	A
				989.984	989.984	-	-	662.892	
Total				1.433.756	1.545.283	111.526	-	662.892	

(1) On April 18 / 2013 the Bank recorded and investment the purchase of 504.901.995 stocks from AFP Horizonte S.A. for \$118.135 representing 11,82% participation in such entity; the purchase of this participation was authorized by the Board of Director of Banco de Occidente as documented in Minutes No. 1307 dated January 18 / 2013; such purchase was made jointly with Grupo Aval S.A., Sociedad Administradora de Fondos de Pensiones and Cesantías Porvenir S.A. and Banco de Bogotá S.A., which in the same way was authorized by Colombia Finance Superintendence on April 3 / 2013 under resolution 628 / 2013.

Available for sale in Participative Securities

December 31, 2012

Business Name	Stock Capital	# Shares Owned	% de Participation	Cost (1) Adjusted	Patrimonial Value	Net Valuation	Provi.	Unrealized Accrued Profit/Loss	Rating
With Exchange Market Quotation National investments									
A Toda Hora S.A.	-	333	20,00%	263	1.357	1.094	-	-	A
A.C.H.	-						-	-	A
Colombia S.A.		6.595	4,79%	272	955	683			
Cámara de Compensación de Divisas de Colombia S.A.	-	2.500	3,19%	80	128	48	-	-	A
Cámara de Riesgo Central de Contraparte de Colombia S.A	-	40.367	1,17%	472	618	146	-	-	A
Casa de Bolsa S.A.	-	15.223	7,95%	2.584	2.754	170	-	-	A
Depósito Central de Valores S.A.	-	482	1,26%	457	855	398	-	-	A
Fiduciaria de Occidente S.A.	-	14.136	94,98%	42.951	86.696	43.744	-	-	A
Gestión y Contacto S.A.	-	94	1,02%	71	122	51	-	-	A
Pizano S.A.	-	6.982	0,92%	2.211	2.256	45	-	-	A
Porvenir S.A	-	79.968	23,10%	154.304	190.845	36.540	-	-	A
Redeban Multicolor S.A.	-	9.996	7,24%	1.564	4.952	3.388	-	-	A
Ventas y Servicios S.A.		918	45,00%	2.514	3.721	1.207			
Cifin S.A.	-	1	7,00%	442	442	-	-	-	A
Overseas Investments:									
Banco de Occidente Panamá S.A.	11	1.186	95,00%	37.770	66.369	28.599	-	-	A
Occidental Bank Barbados Ltd	8	1.721	100,00%	25.996	47.911	21.914	-	-	A
	\$			271.951	409.981	138.027	-	-	
Stocks with high market liquidity With Exchange Market Quotation National investments									
Corporación Financiera	-	198.751	13,47%	976.854	976.854	-			A

December 31, 2012

Business Name	Stock Capital	# Shares Owned	% de Participation	Cost (1) Adjusted	Patrimonial Value	Net Valuation	Provi.	Unrealized Accrued Profit/Loss	Rating
Colombiana S.A.							-	675.326	
Other Securities:									
National Investments									
MasterCard	-	130.807	0,00%	68	68	-	-	-	A
				976.922	976.922	-	-	675.326	
Total				1.248.873	1.386.903	138.027	-	675.326	

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

Figures in foreign currency are given in million dollars.

During the first and the first half-year 2013 and the second half-year 2012, the Bank received stock dividends representing higher number of stocks owned of the societies listed below:

	Jun 30, 13		Dec. 31-12	
	Date	Value	Date	Value
Sociedad Administradora de Fondos de Pensiones y Cesantías S.A.	mar-13	\$ 23.701	Sep 12	\$ 23.783
Corficolombiana S.A.	mar-13	25.490	Oct-12	24.229
Gestion y Contacto S.A.	Feb-13	56	-	-
Ventas y Servicios S.A.	Feb-13	618	-	-
Pizano S.A.	-	-	Jul-12	638
Fiduciaria de Occidente S.A	Feb-13	16.608	Ago-12	2.992
		66.473		\$ 51.642

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

About investments there exist no restrictions or pledging.

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

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

The investment in Occidental Bank Barbados Ltd. was acquired on June 23/2006 by the Bank, via merging with Banco Unión Colombiano S.A., corresponding to and investment for US \$ 3.295.000 (dollars) equivalent to 659 stocks for US \$ 100 (dollars) par value and on June 2009 was capitalized in US \$2.425.000 (dollars) corresponding to 485 stocks

On June 30, 2013 and December 31, 2012 under solvency risk, the Bank was rated "A" in investments available for sale in certificates of participation.

In connection with rating of certificates of indebtedness, and according to the provisions in the Chapter I of Basic Accountant and Financial Circular 100/1995 issued by Colombia Finance Superintendence, the certificates of

indebtedness were evaluated and rated under credit risk. From the total certificates of indebtedness belonging to Banco de Occidente portfolio, excluding mandatory investments, 90% of such certificates are invested in Certificates of the Issuer Nation Colombia., inter alia.

Related to portfolio securities qualification, 90% is under the highest credit qualifications (Free Risk and AAA) while securities with qualification different from AAA represent only 10%.

In the valuation of legal and credit risk as of June 30, 2013 and December 31, 2012 and, it is determined that the Bank did not require provisions.

June 30, 2013

Investment Maturity	Until 1 year	From 1 and 3 years	From 3 and 5 years	More than 5 years	Total
Negotiable	232.019	729.654	24.319	424.683	1.410.675
Maintained up to maturity	483.259	79.954	-	-	563.213
Available for sale in Certificates of Debt	118.489	359.505	89.241	338.731	905.966
	833.767	1.169.113	113.560	763.414	2.879.854

December 31, 2012

Investment Maturity	Until 1 year	From 1 and 3 years	From 3 and 5 years	More than 5 years	Total
Negotiable	292.595	386.291	76.154	250.690	1.005.730
Maintain up to maturity	447.591	94.339	5.091	-	547.020
Available for sale in Certificates of Debt	296.753	260.354	15.902	108.103	681.112
	\$ 1.036.939	740.984	97.147	358.793	2.233.863

Portfolio maximum, minimum and mean values

June 30, 2013

	Average Balance	Maximum Balance	Minimum Balance
Salable	\$ 1.110.646	1.375.038	1.011.725
Up to Maturity	\$ 491.451	492.648	538.663
Available for sale Certificates of Debt	\$ 754.069	856.026	670.746

Portfolio maximum, minimum and mean values

December 31, 2012

	Average Balance	Maximum Balance	Minimum Balance
Salable	814.244	982.533	688.134
Up to Maturity	604.996	547.713	621.504
Available for sale Certificates of Debt	688.231	656.201	660.100

The average of investments for the first half-year 2013 was de \$2.356.166, reaching the maximum on June for \$2.723.711 and its minimum on January \$2.221.134.

The average of investments for the second half-year 2012 was \$2.131.133, reaching the maximum on December for \$2.233.862, and the minimum average on October was \$ 1.941.544.

(8) Credit Portfolio and Capital Lease Operations

Below portfolio and Capital Lease operations itemized by credit modality:

		Jun 30, 2013	Dec. 31-12
Ordinary Loans	\$	12.158.650	11.519.325
Loans with resources from other entities		361.719	299.847
Factoring without resource		-	455
Letter of Credit Covered		114.888	55.149
Overdrafts in Bank current account		89.718	65.967
Discounts		37.938	10.702
Credit Card		704.353	621.712
Reimbursement of advance payments		213.566	191.262
Mortgage housing portfolio		4.579	1.782
Immovable goods given in leasing		2.098.067	1.897.005
Movable goods given in leasing		2.083.985	2.119.715
Total by Modality	\$	17.867.463	16.782.921

Portfolio Maturity

The following is the detail of credit portfolio by maturity period according to the expected flows for the range zero (0) – three hundred sixty (360) days and more, as per medium-term liquidity qualification risk:

		Jun 30, 2013	Dec. 31-12
Commercial			
Up to 1 year	\$	7.782.850	7.350.670
Between 1 to 3 years		3.648.970	3.666.881
Between 3 and 5 years		1.327.529	1.227.731
More than 5 years		1.288.999	1.057.035
Total Commercial	\$	14.048.348	13.302.317

		Jun 30, 2013	Dec. 31-12
Consumption			
Up to 1 year	\$	1.246.996	1.263.271
Between 1 to 3 years		1.670.666	1.484.961
Between 3 and 5 years		736.645	611.033
More than 5 years		160.229	119.557
Total Consumption	\$	3.814.536	3.478.822

		Jun 30, 2013	Dec. 31-12
Housing			
Up to 1 year		304	118
Between 1 to 3 years		608	235
Between 3 and 5 years		608	235
More than 5 years		3.059	1.194
Total Housing		4.579	1.782
Total Portfolio Maturity	\$	17.867.463	16.782.921

Below portfolio and Lease operations itemized per economic destination

	Jun 30, 2013	% Parti.	Dec 31, 2012	% Part.
Salaried	\$ 3.230.743	18,08%	2.945.187	17,55%
Wholesale trade and auto motor vehicles	2.087.912	11,69%	2.041.935	12,17%
Transport-related activities Cargo, passenger, other)	1.348.581	7,55%	1.336.578	7,96%
Other activities and consumption credit - Other	1.187.534	6,65%	1.169.733	6,97%
Construction	1.753.076	9,81%	1.460.624	8,70%
Other business activities	796.505	4,46%	885.028	8,70%
Capital Annuitant	915.958	5,13%	857.170	5,11%
Activities related to financial sector	594.015	3,32%	550.474	3,28%
Public and defense, social security administration	710.679	3,98%	758.590	4,52%
Detail commerce	764.705	4,28%	599.952	3,57%
Social health and educational services	625.403	3,50%	617.441	3,68%
Farming, hunting and related-activities	488.565	2,73%	450.700	2,69%
Manufacturing of food and drinking products	510.979	2,86%	524.767	3,13%
Manufacture of chemical, rubber and plastic substance / products	454.723	2,54%	453.139	2,70%

	Jun 30, 2013	% Parti.	Dec 31, 2012	% Part.
Activities of service, real estate, entrepreneurial and rent	567.241	3,17%	515.375	3,07%
Extraction of crude petroleum and natural gas	536.644	3,00%	384.122	2,29%
Manufacturing of basic metallurgic, non-metal products and others	326.955	1,83%	366.153	2,18%
Manufacture of gear and fur garment – textile sector	352.157	1,97%	340.295	2,03%
Generation, capture and distribution of electric, gas energy	394.338	2,21%	332.227	1,98%
Entertainment activities and other cultural activities	212.660	1,19%	184.693	1,10%
Forestry, logging and related service activities	2.946	0,02%	3.616	0,02%
Hotels, restaurants, bars and the like	5.144	0,03%	5.122	0,03%
	\$ 17.867.463	100,00%	16.782.921	100,00%

Portfolio and Capital Lease Operations per Modality and Qualification

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

June 30, de 2013						
	Capital	Interest	Provision Capital	Provision Interest	Security	
Commercial	\$					
Category A Normal	13.197.815	85.155	212.531	1.432	3.526.334	
Category B Acceptable	413.644	6.043	20.104	1.115	165.095	
Category C Appreciable	164.867	1.976	17.837	924	74.371	
Category D Significant	179.521	7.168	99.039	6.539	59.085	
Category E Unrecoverable	92.501	4.028	75.056	3.968	15.834	
Subtotal Commercial	14.048.348	104.370	424.567	13.978	3.840.719	
Consumption						
Category A Normal	3.490.822	39.350	92.927	1.154	1.293.500	
Category B Acceptable	97.295	2.544	10.012	401	30.535	
Category C Appreciable	64.249	1.796	11.853	1.304	26.046	
Category D Significant	101.865	3.777	75.100	3.659	49.315	
Category E Unrecoverable	60.305	2.101	57.046	2.083	10.551	
Subtotal Consumption	3.814.536	49.568	246.938	8.601	1.409.947	
Housing						
Category A Normal	4.451	21	45	0	4.451	
Category B Acceptable	128	3	4	3	128	
Subtotal Housing	4.579	24	49	3	4.579	
General Provision	-	-	46	-	-	
Total per Modality	\$ 17.867.463	153.962	671.600	22.582	5.255.245	

December 31, de 2012						
Risk Category	Capital	Interest	Provision Capital	Provision Interest	Security	
Commercial	\$					
Category A Normal	12.472.557	92.611	202.790	1.519	3.539.505	
Category B Acceptable	407.911	5.347	19.218	590	112.097	
Category C Appreciable	149.461	2.201	16.511	874	72.783	
Category D Significant	201.730	7.034	101.243	6.555	53.259	
Category E Unrecoverable	70.658	3.342	60.869	3.330	26.161	
Subtotal Commercial	13.302.317	110.535	400.631	12.868	3.803.805	
Consumption						
Category A Normal	3.207.276	36.877	84.968	1.080	1.229.759	
Category B Acceptable	86.166	2.452	8.910	428	29.395	
Category C Appreciable	55.195	1.801	10.427	1.369	23.021	

Category D Significant	83.065	3.245	60.137	3.134	41.223
Category E Unrecoverable	47.120	1.598	44.365	1.578	9.010
Subtotal Consumption	3.478.822	45.973	208.807	7.589	1.332.408
Housing					
Category A Normal	1.782	18	18	-	1.783
Subtotal Housing	1.782	18	18	-	1.783
General Provision I	-	-	18	-	-
Total per Modality	\$ 16.782.921	156.526	609.474	20.457	5.137.996

June 30, 2013

Portfolio and Capital Lease Operations per Geographic Zone					
	Capital	Interest	Provision Capital	Provision Interest	Security
Commercial Region	\$				
Southwest Region	2.443.056	18.563	78.576	2.862	656.383
Bogotá Region	6.901.846	48.309	204.233	6.178	1.918.827
Northwest Region	2.181.331	14.251	59.605	1.916	503.755
North Region	2.469.297	21.796	77.482	2.758	761.754
Credencial	52.818	1.451	4.671	264	-
Subtotal Commercial	14.048.348	104.370	424.567	13.978	3.840.719
Consumption					
Southwest Region	672.143	7.611	43.105	1.421	226.374
Bogotá Region	1.204.946	13.269	74.675	2.614	604.285
Northwest Region	534.726	5.825	27.985	847	263.183
North Region	751.186	9.571	53.113	2.015	316.105
Credencial	651.535	13.292	48.060	1.704	-
Subtotal Consumption	3.814.536	49.568	246.938	8.601	1.409.947
Housing					
Southwest Region	506	3	5	-	506
Bogotá Region	3.584	21	39	3	3.585
Northwest Region	215	-	2	-	215
North Region	274	-	3	-	273
Credencial	-	-	-	-	-
Total	4.579	24	49	3	4.579
General Provision	-	-	46	-	-
Total per Geographic Zone	\$ 17.867.463	153.962	671.600	22.582	5.255.245

December 31, 2012

Portfolio and Capital Lease Operations per Geographic Zone					
	Capital	Interest	Provision Capital	Provision Interest	Security
Commercial Region	\$				
Southwest Region	2.293.063	18.791	75.794	2.765	658.986
Bogotá Region	6.428.596	49.818	185.506	5.094	1.871.038
Northwest Region	2.148.276	17.449	56.948	1.869	530.544
North Region	2.382.642	23.203	77.542	2.873	743.237
Credencial	49.740	1.274	4.841	267	-
Subtotal Commercial	13.302.317	110.535	400.631	12.868	3.803.805
Consumption					
Southwest Region	618.289	7.332	37.518	1.251	216.201
Bogotá Region	1.121.753	13.007	63.271	2.410	577.945
Northwest Region	484.049	5.523	24.208	782	246.750
North Region	682.759	8.981	43.650	1.731	291.512
Credencial	571.972	11.130	40.160	1.415	-
Subtotal Consumption	3.478.822	45.973	208.807	7.589	1.332.408
Housing	1.782	18	18	-	1.783
Total	1.782	18	18	-	1.783
General Provision	-	-	18	-	-
Total per Geographic Zone	\$ 16.782.921	156.526	609.474	20.457	5.137.996

Portfolio and Financial Leasing Operation by Currency

Per Currency	June 30, 2013		
	Legal Tender	Foreign Currency	Total
Commercial	\$ 12,947,646	1,100,702	14,048,348
Consumption	3,791,687	22,849	3,814,536
Housing	4,579	-	4,579
Total per Currencies	\$ 16,743,912	1,123,551	17,867,463

Per Currency Risk Category	December 31, 2012		
	Legal Tender	Foreign Currency	Total
Commercial	\$ 12,459,044	843,273	13,302,317
Consumption	3,457,707	21,115	3,478,822
Housing	1,782	-	1,782
Total per Currencies	\$ 15,918,533	864,388	16,782,921

Restructuring, Covenants and Agreement

	June 30, 2013				
	Number	Capital	Interest	Provision	Security
Commercial	447	\$ 243,861	2,107	79,464	181,345
Act 116	26	24,735	536	16,539	8,581
Act 550	7	8,271	-	544	7,763
Act 617	4	49,164	483	1,819	43,137
Ordinary	410	161,691	1,088	60,562	121,864
Consumption	3,990	32,203	915	23,684	9,537
Ordinary	3,990	32,203	915	23,684	9,537
Total restructuring and agreements	4,437	\$ 276,064	3,022	103,148	190,882

	December 31, 2012				
	Number	Capital	Interest	Provision	Security
Commercial	447	\$ 244,308	2,036	68,520	185,891
Act 116	13	15,845	406	9,560	9,082
Act 550	9	891	1	303	42
Act 617	5	61,955	575	2,460	58,042
Ordinary	420	165,617	1,054	56,197	118,725
Consumption	4,848	32,792	909	23,872	9,250
Ordinary	4,848	32,792	909	23,872	9,250
Total restructuring and agreements	5,295	\$ 277,099	2,945	92,392	195,141

Restructuring, Covenants, and Agreement with Creditors by Risk Qualification

Category of Risk	June 30, 2013				
	Number	Capital	Interest	Provision	Security
Commercial	447	\$ 243,861	2,107	79,464	181,345
Category A Normal	27	50,696	570	242	41,940
Category B Acceptable	49	32,732	125	1,995	21,760
Category C Appreciable	36	60,262	41	6,535	54,135
Category D Significant	177	57,987	801	36,095	46,642
Category E Unrecoverable	158	42,184	570	34,597	16,868
Consumption	3,990	32,203	915	23,684	9,537
Category A Normal	628	3,644	64	196	810
Category B Acceptable	230	1,356	34	226	288
Category C Appreciable	247	1,312	24	273	566
Category D Significant	992	10,894	288	8,303	5,428
Category E Unrecoverable	1,893	14,997	505	14,686	2,445
Total Restructuring, Covenants & Agreement with Creditors	4,437	\$ 276,064	3,022	103,148	190,882

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

December 31, 2012

Category of Risk	Number	Capital	Interest	Provision	Security
Commercial	447	\$ 244.308	2.036	68.520	185.891
Category A Normal	31	50.579	685	141	42.708
Category B Acceptable	48	32.868	92	1.689	22.159
Category C Appreciable	25	62.161	34	6.641	56.220
Category D Significant	195	76.082	768	39.092	49.419
Category E Unrecoverable	148	22.618	457	20.957	15.385
Consumption	4.848	\$ 32.791	909	23.872	9.250
Category A Normal	760	3.861	72	219	841
Category B Acceptable	471	2.190	44	411	188
Category C Appreciable	411	1.872	40	413	653
Category D Significant	1.102	8.858	242	6.679	4.957
Category E Unrecoverable	2.104	16.010	511	16.150	2.611
Total Restructuring, Covenants & Agreement with Creditors	5.295	\$ 277.099	2.945	92.392	195.141

Restructuring, Agreements and Arrangement with Creditors per Geographic Zone

June 30, 2013

Category of Risk	Number	Capital	Interest	Capital	Security
Commercial	447	\$ 243.861	2.107	79.464	181.345
Southwest Region	106	66.337	458	14.478	60.213
Bogotá Region	151	112.772	893	46.034	75.765
Northwest Region	74	12.683	68	5.568	4.994
North Region	109	52.055	688	13.375	40.373
Credencial	7	14	-	9	-
Consumption	3.990	32.203	915	23.684	9.537
Southwest Region	508	5.679	167	3.850	1.647
Bogotá Region	636	8.600	251	5.884	3.466
Northwest Region	393	3.346	104	2.305	672
North Region	750	9.718	297	7.248	3.752
Credencial	1.703	4.860	96	4.397	-
Total Restructured per Geographic Zone	4.437	\$ 276.064	3.022	103.148	190.882

December 31, 2012

Category of Risk	Number	Capital	Interest	Provision	Security
Commercial	447	\$ 244.308	2.036	68.520	185.891
Southwest Region	120	76.104	519	16.293	63.675
Bogotá Region	153	107.275	798	37.388	76.956
Northwest Region	77	13.573	285	5.640	6.532
North Region	88	47.331	434	9.183	38.728
Credencial	9	25	-	16	-
Consumption	4.848	\$ 32.792	909	23.872	9.250
Southwest Region	611	6.368	175	4.494	1.691
Bogotá Region	682	9.016	247	6.154	3.692
Northwest Region	437	3.187	99	2.260	653
North Region	695	8.396	263	6.236	3.214
Credencial	2.423	5.824	125	4.728	-
Total Restructured per Geographic Zone	5.295	\$ 277.099	2.945	92.392	195.141

Restructuring, Agreement and Arrangement with Creditors per Currency

Jun 30, 2013

Dec 31, 2012

Legal Tender

Legal Tender

Commercial	\$	243.861	244.308
Consumption		32.203	32.791
Total per Currency	\$	276.064	277.099

Portfolio Sale/Purchase

Below the detail of purchase and sales of portfolio, spot and firm

		Jun 30, 2013	Dec. 31, 2012
Purchases	\$	4.560	143.754
Sales		26.968	23.015
Sale of written-off portfolio		5.652	131.691

Portfolio interest rate

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

	June 30, 2012	Dec. 31-11
Legal Tender	11,84%	12,53%
Foreign Currency	2,78%	3,22%

Provision for Credit Portfolio and Capital Lease Operations

Portfolio provisions and Financial Leasing Portfolio movements for the semesters ended on June 30, 2013 and December 31, 2012, by modality, is as follows:

	Commercial	Consumption	Housing	General Provision	Total Provision
Balance Portfolio Provision June 30, 2012	\$ 426.565	178.379	-	-	604.945
Plus:	151.616	157.003	18	18	308.655
Provision charged to expense	(50.194)	(66.550)	-	-	(116.744)
Less:					
Written-off Loans					
Reimbursement of provisions	(127.356)	(60.025)	-	-	(187.380)
Balance portfolio provision December 31, 2012	\$ 400.631	208.807	18	18	609.474
Plus:					
Provision charged to expense	176.094	171.203	31	28	347.356
Less:					
Written-off Loans	(38.197)	(66.313)	-	-	(104.510)
Reimbursement of provisions	(113.961)	(66.759)	-	-	(180.720)
Balance Portfolio Provision June 30, 2013	\$ 424.567	246.938	49	46	671.600

Individual Contra-Cyclic Component

The following itemizes Individual Contra-Cyclic Component:

Contra-Cyclic Individual Component		June 30, 2013			Total Provision
		Commercial	Consumption	Housing	
Procyclic Individual Provision	\$	328.218	190.432	49	518.699
Contra-Cyclic Individual Provision		96.349	56.506	-	152.855
individual Provision	\$	424.567	246.938	49	671.554

General Provision	-	-	-	46
General Total				671.600

Contra-Cyclic Individual Component		December 31, 2012			Total
		Commercial	Consumption	Housing	
Individual Provision	\$	308.631	158.359	18	467.008
Procyclic Individual Provision		92.000	50.448	-	142.448
Individual Provision	\$	400.631	208.807		609.456
General Provision		-	-	-	18
General Total					\$ 609.474

(9) Bank Acceptances and Derivatives

Bellow acceptances and derivatives itemized:

Bank Acceptances Active		Jun 30, 2013	Dec. 31-12
Under term	\$	35.925	21.967
After term		337	246
	\$	36.262	22.213
Passive			
Under term	\$	36.191	22.424
After term		354	263
	\$	36.545	22.687

Net Derivatives (Asset – Liabilities)

	June 30, 2013		Net
	Asset	Liabilities	
Spot Operations	27	-	27
Contractors forward of adventures			
Sale rights on peso/dollar currency	\$ 527.956	(2.002.738)	2.530.694
Purchase Obligations on peso/dollar currency	(1.857.659)	276.433	(2.134.092)
	\$ (1.329.703)	(1.726.305)	396.602
Forward Contract of M/E Coverage	Asset	Liabilities	Net
Purchase rights on peso/dollar currency	\$ 1.908.523	(274.929)	2.183.452
Purchase rights on currency other than peso/dollar	-	(52.986)	52.986
Sale rights on currency other than peso/dollar	1.344	(3.200)	4.544
Sale obligations on peso/dollar currency	(525.171)	2.060.637	(2.585.808)
Purchase obligations on currency other than peso/dollar	-	54.298	(54.298)
Sale obligations on currency other than peso/dollar	(1.299)	3.216	(4.515)
	\$ 1.383.397	1.787.036	(403.639)
Futures Contracts	Asset	Liabilities	Net
Sale rights on currency	\$ 58.073	(348.745)	406.818
Purchase rights on currency	424.353	(54.094)	478.447
Sale obligations on currency	(58.073)	348.745	(406.818)
Purchase obligations on currency	(424.313)	54.094	(478.407)
	\$ 40	-	40
	Asset	Liabilities	Net
Swaps			
Rights over Interest Rate	\$ 153.480	(81.302)	234.782
Obligations over interest rate	(153.463)	81.310	(234.773)
	\$ 17	8	9
Options	Asset	Liabilities	Net
Call on Foreign Currency	\$ 1.843	2.175	(332)
Put on foreign currency	402	646	(244)
	\$ 2.245	2.821	(576)
Total Operations with financial instruments derivatives	\$	55.996	63.560
Net Derivatives (Asset – Liabilities)			(7.564)
Forward		December 31, 2012	

Spot Operations		Asset	Liabilities	Net
Speculation Forward Contracts	\$	1	-	1
Sale rights on peso/dollar currency		1.762.295	(441)	1.762.736
Purchase obligations on peso/dollar currency	\$	(9.997)	1.576.412	(1.586.121)
	\$	1.752.298	1.575.683	176.615
Forward Contract of M/E Coverage		Asset	Liabilities	Net
Purchase rights on peso/dollar currency	\$	10.017	(1.534.034)	1.544.051
Purchase rights on currency other than peso/dollar		77.708	-	77.708
Sale rights on currency other than peso/dollar		-	(27.963)	27.963
Sale obligations on peso/dollar currency		(1.714.422)	441	(1.714.863)
Purchase obligations of currency other than peso/dollar		(75.647)	-	(75.647)
Sale obligations on currency other than peso/dollar		-	28.572	(28.572)
	\$	(1.702.344)	(1.532.984)	(169.360)
Futures Contracts		Asset	Liabilities	Net
Sale rights on currency	\$	353.765	-	353.765
Purchased rights on currency		-	(309.818)	309.818
Sale obligations on currency		(353.687)	-	(353.687)
Purchase obligations on currency		-	309.865	(309.865)
	\$	78	47	31
Swaps				
Rights over Interest Rate		135.861	(105.357)	241.218
Obligations over interest rate		(135.808)	105.395	(241.203)
	\$	53	38	15

Options		Asset	Liabilities	Net
Call on foreign currency	\$	119	24	95
Put on foreign currency		63	622	(559)
	\$	182	646	(464)
Total Operations with instruments	\$			
Financial Instruments derivatives		50.267	43.430	6.837

(10) Accounts Receivable, Net

Below the detail of interest and other account receivable:

Interest:		June 30, 2013	Dec. 31-12
Interbank funds sold & Resale Agreements	\$	69	123
Credit portfolio – Housing		24	17
credit portfolio - Commercial and consumption		130.734	136.117
Financial component Leasing operations		23.204	20.392
Other Interests		21.327	15.057
	\$	175.358	171.706
Commissions and Fees		1.942	1.249
Payment per Customer Account			
Consumption	\$	118.369	131.795
Commercial		19.394	19.070
Other		351	346
	\$	138.114	151.211
Other Account receivable			
Dividends and participations	\$	13.951	13.396
Rent		67	27
Monthly rent of goods given in operational leasing		11.980	8.020
Sale of goods and services		2.360	1.656
Promisor Sellers		6.423	6.029
Advances of contracts and suppliers		174.005	222.884
Advances to personnel		124	52
Shortage of cash		30	62
Shortage of swaps		860	158
Claims to insurance companies		4.466	4.497

Sales tax receivable		784	2.288
Other sundry debtors:			
Servibanca and other networks		13.721	5.048
Debit Card saving & current transactions pending to apply		747	832
Returns insurance company and leasing junking		1.853	2.589
Ci coprucol Ltda. Restructuration agreement		273	1.273
DTN DIAN		21.715	21.715
Credencial Devolutions		24	18
Disabilities		718	716
Internal Sales – Credencial		4	10
Master Card F/C		1.246	105
Master Card pending drafts		688	716
In-process Credencial Operations		2.451	671
Undelivered Forward		1.249	807
Forward through counterpart Central Risk Chamber		1.563	616
Motorbike collections		2.703	734
Other		8.896	5.251
	\$	272.901	300.170
Provision to Accounts Receivable:		(42.247)	(36.608)
Total Accounts Receivable	\$	546.068	587.728

(1) On December 28 / 2012 Banco de Occidente S.A. signed up twelve (12) financial leasing operation assignments with Banco de Bogotá S.A. for \$75.999 (million) par value at 2.23% monthly periodical interest rate. In such assignment, Banco de Bogotá will recognize to Banco de Occidente 0,17% additional to 2,23%; rate the additional value or Premium for the discount generated by 0,17% additional is \$5.861 (million) (see note 30 of related-parties), registered as deferred income in the account 216015; the payment will be made as follows: 20% in the date when the contracts are signed, 20% upon the completion of the third year, and 60% at the end of the fifth year, on December 28, 2012 Banco de Bogotá S.A. made the first payment of the premium by discount for \$1.172 (million). On June 30 / 2013, five (5) of such contracts were already signed up, and therefore, the balance of the account 1645 for prepayments to Suppliers for Leasing Contracts includes \$ 34.633 (million) for the seven (7) contracts to be executed during the second half-year 2013. The movement of provision of receivable account for the 6 months period ended on June 30 / 2013 and December 31 2012 was as follows:

		June 30, 2013	December 31, 2012
Initial balance	\$	36.608	33.886
provisions charged to		33.234	29.265
Operative Risk Reclassification		94	-
Other Reimbursement to contra-cyclic provision		(3.054)	(3.086)
Recoveries		(10.990)	(10.957)
Writing-off		(13.645)	(12.500)
Closing balance		42.247	36.608

(11) Goods Received in Payment and Returned Goods

The detail of goods received is as following:

Goods delivered back from leasing contracts					
Movable Goods:		Dec 31, 2012	Additions and Other	Punishment and Other	Jun 30, 2013
Machinery & Equipment	\$	1.001	8.204	(6.354)	2.851
Vehicles		1.843	6.784	(824)	7.803
Computing Equipment		4	1	-	5
Immovable Property:					
Immovable Property, Others (1)		22.783	2.128	(12.140)	12.771
Immovable property Housing Leasing		2.216	2.216	(3.109)	1.323
	\$	27.847	19.333	(22.427)	24.753

Goods received in payment					
Immovable property for housing	\$	386	1	(11)	376
Immovable property other		23,273	1,908	(439)	24,742
Movable goods		866	-	(6)	860
		24,525	1,909	(456)	25,978
Sub Total		52,372	21,241	(22,883)	50,731
Provision		(24,804)	5,114	(5,855)	(25,545)
Total Goods Delivered Back and Received in Payment		27,568	26,356	(28,738)	25,186

(1) The item additions in Immovable Property corresponds to the receipt of goods delivered back in the leasing operation

The following composition of goods received in payment and goods delivered back according to the time possession:

June 30, 2013					
Time of possession		Immovable		Movable	
		Cost	Provision	Cost	Provision
Up to 1 year	\$	15,991	6,003	9,476	1,061
From 1 to 3 years		13,129	7,739	629	526
From 3 to 5 years		4,018	3,587	444	431
More than 5 years		6,396	5,549	273	273
Total	\$	39,534	22,878	10,822	2,291
Time of possession		Securities		Total	
		Cost	Provision	Cost	Provision
Up to 1 year	\$	-	-	25,467	7,063
From 1 to 3 years		8	8	13,765	8,273
From 3 to 5 years		124	124	4,585	4,142
More than 5 years		244	244	6,914	6,067
Total	\$	376	376	50,731	25,545
December 31, 2012					
Time of possession		Immovable		Movable	
		Cost	Provision	Cost	Provision
Up to 1 year	\$	29,214	7,807	861	124
From 1 to 3 years		10,096	6,653	1,587	1,323
From 3 to 5 years		2,411	2,164	296	296
More than 5 years		7,260	5,790	273	273
Total	\$	48,981	22,414	3,017	2,016
December 31, 2012					
Time of possession		Securities		Total	
		Cost	Provision	Cost	Provision
Up to 1 year	\$	7	7	30,082	7,938
From 1 to 3 years				11,683	7,976
From 3 to 5 years		123	123	2,831	2,583
More than 5 years		244	244	7,777	6,307
Total	\$	374	374	52,372	24,804

The movement of provisions of marketable goods received in payment and delivered back during the semesters were the following:

		June 30, 2013	December 31, 2012
Initial balance	\$	24,804	18,248
Provision charged to expense		4,332	8,586
Recoveries		(3,591)	(2,030)
Closing balance		25,545	24,804

(12) Property, Equipment and Goods given on Lease

Below the detail for Property and Equipment:

		Balance to Dec. 31-12	Purchase, and/or additions	Sale of withdrawals and written- off	Balance to June 30, 2013
Non-depreciable					
Land	\$	19.929	263	(5)	20.187
Imports in Progress		73.238	143.536	(138.560)	78.214
Constructions in Progress		15.038	10.213	(2.619)	22.632
Total non-depreciable	\$	108.205	154.012	(141.183)	121.033
Depreciable					
Buildings & Warehouses		186.323	1.550	(492)	187.381
Equipment, office furniture and fixture			944		42.132
		41.212		(24)	
Computing Equipment		111.818	12.844	(7.952)	116.710
Vehicles		1.182	1	-	1.183
Total depreciable	\$	\$ 340.535	15.339	(8.468)	347.406
Cumulated Depreciation		(248.748)	7.619	(15.352)	(256.482)
Provision		(225)	60	(110)	(275)
Net Property and Equipment		(248.973)	7.679	(15.462)	(256.757)
Deferred depreciation					
Excess Fiscal over Accounting		35.738	403	(3.283)	32.858
Total property and equipment, net	\$	235.505	177.433	(168.397)	244.541

Below the detail of cumulative depreciation of Property and Equipment

		Balance to Dec. 31-12	Written-off sales & withdrawals	Depreciation charged to expenses	Balance on June 30, 2013
Buildings & Warehouses	\$	(142.048)	3.140	(5.659)	144.568
Furniture & Fixture		(28.346)	408	(1.489)	(29.427)
Computing equipment		(77.536)	4.058	(8.102)	(81.580)
Vehicle		(818)	13	(102)	(907)
	\$	(248.748)	7.619	(15.352)	(256.482)

Below the detail of Property and Equipment Provision

		Balance to Dec. 31-12	Written-off sales & withdrawals	Depreciation charged to exp	Balance to June 30, 2013
Asset					
Buildings	\$	(225)	60	(110)	(275)
Total Depreciation	\$	(225)	60	(110)	(275)

Below the detail of goods given in operative leasing:

		Balance to Dec. 31-12	Purchase and/or Additions	Sales, withdrawals and written- off	Balance to June 30, 2013
Machinery & Equipment	\$	74.790	26.473	(11.485)	89.778
Vehicles		53.612	11.559	(5.058)	60.113
Computing equipment		241.849	28.741	31.480)	239.110
Computer Software		116.995	5.908	(7.622)	115.280
Furniture and Fixture		57.734	7.038	(5.960)	58.812
Immovable Property		24.934	-	-	24.934
	\$	569.914	79.719	(61.604)	588.027
Cumulated depreciation		(198.634)	78.282	(105.793)	(226.145)
Provision for goods given in operative leasing		(5.449)	4.269	(4.712)	(5.892)

	\$	(204.083)	82.551	(110.505)	(232.037)
Total property given in operative leasing, net:	\$	365.831	162.270	(172.109)	355.990
Below cumulated depreciation of goods given in operative leasing:					
		Balance to Dec. 31-12	Written-off sales and withdrawals	Depreciation charged to expense and/or transfer residual Value	Balance to June 30, 2013
Machinery and equipment	\$	(24.709)	15.633	(19.412)	(28.489)
Vehicles		(7.056)	3.783	(6.464)	(9.736)
Computing equipment		(98.602)	42.610	(52.299)	(108.290)
Computer Software		(46.618)	10.254	(17.792)	(54.156)
Furniture & Fixture		(21.650)	6.002	(9.826)	(25.474)
	\$	(198.634)	78.282	(105.793)	(226.145)
Below de detail of cumulate provision of goods given in operative leasing:					
		Balance to Dec. 31-12	Written-off sales and withdrawals	Depreciation charged to expense and/or transfer residual Value	Balance to June 30, 2013
CAT A Contra Cyclic Provision	\$	(3.949)	1.845	(1.976)	(4.081)
CAT B Contra Cyclic Provision		(443)	1.009	(1.592)	(1.025)
CAT C Contra Cyclic Provision		(38)	393	(372)	(17)
CAT D Contra Cyclic Provision		(694)	822	(304)	(177)
CAT E Contra Cyclic Provision		(325)	200	(468)	(592)
	\$	(5.449)	4.269	(4.712)	(5.892)

All property and equipment of the Bank, as well as the property given in operative leasing are duly covered against fire, weak power, and other risks, by current insurance policies. The Bank holds insurance policies to cover its property and equipment for \$ 515.030 and \$ 510.355 at June 30, 2013 and December 31, 2012, respectively, covering theft, fire, lighting, explosion, earthquake, strike, riot and others

Bank's property, as well as goods given in leasing, have been appraised by independent technical appraisers for no less than three years term.

For immovable property, the Bank records valuations determined based on commercial appraisals made by expert technicians. Most of those appraisals of property shared with other entities, were made in 2010; the appraisals of the own property were made between 2011, 2012 and 2013.

Over Bank' property and equipment there is no mortgages or pledges. On June 30, 2013 and December 31, 2012 the Bank has provisions to protect building's by \$275 and \$225.

(13) Prepaid Expenses, Deferred Charges and Other Asset

Below the detail of prepaid expense and deferred charges

		Balance to Dec 31, 2012	Additions	Reclassif.	Amortization	Balance to Jun 30, 2013
Prepaid Expenses:						
Interest	\$	218	556	-	(140)	634
Insurance		406	4.019	-	(2.309)	2.116
Other		1.294	3.687	-	(2.033)	2.948
	\$	1.918	8.262	-	(4.482)	5.698

Deferred Charges:					
Organization & Preoperative	2.324	888	-	(1.001)	2.211
Rebuilding	1.029	223		(1.012)	240
Studies and Projects	58.237	17.182	(5.995)	(4.182)	65.242
Computer Software	1.887	2.514	(23)	(1.867)	2.511
Stationery	474	629	-	(641)	462
Improvement leased property	2.145	569	-	(1.004)	1.710
Deferred income tax	3.025	3.477	-	(2.127)	4.375
Patrimony Tax	63.939	7.208	-	(19.949)	51.198
Property Tax	-	1.600	-	(343)	1.257
Contributions & Affiliations	-	2.523	-	(2.323)	200
Excess of investment over book value	3	-	-	(3)	-
Other deferred charges	507	571	-	-	1.078
Total Deferred Charges	133.570	37.384	(6.018)	(34.452)	130.484
Total Prepaid Expenses and Deferred Charges	\$ 135.488	45.646	(6.018)	(38.934)	136.182

	Balance to Jun. 30-12	Additions	Reclassif.	Amortization	Balance to Dec. 31-12
Prepaid Expenses:					
Interest	\$ 240	44	-	(66)	218
Insurance	3.039	3.352	(176)	(5.809)	406
Other	1.395	1.003	-	(1.104)	1.294
	\$ 4.674	4.399	(176)	(6.979)	1.918
Deferred Charges:					
Organization & Preoperative	997	2.369	-	(1.042)	2.324
Rebuilding	929	1.011	-	(911)	1.029
Studies and Projects	42.600	25.906	(5.635)	(4.634)	58.237
Computer Software	1.886	1.957	(38)	(1.918)	1.887
Stationery	542	539	-	(607)	474
Improvement leased property	943	2.477	-	(1.275)	2.145
Deferred income tax	1.956	1.804	-	(735)	3.025
Real Estate Tax	79.924	2.000	-	(17.985)	63.939
Property Tax	653	72	-	(725)	-
Contributions & Affiliations	132	3.067	-	(3.199)	-
Excess of cost over book value investment	-	12	-	(9)	3
Other deferred charges	468	39	-	-	507
Total Deferred Charges	131.031	41.253	(5.673)	(33.040)	133.570
Total Prepaid Expenses and Deferred Charges	\$ 135.705	45.652	(5.849)	(40.019)	135.488

Intangible Assets – Mercantile Credit:

The following is mercantile credit derived from the taken over of Banco Unión Colombiano S.A:

Percentage acquired	39.28%
Date Purchased	Jun de 2006
Equity	\$ 32,796
Investment	74,731
Vr. Mercantile Credit	41,935
Balance to redeem as of December, 2012	24,272
Amortization first half-year 2013	753
Unamortized balance at June, 2013	\$ 23.519

Following the detail of mercantile credit initial distribution acquired to each business line and valuation as of September 30, 2012:

Allocation mercantile credit per line of business	Value mercantile credit per line of business	Participation % in mercantile credit line	Sep 30-12 Line of Business Valuation Acquisition Banco Unión (COP rates)		
			16,51%	15,49%	14,47%
Ordinary Portfolio	\$ 13,076	31%	109.324	118.676	129.670
Treasury Credit	12,044	29%	22.128	23.914	26.012
Undirected	4,074	10%	22.597	24.277	26.247
Vehicles	2,450	6%	45.333	49.185	53.712
Loans to personnel	3,887	9%	131.749	143.225	156.719
Credencial & Visa	1,372	3%	50.550	54.775	59.738
Crediunión plus	1,438	3%	1.458	1.572	1.704
Overdrafts Current Account	962	2%	16.460	17.811	19.398
Development Portfolio	247	1%	366	388	414
Debtor F/C Colombia	2,385	6%	1.513	1.628	1.762
	\$ 41,935	100.0%	401.478	435.451	475.376

Other Assets – Goods to Place in Leasing Contracts:

Below the detail:

New Good to be places:		Jun 30, 2013	Dec. 31-12
Machinery and Equipment	\$	22.395	32.388
Vehicles		36.442	45.260
Furniture and Fixtures		3.336	957
Ship, trains and aircraft		33	-
Computer Equipment		3.466	4.252
Software		958	5.350
Real Estate Property		155.197	121.206
	\$	221.827	209.413
Delivered back to be placed			
Machinery and Equipment		498	-
Vehicles		1.952	-
	\$	2.450	-
Goods to Place in Leasing Contracts	\$	224.277	209.413

Other Assets– Permanent Contributions and Others

		Jun 30, 2013	Dec. 31-12
Letters of Credit deferred payment	\$	298	-
Loans to employees (1)		17.020	16.707
Species Valued		7	8
Art Work and Culture Goods		701	701
Trust Rights		1.236	40
Sundry:			
Income tax prepaid		87.448	-
Withholdings at source		18.028	-
Remittance in transit unconfirmed		15	63
Furniture and fixtures in warehouse		13	13
Commerce and Industry tax prepaid		5.565	6.173
Petit cash		24	22
Other		550	649
	\$	130.905	24.377
Permanent Contribution		395	393
		131.300	24.770

(1) Classification of Credits to Employees:

Qualification		June 30, 2013		December 31, 2012	
		Consumption	Provision	Consumption	Provision
A	\$	16.571	165	16.451	164
B		134	4	99	3
C		174	35	58	12

D	83	41	57	28
E	58	58	42	43
	\$ 17.020	303	16.707	250
Below the movement of provisions for other asset, six months operational periods::				
		Jun 30, 2013	Dec. 31-12	
Initial balance	\$	320	405	
Provision charged to expenses		503	219	
Reimbursement of provisions		(149)	(205)	
Others		1	(99)	
Goods to Place in Leasing Contracts	\$	675	320	

(14) Deposits and Payabilities

Comprised by Time Deposit Certificates and deposits and other payables.

Below the composition of Time Deposit Certificates (by placement term at the time of constitution):

Legal Tender:		June-30-13	Dec. 31-12
Less than 6-month issued	\$	639.174	679.402
Equal to 6-month and less than 12-month issued		754.643	548.179
Equal to 12-month and less than 18-month issued		178.267	96.718
Equal or more than 18-month issued		2.392.574	2.147.256
	\$	3.964.658	3.471.555

Other deposits and payables in legal tender and foreign currency are itemized below:

Legal Tender:		June 30, 2013	Dec. 31-12
Deposits and bank current accounts		4.435.374	4.487.173
Saving Deposits		7.309.707	6.326.286
Special Saving account		22	-
Trust Funds and especial accounts	\$	20.890	5.195
Banks and correspondents		402	738
Especial deposits		41.402	44.309
Payabilities for bank services		106.858	161.287
	\$	11.914.655	11.024.988
Foreign Currency:			
Deposits in Bank current accounts		14.536	17.530
Banks and correspondents		34.449	10.384
Payabilities for bank services		17.013	27.017
	\$	65.998	54.931
		11.980.653	11.079.919
Total Deposits and payables		15.945.311	14.551.474

June 30, 2013

Maturity Liabilities and Payables		Up to 1 year	Between 1 & 3 years	Between 3 & 5 years	More than 5 years	Total
Time Deposit Certificates	\$	1.543.897	1.597.710	8.041	815.010	3.964.658
Other deposits and Payables		11.980.653	-	-	-	11.980.653
	\$	13.524.550	1.597.710	8.041	815.010	15.945.311

December 31, 2012

Maturity Liabilities and Payables		Up to 1 year	Between 1 & 3 years	Between 3 & 5 years	More than 5 years	Total
Time Deposit Certificates	\$	1.291.160	1.383.844	8.041	788.510	3.471.555
Other deposits and Payables		11.079.919	-	-	-	11.079.919
	\$	12.371.079	1.383.844	8.041	788.510	14.551.474

On June 30, 2013 and December 31, 2012 the deposits in legal tender have and ordinary cash position as follows

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

Under External Resolution N° 11 dated October / 2008 the Board of Directors of the Central Bank, established an ordinary unique cash to credit entities over the amount of each type of call deposits in legal tender.

(15) Passive Positions in Monetary Market Operations and Related

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

	June 30, 2013		December 31, 2012	
Legal Tender				
	Balance	Annual effective rate	Balance	Annual effective rate
Ordinary interbank funds purchased	\$ 22.000	3,12%	-	0,00%
Transfer Commitment in Repo open Operations	600.158	3,25%	400.182	4,18%
Commitments originated in short-term positions simultaneous operations	26.928		-	
Investment transfer commitments in simultaneous operations	35.279	1,23%	26.528	3,97%
	\$ 684.365		426.710	
Foreign Currency				
Investment transfer commitments in simultaneous operations	\$ 72.779	1,98%	93.102	2,10%
Overnight operations	88.162	0,11%	119.272	0,19%
	\$ 160.941		212.374	
	\$ 845.306		639.084	

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

(16) Credits from Banks and other Financial Obligations

Below the detail in legal tender and foreign currency converted to legal tender:

Entity	June 30, 2013		Total
	Short-term (1 year)	Long-Term (More than 1 year)	
Banco de Comercio Exterior	\$ 37.987	298.600	336.587
Fondo para el Financiamiento del Sector Agropecuario FINAGRO	17.583	98.520	116.103
Financiera de Desarrollo Territorial S.A. FINDETER	20.072	408.120	428.192

Overseas Banks:	1,154,725	9,645	1,164,370
	\$ 1,230,367	814,885	2,045,252

December 31, 2012			
Entity	Short-term (1 year)	Long-Term (More than 1 year)	Total
Banco de Comercio Exterior	\$ 173,385	232,112	405,497
Fondo para el Financiamiento del Sector Agropecuario FINAGRO	24,234	97,018	121,252
Financiera de Desarrollo Territorial S.A. FINDETER	43,845	334,860	378,705
Overseas Banks:	868,991	17,682	886,673
Other	324	-	325
	\$ 1,110,780	681,672	1,792,452

(17) Accounts Payable

The detail of interest payable is as follows:

Interest

	Jun, 30-13	Dec. 31-12
Deposits and Payabilities	\$ 58,744	45,953
Currency market operations	6	2
Credits of banks and other financial obligations	4,505	3,992
Investment titles outstanding	22,630	23,499
Other	8,264	7,355
	\$ 94,149	80,801
Commissions and fees	1,583	1,437

Others

Patrimony tax (1)	\$ 50,658	63,939
Other tax	2,154	9,167
Dividends and Surplus by payment (2)	62,089	56,266
Contribution on Financial Transactions	8,003	9,487
Promising Purchasers	1,877	2,174
Payment Suppliers	103,463	146,553
Withholdings and labor Contributions	49,219	52,949
Insurance Premiums	21,656	18,124
Tax collection	167,214	35,832
Checks drawn and uncashed	8,806	9,809
Payments to third parties - Occired	13,066	5,212
Capital Security Bonds	3,173	3,101
Capital Peace Bonds	13,821	13,592
Forwards NDR without delivery	705	2
Fondo Nacional de Garantias	6,632	4,542
VAT devolutions debit and credit cards of clients	9	52
Sundry	26,174	10,296
	\$ 538,719	441,097
Total	\$ 634,451	523,335

(1) Patrimony tax shows the following detail during the six-month periods:

	Jun, 30-13	Dec. 31-12
Patrimony tax declared	\$ 135,087	127,879
Amortization and payment	(84,429)	(63,940)
Balance payable and amortizable	\$ 50,658	63,939

(2). The movement of dividends and surplus payable of the 6-month period is itemized below:

	Jun, 30-13	Dec. 31-12
Opening balance	\$ 56,266	54,258

Plus: Dividends decreed	118.796	107.571
Less: Dividends paid and reclassifications	(112.973)	(105.562)
Closing balance	\$ 62.089	56.266

(18) Outstanding Investment Certificates

- a. Issue of Subordinate Ordinary Bonds in 2006 (two issues), 2007, 2012 and 2013 . Issue of Ordinary Bonds in 2007, 2008, 2009, 2010, 2011 (two issues), 2012 and 2013
- b. Amount authorized to issue

Year	Amount
2006	\$ 75,000
2006	\$ 48,000
2007	\$ 80,000
2007	\$ 300,000
2008	\$ 250,000
2009	\$ 500,000
2010	\$ 550,000
2011 I	\$ 400,000
2011 II	\$ 247,120
2012 I	\$ 200,000
2012 II	\$ 300,000
2013 I	\$ 200,000
2013 II	\$ 350,000

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

Similarly, the issue made in 2010 was made in two spans, for total amount of \$550,000. The first on November 25, 2010 for \$359,500 placed and the second one made on May 10, 2011 for \$190,450 placed.

- c. Holders' legal representatives are Fiduciaria la Previsora S.A. and Helm Fiduciaria S.A.
- d. For 2006 issues (\$75,000), 2007 (\$80,000), 2010 (\$550,000), 2011 (\$400,000 and \$247,120), 2012 (\$200,000 and \$300,000) and 2013 (\$200,000 and 350,000) value and minimum investment is for \$10,000,000 and \$10,000,000 (in Col\$), respectively. For 2006 issues (\$48,000), 2007 (\$300,00), 2008 (\$250,000) and 2009 (\$500,000) the nominal amount and minimum investment is \$100,000 and \$1,000,000 (in pesos) respectively :

Year	Series	Term (months)	Return	Jun. 30-13	Dec. 31-12
2006	One-time	84	IPC + 5.58	75.000	75,000
2006	C	85	IPC + 5.75	44.680	44,680
2007	One-time	84	IPC + 5.90	50.500	50,500
2007	C	85	IPC + 6.60	53.841	53,841
2008	One-time	84	IPC + 5.90	29.500	29,500
2008	B	60	DTF + 3.10	112.983	112,983
2008	C	85	IPC + 5.90	21.024	21,024
2008	C	121	IPC + 7.00	52.903	52,903
2009	C	60	IPC + 5.00	50.086	50,086
2009	C	121	IPC + 5.75	1.000	1,000
2009	C	85	IPC + 6.00	123.450	123,450
2010	B	36	IPC + 2.72	242.660	242,660
2010	B	60	IPC + 3.15	134.500	134,500
2010	C	60	DTF + 1.35	6.000	6,000
2010	D	36	IBR + 1.42	166.840	166,840
2011	B	36	IPC + 2.49	61.900	61,900
2011	B	60	IPC + 3.05	39.300	39,300
2011	D	36	IBR + 1.50	298.800	298,000
2011	A	36	FIXED 6.65 E.A.	5.380	5,380
2011	A	60	FIXED 7.25 E.A.	12.760	12,760
2011	B	60	IPC + 4.00	59.180	59,180

2011	B	84	IPC + 4.20	32.000	32,000
2011	B	120	IPC + 4.50	134.300	134,300
2011	D	36	IBR + 1.80	3.500	3,500
2012	B	84	IPC + 4.34	80.000	80,000
2012	B	120	IPC + 4.65	120.000	120,000
2012	B	120	IPC + 4.10	100.950	100,950
2012	B	180	IPC + 4.27	149.050	149,050
2012	C	36	DTF + 1.67	50.000	50,000
2013	B	144	IPC + 3.58	200.000	-
2013	B	84	IPC + 2.90	19.540	-
2013	B	180	IPC + 3.10	2.750	-
2013	D	36	IBR + 1.30	231.100	-
				\$ 2.765.477	2.312.087

(19) Other Liabilities

Below the detail of other liabilities:

Consolidated Labor Obligations:

	Jun. 30 – 13	Dec. 31-12
Labor Obligations (1)	\$ 38.578	41.552
Income received in advance (2)	9.555	11.522
Deferred credits (2)	13.176	11.068
Pensions retirement (3)	3.704	3.753
Letter of Credit deferred payment	298	-
Deferred income tax	60.265	60.410
Accounts paid	1.698	1.420
Credits to apply to obligations	8.317	8.397
Other	2.113	6.962
	\$ 137.704	145.084

(1) The movement of labor obligations is as follows::

	Dec. 31-12	Accrued Semester	Paid up Semester	Jun. 30 - 13
Unemployment	\$ 11.739	7.469	(11.686)	7.523
Interest on unemployment	1.524	534	(1.537)	521
Vacations	9.408	4.598	(3.686)	10.320
Other benefits fringe benefits	18.881	7.102	(5.769)	20.215
	\$ 41.552	19.703	(22.677)	38.578

(2) The movement of income received in advance and deferred credits is as follows

	Dec. 31-12	Charges	Credits	Jun. 30 - 13
Interests	\$ 6.091	(17.545)	16.760	5.305
Deferred income for Restructured portfolio	7.197	(3.739)	3.683	7.140
Profit on sale of asset	2.673	(684)	2.522	4.511
Credit Portfolio given in UVR	-	(310)	652	342
Other concepts	6.629	(20.809)	19.611	5.433
	\$ 22.590	(43.087)	43.228	22.731

(3) The movement of liabilities for retirement pensions is as follows

	Actuarial Calculation
June 30, 2012	\$ 3.825
Amortizations during semester	151
Payments made during semester	(223)
December 31, 2012	\$ 3.753
Amortizations during semester	133

Payments made during semester		(181)
June 30, 2013	\$	3.704

Pensional liabilities has semestral actuarial studies; the last of which was conducted with closing June 2013.

(20) Estimate Liabilities and Provisions

Below estimated liabilities detailed:

		Jun. 30 - 13	Dec. 31-12
labor obligations	\$	1.419	18
Income tax payable		73.409	76.515
Commerce & Industry tax and other		10.475	6.781
Contributions and affiliations		874	972
Fines and sanctions, lawsuits, indemnities, SOI operations		3.333	5.272
Accrual SOI Operations		-	520
Accrual ATH		288	-
Provision Grupo AVAL		829	-
Deposit insurance provision		11.417	10.287
Others		22.583	1.143
	\$	124.628	101.508

(21) Equity Capital

Capital stock authorized is 200.000.000 stocks Col\$30 par value each. Stocks with preferred dividend and with no voting right confer to the holder the right to receive a minimum dividend as determined in the rules of subscription which will be preferred paid in respect to that corresponding to common stocks, at the preferred disbursement of the contributions, one the external liabilities have been paid in the event of company's dissolution, to the other rights provided for common stocks, safe for the participation in stockholders general meeting, and under the terms provided in laws or in the subscription rules.

The number of outstanding common stocks as of June 30, 2013 is 155.899.719.

(22) Legal Reserve

		Jun. 30 - 13	Dec. 31-12
Appropriation of profit (1)	\$	1.370.729	1.210.109
Premium in placement of stocks		720.444	720.445
	\$	2.091.173	1.930.554

Occasional Reserves

Credit portfolio protection	\$	25	25
Other		20.842	20.842
Fiscal Dispositions		134.988	126.893
To protect Investments		26.568	26.568
	\$	182.423	174.328
	\$	2.273.596	2.104.882

(1) Includes \$ 272,018,5 million for Patrimony revaluation.

(23) Contingent Accounts

Below the detail of contingent accounts:

		Jun. 30 - 13	Dec. 31-12
Credits:			
Values received in Operations Repo and Simultaneous		2.046	-
Bank Guarantee		570.737	497.480
Letter of Credit		135.199	148.251

Approved and non-reimbursed credits		1,510,237	1,508,886
Opening of credit		1,984,032	2,293,171
Obligations in options		131,786	61,028
Other creditor contingencies		24,702	21,747
		\$ 4,358,739	4,530,563
Debit:			
Interest of credit portfolio	\$	44,496	40,971
Interest of Financial leasing		14,966	18,472
Rent Payment and Penalty of Leasing Contracts		2,102	4,980
Rights in options – speculation		78,687	53,280
Rent Payment Receivable (1)		5,601,474	5,639,214
Call Options Receivable		258,523	265,294
Values delivered in Repo and simultaneous operations		716,347	531,087
Other debts contingences		4,485	1,452
		\$ 6,721,080	6,554,750

(1) Below the detail of rent receivable:

June 30, 2013

Category of Risk		Financial Rent receivable	Operating Rent receivable	Total
Commercial		5,212,387	379,138	5,591,525
Category A Normal	\$	4,848,573	360,610	5,209,183
Category B Acceptable		175,639	17,619	193,258
Category C Appreciable		52,406	226	52,632
Category D Significant		105,129	287	105,416
Category E Unrecoverable		30,640	396	31,036
Consumption		9,949	-	9,949
Category A Normal	\$	9,116	-	9,116
Category B Acceptable		171	-	171
Category C Appreciable		262	-	262
Category D Significant		297	-	297
Category E Unrecoverable		103	-	103
		\$ 5,222,336	379,138	5,601,474

December 31, 2012

Category of Risk		Financial Rent receivable	Operating Rent receivable	Total
Commercial		397,954	5,229,484	5,627,438
Category A Normal	\$	389,467	4,487,524	5,276,991
Category B Acceptable		6,885	170,551	177,406
Category C Appreciable		347	43,645	43,992
Category D Significant		976	114,294	115,225
Category E Unrecoverable		308	13,516	13,824
Consumption		11,776	-	11,776
Category A Normal	\$	11,229	-	11,229
Category B Acceptable		156	-	156
Category C Appreciable		212	-	212
Category D Significant		163	-	163
Category E Unrecoverable		16	-	16
		\$ 409,729	5,229,484	5,639,214

(24). Memorandum Accounts

Below memorandum accounts itemized:

	Jun. 30 - 13	Dec. 31-12
Debit:		
Goods and values delivered in custody	\$ 9	9
Goods and values delivered in guarantee	37.137	36.530
Valuation of goods received in payment	7.964	6.976
Remittances sent to collection	3.512	2.722
Unpaid negotiated checks	525	525
Written-off asset	1.051.560	968.923
Unused credits in favor	1.589.129	1.276.297
Amortized Investment titles	1.633.216	1.633.216
Assets inflation adjustment	37.943	37.944
Credits to Holding, affiliates & related companies	31	485
New loans agribusiness portfolio	324.734	302.473
Property and equipment fully depreciated	91.119	81.955
Fiscal value of asset	23.268.468	20.631.154
Provision persons in agreement with creditors	1	1.125
Investments negotiable in certificates of indebtedness	1.760.690	1.160.545
Investments to maintain up to maturity	563.213	547.020
Investment available/via certificates of indebtedness	382.727	282.417
Recip. Active Oper. with parent companies and subsidiaries	1.372.460	1.229.992
Recip. Active Oper. affecting Expenses and cost with parent companies and subsidiaries	5.688	5.691
Other debit memorandum accounts	122.420	114.966
	\$ 32.252.546	28.321.235
Credit:		
Goods and values received in custody	\$ 735.860	502.807
Goods and values received in guarantee future credits	2.934.081	2.416.514
Guarantees pending to be paid	406.556	377.749
Goods and values received fit guarantee	6.158.455	5.702.123
Goods and values received other guarantees	2.487.751	2.565.517
Collections received	10.300	5.601
Recovered of written-off Asset	26.231	30.178
Equity indexation before 1/1/11	225.565	225.565
Capitalization by equity revaluation	225.565	225.565
Investment returns	45.391	-
Equity fiscal value	3.249.463	2.776.382
Qualification of housing portfolio	4.603	1.801
Ranking of portfolio (Capital Interest and Other)	18.555.787	17.481.900
Recip. Passive Oper. With Parent Companies and Subsidiaries	446.648	577.290
Recip. Operations affecting Equity with parent companies and Subsidiaries	698.588	713.129
Recip. Oper. affecting income with Parent Companies & Subsidiaries	106.794	83.638
Other creditor memorandum accounts	88.713	246.301
	\$ 36.406.351	33.932.060

(25) Other Operational Income -

Below other operational income itemized by 6-month periods:

	Jun. 30 - 13	Dec. 31-12
Dividends and Participations		
Affiliates and Subsidiary companies	\$ 33.308	14.961
Other Corporate Bodies	59.745	63.414
	93.053	78.375
	Jun. 30 - 13	Dec. 31-12
Checkbook sale	\$ 10.300	10.923
Commercial information	208	191
Cablegrams, portages, telephone	1.164	1.306

Credencial management charges	15.795	15.960
MasterCard management charges	1.208	1.238
National consignment	2.225	2.513
Study credit projects	51	34
ATM service	4.455	4.170
Reimbursement accounts payable	2.168	1.687
Management charge personal banking	2.270	2.281
Return insurance polices	16.161	9.513
Management charge business banking	2.481	2.343
Refund of provisions accounts receivable	10.990	14.043
Refund provision of credit portfolio	179.297	187.380
Refund provisions of leasing	1.423	1.184
Other	9.727	5.948
	\$ 259.926	260.714
	352.979	339.089

(26) Other Operational Expense

Below the detail of operational expense other by 6-month periods:

	Jun. 30 - 13	Dec. 31-12
Cleaning & Watching Service	5.405	5.176
Advertising and Propaganda	20.241	19.165
Public Relations	211	251
Utilities	14.018	13.833
Electronic Data Processing	1.709	1.490
Travel Expenses	3.554	4.454
Transportation Expenses	4.171	4.377
Stationery	3.052	3.139
Grants	28	443
Personal Training	1.568	1.419
Coffee-house expenses	1.819	1.907
Minor fixings	193	263
Cash Preparation	1.229	895
Hospitality expenditures to employees	1.255	1.185
Information and Credit	4.088	3.407
Others Outsourcing Services	4.188	4.218
Petty-cash costs	79	85
Marketing - cardholders	7.820	6.789
Photocopies	85	75
Subscription and Reference Books	127	108
Fees	11.800	10.074
Contributions and Membership	24.857	24.131
Maintenance & Repair	5.084	3.819
Customization and Installation	1.331	2.351
Taxes	54.900	56.257
Rents	18.808	17.277
Insurance	22.961	21.214
Other	7.696	6.942
	\$ 222.277	214.744
Operational Returns repo, simultaneous, transient transfer of securities and other interest	\$ 91.059	96.575
	\$ 313.336	311.319

(27) Other Non-Operational Income

Non-operational incomes by 6-month periods are itemized below:

	Jun. 30 - 13	Dec. 31-12
Profit on sale		
Property and equipment	381	52
Goods received in payment	1.809	2.482
Goods written-off	26.231	30.178

Refund of provisions property and equipment and other		36
	60	
Refund of provisions goods receiving in payment	3.591	2.030
Recover for sinister	2.392	3.443
Refund other provisions	4.750	2.468
Renting	\$ 958	1.081
Reimbursement of deposit insurance	7.811	-
Other	1.269	895
	\$ 49.252	42.665

(28) Non-operational expenses

Non-operational expenses for 6-month periods are itemized below:

		Jun. 30 - 13	Dec. 31-12
Loss on sale of goods received in payment	\$	2.803	787
Loss on sale of property and equipment		-	5
Fines and penalties and lawsuits:			
Labor Claims		8	90
Other		2.746	586
Loss for sinister		3.321	4.467
Expenses of goods received in payment		336	393
Fess and other legal expenses		313	251
Expenses of contracts		450	968
Other		935	237
	\$	10.912	7.784

(29) Income and Complementary Tax

The following is the conciliation between accounting profit and estimated taxable income by six-month periods ended on June 30, 2013 and December 31, 2012:

a) Income:		Jun. 30 - 13	Dec. 31-12
Profit before Income Tax	\$	286.629	354.628
Plus (less) items increasing (decreasing) fiscal profit:			
Fines and sanctions		2.754	676
Non-deductible provisions		2.108	9.583
Amortization deferred depreciation		9.065	12.441
Especial deduction in Productive Fixed Asset Investment of 30%		(16.469)	(43.395)
Other non-deductible expenses		43.031	52.610
Net difference, income between accounting valuation and fiscal investment valuation of the investments		(15.997)	(17.101)
Forward contract valuation, net		14.409	(4.108)
Accrued dividends 2012, payable and not registered in 2011		13.396	-
Mercantile credit amortized		751	744
Other tax deductions		(14.228)	(15.685)
Dividends and participations non taxed		(90.366)	(78.372)
Exempt Income		(29.725)	(28.041)
Taxable Base current income tax	\$	205.358	243.979
Taxable Base Equity income tax - CREE	\$	241.865	-
Current income tax		51.339	80.513
Equity Income tax – CREE 9% (1)		21.768	-
Deferred Tax		(1.495)	1.579
Excess of income tax provision		303	(1.049)
Total Income Tax	\$	71.915	81.043
Total Income Tax previous years		-	(13.925)
Total Expense by Income Tax	\$	71.915	67

(1) According to Act 1607 / 2012 as from January 01 / 2013 the equity income tax (EIT) a rate of (9%) for 2013 to 2015 operational periods and (8%) for 2016 and forward, the income tax will have diminution of the rate, going from (33%) down to (25%).

In this same Act, it was indicated that the national government would regulate a mechanism of withholding at source by EIT in order to collect in advance this tax.

The Decree 862 / 2013 regulated the mechanism of withholding at source as from May 1 / 2013, to all payments or advanced payments in the account constituting income, which are susceptible of increasing patrimony of passive subjects in the taxable period, therefore, this provision applies both to suppliers and the clients of Banco de Occidente.

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

Provisions, Net for:		Jun. 30 - 13	Dec. 31-12
Industry and commerce	\$	1.237	(1.094)
Property Tax		(2)	24
Forwards Valuation		(4.899)	1.356
Total deferred tax receivable		(3.664)	286
Amortization Mercantile Credit		(256)	(245)
Investment Valuation		5.507	5.643
Deferred Depreciation		(3.082)	(4.105)
Net deferred tax payable	\$	(1.495)	1.579

The Bank determines the debit and credit deferred tax of 33% over the balance of the temporary differences at the closing December 31 / 2012 and on the movement of occurred during the first half-year 2013 applies the 34% rate

b) The following is the accounting and fiscal net worth reconciliation:

		Jun. 30 - 12	Dec. 31-11
Accounting Equity	\$	3.523.616	3.479.050
Plus (less) items increasing (decreasing) equity for tax purpose:			
Fiscal readjustment of fixed asset, net		65.159	7.000
Estimate liabilities & provisions involving no fiscal liabilities		50.472	24.124
Provisions of asset involving no fiscal diminution		14.081	13.740
Accrued deferred tax payable		60.265	60.410
Other net asset		(29.337)	(6.069)
Accounting valuation of net fixed asset		(282.019)	(252.191)
Accrued deferred tax receivable		(4.375)	(3.025)
Accrued deferred depreciation		(67.236)	(76.301)
Fiscal Equity	\$	3.330.626	3.246.736

Income tax returns of the tax 2012 and 2011 are within the legal term of revision by National Tax Administration. The company is subject to patrimony income and surtax established for 2011 operational period by the Act 1370 / 2009 and the Legislative Decree 4825 / 2010 at 6% rate, settled over net patrimony on January 1 / 2011.

(30) Technical Patrimony

Technical patrimony cannot be less than nine point zero percent (9.0%) of asset in legal tender and weighted foreign currency per level or risk, as provided in article 2.1.1.1.2, Decree 2555/2010, formerly Article 2, Decree 1720/2001. The individual compliance is verified on a monthly and semester basis in a consolidated manner with its subsidiaries in Colombia, controlled by Colombia Finance Superintendence and financial affiliates abroad.

Risk asset classification in each category is made by applying the prevents determined by Finance Superintendence to each one of the items of asset, creditor contingent accounts, deals, and fiducial assignments established in the Accounts Unique Plan. As from January 30, 2002, additionally the market risks are included as a part of the asset weighted per risks.

The Bank shows the indicators below:

Technical Patrimony		Jun. 30 - 13	Dec. 31-12
Basic Patrimony	\$	1.738.890	1.774.032
Additional Patrimony		637.993	457.020
Technical Patrimony	\$	2.376.883	2.231.052

Ceiling of Asset growth

Less:

Asset and contingencies weighted per risk level

Category II	20%	769.982	835.748
Category III	50%	402.988	393.022
Category V	80%	2.867.458	2.756.383
Category VI	90%	168.258	187.677
Category VII	95%	58.188	29.728
Category VIII	100%	16.050.374	15.016.435
Category IX	110%	36.922	70.070
Category X	120%	4.494	8.147
Category XI	130%	9.403	9.404
Total weighted asset and contingencies		\$ 20.368.067	19.306.614
Value market risk		\$ 1.375.712	703.136
Solvency Ratio	%	10,93	11,15

(31) Transactions with Stockholders, Directors and Related Parties

On June 30, 2013 and December y 31, 2012 the Bank had loans with stockholders and directors; Those operations are made under the general conditions prevailing in the market for similar operations, as follows:

Admissible Guarantee	Jun. 30 - 13	Dec. 31-12
Stockholders	210.289	214.288
Directors	1.601	2.498
	\$ 211.890	216.786
Other Guarantees		
Stockholders	28.845	198.041
Directors	27.119	37.156
	\$ 55.964	235.197
	\$ 267.854	451.983

Transactions with Related Parties

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

Operations with Affiliated Companies

Asset	Rate	Jun. 30 - 13	Rate	Dec 31, 2012
Available – Correspondents				
Banco de Occidente (Panamá) S.A.		27.163		39.743
Credit Portfolio				
Fiduciaria de Occidente S.A.	DTF + 6	\$ 115	DTF + 6	164
		115	164	
Credit Card				
Ventas y Servicios S.A.	30,51%	\$ 9	30,51%	4
Accounts Receivable:				
Fiduciaria de Occidente S.A.			-	5.998
Banco de Occidente (Panamá) S.A.			9.574	-
Ventas y Servicios S.A.			1.247	1.331
			\$ 10.821	7.329
Investment Available for sale in certif. of participation				
Investment in Colombia				
Fiduciaria de Occidente S.A.			59.560	42.951
Ventas y Servicios S.A.			3.132	2.514
			\$ 62.692	45.465

Overseas Investments				
Banco de Occidente (Panamá) S.A.			44.784	37.770
Occidental Bank Barbados Ltd.			31.684	25.996
		\$	76.468	63.766
Valuations:				
Banco de Occidente (Panamá) S.A.	\$		7.124	28.599
Ventas y Servicios S.A.			1.183	1.207
Fiduciaria de Occidente			43.116	43.744
Occidental Bank Barbados Ltd.			18.721	21.914
	\$		70.144	95.463
Liabilities				
Current Account Deposits				
Fiduciaria de Occidente	\$		372	1.478
Ventas y Servicios S.A.			214	1.189
Occidental Bank Barbados Ltd.			6	5
	\$		592	2.672
Saving Account Deposits				
	Rate	Jun. 30 - 13	Rate	Dec 31, 2012
Fiduciaria de Occidente S.A.	2,30%	\$ 58	3,00%	134
Ventas y Servicios S.A.	1,55%	5	2,50%	41
Occidental Bank Barbados Ltd.	1,80%	10	2,25%	14
		\$ 73		189
Other Payabilities:				
Credit of banks and other financial obligations:				
	Rate	Jun. 30 - 13	Rate	Dec 31, 2012
Banco de Occidente Panamá S.A.		\$		
Interbank Funds Purchased				
Occidental Bank (Barbados) Ltd.		\$ 72.779		-
Banco de Occidente Panamá S.A.		88.162		-
		\$ 160.941		-
Transfer Commitments:				
Banco de Occidente Panamá S.A.		205.392		-
Occidental Bank Barbados Ltd.		\$ -		93.102
	1,98%	\$ 205.392	1,94%	93.102
Other Accounts Payable:				
Ventas y Servicios S.A.	\$	-		84
Banco de Occidente Panamá S.A.		1		2
Ventas y Servicios S.A.		4.656		-
	\$	4.647		86

Below the detail of transactions with related parties for 6-months periods:

Income		Jun. 30 - 13	Dec. 31-12
Ventas y Servicios S.A.			
Interest			
Commissions	\$	25	30
Dividends		43	76
Profit of leasing sale		618	-
Rents		5	9
Other		2	2
	\$	693	117
Fiduciaria de Occidente S.A.			
Commissions	\$	9	-
Dividends		16.608	14.961
Other		38	11
Profit of leasing sale		8	12
Own Property		63	62
Other		11	-
	\$	16.737	15.046
Banco de Occidente (Panamá) S.A.:			

Dividends	\$	12.927	-
Occidental Bank Barbados Ltd.			
Dividends		3.154	-
Other		66	65
	\$	3.220	65
Expense and Cost			
Ventas y Servicios S.A.			
Other	\$	15.676	16.097
Banco de Occidente (Panamá) S.A.			
Commissions		-	1.979
Interests		1.528	-
	\$	1.528	1.979
Occidental Bank Barbados Ltd.			
	\$	891	746

Stockholders Operations

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

Grupo Aval Acciones y Valores S.A.					
Liability:	Rate		Jun. 30 - 13	Rate	Dec. 31-12
Deposits and Payabilities	2,55%	\$	22.969	3,00%	167.106
Accounts Payable Dividends			42.788		36.703
Other			3		172
		\$	65.760		203.981
Incomes:					
		\$	85		89
Interest			2.185		-
Fees			6.019		9.258
		\$	8.204		9.258

Operations with Related Companies – Grupo Aval Entities

Entity	As of June 30, 2013				
	Asset	Liabilities	Equity	Income	Expense
Banco de Bogotá S.A	\$ 4.773	25	-	36	97
Banco AV Villas S.A	18	11	-	663	80
Banco Popular S.A	-	-	-	434	346
ATH S.A	1.354	-	1.090	-	786
Fiduciaria Bogota	30	-	-	-	-
Pensiones y Cesantías Porvenir S.A	212.595	2.236	34.588	23.827	-
Corficolombiana S.A	994.087	22.335	662.892	33.866	618
Leasing Corficolombiana S.A	-	972	-	-	-
Fiduciaria Corficolombiana S.A	-	763	-	43	79
Casa de Bolsa S.A.	2.717	9.730	133	69	64
Banco Corfivalle Panamá	-	5	-	-	-
AFP Horizonte S.A.	118.020	-	(116)	-	-
Al Popular S.A.	37	5	-	2	24
Seguros Alfa S.A.	-	10.052	-	5.091	87
Seguros de Vida Alfa Vidalfa S.A	-	33.734	-	9.879	1.088
Gestion y Contacto	160	-	34	56	-
Hoteles Estelar S.A.	1.011	3.590	-	250	411
Inca	-	129	-	-	9
Colombiana de Licitaciones y Concesiones S.A	-	8	-	-	-
Tejidos Sintéticos De Colombia S.A.	-	53	-	45	-
Pajonales S.A.	12.422	19	-	65	-
Grupo Aval	-	65.760	-	85	8.204

Promotora Santamar S.A	-	18	-	-	-
Mavalle S.A.	-	23	-	-	-
Valle-Bursátiles S.A	-	56	-	-	-
Manuf. Terminadas Mantesa S.A.	492	-	-	29	-
Coninvial S.A.	-	122	-	-	-
Coviandes S.A	-	1.857	-	-	-
Pizano en Reestructuración S.A.	18.133	-	(156)	880	-
Episol	-	2.010	-	-	57
Agro Sta Helena SAS	-	186	-	-	-
Guajira SAS	-	167	-	-	-
Plantaciones Sta Rita SAS	-	16	-	-	-
Hevea De Los Llanos SAS	-	39	-	-	-
Tsr20 Inversiones SAS	-	198	-	-	-
Hevea Inversiones SAS	-	185	-	-	-
Agro Casuna SAS	-	141	-	-	-
Concesionaria Panamericana S.A.	-	13	-	-	-
Peajes Electrónicos	\$	-	11	-	-

Entity	As of December 31, 2012					
	Asset	Liabilities	Equity	Income	Expense	
Banco de Bogotá	\$ 4.777	5.945	-	58	257	
Banco AV Villas	33	8	-	748	-	
Banco Popular	-	-	-	86	417	
ATH S.A	1.357	-	1.094	-	887	
Fiduciaria Bogota	29	-	-	-	-	
Pensiones y Cesantias Porvenir S.A.	190.848	1.403	36.539	24.042	-	
Corficolombiana S.A.	984.721	37.284	675.326	39.064	711	
Leasing Corficolombiana S.A.	-	2.133	-	43	55	
Fiduciaria Corficolombiana S.A.	-	2.133	-	43	55	
Casa de Bolsa S.A.	2.754	1.411	170	-	-	
Al Popular S.A.	51	-	-	4	24	
Seguros Alfa S.A.	-	5.293	-	3.206	188	
Seguros de Vida Alfa Vidalfa S.A.	-	67.073	-	5.889	871	
Hoteles Estelar S.A.	552	4.026	-	501	390	
Inca	-	1.074	-	-	50	
Colombiana de Licitaciones y Conceciones S.A	-	8	-	-	-	
Tejidos Sintéticos De Colombia S.A.	967	37	-	53	-	
Pajonales S.A.	10.976	28	-	166	-	
Promotora Santamar S.A	-	30	-	-	-	
Mavalle S.A.	-	8	-	-	-	
Valle-Bursátiles S.A	-	39	-	-	-	
Industrias Lehner S.A.	4.669	-	-	-	-	
Manuf. Terminadas Mantesa S.A.	608	-	-	35	-	
Coninvial S.A.	-	13	-	-	-	
Coviandes S.A	-	5.469	-	-	-	
Pizano en Reestructuración S.A.	19.261	-	46	1.034	-	
Episol	-	2.004	-	-	23	
Agro Sta Helena SAS	-	105	-	-	-	
Goajira SAS	-	170	-	-	-	
Plantaciones Sta Rita SAS	-	46	-	-	-	
Hevea De Los Llanos SAS	-	47	-	-	-	
Tsr20 Inversiones SAS	-	103	-	-	-	
Hevea Inversiones SAS	-	87	-	-	-	
Agro Casuna SAS	-	175	-	-	-	
Concesionaria Panamericana S.A.	\$	-	111	10	-	

(1) See Note 10 and account receivable, pay downs of contract to suppliers

(32) Disclosure of Risks

Administration related to risk management

Liquidity Risk

For the first half-year 2013, a Liquidity Risk Indicator (LRI) is underlined at 7-days of Col\$3.2 billion average and at 30 days Col\$2.7 billion average, respectively, mainly in an excellent liquid asset level equivalent to Col\$3.4 billion, which, given the net liquidity requirements at 7 and 30 days, represent a mean Liquidity Ratio of 1.926% and 528% respectively (Liquid Asset over Liquidity Required). In the same way, the compliance with policies and limits set forth is underlined.

Market Risk

For the first half-year 2013 measurement made by the calculation of Risk Value reflected a mean exposure level of \$87.609 Million pesos which is located within the limits set out. Fixed income portfolio is represented mainly by Colombian Government certificates (90%) and is located in a mean quite short-term maturity (39 months).

As from March 2013 the entity values the investment portfolios according to the scheme of suppliers of prices in compliance with the provisions given by Finance Superintendence. The Bank, under the selection process, selected INFOVALMER as its sole supplier of prices of valuation

Objective of Risk Management

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

Legal Framework

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

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

The risks are defined as follows

Credit and/or Counterpart Risk

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

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

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

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

Financial entities need to submit the model (by type of credit) to be approved by Finance Superintendence, before its practical application. Those entities failing to submit the internal model or those ones which internal model has been

objected need to apply the reference models developed by Finance Superintendence. The model for commercial portfolio began to take force as from July 1/2007 and that for consumption portfolio began to take force from July 1, 2008. For housing and microcredit the reference models have not been developed as yet.

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

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

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

Liquidity Risk

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

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

As from October, 2011 and April, 2012 Colombia Finance Superintendence, under External Circular Letter 044, amended the Chapter VI an introduced Liquidity Risk concept.

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

- LRI is calculated on a weekly basis closing date Friday and closing monthly date the last calendar day of the month.
- Net Liquid Asset corresponds to the sum of available, investments negotiable in certificates of indebtedness, investments negotiable in certificates of participation, the investments negotiable for sale in certificates of indebtedness and the investments until maturity. Additionally the securities or coupons transferred to the entity in developing monetary market active operations will make part of Liquid Asset
- Withdrawals of deposits at sight will be adjusted by the Net Withdrawal Factor NWF
- The timeframes are distributed by: less than 7 days, 8 to 15 days, 16 to 30 days, 1 to 30 days, and 31 to 90 days.
- It is considered that any credit entity may be producing a significant exposure to liquidity risk when in a given weekly or monthly report; Liquidity Risk Indicator LRI at one week or 30 days is minus.

Market Risk

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

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

Finance Superintendence Standard Model

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

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

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

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

1. Interest Rate Risk Measurement:

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

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

2. Measuring exchange rate risk:

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

3. Measuring stock price risk:

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

4. Measuring Collective Portfolio Risk:

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

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

Calculation of Risk Value – Internal Model

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

Valuation at Market Prices

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

amended and currently in force; for such valuation process the Bank uses the applicative acquired from a Software specialized company.

Structure to Manage Treasury Risk

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

Results of Liquidity Risks Closing: June 30, 2013

Liquidity Risk Management System

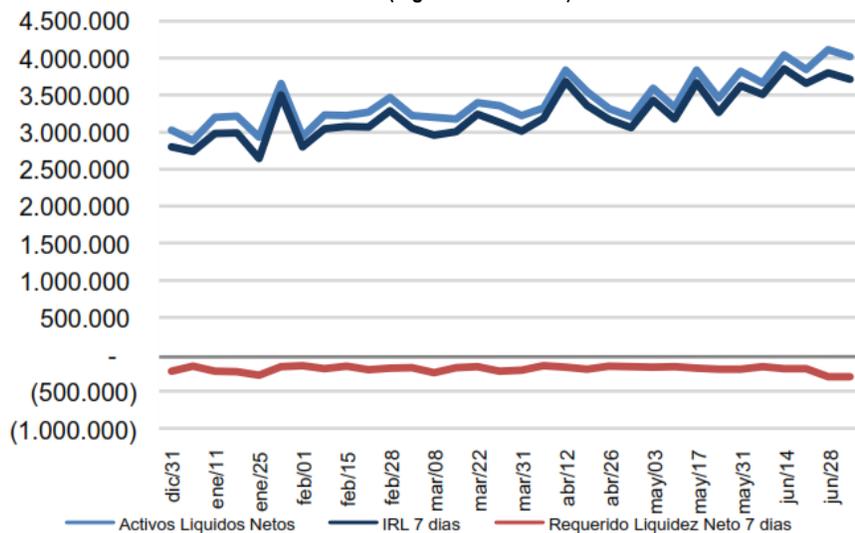
Banco de Occidente as of June 30, 2013 submitted a LRI at 7 days of \$3.718.692 and at 30 days of \$3.183.740 indicators which allow for determining that there is no any significant value in risk of liquidity. Net liquid assets added up \$4.027.595 versus Net Requirement of Liquidity of -\$308.902 at 7 days and -\$843.854 at 30 days.

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

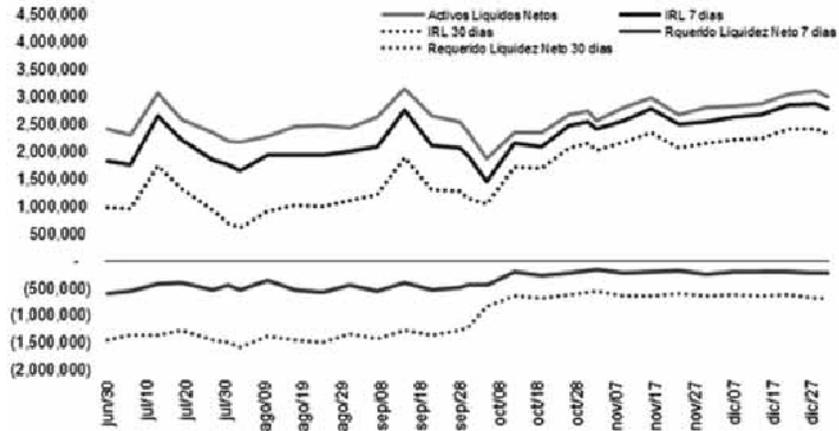
Description	LRI Behavior as of June 30, 2013					
		Band 1	Band 2	Band 3	Band 4	Band 5
	Balance	Days 1 - 7	Days 8 - 15	Days 16 - 30	Days 1 - 30	Days 31 - 90
Available	\$ 2.134.751	-	-	-	-	-
Int. Funds, Repos Simult. & TTV	-	247.484	-	-	247.484	-
Investment	1.891.206	3.889	6.950	116.555	127.394	112.579
Certif. in securing Transfer Rights	-	666.590	21.572	28.945	717.108	-
Portfolio	-	364.283	397.738	827.876	1.589.896	2.570.295
Derivatives	-	20.868	43.018	125.231	189.116	127.037
Accounts Receivable	-	137.838	157.529	295.367	590.735	295.367
Other Asset & Debtor Accounts	-	-	-	-	-	8.264.904
Active Positions	4.025.958	1.440.952	626.806	1.393.975	3.461.733	11.370.182
Current Accounts	4.449.910	-	-	-	-	-
TDs	-	63.775	155.200	350.933	569.908	914.400
Saving Deposits	7.309.707	-	-	-	-	-
Payables	221.014	-	-	-	-	-
Int. Funds, Repos Simult. & TTV	-	679.480	21.481	29.012	729.972	-
Derivatives	-	14.384	-	83.508	97.893	99.334
Bank Credits	-	68.958	47.195	108.141	224.294	392.265
Accounts Payable	-	128.309	146.639	274.949	549.897	49.430
Outstanding Inv. Papers	-	1.155	-	4.235	5.390	217.904
Other Liabilities & Credit Cont.	1.637	-	-	-	-	3.283.289
Passive Positions	\$ 11.982.268	956.062	370.515	850.777	2.177.354	4.956.622
Net flow withdrawals not subject to contractual maturities	-	279.548	319.483	599.032	1.198.063	2.396.126
Net Liquidity Requirement	-	308.902	172.500	368.452	843.854	1.838.187
Total Liquid Asset Investment	1.892.843	-	-	-	-	-
Total Net Liquid Asset	\$ 4.027.595	-	-	-	-	-
Liquidity Risk Indicator (LRI)	-	3.718.692	3.545.193	-	3.183.740	1.345.553
Liquid Ratio	-	1304%	837%	-	477%	150%

Description	LRI Behavior as of December 31, 2012						
	Balance	Band 1	Band 2	Band 3	Band 4	Band 5	
		Days 1 - 7	Days 8 - 15	Days 16 - 30	Days 1 - 30	Days 31 - 90	
Available	\$ 1.490.148	-	-	-	-	-	-
Int. Funds, Repos Simult. & TTV	-	380.724	-	-	380.724	-	-
Investment	1.520.095	1.958	5.649	178.887	186.495	198.134	-
Certif. in securing Transfer Rights	-	438.254	35.977	57.968	531.926	-	-
Portfolio	-	295.836	306.919	806.823	1.409.578	2.358.577	-
Derivatives	-	70.086	49.316	70.241	189.643	167.738	-
Accounts Receivable	-	137.136	156.727	293.864	587.728	293.864	-
Other Asset & Debtor Accounts	-	-	-	-	-	-	7.967.495
Active Positions	\$ 3.010.244	1.323.994	554.589	1.407.512	3.286.095	10.985.807	
Current Accounts	4.504.703	-	-	-	-	-	-
TDs	-	52.969	89.184	250.982	393.134	711.927	-
Saving Deposits	6.326.286	-	-	-	-	-	-
Payables	248.930	-	-	-	-	-	-
Int. Funds, Repos Simult. & TTV	-	426.514	35.651	57.407	519.573	-	-
Derivatives	-	15.080	-	91.725	106.805	71.094	-
Bank Credits	-	27.578	51.456	91.918	170.952	383.126	-
Accounts Payable	-	103.258	118.009	221.267	442.534	49.430	-
Outstanding Inv. Papers	-	1.457	-	1.759	3.216	38.986	-
Other Liabilities & Credit Cont.	-	-	-	-	-	-	3.191.540
Passive Positions	\$ 11.079.919	626.855	294.300	715.059	1.636.215	4.446.103	
Net flow, Contractual maturity - Adjusted	-	258.531	295.465	553.996	1.107.992	2.215.984	-
Net Liquidity Requirement	-	221.347	147.441	317.264	686.052	1.665.522	
Total Liquid Asset Investment	\$ 1.520.095	-	-	-	-	-	-
Total Net Liquid Asset	\$ 3.010.244	-	-	-	-	-	
Liquidity Risk Indicator (LRI)	-	2.788.897	2.641.456	-	2.324.192	658.670	
Liquid Ratio	-	1360%	816%	-	439%	128%	

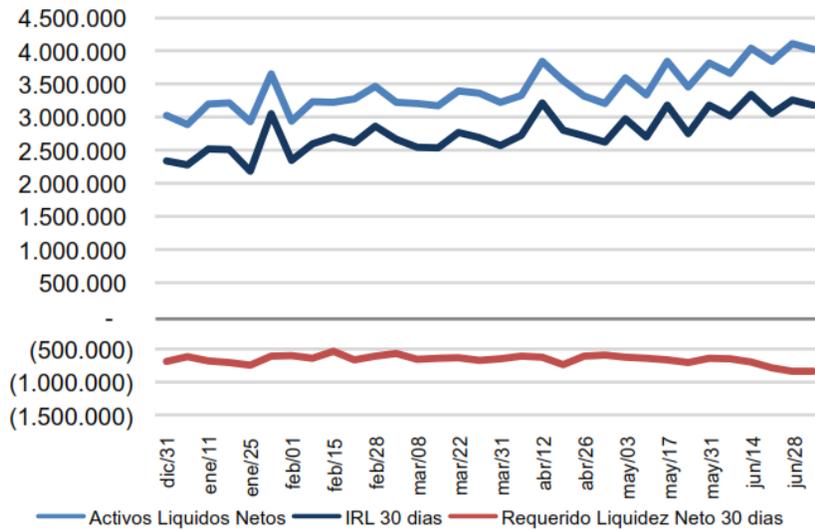
Behavior of Liquidity Risk Indicator (LRI at 7 days) at June 30, 2013
(Figures in Millions)



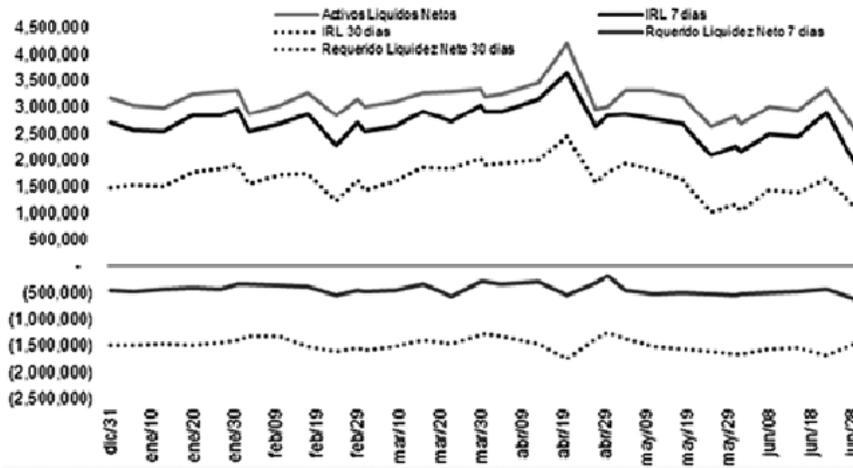
Behavior of Liquidity Risk Indicator (LRI at 7 days) at
Dec 31, 2012
(Figures in Millions)



Behavior of Liquidity Risk Indicator (LRI at 30 days)
at June 30, 2013
(Figures in Millions)



**Behavior of Liquidity Risk Indicator (LRI at 30 days) at
Dec 31, 2012
(Figures in Millions)**

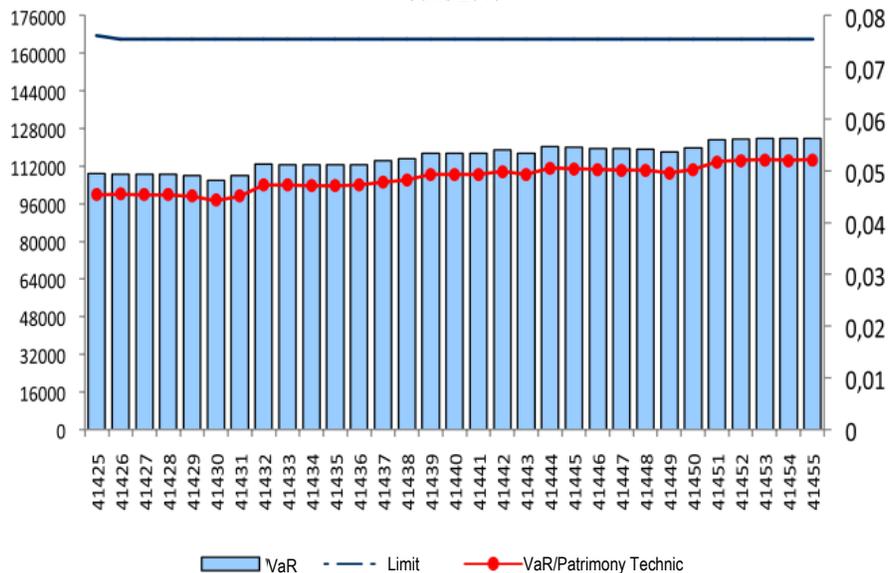


Result of Market Risk

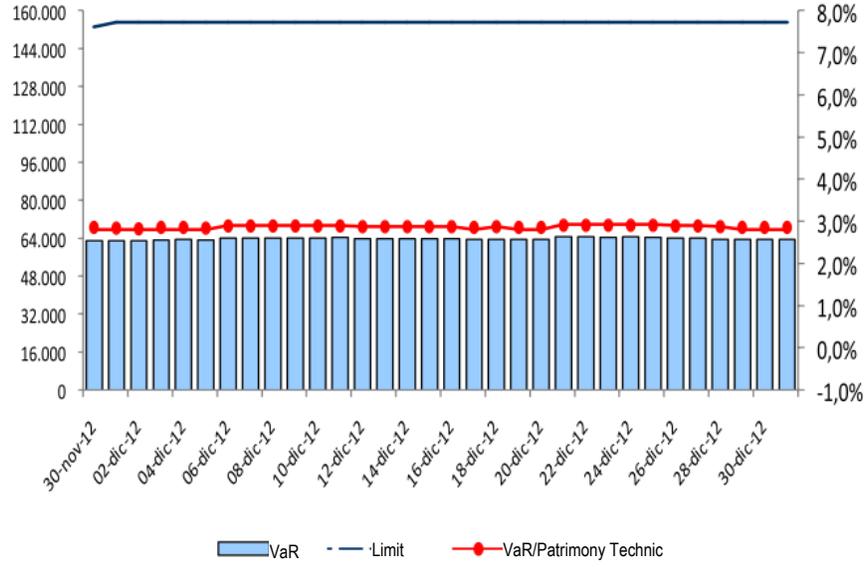
At the closing operational period of June 30, 2013 risk value of Banco de Occidente, calculated by using a new methodology provided in the Circular Letter 042, 2010 (standardized model of Risk Value in blocks, as suggested by Basle Committee) \$123,814 result was obtained. The figure below shows the recent evolution of Risk Value

Risk Value per Modules		Jun. 30-13	Dec. 31-12
Interest Rate	\$	122.873	63.020
Exchange Rate		816	262
Collective Portfolio		125	-
Total Risk Value	\$	123.814	63.282

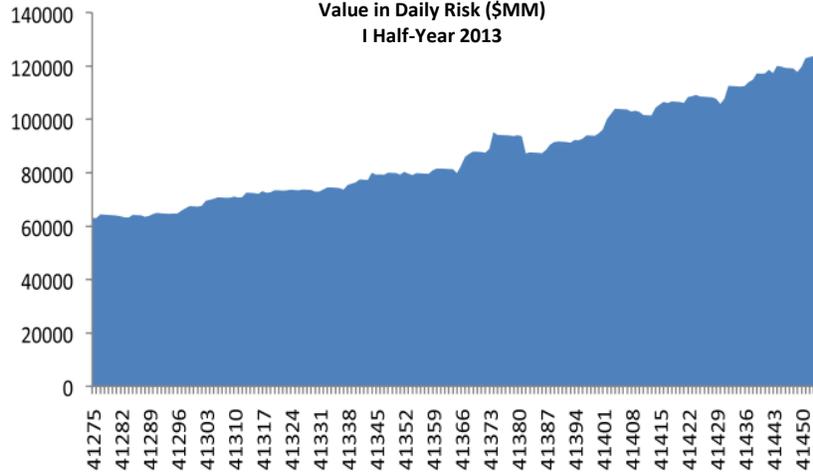
**Value in Daily Risk (\$MM)
June 2013**

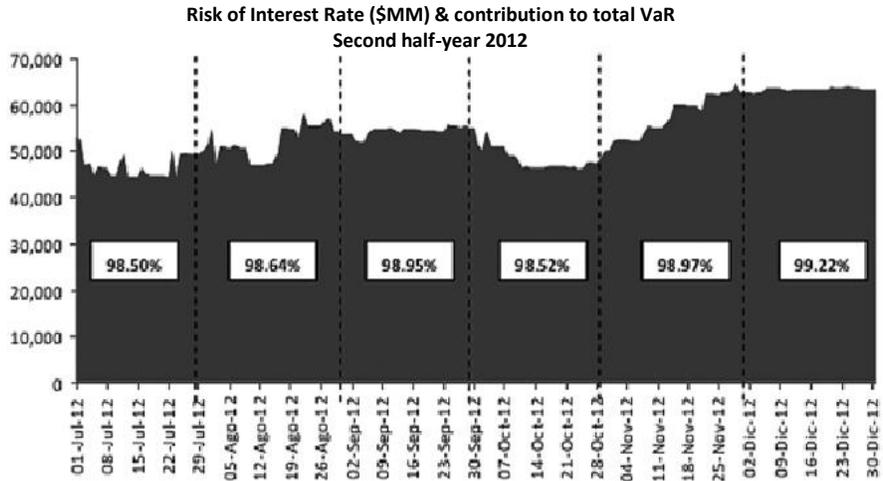
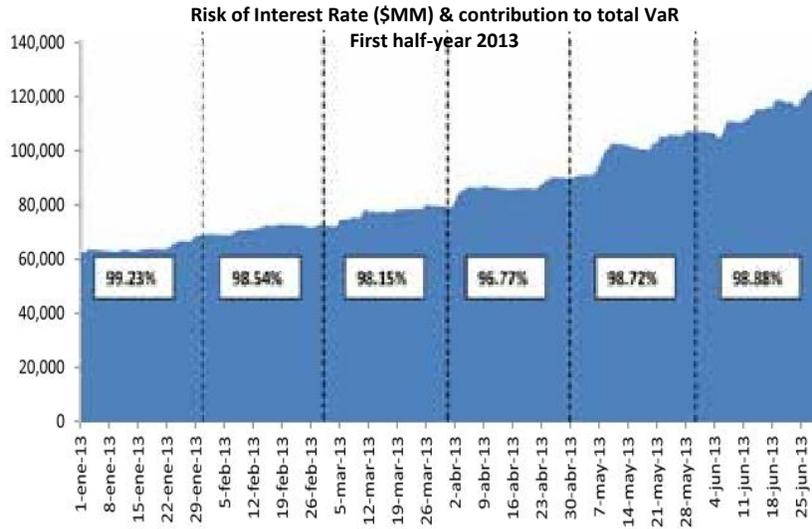
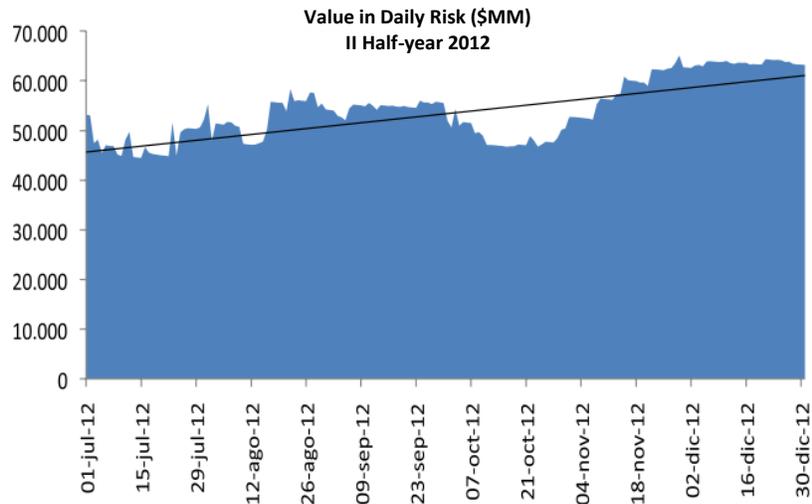


Value in Daily Risk (\$MM)
December, 2012

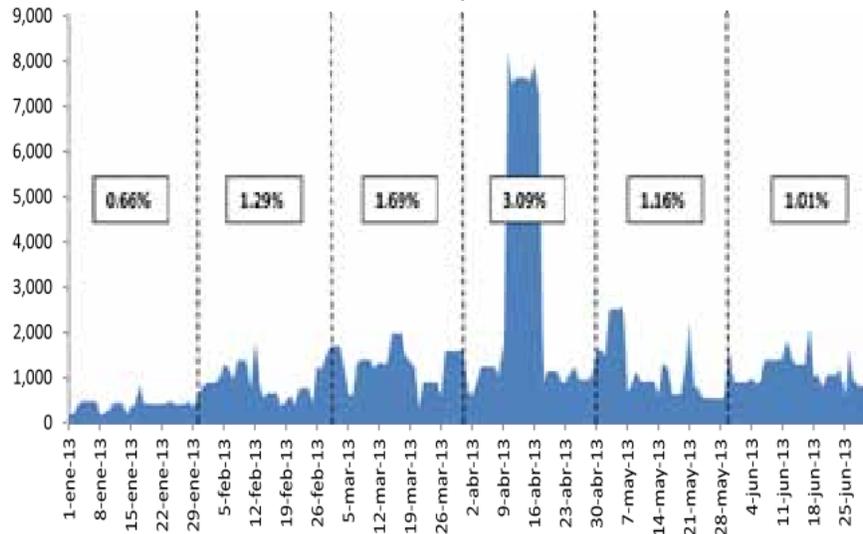


Value in Daily Risk (\$MM)
I Half-Year 2013

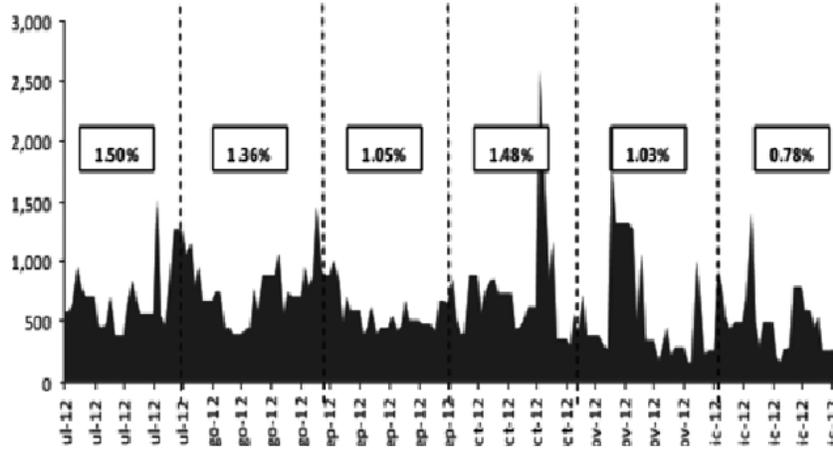


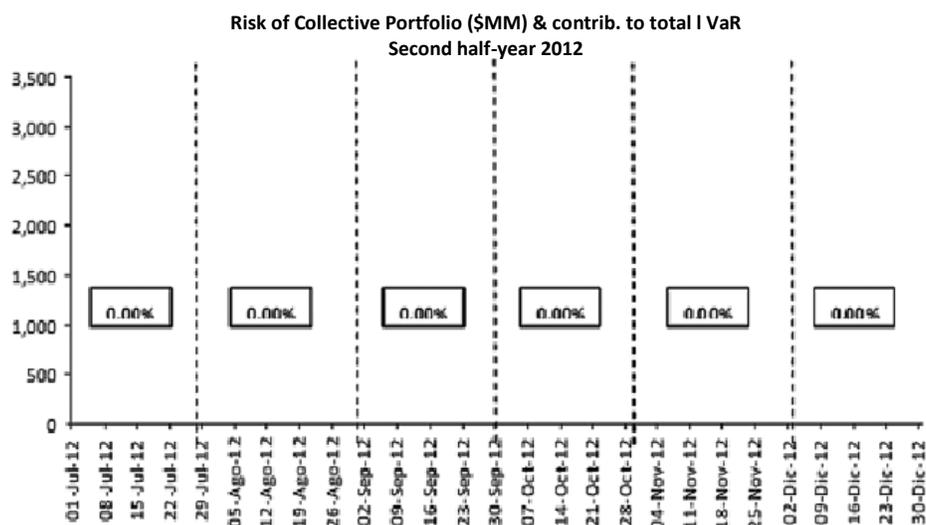
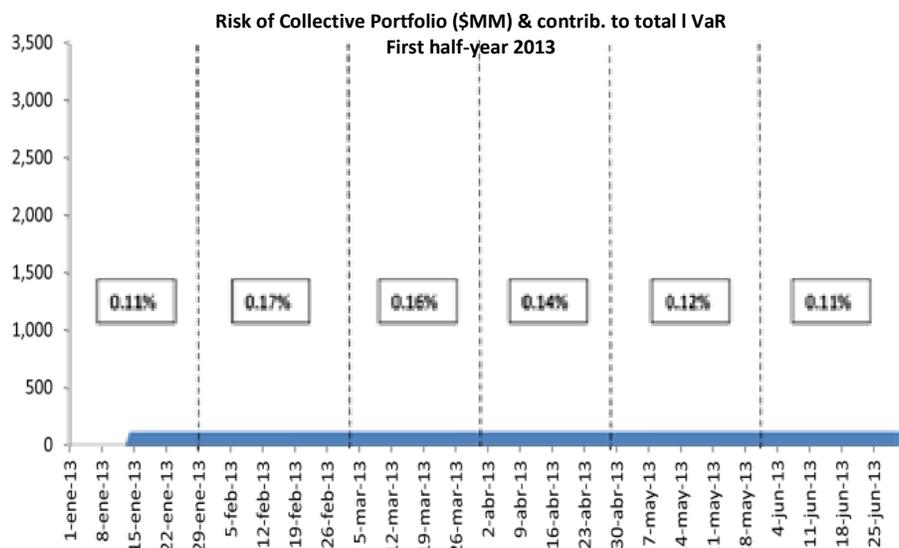


Risk of Exchange Rate (\$MM) & contribution to Total VaR
First half-year 2013



Risk of Exchange Rate (\$MM) & Contribution to Total VaR
Second half-year 2012





Solvency Ratio

Calculation of solvency ratio corresponding to the closing periods June 30, 2013 y December 31, 2012 is follows:

		Jun. 30-13	Dec. 31-12
Total VeR (*)	\$	123.814	63.282
Technical Patrimony (*)	\$	2.376.883	2.231.052
Assets Weighed by Risk Level (*)	\$	20.368.067	19.306.614
Solvency Ratio		11.67%	11.56%
Solvency Ratio (VeR 100%)		10.93%	11.15%
VeR / P TECN. (Legal Required)		5.21%	2.84%

At the closing operational period June, 2013 the value under market risk represents 5.21% of technical patrimony, compatible to Bank asset and liabilities structure and to investment and risk policies established, as well as to the use of capital and historical behavior of those risks.

Operational Risk

According to the definition given by Colombia Finance Superintendence, Operational Risk is understood as the possibility to incur in loss due to deficiencies, failures or inadequacies of human resource, processes, technology,

infrastructure or otherwise, due to the occurrence of external events. This definition includes the legal risk, custody risk, and reputational risk associated to such factors.

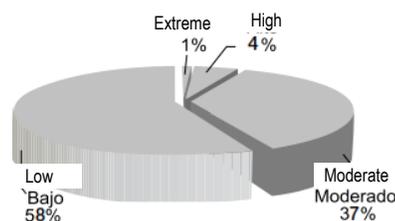
On a monthly basis and in an itemized manner ORMS Committee and the Board of Directors are informed about the most relevant aspects of the events related to operative risk, such report including the tracking of corrective actions implemented, aimed at mitigating the qualified risk in the external and high zones, the evolution of loss by this type of risk, the analysis of which allows for prioritizing the materialized events in the Bank, among others. In the same way, the changes in risk profile, the identification of new risks and control of the current and new processes are reported to such entities

The Bank has available a database where operative risk events are recorded, such database is permanently fed with the reports submitted by Operative Risk Managers and by the concentrating areas. Such database is reconciled on a monthly basis with PUC accounts assigned, ensuring a proper accounting tracking. Tracking operative risk event records allows for feeding back ORMS, i.e., to identify new risks, reclassify risks and controls, prioritize those processes where development of action plans are required, among others

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

Below Bank's consolidate risk profile is showed with closing date June 2013

Residual Risks December, 2011		
Extreme	17	1%
High	53	4%
Moderate	462	37%
Low	735	58%



Business Continuity Plan

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

In this connection, the permanent updating work of the Continuity model is maintained, including, inter alia, the updating of strategies, continuity plans and directives that were affected by the changes of processes, personnel, technology and/or third parties. In the same way, and according to the planning, such plans are verified by the conduction of operative and technological) tests to confirm the efficacy of such plans.

Lastly, and to comply with the External Circular Letter 042 from Finance Superintendence, following up is permanently made to the continuity plans of third parties offering to the Bank critical services.

Risk of Asset Laundry and Financing of Terrorism

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

The legal framework about Laundry Asset and Prevention and Control, is essentially based on policies, provisions and regulations described in the First Title, Chapter 11, of the Basic Circular Letter 007 / 1996 issued by Colombia Finance Superintendence, as well as the provisions in the Financial System Organic Statute, 40 recommendations of the Grupo de Acción Financiera Internacional GAFI, 9 recommendations, and Colombia legal provisions.

It is advisable to underline that the Bank count of the resolute commitments from all its employees and Directors in their concern to prevent the occurrence of Risk of Laundry Asset and Financing of Terrorism, fully complies with the opportune submission of the different reports and information to all the control bodies, appropriate structure of compliance which has been duly trained about the Risk Management stressing on the prevention of laundry asset and Financing of Terrorism, has available an advanced system of transactional monitoring which is duly segmented and profiles and added to the analysis of quantitative qualitative variables thereby becoming a solid and reliable

instrument for the detection and prevention of the occurrence of Laundry Asset, and in the same way, the Bank acquired and implemented the software Minería de Datos SPSS Modeler and updated the version of its software specialized in the Risk Management SARLAFT, has available a functional and interactive program for training about Prevention of Laundry Asset and Financing of Terrorism addressed to all of the employees, allowing to conduct an evaluation of the knowledge gained in accordance with the international standards. Similarly, a widely recognized methodology was implemented for the qualification of the several different risk factors and the risks associated focused to the prevention of Laundry Asset and Financing of Terrorism .

For the reasons above, it is advisable to state that the SAR-LAFT developed by Banco de Occidente contains appropriate controls allowing for mitigating the risks of laundry asset and financing of terrorism, as well as the legal risk, operational reputation and contagion, implementing the due control, monitoring and opportune reporting, the way meeting the expectations of controlling authorities as well as correspondent Banks abroad.

(33) Corporate Governance

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

Board of Directors and Top Management

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

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

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

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

Reports to the Board of Directors and to the Top Management

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

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

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

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

Technology Infrastructure

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

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

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

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

Risk Measurement Model

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

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

Organizational Structure

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

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

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

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

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

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

Human Resources

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

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

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

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

Verification of Operations

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

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

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

Audit

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

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

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

(34) Legal Controls

As of June 30, 2013 and December 31, 2012 the Bank has complied with the cash provisions requirements, own position, minimum capital, mandatory solvency and investment ratio

(35) Legal Stability Agreement

Leasing de Occidente S.A. (Sociedad merged by taking over on June 11, 2010 by Banco de Occidente S.A.), subscribed on June 10, 2010 with Colombia Ministry of Treasury and Public Credit the Legal Stability Agreement N° EJ-03, maintaining, among other provisions, the fiscal deductions of productive fixed asset delivered in Leasing operations. Banco de Occidente S.A. took over Leasing de Occidente by the Merging process accomplished in fully compliance with all legal requirements. The Bank, as alternate of all rights and obligation from Leasing de Occidente S.A. in compliance with Act 963/2005, applied from the Legal Stability Committee aforementioned Stability Agreement.

On April 20, 2012, the bank was advised that its application had been denied, decision against which the Bank filed an appeal for reversal on April 27, 2012. This implied the record of a higher expense for income tax by \$13,935, representing the diminution of net profit by 5.86%. Subsequently, the Legal Stability Committee, under Resolution number 16 of September 27/2012 resolved the appeal for reversal in favor of the Bank, which led to record of the amount aforementioned as a lower expense for the same concept of income tax.

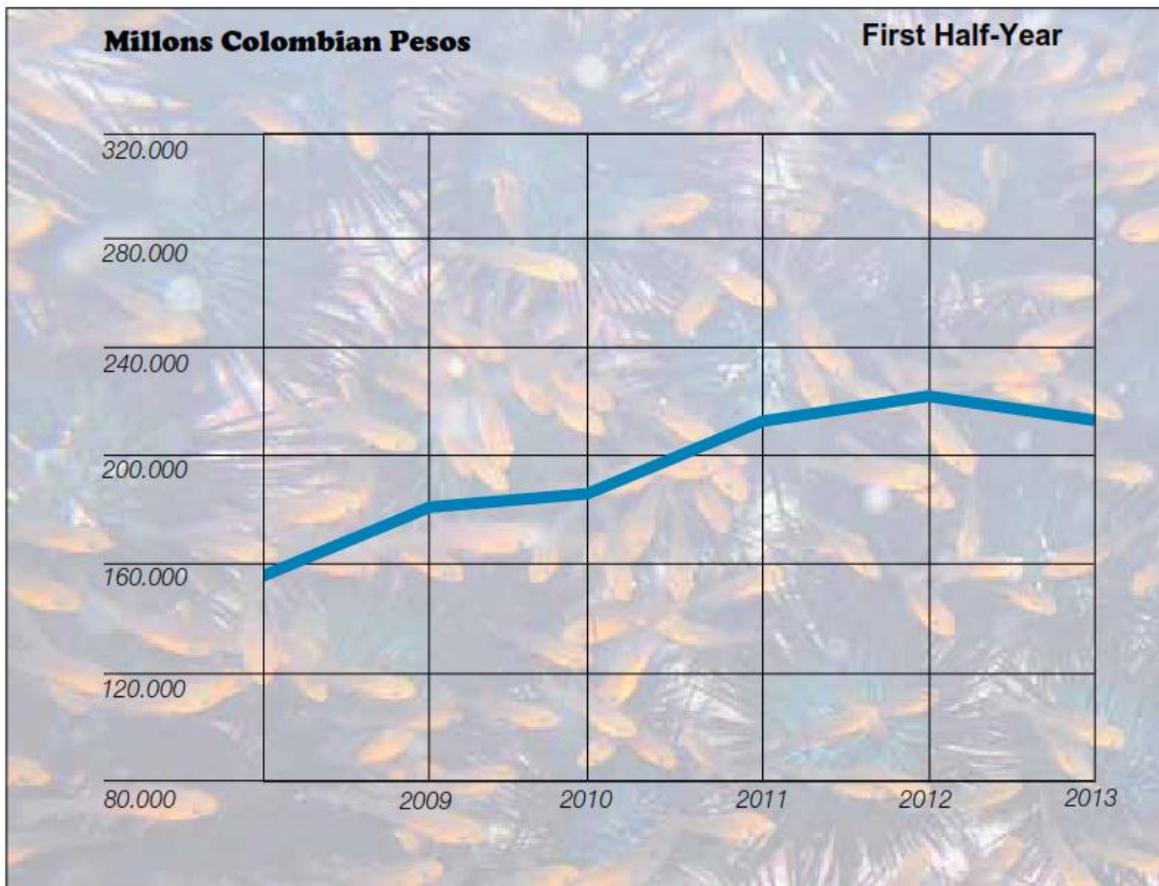
Approval by t is even pending about the Amendment Project file don October 17, 2012.

(35) Contingencies

Against the Bank, by the closing June 30, 2013, there are civil proceedings the amount of which are itemized below:

Claimant	Valuation	Provision	Type of proceeding
Jose Reinaldo Bolaños	413	-	Others
Ernesto Acosta Trujillo	349	-	Others
Carlos Viña	574	574	Ordinary
Tesorería Municipal Medellín	285	285	Executive
Tesorería Distrital de Bogota	1,308	1,308	Executive
DIAN	443	229	Executive
Arquidiócesis de Cali	400	-	Others
Others	1,764	937	Sundry
	\$ 5.536	3.333	

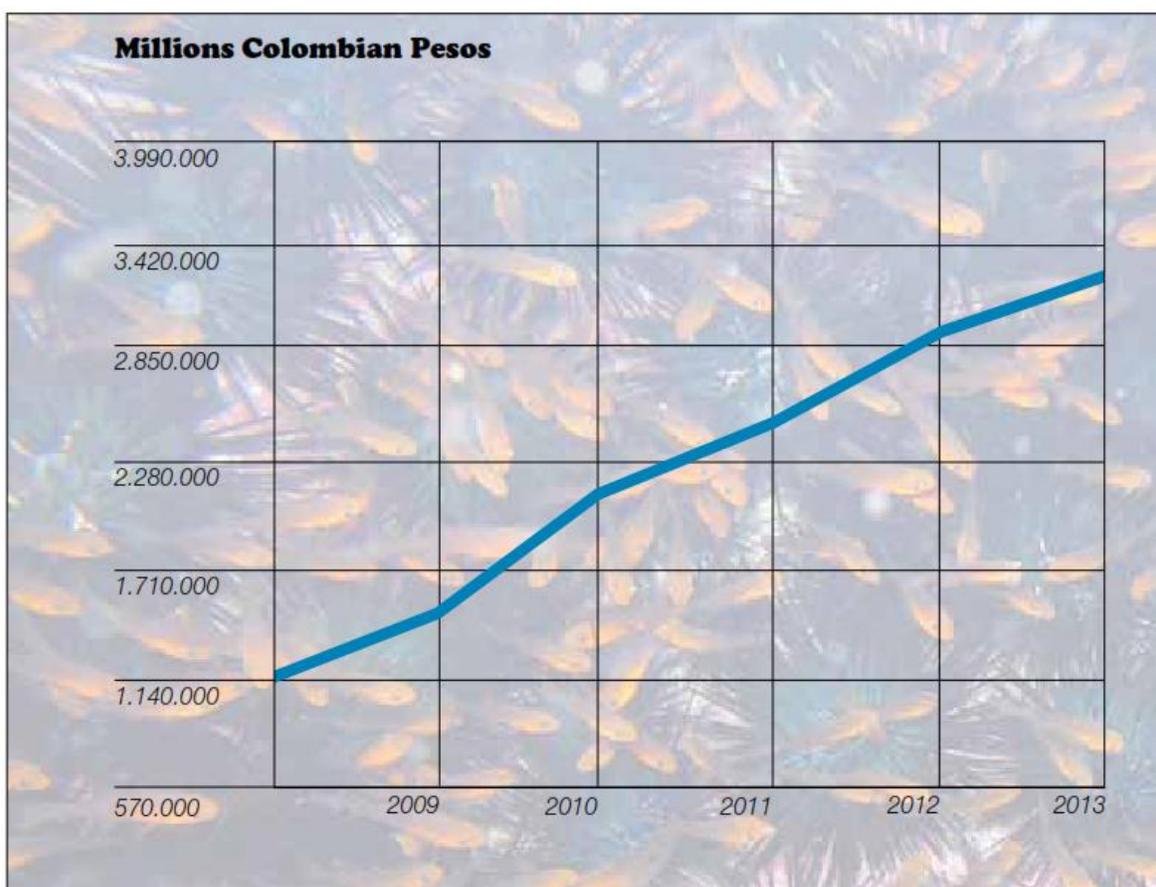
Profits



Year	First Half Year	Second Half-Year	Total
Jun - 09	182.683	177.844	360.527
Jun - 10	187.451	202.020	389.471
Jun - 11	214.342	226.983	441.321
Jun - 12	223.616	287.510	511.126
Jun - 13	214.714	0	214.714

Millions Colombian pesos

Equity, Reserves and Surplus

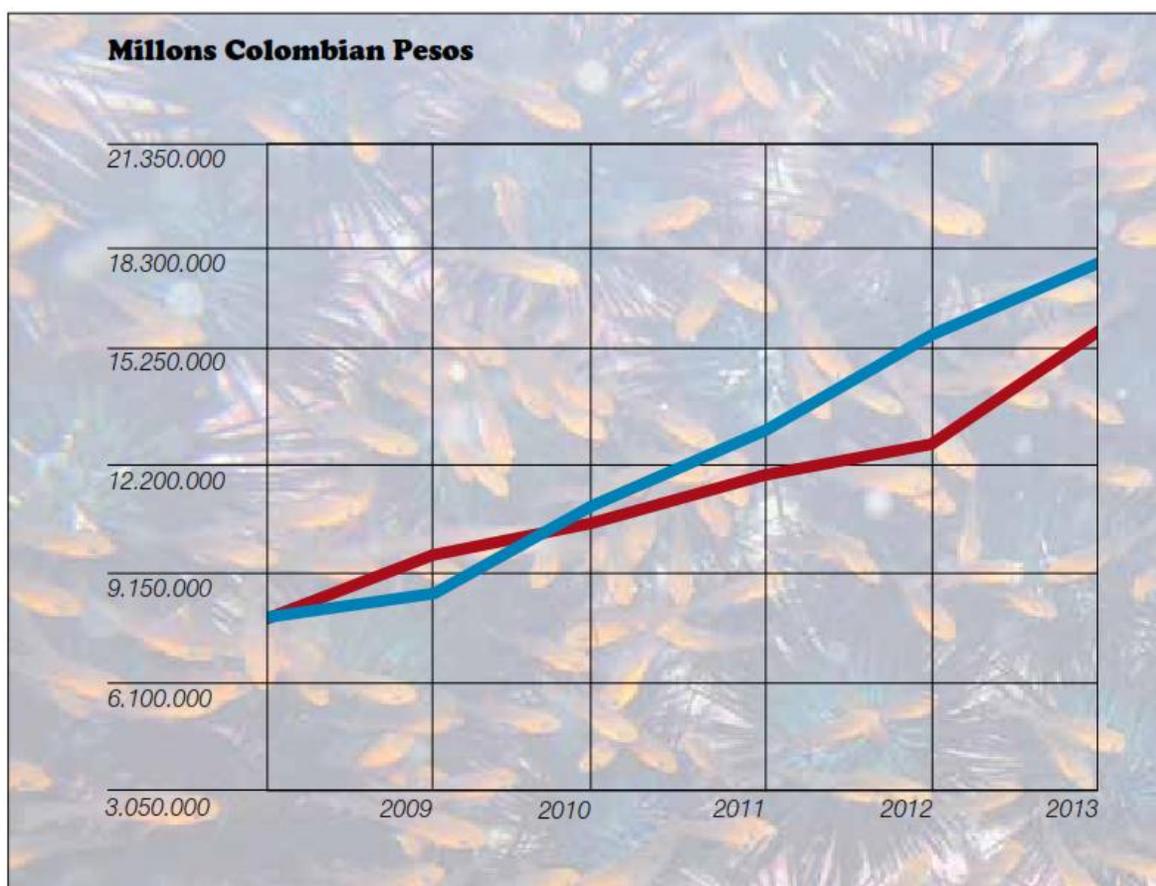


Period	Paid Equity	Legal Reserve	Occasional Reserves	Surplus	Total
Jun. 2009	4.111	864.362	105.272	526.791	1.500.536
Jun. 2010	4.495	1.144.081	201.306	787.182	2.137.065
Jun. 2011	4.495	1.350.684	199.421	920.709	2.475.309
Jun. 2012	4.677	1.807.473	178.838	891.356	2.882.344
Jun. 2013	4.677	2.091.173	182.432	1.030.629	3.308.902

Million Colombian pesos

Deposits and Placements in Legal Tender and Foreign Currency

■ Total Deposits
■ Total Investments



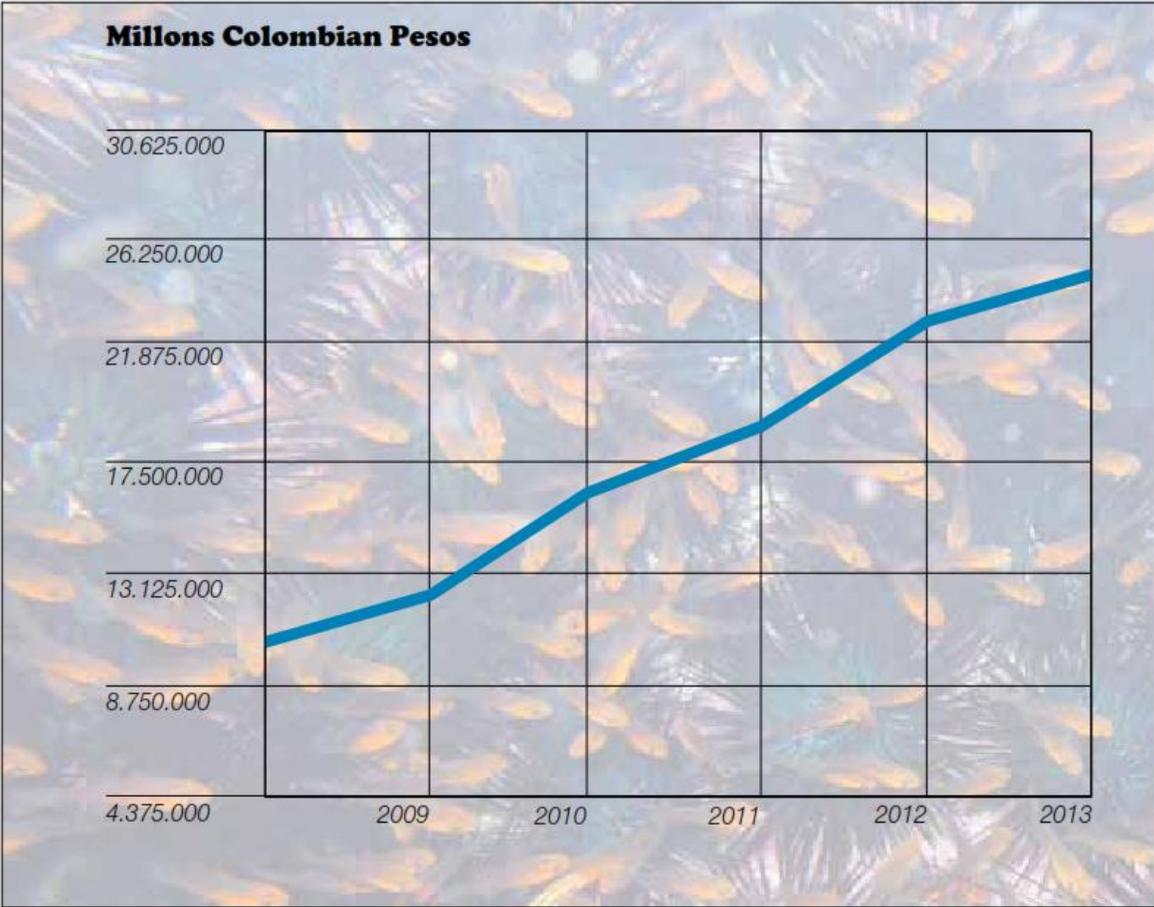
Period	Total Deposits (1)	Total Placements (2)
Jun. 2009	9.676.761	8.583.900
Jun. 2010	10.690.130	10.951.222
Jun. 2011	11.978.790	13.254.150
Jun. 2012	12.851.360	15.491.010
Jun. 2013	15.912.379	18.022.291

Millions Colombian pesos

Notes:

- (1) Includes Deposits in Current Account, and Certificates of Time Deposits, Saving Deposits, Trust Funds and Collection Bank Services.
- (2) Includes Credit Portfolio, Provisions, Credit to Employees, Accounts Receivable of Credential Clients L/T, Account Receivable F/C, Excepting Sundry Account Receivable F/C.

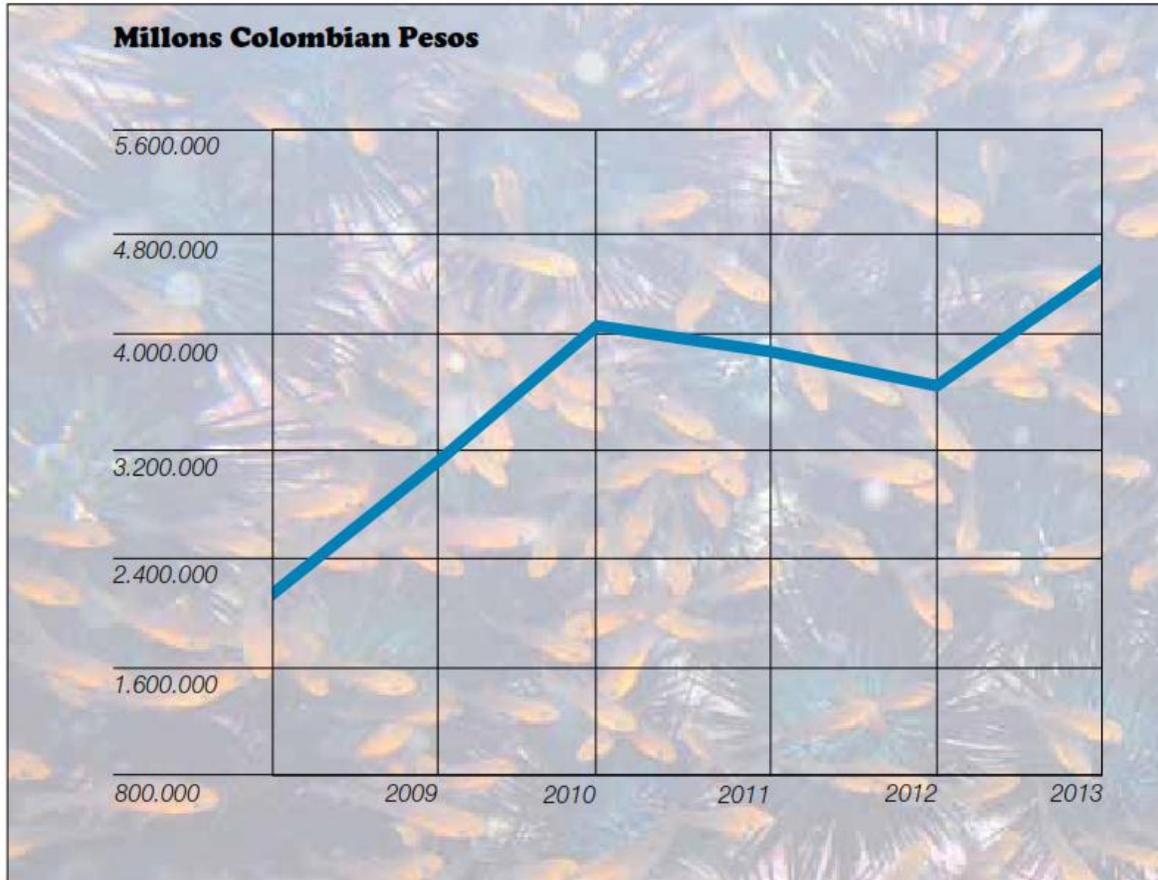
Total Asset



Period	Total
Jun. 2009	12.887.172
Jun. 2010	17.118.440
Jun. 2011	19.815.136
Jun. 2012	22.267.996
Jun. 2013	26.121.850

Millions Colombian pesos

Investments



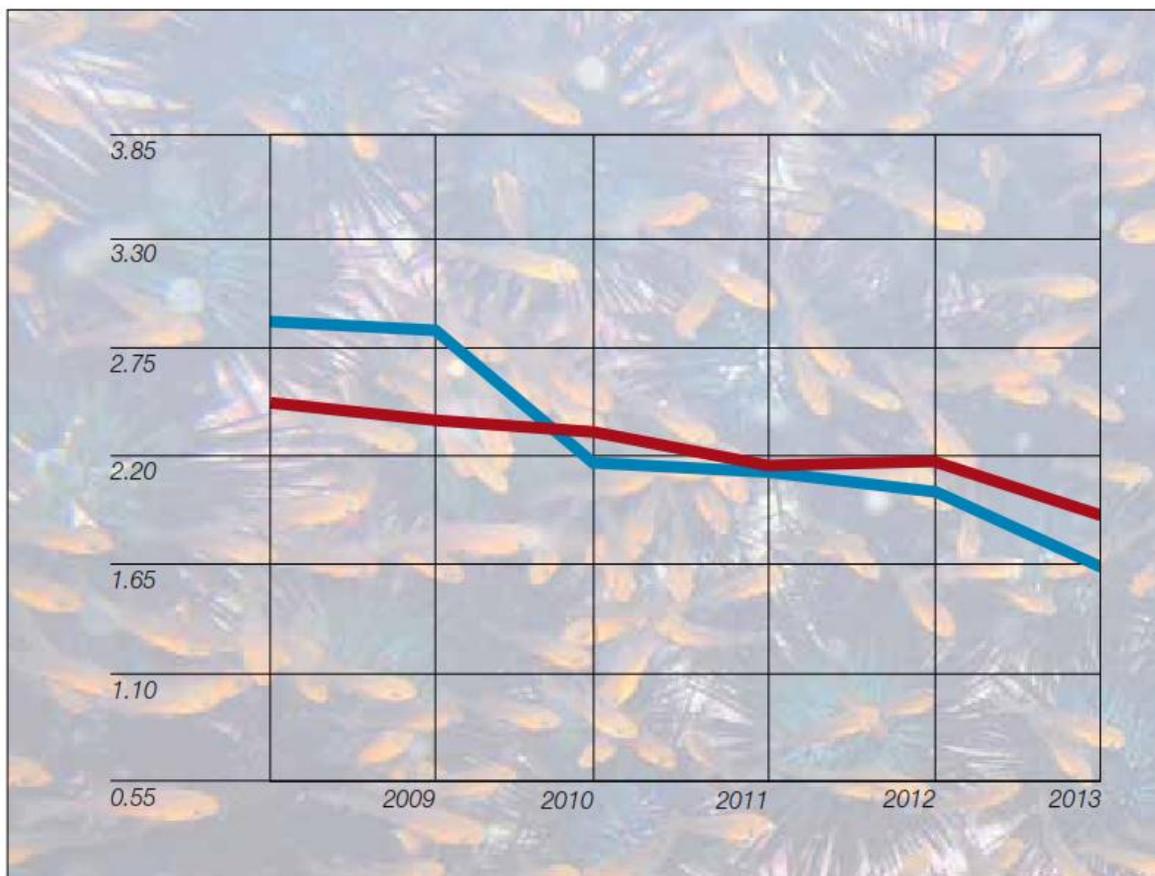
Period	Total
Jun. 2009	3.168.131
Jun. 2010	4.157.904
Jun. 2011	3.986.276
Jun. 2012	3.543.878
Jun. 2013	4.606.653

Millions Colombian pesos

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

Return on Total Assets

■ *Banco de Occidente*
■ *Banking System*



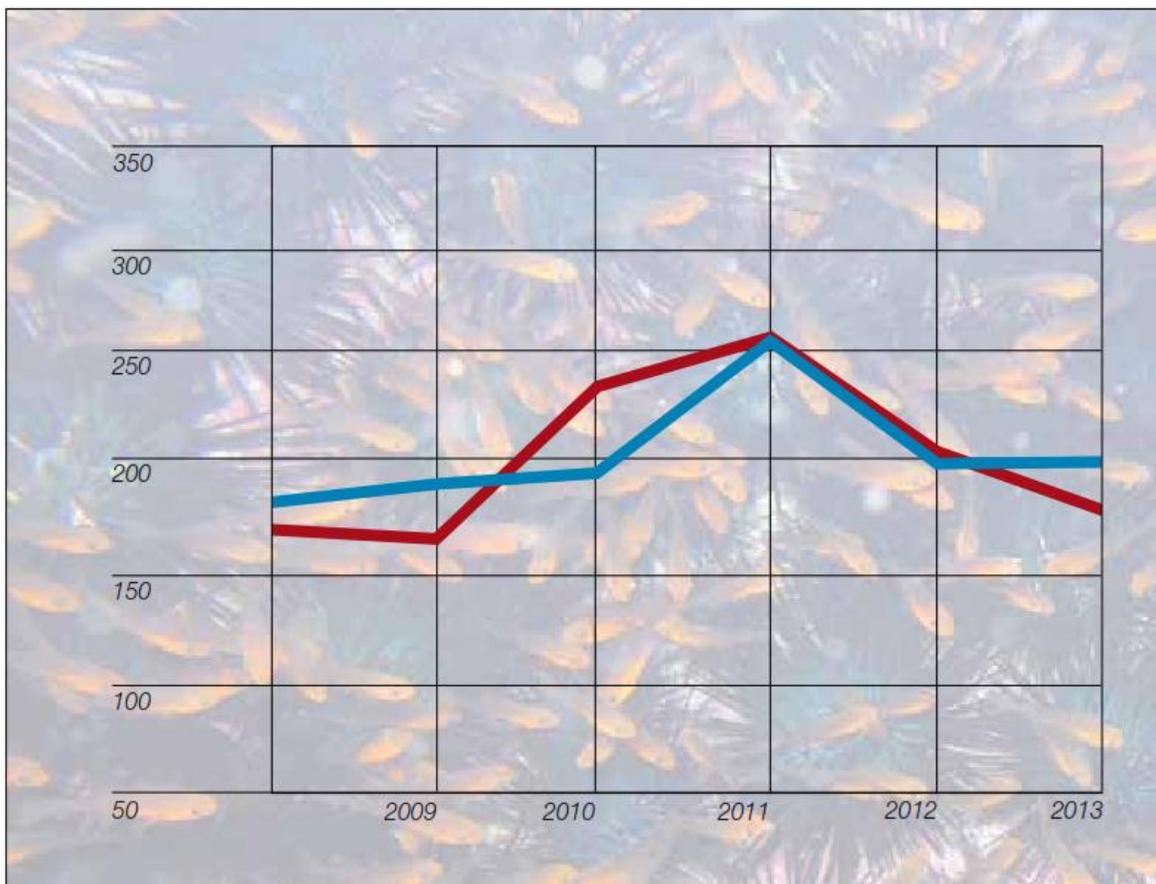
Period (*)	Banco de Occidente	Total System
Jun. 2009	2.84%	2.38%
Jun. 2010	2.19%	2.32%
Jun. 2011	2.16%	2.17%
Jun. 2012	2.01%	2.19%
Jun. 2013	1.64%	1.89%

(*) Indicator corresponds to semiannual profitability for operational periods between January 1 and June 30 each year

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

Intermediation Gross Margin

■ *Banco de Occidente*
■ *Banking System*

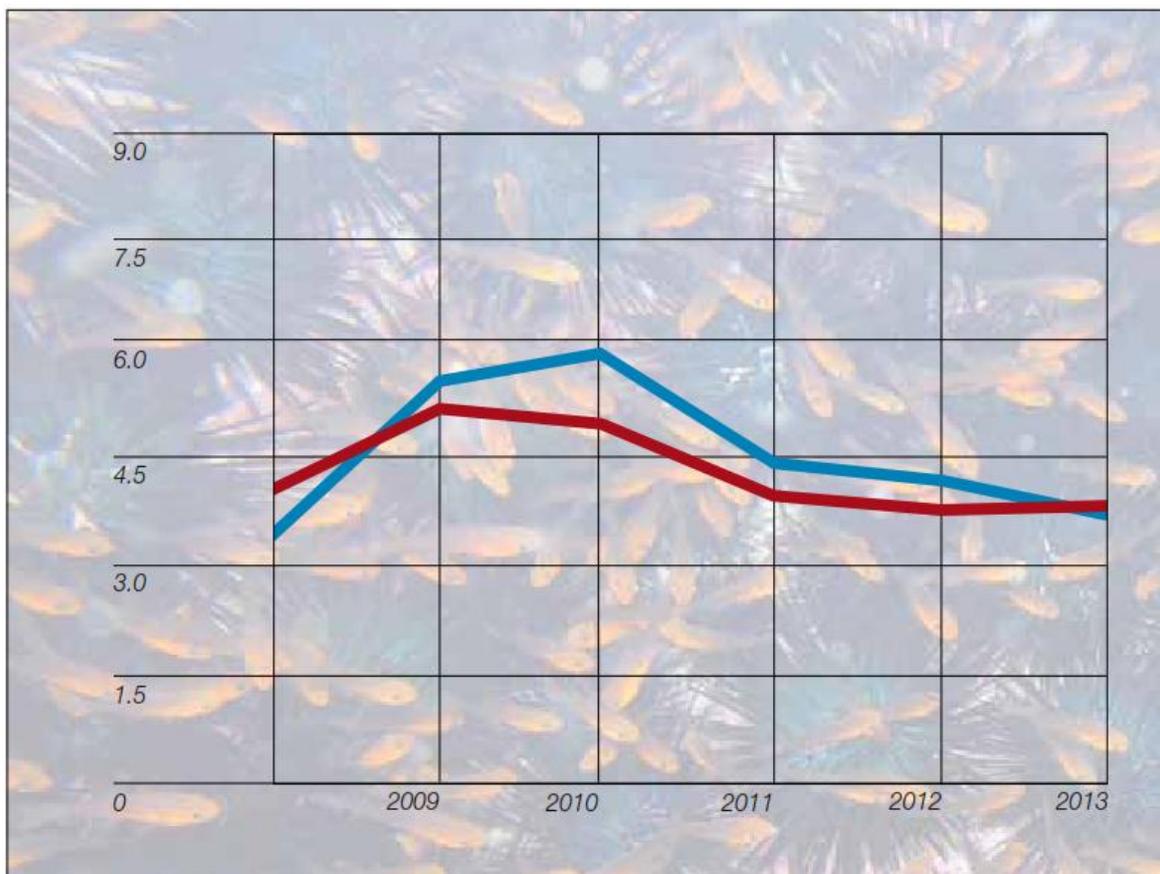


Period	Banco de Occidente (%)	Total System (%)
Jun. 2009	194.02	168.53
Jun. 2010	199.41	240.04
Jun. 2011	253.97	255.83
Jun. 2012	192.21	202.30
Jun. 2013	194.75	181.65

$$\begin{aligned}
 \text{Intermediation gross margin} &= \frac{\begin{aligned} &\text{Interest Income received L/T + FC} \\ &+ \text{Commissions Income received L/T + FC + Sundry Income} \\ &+ \text{Valuations \& Investment Returns Income} \end{aligned}}{\begin{aligned} &\text{Interest paid Expenses L/T + F/C} \\ &+ \text{Commissions paid Expenses L/T + FC} \\ &+ \text{Investment valuations Expenses} \end{aligned}} - 1
 \end{aligned}$$

Portfolio Quality by Rating

■ Banco de Occidente
■ Banking System

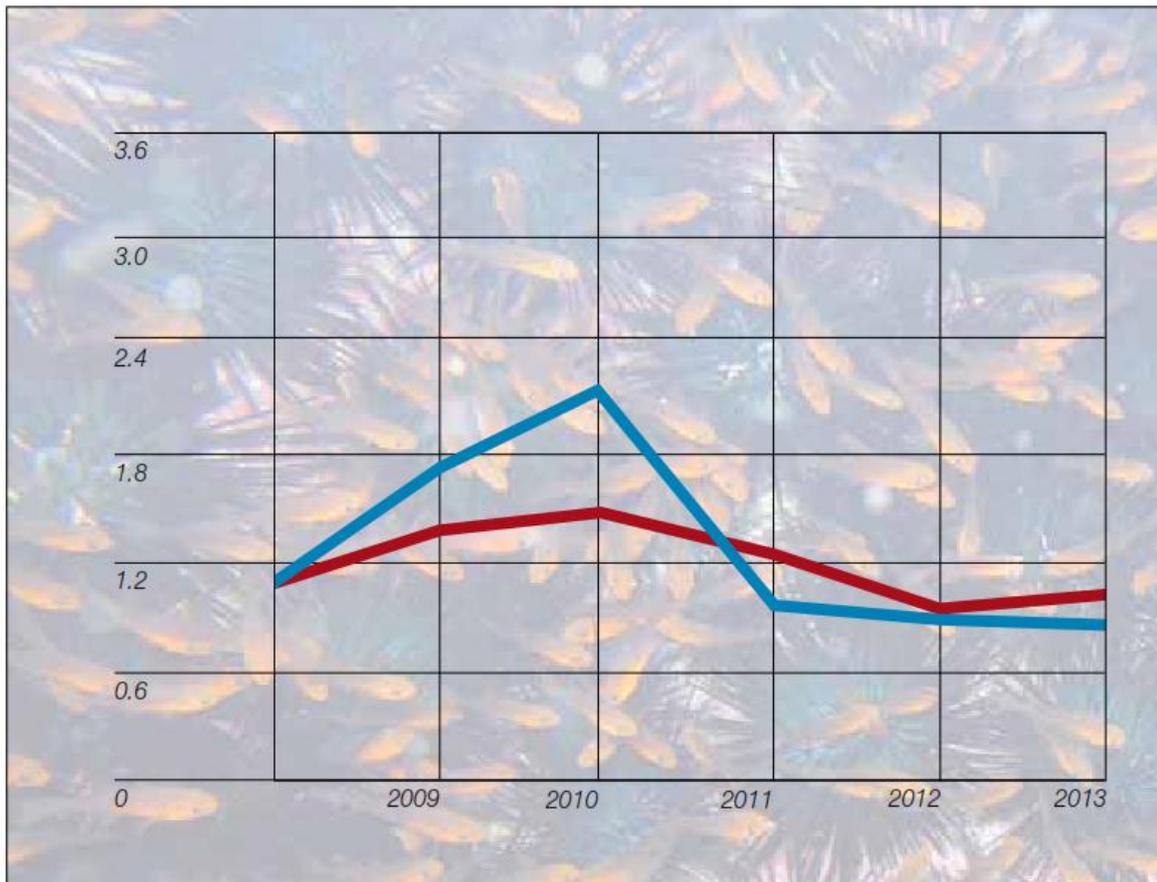


Period	Banco de Occidente (%)	Total System (%)
Jun. 2009	5.55	5.18
Jun. 2010	5.94	4.97
Jun. 2011	4.43	3.97
Jun. 2012	4.18	3.78
Jun. 2013	3.71	3.84

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

List of Due Portfolio

■ *Banco de Occidente*
■ *Banking System*



Period	Banco de Occidente (%)	Total System (%)
Jun. 2009	1.75	1.39
Jun. 2010	2.18	1.50
Jun. 2011	0.99	1.06
Jun. 2012	0.91	0.97
Jun. 2013	0.86	1.03

$$\text{Overdue Portfolio Ratio} = \frac{\text{Overdue portfolio more than 6 months} + \text{Admissible Guarantee \& Other Guarantees}}{\text{Credit Portfolio} + \text{Provision Credit Portfolio}}$$

Bank Branch Network

Southwest Region	Bogotá Region	Northwest Region	North Region
Cali 29 Offices 2 Credicentros 1 Leasing Office	Bogotá 56 Offices 1 Credicentro 2 Payment and Collection Centers 1 Leasing Office	Medellín 19 Offices 1 Credicentro 1 Payment and Collection Center 1 Leasing Office	Barranquilla 10 Offices 1 Credicentro 1 Payment and Collection Center 1 Leasing Office
Andalucía	Chía	Armenia	Barrancabermeja
Buenaventura	Duitama	2 Offices	Bucaramanga
Buga	Facatativa	1 Credicentro	6 Offices
Cartago	Mosquera	Bello	1 Credicentro
Espinal	Siberia	Dosquebradas	1 Leasing Office
Florencia	Sogamoso	Envigado	Cartagena
Girardot	Tunja	Guatapé	7 Offices
Ibagué	1 Oficina	Itaguí	1 Credicentro
2 Offices	1 Credicentro	Manizales	Cúcuta
1 Credicentro	Zipaquirá	2 Offices	2 Offices
1 Leasing Office		Montería	Girón
Ipiales		2 Offices	Piedecuesta
La Victoria		1 Credicentro	Riohacha
La Unión		Pereira	San Andrés (Isla)
Leticia		3 Offices	San Gil
Neiva		1 Credicentro	Santa Marta
3 Offices		1 Leasing Office	2 Offices
Palmira		Rionegro	1 Payment and
2 Offices		Sabaneta	Collection Center
Pasto		San Antero	Sincelejo
2 Offices			Valledupar
1 Credicentro			2 Offices
1 Payment and			Villavicencio
Collection Center			2 Offices
Pitalito			1 Credicentro
Puerto Tejada			Yopal
Popayán			1 Credicentro
2 Offices			
Tulúa			
Santander de			
Quilichao			
Yumbo			
Banco de Occidente	Occidental Bank		
Panamá S.A.	(Barbados) Ltd.		
Ciudad de Panamá	Barbados		