

## Significant Data REVISADO FINAL

	December 06	December 07	December 08	December 09	December 10
<b>Total Deposits 1/</b>	6,956,953	8,158,430	9,501,847	10,429,792	10,972,345
<b>Total Placement 2/</b>	5,693,931	7,251,860	8,390,890	8,383,215	11,822,457
<b>Investment 3/</b>	2,696,004	2,578,233	2,528,590	4,238,110	4,077,114
<b>Capital and Legal Reserve</b>	445,711	599,181	776,507	938,787	1,240,981
<b>Total Asset</b>	9,283,265	10,866,593	12,817,332	14,135,191	17,561,403
<b>Operational Profits</b>	191,121	240,302	336,816	360,527	389,471
<b>Monthly stock dividend</b>	82.50	90.00	94.50	98.50	105.00

- 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



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## Board of Directors 2009 - 2010

### Principals

Hector Vesga Perdomo  
Henry Jensen Thorin  
Jorge Herrera Barona  
Iván Felipe Mejía Cabal  
Felipe Ayerbe Muñoz

### Substitutes

Ricardo Vllaveces Pardo  
Alfonso Osorno Cújar  
Mauricio Gutiérrez Vergara  
Liliana Bonilla Otoyá  
Gilbert Saa Navia

Luis Carlos Sarmiento Angulo

### Consultant

Efraín Otero Alvarez

### President

Douglas Berrío Zapata  
**Legal Vice President**

Bernardo Escobar Montoya  
**Financial Vice President**

Gerardo Silva Castro  
**Corporate Bank Vice President**

Efraín Velásquez Vela  
**Personal Bank Vice President**

Mario Ernesto Calero Buendía  
**Vehicle Bank Vice President**

Agustín Esguerra Restrepo  
**Leasing Bank Vice President**

Daniel Roberto Gómez Vanegas  
**Operations and Systems Vice President**

Carlos Santander Palacios  
**Credit Vice President**

Johnny Leyton Fernández  
**Risk and Collection Vice President**

Eduardo Correa Corrales  
**Human Resources Vice President**

Ignacio Zuloaga Sevilla  
**Bogotá Region Vice President**

Constanza Sánchez Salamanca  
**Southwest Region Vice President**

Jaime Giraldo García  
**Northwest Region Vice President**

Carmén Alicia Salcedo Arrázola  
**North Region Vice President**

María Ligia Cifuentes Zapata



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## Report by the President

In compliance with statutory obligations, we are pleased to submit to Stockholders the Results of Bank Operations during second half-year 2010 operational period.

### Legal Standards

Among provisions and regulations issued during the second half-year 2002, directly impacting financial sector, the following shall be underlined:

#### • Compensation scheme for tax collection

**Resolution No. 2166 of July 30, 2010 by the Ministry of Treasury and Public Credit:** whereby paragraph in Article 2, Resolution 0008, 2000, is amended gradually reducing compensation of the number of days for collecting entities, as follows:

1. As from September 1, 2010, an initial reduction of the Index by 12 days and until 6 variables.
2. As from March 1, 2011, the index will be 9 days, with 4 fixed and up to 5 variables.
3. As from September 1, 2011 the index will be 7 days, with 3 fixed and up to 4 variables.
4. As from March 1, 2012 the index will be 5 days, with 2 fixed and up to 3 variables.

#### • Habeas Data

**Decree No. 2952 of August 06, 2010 by Colombia Ministry of Treasury and Public Credit:** Includes explanations about especial requirements of sources of information and aspects related to conservation of data. For such reason, it is possible to give to kidnapping victims, forced disappearance individuals, a different treatment in the administration of their financial, credit and commercial information. Negative information in the event of delay less than 2 years, the term of conservation will not exceed twice the delay. For the other events, conservation term will be four (4) years as from the date the delay expiry for any reason.

#### • Exchange Correspondent

**Decree No. 3594, September 29, 2010 by the Ministry of Treasury and Public Credit:** Whereby the Decree 2555/2010 is amended and article 100 in Act 1328/2009 is regulated, indicating the scope of the operations authorized to Exchange Correspondent, and some operative, requisites, obligations aspects are regulated, allowing for delimiting the conditions to exercise Exchange correspondent activity and the supply of financial services that exchange market intermediaries can develop through the correspondents.

#### • Patrimony Tax

**Decree No. 4825 of December 29 de 2010 by Ministry of Treasury and Public Credit:** Whereby provisions about real estate tax are issued in the context of economic, social and ecological emergency declared under Decree 4580/2010, as follows:

- For taxpayers with net patrimony between one thousand and two thousand million pesos, the rate will be one percent (1%).
- Between two thousand and three thousand million pesos, the rate will be 1.4%.
- Between three thousand and five thousand million pesos, currently taxpayers, an overcharge of 25% over the current rate, (2.4%).
- For patrimonies more than five thousand million pesos, the overcharge will be as well 25% over the current rate 4.8%.

#### • Tax Reform

**Act No. 1430 of December 29, 2010 by Colombian Congress:** Whereby tax and competitiveness control provisions are issued, of which the following are summarized:

- The especial reduction for investment in real productive asset is eliminated, which was 30%
- The tax to Financial Transactions is gradually eliminated with 2% in 2014 and 2015, 1% in 2016 and 2017, and from 2018 on

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- As from 2013, 50% of Financial Transaction Tax (FTT) actually paid will be deductible irrespective of causality relationship to the income-generating activity.
  - Activity generating FTT is extended to include, among others, an ample group of payment management operations in the Exchange Market, credit facilities, or used to pay third parties, agents or deputies, for collection and/or payment of such concepts as payroll, services, suppliers, acquisition of property or any compliance of obligations.
  - Some limitations to FTT exemptions are provided, among others:
    - Disbursement of credits to credit establishments, if disbursement is made to a third party; only there is exemption when debtor uses the credit to purchase housing, vehicle, or fixed asset.
    - Disbursements or payments for such concepts as payroll, services, suppliers, purchase of goods or comply with any obligations, are subject FTT, safe for the use of natural persons debit card.
    - Disbursements made by financing companies or banks to pay the marketers of goods to be delivered to third parties as financial leasing with call option are considered as exempt.
    - The exemption to cover withdrawal of prepaid cards opened or managed by financial entities, is extended. In the same way the benefit to transfers made between savings account and prepaid cards opened in the same credit entity are extended.
  - For cost, deduction, liabilities and discountable tax acceptance purposes, the payments made by taxpayers or responsible shall be made by any of the means involving the use of financial system in the form and conditions authorized by National Government
  - Amnesty is given for VAT and Withholding at Source non-submitted Declarations, according to conditions defined.
  - ICA taxable base is extended to financial sector, including in the taxable base the account of sundry revenues.
  - The profit from derivatives negotiation which are securities and which subjacent is represented in stocks registered in any Colombian stock exchange, indexes or participations in funds or collective portfolios reflecting the behavior of such stocks, are considered revenues constitutive of income.

## Bank's Results

In the world Economy the implementation by Developed countries of measures aimed at lessening the effects of financial crisis started in the United States, has been observed in 2010, featured by issuing expansionist policies with low interest rates and controls of the Exchange rate by the so-called "War of Foreign Currency". Colombia has not been the exception, with strong pressures of peso revaluation which have been partially controlled by official measures promoting the payment of public debt in USD and reforms to tariff regime thus reducing the mean rate from 12% down to 8%.

In the first half-year, a deceleration of Colombian economy recovery occurred as against the significant recovery since the end 2009, when GDP growth trend was 4.4% annually, to close the third quarter of the year with 3.6% annually, fueled by the growth of households and government consumption. It is expected that the last quarter of year, the trend will be recovered by the demand dynamics observed, with significant increments in the third quarter 2010 in gross capital formation (6.8%) and households consumption (4.3%). Notwithstanding, for the first quarter 2011, such dynamics will be curbed by winter disasters, resulting in the loss of harvests, and mobility restriction due to the landslides, in the major ways of the country, and taxation measures such as FTT which increases credit cost.

This behavior of Colombian economy has allowed for the enhancement of employment conditions, and therefore, unemployment rate on November 2010 was 10.8%, 0.3 point lower than the rate observed in the precedent year; most of the new jobs generated, however, is informal employment as a result, inter alia, of the high parafiscal contributions.

Inflation 3.17% annually recorded at the end December 2010, remained within the goal set forth, in spite "niño" phenomenon unfavorable effects on foodstuff production

On the other hand, the market representative rate went from Col\$1,916.46 on June 2010 up to 0.13% revaluation

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The second half-year 2009, featured by an increment of availability of liquid funds with financial system transactions. Above situation was reflected on the dynamics of portfolio placements, given by the positive behavior of household consumption and capital gross formation, which captured the stimuli of low interest rate and government allowances. On November 2010, total gross portfolio showed 16.44% increase in annual nominal terms, mortgage modality being of the higher dynamics pushed up by government subsidies of the interest rates. In the same way, it is necessary to highlight 16.44% commercial portfolio recovery and 14.7% increased consumption

From the economic sector growth standpoint, financial sector increased 3.3%, which means that the sector recorded 3.3% accrued profit level as of November 2010, and 0.56% annual growth. In the former records the behavior of asset returns has had high incidence, showing 15.09% increase fueled by gross portfolio which has seen reduced both the rates and investments, reporting high expenses for negative valuations in the first quarter 2010.

Concerning interest rates, it was observed a stable behavior, marked by Central Bank rate intervention, the last reduction 50 pb on April 2010 reaching 3%, such condition clearly reflected in the tendency recorded in reference rate DTF, which on June 2010 was around 3.50% EA recorded on December 2010. On the other hand, usury rate of consumption and ordinary portfolio, on April-June 2010 reached 29.97% EA, reaching 21.32% EA for period October-December 2010. Interbank rate maintained its level on June 30, 2009, 3.03% EA as against 2.9% EA recorded at the end December 2010. This situation implied a generalized drop of margins in financial system, where profitability indicator on patrimony of credit entities has dropped 2 point percent, growing from 17.0% on November, down to 15.9% on November 2010.

Bank system as a whole showed a positive increase on November 2010. The growth of deposit of credit establishments was 9.88%, while credit portfolio evaluation showed 22.5% annual increase where the major growths occurred in the mortgage and commercial portfolio. Banking system reported accrued profits at the closing November 2010 for \$4.414MMM and 6.42% annual growth

Within above environment, Banco de Occidente reported the following results:

Total Asset increased by \$442,962MM in respect of the first-half-year 2.010, representing 2.59 growth reached at the closing December 2010, total \$17.561.402MM, in annual terms the asset increased by \$3.426.212MM compared to December 2.009 equivalent to 24.24% growth.

Legal Tender and Foreign Currency Credit Portfolio increase by \$3.425.735MM compared to December 2.009, representing 40.80% annual increase. Placements in Legal Tender represent 39.60% annual increase

Credit Portfolio qualified C, D, and E. showed \$559.881MM representing 4.74% of the total credit portfolio. At the level of Bank System at the closing November 2010, reached 4.31%.

The Balance of Provisions to protect asset, at the closing December 31, 2010. Adds up \$535.254MM total with 14-82% annual growth. At the closing of this operational period the coverage for portfolio provision related to the amount of credits qualified in C, D, and E is 95.69% compared to system coverage at the closing November 2010, reaching 151.02%.

Total investment reached the amount of \$4.077.144MM, decreasing by 3.74% compared to December 2009 and 1,81% respect of the first half-tear 2010.

Total Deposits behavior at the closing December 31, 2.010 reached \$10.972.344MM which means \$282.214MM growth compared to the first half-year 2.010 and \$542.552MM compared to the precedent year, which represents 5.20% annual percent growth and 2.64% half-year growth. Upon the analysis of Deposits composition it is evidenced that this growth is explained mainly by Current Account increase, which as of December 31 reaches \$4.970.270MM growing \$923.567MM in respect of the same period of the precedent year, which represents 22.82% annual percent growth

The balance at the closing December 31, 2.010 from issue of Ordinary and Subordinate bonds is \$1.421.077MM.

Invoicing of Credencial Credit Card Operations reached \$859.479MM in the second half-year 2010, growing by \$59.279MM compared to the same period in 2009, which is equivalent to 7.4% annual percent growth. The number of cards placed into the market as of December 31, 2010 is 394.007 cards, an increase of 19.494 cards compared to December 2009, which represents 5.21% growth

Bank's Total Net Worth amounted to \$2.592.622MM, growing by \$651.949MM compared to December 2.009 and by \$268.106MM compared to the closing of the first-half-year 2010 representing 33.59% annual growth and 11.53% compared to the first half-year 2.010.

At the closing December 31, 2.010 the profit was \$202,020MM higher by 13.59% than the profit obtained at the closing December, 2.009 and 7.77% compared to the closing of the operational period on June 30/2010.

Annual profit of total Asset is 2.30% and Patrimony 15.58% compared to 2.52% and 18.33% respectively as of December 2.009. Such Indexes show levels comparable to those recorded by Bank System at the closing November 2.010, the last date available of Colombia Finance Superintendence (period July - November 2010 annual) recording Total Asset Profitability 1.92% and Patrimony 14.51%.

### Tax and Legal Contributions

Total Tax and Legal Contributions at the closing of second half-year 2010 reached an accumulate increase of \$119.577MM, representing 28.6% annual growth and 28.6% semi-annual growth. Effective rate of Income and Complementary tax, indirect tax and legal contributions increased compared to that prevailing at the closing June 30 2.010, goes from 33.2% up to 37.2%. The table below the itemization of these figures is shown:

Figures ( n Million COL\$)	II Half-Year 2010	I Half-Year 2010	Variance (\$)	Variance (%)
<b>A. Income and Complementary Tax</b>	<b>71.248</b>	<b>47.183</b>	<b>24.065</b>	<b>51.0%</b>
<b>B. Patrimony Tax 2009</b>	<b>3.137</b>	<b>7.891</b>	<b>-4.754</b>	<b>-60.3%</b>
<b>C. Excise Tax</b>	<b>16.561</b>	<b>18.120</b>	<b>-1.559</b>	<b>-8.6%</b>
VAT	10.320	10.590	-270	-2.5%
Industry and commerce Tax	5.003	6.301	-1.298	-20.6%
Real Estate Tax	793	751	42	5.6%
Overcharge and cost	353	425	-72	-16.9%
Registry and annotation	92	53	39	73.6%
<b>D. Bank Superintendence Contribution</b>	<b>2.651</b>	<b>2.361</b>	<b>290</b>	<b>12.3%</b>
<b>E. Deposit Insurance</b>	<b>15.583</b>	<b>7.984</b>	<b>7.599</b>	<b>95.2%</b>
<b>F. Financial Transaction Tax</b>	<b>10.398</b>	<b>9.438</b>	<b>960</b>	<b>10.2%</b>
<b>G. Total Tax and Legal contribution</b>	<b>119.577</b>	<b>92977</b>	<b>26.600</b>	<b>28.6%</b>
Decreed Dividend	90.354	80.983	9.370	11.6%
<b>H. Tax / Decreed Dividend</b>	<b>132.3</b>	<b>114.8%</b>		
<b>I. Effective Rate of Income &amp; Complementary Tax</b>	<b>26.1%</b>	<b>20.1%</b>		
<b>J. Effective Rate Income and Complementary , and Indirect Tax and Legal Contributions</b>	<b>37.2%</b>	<b>33.2%</b>		

### Affiliates and Associated Companies

The affiliate **Banco de Occidente - Panama S.A.** Reached at the closing operational period US \$608.245M, total asset, representing 13.22% annual growth. The profit at the closing on December 31, 2.010 was US \$5.631M, which in percent terms indicates 0.79% growth compared to the precedent operational period.

The affiliate **Fiduciaria de Occidente S.A.** at the closing of this operational period showed \$102.409MM total asset, which means 0.69% growth compared to December 2009. Semiannual accrued profit at the closing December 31/ 2.010 was \$13.755MM reaching 15.94% decrease compared to the same precedent operational period.

The affiliate **Occidental Bank Barbados Ltd.** recorded at the closing December 31/ 2010 US\$167.970M Asset representing 27.14% annual growth. Semiannual profit for US\$1.027M, means 52.48% decrease compared to December 2.009.

The associated **Corporación Financiera Colombiana S.A.** recorded on December 31 2.010 \$6.000.583MM asset which in percent terms represented 1.44% annual growth. \$270.972MM semi-annual profit was obtained which is 47.9% lower than that obtained on December of the precedent year.

**Fondo de Pensiones y Cesantías Porvenir**, showed at the closing operational period \$716.248MM total asset, reaching 32.6% annual growth. At the closing on December 2.010 the profit was \$84.966MM, which means a decrease by 4.28% as against the same period in 2.009.

### Relationship Bank Underlying Companies

Below the amount of operations made between the Bank and its underlying companies is showed, including the Balance Sheet and Statement of Results of the second half-year 2010 the detail of which is showed in the Note 22.

Account	Banco de Occidente Panama	Fidciaria de Occidente	Occidental Bank Barbados Ltd.	Sales and Services	Grupo Aval
Total Asset	67.864	83.655	43.254	2.995	0
Total Liabilities	320.768	643	2	1.094	35.855
Total Income	0	14.220	61	91	0
Total Expenses	894	0	17	10.078	1.420

Note: Figures in Million Pesos

### Operations with Stockholders and Directors

As of de December 31, 2010 the Bank had loans for \$91.533,9MM with admissible guarantee, and \$56.172,4MM with other guarantees granted to its stockholders under market conditions. At the same closing date, there were loans granted to Directors for \$41.692,7MM, 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.

### Alter Closing Operational Period

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

### Qualification of Risk

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

### Disclosing of Financial Information

In compliance with the provisions in article 47 of Act 964/2005 related to financial information disclosing and control, Banco de Occidente has in place the internal control components ensuring the completeness of financial information and disclosures required.

For such purposes, in addition to the group of legal regulations and supervision, Banco de Occidente has in possession internal documentation including the policies and standards, procedures and controls of mandatory compliance by the entity's employees, in order to ensure financial information quality and integrity.

Additionally, General Comptroller Office, as the internal control body, includes in the work plan the evaluation of control structure of the entire organization and the result of this activity is submitted to the Audit Committee of the Board of Directors, who, in turn, conducts the appropriate evaluation and includes this aspect in the Report to the Board of Directors, who, subsequently is make available to the Stockholders General Meeting consideration

On the other hand, External Auditing, in charge of KMPG Ltda. a well-known accounting firm at international level, accomplishes its duties, among other, the audit, in an independent manner, financial statements and issues an opinion about the information disclosed in such financial statements and the compliance with the standards prevailing,

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conducting verification programs at different levels and areas of the Bank, reporting to the Auditing Committee and to the Stockholders General Meeting.

### Evaluation about the Performance of Internal Control System

According to provisions in item 7.7.1.3, paragraph XV, of External Circular Letter 038/2009 of Colombia Finance Superintendence, Banco de Occidente and its affiliate companies evidenced that its Internal Control System is effective when evaluating the components performance: Environment of Control, Risk Management, Control Activities, and Information, Monitoring, Technology Management, Accounting Management, and Internal Bodies.

### Risk Management

In compliance with the directives of Finance Superintendence, the report related to the systems of risks is submitted:

#### Liquidity Risk and Market Risk

Monitoring the major indicators to measure liquidity risk and market risk, showed throughout the second half-year 2010, results consistent with the profile of risk defined through the different policies and limits approved, within a conservative framework

In connection with liquidity risk management, the level of asset control was maintained, mainly represented in investment of Colombian Government papers.

Concerning the market risk, the structure of long-term fixed income portfolio structure throughout the second half-year, was represented by average terms under two years.

Through monitoring and control procedures established, the Treasury Risk Unit produced the reports defined to disclose the compliance with all policies and limits, which are submitted to, and discussed in the Finance Committee, Risk Committee, and the Board of Directors. In the same way, different sensitivity analyses and scenarios of the principal risk factors were made and submitted, as a complement of management..

#### Risk of Laundry Asset and Financing of Terrorism.

According to the regulations prevailing, Banco de Occidente has been implementing and complying the Risk Management System aimed at preventing Laundry Asset and Financing of Terrorism (*SARLAT by Spanish abbreviation*), timely submitting to the Board of Directors the reports about Risk Evolution and Management, as well as undertaking significant efforts in order to prevent from materialization of risk **inside the entity**

For such purposes, opportunely mandatory reports have been submitted to the Financial Analysis and Information Unit (FAIU) Spanish abbreviation), regulated by Colombia Finance Superintendence and fully complying Institutional Training Program through interactive virtual course and classroom training program

In the same way, updating monitoring system and implementation of new controls allowing to efficiently mitigate risk factors and decrease exposure levels, thus meeting management, controlling authorities, and foreign correspondent banks expectations.

### Operative Risk

Banco de Occidente has been complying with the provisions set forth in the regulations and directives prevailing in line with "Rules relative to Operative Risk Management" such regulations duly consistent with ICONTEC NTC 5354 standard, and corroborating its management in the reports submitted both by Internal audit and External audit.

Operative Risk Management System – (**OMRS**) of Banco de Occidente, is supported on the definition of policies, procedures and methodologies through monitoring, self-management, consolidation, registry of events implementation of new controls addressed to reduce exposure levels to risk, such task timely and effectively disclosed both to management and to the Board of Directors

In the same way and as a part of ORMS, the risk of Business Continuance is managed – PCN – by evaluating critical processes, definition and implementation of business recovery strategies, and the conduction of tests. On the other hand, Bank has been complying with the Institutional Training Program by a virtual course "La Gestión del

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SARO 2010”, addressed to all of the employees, and the classroom training program addressed to new employees and to third parties maintaining contractual relationships with the Bank and those discharging duties in the entity.

This way, it is adequate to state that applying ORMS in the Bank, the operative risk profile evidences low risk qualification, consistent with the definition obtained by other different policies.

### **Minimal Requirements of Security and Quality of Information Management**

In compliance with External Circular Letter 052, issued by Colombia Finance Superintendence, according to the report of the last operational period, the Bank, during this period developed a part of the Phase IV the purpose of which is to refine some initiatives of the precedent phases; actually, this phase includes some tasks suspended by reassignment of technology resources to attend a new requirement of Colombia Finance Superintendence.

### **Legality of Software**

In compliance with provisions in Act 603/2003, Banco de Occidente advises that it has defined the policies, controls, and sanctions to urge the legality of Software used.

### **Certification**

According to provisions in article 57 of Decree 2649/1993 it is certified that statements contained in financial statements as of December 31, 2010 have been previously verified, and that the information therein contained has faithfully taken from the accounting books of company, 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**

Duly authorized by Colombia Finance Superintendence the payment of a monthly dividend by \$ 105.00 is subject the stockholders consideration and approval.

### **Efraín Otero Alvarez**

President

The members of the Board of Directors accepted the Activities Report submitted by Bank President as well as Profit Distribution Project of the operational period.

Héctor Vesga Perdomo  
Henry Jensen Thorín  
Jorge Herrera Barona  
Iván Felipe Mejía Cabal  
Felipe Ayerbe Muñoz

Ricardo Villaveces Pardo  
Alfonso Osorno Cújar  
Mauricio Gutiérrez Vergara  
Liliana Bonilla Otoyá  
Gilberto Saa Navia

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## Opinion by External Audit



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

I have audited Banco de Occidente S.A. Balance Sheets as of December 31 and June 30, 2010 and the appropriate Statements of Results, changes of stockholders equity and cash flows, the summary of accounting policies and the other explanatory notes, for the semi-annual periods ended on the dates above.

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 submission of financial statements free from gross material error or fraud, 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 and data 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 and the plan to make the audit. In order to obtain the reasonable assurance that financial statements are free from gross material errors.

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

In my opinion, financial statements aforementioned, taken from the books and attached to this report, reasonably represent all the relevant material issues, Banco de Occidente S.A. financial situation as of December 31 and June 30, 2010 operational periods, 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 uniform and 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. Information contained in the auto-liquidation of Integral Social Security Contribution Declarations, specially those relative to affiliates and their base income for contribution, have been taken from the accounting records and supporting documents. The Bank is not in arrears in connection with contribution to Integral Social Security System.
- g. There exists consistence between financial statements herewith attached and the management report issued by Company's Management.

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

María Ligia Cifuentes Zapata  
Banco de Occidente S.A. External Auditor  
T. P. 30070-T  
Member of KPMG Ltda.  
January 24, 2011

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## Profit Distribution Project

### Second Half-year of 2010

<b>1- Operational Profit</b>	202,020,018,804.20
<b>2- Release of Reserve</b>	
Releasing Reserve by fixed Assets deferred depreciation (Art. 130 Tax Statute (Decree 2336/95))	27,085,824,476.35
<b>Total at the Stockholder General Meeting Disposal</b>	<b>229,105,843,280.55</b>

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### Distribution Project

#### 1. Cash Dividend

A Cash Dividend by Col\$105,00 monthly per share is declared, payable monthly during the first ten days, from April, 2011 up to September, 2011, inclusive, on Col\$149.840.314 total stocks subscribed and paid-in capital on December 31, 2010

94,399,397,820.00

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 for Negotiable Investment (Decree. 2336/95)

20,507,846,209.40

#### 3. For Legal Reserve

114,198,599,251.15

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<b>Equal Sums</b>	<b>229,105,843,280.55</b>	<b>229,105,843,280.55</b>
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## Comparative Balance Sheet as of December 31, 2010

(Given in Million Pesos)

Asset	a 31 de December de 2010	a 30 de June 30, 2010,
<b>Available</b> (Notes 5 & 25)	894.538,7	1.351.881,6
<b>Active positions in Montary and Related Marke Operations</b> (Notes 5 & 25)	280.437,0	97.774,6
<b>Investments</b> (Note 7)	3.796.677,4	4.060.129,3
Negotiable Investments in Certificates of Indebtedness	959.030,6	1.557.682,8
Negotiable Investment in Certificates of Participation	6,9	4,0
Investment to maintain up to maturity	722.128,1	710.840,0
Investments Available for Sale in Certificates of Indebtedness	1.074.236,6	773.540,3
Investments Available of Sale in Certificates of Participation		
1.035.516,0 867.994,7		
Rights of Investment Transfer available for sale in securities or certificates of indebtedness	0,0	147.576,6
Negotiable investment delivered as guarantee in operations with derivatives financial instruments and other in securities of indebtedness	5.759,2	2.490,9
<b>Credit Portfolio and Financial Leasing Operations</b> (Notes 8 & 25)	11.214.448,4	10.279.230,5
Credits and Consumption Financial Leasing Operations, Fit Guarantee	876.004,3	786.069,8
Category A, Norma Risk	839.576,6	741.420,8
Category B, Acceptable Risk	16.509,8	20.141,5
Category C, Appretiable Risk	11.910,4	13.244,9
Category D, Significatn Risk	26.957,4	30.589,9
Category E, Uncoverability Risk	13.323,4	14.502,4
Menos: Provisión	(32.273,3)	(33.829,7)
Credits & Operations of Financial, Consumption, Other warranties	1.304.572,3	1.243.423,8
Category A, Normal Risk	1.268.834,9	1.196.783,4
Category B, Acceptable Risk	32.226,4	41.044,4
Category C, Appreciable Risk	18.208,6	18.782,8
Category D, Significant Risk	22.880,9	26.568,3
Category E, Uncoverability Risk	46.550,8	54.004,8
Less: Provision	(84.129,3)	(93.759,8)
Credits and Operations of Commercial Financial Leasing, Fit Guarantee	4.923.388,8	4.316.729,4
Category A, Normal Risk	4.332.922,5	3.919.740,5
Category B, Acceptable Risk	420.569,7	219.614,0
Category C, Appreciable Risk	83.058,4	64.603,0
Category D, Significant Risk	148.066,1	172.569,4
Category E, Uncoverability Risk	37.852,9	52.306,5
Less: Provision	(99.080,8)	(112.103,9)
Credits and Operations of Commercial Financial Leasing, Other Guarantees	4.202.909,3	4.018.091,8
Category A, Normal Risk	4.073.011,5	3.835.849,7
Category B, Acceptable Risk	206.169,4	256.381,5
Category C, Appreciable Risk	28.665,7	46.127,7
Category D, Significant Risk	70.582,1	106.382,5
Category E, Uncoverability Risk	51.825,2	45.906,2
Less: Provision n	(227.344,6)	(272.555,8)
Less: Contra-Cyclic Individual Provision	(92.426,3)	(85.084,5)
<b>Spot Operations Acceptances and with Derivative Financial Instruments</b> (Note 9)	56.883,5	43.898,0
Debtors for Bank Acceptances	8.964,1	15.286,4
Spot Operations	3,0	(1,2)
Operations with Derivative Financial Instruments – Agiotage	37.916,4	28.612,8
<b>Accounts Receivable</b> (Notes 10 & 25)	359.990,9	324.380,3

Interest	86.058,6	90.020,2	
Leasing Operations Financial Component	10.868,9	13.977,3	
Commissions and Fees	1.122,1	1.294,8	
Rents of Goods Given in Operational Leasing	4.848,9	6.524,4	
Payment on Account of Clients	132.934,2	128.334,9	
Others	155.009,7	121.831,4	
Less: Provision	(30.851,5)	(37.602,7)	
<b>Marketable goods received in payment and delivered back goods (Note 11)</b>		11.387,0	10.936,2
Goods Received in Payment	20.661,2	16.987,2	
Goods delivered back of Leasing Agreements	8.567,2	10.417,1	
Less: Provision	(17.841,4)	(16.468,1)	
<b>Property and Equipment (Note 12)</b>		221.677,8	177.744,6
Land, Buildings and Constructions in Progress	201.289,1	193.567,2	
Equipment, Office Furniture and Fixture	37.501,9	35.598,4	
Computing Equipment	89.182,2	80.518,5	
Others	62.323,5	30.087,0	
Less: Accrued Depreciation and Amortization	(211.443,7)	(206.433,5)	
Plus: Deferred Depreciation	42.945,8	44.425,4	
Less: Provision	(121,0)	(18,4)	
Goods Given in Operative Leasing	261.318,1	266.238,4	
Machinery and Equipment	71.719,1	72.135,4	
Vehicles	9.729,5	7.605,2	
Computing Equipment	200.247,6	233.901,5	
Computer Software	83.578,4	74.109,3	
Other	59.741,6	58.722,3	
Less: Accrued Depreciation and Amortization	(160.036,1)	(176.947,3)	
Less: Provision	(3.662,0)	(3.288,0)	
<b>Other Asset (Note 13)</b>		157.180,5	211.060,9
Permanent Contributions	383,5	380,4	
Advanced Payments & Deferred Charges	36.993,8	39.622,7	
Intangible Asst	27.079,7	27.734,7	
Goods to Place in Leasing Agreements	76.061,9	65.298,2	
Other	21.085,4	80.760,0	
Less: Provision	(4.423,8)	(2.735,1)	
Valuations		306.863,5	295.165,9
<b>Investments for Sale in Participation Papers of Low or Minimum market profitability or without Stock Exchange Quotation (Note 7)</b>	111.624,6	91.702,6	
Property and Equipment	195.238,9	203.463,3	
<b>Total Asset</b>		17.561.402,8	17.118.440,3
<b>Contingent Credit Accounts per Contra (Note 24)</b>		3.791.602,2	3.730.942,9
<b>Debit Contingent Accounts (Note 24)</b>		3.613.855,4	3.440.272,9
Papers delivered Operation. Repo-Simultaneous –Temporary Transf. Related Papers	0,0	147.576,6	
Interest Credit Portfolio and Financial Leasing Operation	48.378,8	58.216,8	
Rents and Sanctions in Operative Leasing Agreements	941,9	767,6	
Rights in Speculation Options and Coverage	11.873,9	1.679,7	
Other (Note 24)	3.552.660,8	3.232.032,2	
<b>Debit Memorandum Accounts (Note 24)</b>		21.375.874,1	23.709.793,5
<b>Credit Memorandum Accounts per Contra (Note 24)</b>		24.927.577,1	21.245.948,1
<b>Total Contingent and Memorandum Accounts</b>		53.708.908,8	52.126.957,4
<b>Liabilities and Shareholders Equity</b>			
<b>Liabilities</b>			
<b>Deposits and Payabilities (Notes 14 &amp; 25)</b>		11.079.543,4	10.605.789,6
Deposits in Bank Current Account	4.970.270,9	3.839.939,2	
Time Deposit Certificates	1.485.091,4	1.955.457,0	
Saving Deposits	4.384.781,4	4.594.765,2	
Other	239.399,7	215.628,2	

<b>Passive Positions in Monetary Market and Related Operations (Note 15)</b>		60.694,3		267.682,7
<b>(Bank) Outstanding Acceptances and Derivative Financial Instruments (Note 9)</b>		59.799,0		39.310,6
Bank Outstanding Acceptances	19.166,1	16.433,5		
Operations with Derivative Financial Instruments – of speculation	40.632,9		22.877,1	
<b>Credits of Banks and other Financial Obligations (Notes 16 &amp; 25)</b>		1.785.417,5		1.851.856,3
Other Entities in the Country	1.201.860,9		1.323.836,9	
Overseas Entities	583.556,6		482.019,4	
Other Obligations	0,0		46.000,0	
<b>Accounts Payable (Notes 17 &amp; 25)</b>		387.332,4		497.894,2
Interest	43.603,8		51.533,6	
Commissions and Fees	1.361,6		1.428,8	
Other	342.367,0		444.931,8	
<b>Outstanding Investment Papers (Note 18)</b>		1.421.077,5		1.316.925,7
Bonds	1.421.077,5		1.316.925,7	
<b>Other Liabilities (Note 19)</b>		141.322,0		140.894,7
Accrued Labor Obligations	34.582,8		31.466,0	
Income Received in Advance	12.522,1		10.283,3	
Pension and Retirement	3.705,9		3.147,3	
Other	90.511,2		95.998,1	
<b>Estimate Liabilities and Provisions (Note 20)</b>		33.594,2		73.570,3
Tax	17.485,0		46.416,1	
Other	16.109,2		27.154,2	
<b>Total Liabilities</b>		<b>14.968.780,3</b>		<b>14.793.924,1</b>
<b>Net Worth</b>				
<b>Capital Stock (Note 21)</b>		4.495,2		4.495,2
Number of Stocks 149.840.314				
Face Value each Stock: \$ 30				
<b>Reserve (Notes 22 &amp; 23)</b>		1.442.484,9		1.345.387,3
Legal Reserve	1.236.485,6		1.144.081,4	
Statutory and Occasional Reserves	205.999,3		201.305,9	
<b>Surplus or Deficit</b>		943.622,4		787.182,4
Cumulated Profit or Loss non-realized in Available Investment for sale	636.758,9		492.016,5	
Valuations	306.863,5		295.165,9	
<b>Operational Profit</b>		202.020,0		187.451,3
<b>Total Net Worth</b>		<b>2.592.622,5</b>		<b>2.324.516,2</b>
<b>Capital Guarantee</b>				
<b>Total Liabilities and Net Worth</b>		<b>17.561.402,8</b>		<b>17.118.440,3</b>
<b>Credit Contingent Accounts (Note 24)</b>		3.791.602,2		3.730.942,9
Sureties and Guarantees	503.509,8		525.884,3	
Letters of Credit	110.665,0		74.770,6	
Credits Approved and non-disbursed	1.138.030,0		1.204.582,9	
Opening of Credit	1.948.895,5		1.888.442,2	
Options Obligations – Speculation and Coverage	31.772,7		2.066,0	
Other Contingencies	58.729,2		35.196,9	
<b>Debit Contingent Accounts per Contra (Note 24)</b>		3.613.855,4		3.440.272,9
<b>Debit Memorandum Accounts per Contra (Note 24)</b>		21.375.874,1		23.709.793,5
<b>Credit Memorandum Accounts (Note 24)</b>		24.927.577,1		21.245.948,1
<b>Total Contingent and Memorandum Accounts</b>		<b>53.708.908,8</b>		<b>52.126.957,4</b>
<b>Profit (Loss) Per Share (in pesos)</b>		<b>1.348,24</b>		<b>1.251,01</b>

Cfr. Notes accompanying financial statements

## Comparative Statements of Results

(Given in Million Pesos)

	Periods	
	From July 1 to December 31 2.010	From January 1 to June 30 2.010
<b>Direct Operational Income</b> (Note 25)		
Interest and Discount Redeemed Credit Portfolio	458.811,1	470.311,7
Returns in Operations. repo, simultaneous Transient Transfers of values and Other interest	8.413,9	10.589,3
Profit in Valuation of Marketable Investments in en Certificates of Indebtedness	37.365,7	62.182,2
Profit in Valuation of Marketable Investments in Participation Certificates	1,2	56,5
Profit in Valuation of Investments Available for Sale in Certificates of Indebtedness	28.208,5	24.084,3
Profit in Valuations of investments to Maintain up to Maturity	8.119,9	9.070,8
<b>Profits in Positions in closing operations repo-open, simult. and transient transfers of papers</b>	302,3	43,5
Profit made in Investment Available for Sale	1.417,8	4.048,4
Readjustment of Real Value Unit - UVR	2.401,2	1.610,2
Commissions and Fees	85.778,0	77.800,4
<b>Profit on valuation of spot operations</b>	60,9	97,3
<b>Profits in Derivatives Operations - de Speculation</b> (Note 9)	179.914,4	171.381,3
Changes	106.140,5	45.880,3
Profit in sale of investments	931,0	1.549,8
<b>Operations Income - Leasing</b>	196.604,6	202.202,0
<b>Direct Operational Expense</b> (Note 25)	482.659,4	445.223,8
Interest, Deposits and Payabilities	110.281,5	145.651,7
Interest Credits of Bank and Esther Financial Obligations	38.188,6	40.064,5
Loss in Negotiable Investments Valuation in Certificates of Indebtedness	0,0	9.768,3
Loss Negotiable Investments Valuations in Certificates of Participation	0,0	4,3
Loss In investment valuations Available for sale in Certificates of Indebtedness	276,4	1.772,5
Loss in Investments Valuation to Maintain up to Maturity	0,0	11.673,4
<b>Loss in Positions of Operat. Repo Openen, simult. &amp; transf. temp. of Equities</b>	367,4	48,8
Commissions	58.830,2	48.380,2
<b>Loss in Spot Operation Valuation</b>	56,7	98,7
<b>Loss in Derivatives Valuations - of Speculation</b>	179.467,6	147.233,5
Changes	94.725,9	39.517,7
Loss in Sale of Investments	465,1	1.010,2
<b>Direct Operational Result</b>	631.811,6	635.684,2
<b>Other Operational Income and Expense – Net</b>	(5.844,8)	(3.322,9)
<b>Other Operational Income</b> (Note 25 & 27)	343.316,3	330.578,4
Dividends & Participations	58.457,5	83.162,6
Recoveries	228.709,5	193.079,9
Other	56.149,3	54.335,9
<b>Other Operational Expense</b>	349.161,1	333.901,3
Personnel Expenses	142.147,2	138.205,9
Other	207.013,9	195.695,4
<b>Operational Result before Provisions, Depreciations and Amortizations</b>	625.966,8	632.361,3
<b>Provisions</b>	307.354,7	350.242,2
Credit Portfolio	188.193,7	227.371,8
Accounts Receivable	23.120,8	21.874,4
Property and Equipment (Note 12)	124,1	0,0
Financial Leasing Operations	39.480,4	37.477,6
Operative Leasing Operations (Note 12)	1.151,3	737,4
Contra cyclic Component Individual Provisions	50.979,2	59.792,8
Other	4.305,2	2.988,2
<b>Depreciations</b> (Note 26)	57.517,9	59.894,2
<b>Amortizations</b> (Note 26)	22.123,0	18.999,3
<b>Net Operational Result</b>	238.971,2	203.225,5
<b>Non-operational Income</b>	40.556,0	40.756,5
Profit in Sale of Property Delivered in Payment and Delivered Back	575,2	551,8
Profit in Sale of Property, Equipment and other Asset	11.911,1	3,8
Recoveries	25.912,0	33.178,8
Other Non-Operational Income (Note 28)	2.157,7	7.022,1
<b>Non-Operational Expense</b>	6.259,4	9.348,0
Loss in sale of Goods Delivered in Payment and Delivered back	443,7	819,1
Loss in Sale of Property, Equipment and other Asset	0,0	0,2
Loss for Disasters	2.226,	2 5.816,1

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Other Non-Operational Expense (Note 28)	3.589,5	2.712,6	
<b>Non-Operational Net Result</b>		34.296,6	31.408,5
<b>Profit (Loss) before Income Tax</b>		273.267,8	234.634,0
<b>Income and Complementary Tax (Note 29)</b>		71.247,8	47.182,7
<b>Profit (Loss) of the Operational Period</b>		202.020,0	187.451,3

See notes accompanying Financial Statements

## Cash Flow Statements

Semi-annual periods ended on December 31 and June 30, 2010

(in Million Col\$)

### Cash Flow of the Operational activities:

	December 31, 2010	June 30, 2010
Net Profit	202.020,0	187.451,3
Adjustment to reconcile Net Profit and Net Cash provided by operational activities		
Profit on Sale of Property and Equipment, net a	(11.911,1)	(3,6)
(Loss) Profit on Sale of Goods Received in Payment, net	(131,5)	267,3
Profit on sale of non-marketable Investments	(465,9)	(539,6)
Re-statement Asset and Liabilities, Foreign Currency, Net	1.846,7	25.232,6
Dividends Received in Stocks	(23.850,9)	(24.446,4)
Amortizations	22.123,0	18.999,3
Depreciation of Goods given on Operative Leasing and goods for own use	57.517,9	59.894,2
Investment Valuation, net	(77.237,9)	(72.175,2)
Valuation of Derivatives, Net	(446,8)	(24.147,8)
Credit Portfolio Provisions, financial leasing	276.397,5	321.680,5
Provision Operative Leasing	1.151,3	1.723,8
Provision accounts receivable	25.383,2	23.849,7
Provision for goods in payment and delivered back	2.616,5	2.077,1
Provision for Property and Equipment	124,1	-
Provision for other asset	1.688,7	904,4
Operative Risk Provision	575,1	402,6
Severance Provision	5.811,3	5.826,6
Refund of Available Provision	(6,7)	6,7
Refund Provisions Account Receivable	(14.401,8)	(9.865,2)
Refund of Provision Credit Portfolio, Financial Leasing	(213.188,1)	(181.109,3)
Refund Operative Leasing Provision	(1.119,5)	(2.105,4)
Refund of provision goods dation in payment and delivered back	(1.243,2)	(2.277,7)
Refund Provision Property and Equipment	(21,5)	(49,6)
Refund and recoveries of Provision Other Asset	-	(1.839,9)
Refund other provisions	(724,9)	(10.446,1)
<b>Total Adjustments</b>	<b>50.485,5</b>	<b>131.859,0</b>
<b>Changes in Asset and Liabilities</b>		
Accrued Payable Interest	3.961,6	(1.112,0)
Accrued Payable Interest	(7.930,0)	(7.067,1)
Diminution (Augment) other asset	18.371,1	(120.255,4)
(Diminution) Augment other liabilities	(4.793,5)	19.558,8
Diminution estimate liabilities and provisions	(39.251,1)	(355,3)
Augment (Diminution) Income Received in advance	2.238,9	(9.276,4)
Severance Paid	(2.829,3)	(3.064,4)
Patrimony tax paid debited to patrimony revaluation	-	(2,1)
<b>Net cash provided by operacional activities</b>	<b>222.273,2</b>	<b>197.736,4</b>
<b>Cash flow of investment activities:</b>		
Diminution in marketable investment	650.976,0	433.350,6
Augment in investments until maturity, available for sale	(128.004,8)	(526.201,1)
Augment in credit portfolio an financial leasing operations	(906.323,9)	(2.660.639,0)
Augment in bank acceptances and derivatives	(12.538,7)	(8.629,7)
Augment in Accounts Receivable	(51.504,2)	(98.834,2)
Augment Goods receive in payment and delivered back	(3.974,0)	(8.334,5)
Proceeding of the sale of goods dation in payment and delivered back	2.281,6	87,7
Proceeding of the sale of property and equipment	17.838,2	28,4
Additions to property and equipment	(102.563,7)	(104.616,0)
Additions to property and equipment operative leasing	(423,2)	(269.526,4)
<b>Net cash used in investment operations</b>	<b>(534.236,7)</b>	<b>(3.243.314,2)</b>
<b>Cash flow of financing operations:</b>		
Augment in deposits and exigibilities	473.753,8	156.739,2
(Diminution) Augment in interbank funds	(206.988,4)	213.254,7
Augment in outstanding bank acceptances	20.488,3	26.684,4
(Diminutions) Augment in bank credits & other financial obligations	(161.143,5)	969.176,9
Augment outstanding investment certificates	104.151,8	1.041.925,7
(Diminution) Augment of Account Payable	(104.731,7)	184.655,7
Issue of stocks according to Exchange list agreed on merger commitments	-	180.599,2
Dividends paid-in	(88.254,0)	(78.618,7)
<b>Net cash provided in financing operations</b>	<b>37.276,3</b>	<b>2.694.417,1</b>
Net augment net of cash and equivalent to cash	(274.687,2)	(351.160,7)
Cash and equivalent to cash at the beginning of half-year	1.449.662,9	1.800.823,6
<b>Cash and equivalent to cash at the end of half-year</b>	<b>1.174.975,7</b>	<b>1.449.662,9</b>

See note accompanying financial statements.

## Statements of change in Stockholders Equity

Half-year periods end December 31 and June 30, 2010

(In Million Col\$ excepting dividend of stock)

Concept	Common Stocks	Legal Reserve	Occasional Reserve (Note 22)	Surplus of Valuations Net	Accrued Profit (Loss). unrealizable Invest. available. Sale price.	Patrimony Revaluation	Profit Prior operacional periods	Net Profit	Total stockholders Equity
<b>Balance December 31, 2009</b>	<b>\$ 4.110,8</b>	<b>934.676,7</b>	<b>139.945,7</b>	<b>317.119,9</b>	<b>366.973,9</b>	<b>2,1</b>	<b>-</b>	<b>177.843,6</b>	<b>1.940.672,7</b>
Distribution net profit second half-year 2009	-	29.189,9	61.360,2	-	-	-	87.293,5	(177.843,6)	-
Dividend \$ 94.50 monthly per stock, payable within the ten days each month since April 2010 until September 2010, inclusive, on the total 137.027.633 stocks subscribed and paid as of December 31, 2009	--	-	-	-	-	-	(87.293,5)	-	(87.293,5)
Issue of 12.812.600 stocks par value \$30 each according to Exchange list agreed on in merger commitment with Leasing de Occidente Compañía de Financiamiento	384,4	180.214,8	-	-	-	-	-	-	180.599,2
Appropriation for patrimony tax	-	-	-	-	-	(2,1)	-	-	(2,1)
Movement of the operational period	-	-	-	17.690,0	125.042,6	-	-	-	142.732,6
Withdrawal of valuation from Leasing de Occidente S.A. for merger	-	-	-	(39.644,0)	-	-	-	-	(39.644,0)
Net profit as of June 30, 2010	-	-	-	-	-	-	-	187.451,3	187.451,3
<b>Balance on June 30, 2010</b>	<b>\$ 4.495,2</b>	<b>1.144.081,4</b>	<b>201.305,9</b>	<b>295.165,9</b>	<b>492.016,5</b>	<b>-</b>	<b>-</b>	<b>187.451,3</b>	<b>2.324.516,2</b>
Distribution net profit first half-year 2010	-	92.404,2	4.693,4	-	-	90.353,7	(187.451,3)	-	-
Dividend for \$ 100.50 monthly per stock, payable within the 10 first days each month since October 2010 until March 2011, inclusive, over 149.840.314 total stocks subscribe and paid as of June 30, 2010	-	-	-	-	-	-	(90.353,7)	-	(90.353,7)
Movement of the Operational Period	-	-	-	11.697,6	144.742,4	-	-	-	156.440,0
Net profit as of December 31, 2010	-	-	-	-	-	-	-	202.020,0	202.020,0
<b>Balance as of December 31, 2010</b>	<b>4.495,2</b>	<b>1.236.485,6</b>	<b>205.999,3</b>	<b>306.863,5</b>	<b>636.758,9</b>	<b>-</b>	<b>-</b>	<b>202.020,0</b>	<b>2.592.622,5</b>

See notes accompanying financial statements

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**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 of renewal N<sup>o</sup>. 2345 dated June 29, 1990 issued by the Colombia Finance Superintendence and 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 December 31, 2010, Banco de Occidente S.A. operates with 6488 employees through 204 offices in the Colombian territory. The Bank has situation of control exercised by the society Grupo Aval Acciones y Valores S.A. and this in turn, registers situation of control on entities overseas, 95.00% in Banco de Occidente Panama S.A. and 100% in Occidental Bank Barbados, as well as in Colombia, 94.98% of Sociedad Fiduciaria de Occidente S.A., and 45% of Ventas y Servicios S.A.

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) Merger with Leasing de Occidente S.A. Compañía de Financiamiento Comercial.**

Under resolution number 0952 May 6, 2010, Colombia Finance Superintendence authorized the taking over of Banco de Occidente S.A. Leasing de Occidente S.A., such merger with under public deed N<sup>o</sup> 1170 dated June 11, 2010 from the Notary 11 for Cali and duly registered with the Chambers of Commerce of Bogotá and Cali.

As result of the above mergers, the bank acquired all operations of financial leasing, and in relation to all kinds of movable and immovable property.

Banco de Occidente S.A. acquired the right to all asset and obligations of Leasing de Occidente S.A., as well as the participation in investments, fixed assets and offices, warranties and other assurances, including those relating to industrial or intellectual property, trade establishments, agencies, trade names, trademarks, logos, etc., without the need of any formalities, authorizations or recognitions, and assumed the obligations, internal and external liabilities, as well as contingencies controlled by Leasing de Occidente S.A.

Below the balances prior to eliminations:

**Balance Sheet**

As of 11 June 2010

**Balance Sheet**

As of June 11, 2010

		<b>Banco de Occidente</b>	<b>Leasing Occidente</b>	<b>Consolidated Merger</b>
<b>Asset</b>				
<b>Available</b>	\$	847.562,5	58.803,8	906.366,3
<b>Interbank</b>		136.304,2	0,0	135.304,2
<b>Investments</b>		4.047.724,2	94,627,3	4.142.351,5
Other investments		3.096.153,5	93.936,1	3.190.089,6
Available investment for sale in participating securities		951.570,7	691,2	952.261,9

<b>Net portfolio</b>	7.992.039,6	2.278.763,6	10.270.803,2
<b>Acceptances and derivatives</b>	49.868,5	0,0	49.868,5
<b>Net accounts receivable</b>	276.059,3	72.649,5	348.708,8
<b>Net pay property dation</b>	2.999,3	8.057,2	11.056,5
<b>Net Property plant and equipment</b>	129.233,7	309.117,9	438.351,6
<b>Other assets</b>	445.038,9	101.342,5	546.381,4
Others= valorizations	306.915,8	7.687,1	314.602,9
Other assets	138.123,1	93.655,4	231.778,5
<b>Total asset</b>	<b>\$ 13.925.830,2</b>	<b>2.923.361,8</b>	<b>16.849.192,0</b>
	<b>Banco de</b>	<b>Leasing</b>	<b>Consolidated</b>
	<b>Occidente</b>	<b>Occidente</b>	<b>Merger</b>
<b>Liabilities</b>			
<b>Liabilities (payabilities), credit, banks, acc payable, others)</b>			
<b>Deposits and payabilities</b>	9.874.517,1	451.376,2	10.325.893,3
Deposit in current accounts	3.420.047,1	0,0	3.420.047,1
Time Deposits	1.556.846,1	442.312,2	1.999.158,3
Savings accounts	4.737.003,5	0,0	4.737.003,5
Other deposits	160.620,4	9.064,0	169.684,4
<b>Passive positions operations monetary markets</b>	91.442,0	0,0	91.442,0
<b>Bank acceptances</b>	45.822,5	0,0	45.822,5
<b>Credits of banks and financial obligations</b>	880.143,7	974.757,7	1.854.901,4
<b>Accounts payable</b>	411.697,5	108.272,1	519.969,6
<b>Investment securities and bonds</b>	275.000,0	1.100.841,8	1.375.841,8
<b>Other liabilities</b>	83.885,6	12.877,0	96.762,6
<b>Estimate liabilities and provisions</b>	87.083,3	8.636,5	95.719,8
<b>Total liabilities</b>	<b>\$ 11.749.591,7</b>	<b>2.656.761,3</b>	<b>14.406.353,0</b>
<b>Stockholders' Equity</b>			
<b>Equity Capital</b>	4.110,8	94.929,2	99.040,0
<b>Reserves</b>	1.165.172,5	139.641,7	1.304.814,2
Legal Reserve	623.415,4	50.258,2	673.673,6
Premium in share placement	340.451,2	67.611,3	408.062,5
Statutory and occasional reserves	201.305,9	21.772,2	223.078,1
<b>Surplus or Deficit</b>	821.062,8	7.735,8	828.798,6
Profit or loss not realizable in investment			
Available for sale	514.147,5	(9,8)	514.137,7
Valuation	306.915,8	7.687,2	314.603,0
Devaluation	(0,5)	0,0	(0,5)
Patrimony revaluation	0,0	58,4	58,4
<b>Operational Profit</b>	185.892,4	24.293,8	210.186,2
<b>Total Patrimony</b>	<b>\$ 2.176.238,5</b>	<b>266.600,5</b>	<b>2.442.839,0</b>
<b>Total liabilities and Patrimony \$</b>	<b>\$ 13.925.830,2</b>	<b>2.923.361,8</b>	<b>16.849.192,0</b>

**Profit and loss statement**  
**January 1 to June 11, 2010**

**Banco de**

**Leasing**

**Consolidated**

	Occidente	Occidente	Merger
<b>Direct Operational Income \$</b>	<b>960.942,4</b>	<b>222.979,0</b>	<b>1.183.921,4</b>
<b>Not Operational Income</b>	<b>28.084,1</b>	<b>5.712,9</b>	<b>33.797,0</b>
Non operational income	28.084,1	5.712,9	33.797,0
<b>Total Income</b>	<b>989.026,5</b>	<b>228.691,9</b>	<b>1.217.718,4</b>
Direct Operational Expense	525.761,9	97.334,8	623.096,7
Provisions	213.981,7	48.646,3	262.628,0
Depreciations –property owned	8.901,9	41.219,7	50.121,6
Amortizations	6.188,8	9.221,8	15.410,6
<b>Non Operational Expenses</b>	<b>4.417,4</b>	<b>3.549,3</b>	<b>7.966,7</b>
Non operational expenses	4.417,4	3.549,3	7.966,7
<b>Total Expenses</b>	<b>759.251,7</b>	<b>199.971,9</b>	<b>959.223,6</b>
<b>Profit before Income Tax</b>	<b>229.774,8</b>	<b>28.720,0</b>	<b>258.494,8</b>
<b>Income and Complementary Tax</b>	<b>43.882,4</b>	<b>4.426,2</b>	<b>48.308,6</b>
<b>Operational Profit</b>	<b>185.892,4</b>	<b>24.293,8</b>	<b>210.186,2</b>

On the occasion of this merger, Banco de Occidente S.A. issued 12.812.881 shares equivalent to the shareholders of Leasing of Occidente S.A. corresponding to an exchange rate of 0.09350.

### **(3) Principal Accounting Policies**

#### **(a) Basic Accounting Policies**

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

#### **(b) Equivalents of cash**

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

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

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

##### **Ordinary Interbank Funds Sold and Purchased**

Interbank funds are considered those directly placed or received by the Bank in other financial entity, without mediating a pact of investment transfer or credit portfolio. They are operations connected to the corporate purpose, which are agreed at a term not longer than thirty (30) calendar days, provided that taking advantage of excesses or supplying liquidity defects it is intended to be pursued with it. Likewise, comprising the transactions denominated “over night”, 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 give prices 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 not established with a discount over the market price of the securities of the operation; during the operation validity, the values initially delivered by others and restrictions are not placed to the mobility of the securities of the operation.

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

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

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

### (d) Investments

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

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

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

Classification	Term	Characteristics	Appraisal	Accounting
			<p>and that are registered on records systems authorized by the superintendent.</p> <p>This procedure will be performed daily.</p>	<p>When the sale value is higher than the value recorded of the investment, the difference will be credited as a profit in Sale of Investments Negotiable in Debt Securities. If, on the contrary, the sale value is lower than the recorded value of the investment, the difference will be charged as a Loss in Investment Sale, Negotiable in Debt Securities.</p>
			<p>When just prices of exchange do not exist, they are determined by the present value of the future flows for capital and interests</p>	<p><u>In participating securities:</u> They are registered for the acquisition cost of the investments. The dividends or profits that are distributed in kind, including those derived from the capitalization of the account revalorization of the patrimony, will not be registered as income and, hence, they will not affect the value of the investment. In this case, only the number of social rights will be modified in the respective account books. The dividends or profits that would be distributed in cash will be counted as a minor value of the investment.</p>
<p>To hold up to maturity term</p>	<p>Up to its maturity term</p>	<p>Titles for which the Bank has the serious purpose and the legal, contractual, financial and operational capacity to keep them up to the maturation of their period of maturity or redemption.</p> <p>The securities or titles classified as investments up to maturity date cannot perform liquidity operations nor repurchase operations simultaneous or temporary transfer of investments, save whether they are forced or obligatory investments subscribed in the primary market, provided that the</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
		counterpart is Banco de la Republica, Public Credit and National Treasury General Director or the entities supervised by the Colombian Financial Superintendence		
Available for sale –Debt securities	Minimum one year	<p>Titles for which the Bank has the serious purpose and the legal, contractual, financial and operational capacity to keep them up at least one year from the first day when they were classified in this category.</p> <p>The first business day after the first year, they can be reclassified in the other categories.</p>	<p>They use the just exchange prices, reference rates and determined by employing margins, calculated from the market representative operations carried out in negotiation modules or systems approved by the Colombian Financial Superintendence and operations performed in the over-the-counter (OTC) market and that are registered on records systems authorized by the superintendent.</p> <p>This procedure is daily performed.</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"> <li>- 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.</li> <li>- The difference between market value and present value is registered as an accumulated not performed profit or loss, within the patrimony accounts.</li> </ul> <p>This procedure is daily performed.</p>
Available for sale – participative securities	Without term	Titles recorded and not recorded at the stock exchange.	<p>Investments in participative titles are valued according to:</p> <ul style="list-style-type: none"> <li>- Participations in collective portfolios are valued according to the unit value calculated by the administration on the previous day.</li> <li>- The participative values inscribed at stock exchange are value at the daily valuation price published by the authorized agency.</li> <li>- Participative values not inscribed at stock exchange are value increasing or</li> </ul>	<p><u>Low or minimum bursatility or without any quotation:</u></p> <ul style="list-style-type: none"> <li>- Difference between market or updated investment values, and the value for which the investment is registered is counted as follows:</li> </ul> <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 a devaluation.</p> <ul style="list-style-type: none"> <li>- When the dividends or profits are allotted in kind, including those from the account capitalization patrimony revalorization, it is registered as income the part that has been counted as surplus for valorization, charged to the investment and it</li> </ul>

Classification	Term	Characteristics	Appraisal	Accounting
			<p>diminishing the cost of the acquisitions in the percentage corresponding to the bank over variations over issuer's patrimony accounts.</p> <p>- The financial statements, base to determine the variation are certified with cutting as of June and December every year.</p>	<p>reverts said surplus.</p> <p>- 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> <p><u>High and Middle Bursatility:</u></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 not performed profit or loss within the patrimony accounts, with advance or charge to the investment. 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 as income up to the sum corresponding to the investment over profits or revalorization of the issuer patrimony counted by the latter since the investment acquisition date, charged to accounts receivable.</p>

### Provisions or Loss for Ranking of Credit Risk

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

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

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

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

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

#### b. Securities or titles of not rated emissions or issuers

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

Category	Risk	Characteristics	Provisions
A	Normal	Meets the agreed terms in the security or title and hold adequate capacity of capital and interest payment.	Not applicable.
B	Acceptable	Corresponds to emissions with uncertainty factors that might affect the capacity to continue to comply properly with the debt services. Likewise, its financial statements and other available information present weaknesses that may affect the financial situation.	The net value cannot be higher than eighty percent (80%) of the acquisition cost.
C	Perceptible	Corresponds to emissions that present high or middle probability of failure to comply with the opportune capital and interest payment. Likely, its financial statements and other available information show deficiencies in the financial situation that compromise investment recuperation.	The net value cannot be higher than sixty percent (60%) of the acquisition cost.
D	Significant	Corresponds to those emissions that present failure to pay the agreed terms in the title, as well as its financial statement and other available information present marked deficiencies in their financial situation, so that the probability to recover the investment is highly uncertain.	The net value cannot be higher than forty percent (40%) of the acquisition cost.
E	Irrecoverable	Issuers that according to their financial statements and other available information, the investment is deemed irrecoverable. Likewise, if financial statements are not available with less than six (6) months counted from the valorization date	The value of these investments must be fully provisioned.

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

#### **Investments overseas**

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

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

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

### **Credit Policies**

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

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

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

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

### **Credit Modalities**

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

#### **- Consumption**

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

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

#### **- Business**

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

Business credit portfolio is subdivided into the following portfolios:

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

\* SMMLV: Legal Minimum Monthly Salary in Force

### **Assessment and requalification of the credit portfolio**

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

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

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

### Criteria for Credit Risk Assessment

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

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

In the last quarter 2010, the system of follow-up and portfolio ranking was adjusted. In the individual ranking process, a methodology of automatic ranking portfolio, not assessed individually, was implemented, which is based on risk internal models. This way, ranking is established from the non-fulfillment probability obtained from ranking models, which is also subjected to macroeconomic and sector adjustments.

### Credit Risk Ranking

The main portfolio is classified in the respective risk categories, taking into account the following minimum objectives conditions:

Homologation with financial statements and indebtedness		Business	
Grouped category	Report category	Definition	Minimum conditions
"A" Normal risk	"AA"	The credits ranked in this category reflect excellent structuring and attention. The financial statements of debtors or the project cash flow, as well as the other credit information indicate optimum payment capacity, in terms of sum and origin of the income held by the debtors to attend the required payments.	Already granted credits between 0 and 29 days overdue.  New credits with ranking "AA" assigned at the moment of granting.
"B" Acceptable risk, Higher than Normal	"A"	The credits ranked in this category reflect appropriate structuring and attention. The financial statements of debtors or the project cash flows, as well as the other credit information, indicate adequate payment capacity, in terms of the sum and origin of the income held by the debtors to attend the required payments.	Already granted credits between 30 and 59 days overdue.  New credits with ranking "A" assigned at the moment of granting.

Homologation with financial statements and indebtedness		Business	
Grouped category	Report category	Definition	Minimum conditions
"B" Acceptable risk, higher than normal.	"BB"	The credits ranked in this category are attended and protected acceptably, but there are weaknesses that can potentially affect transitorily or permanently the debtor's payment capacity or the project cash flow, so that if not corrected opportunely, they would come to affect the normal collection of the credit or contract.	<p>Already granted credits between 60 and 89 days overdue.</p> <p>New credits with ranking "BB" assigned at the moment of granting.</p>
"C" Perceptible risk	"B"	In this category are ranked the credits or contracts presenting insufficiencies in the debtor payment capacity or the project cash flow, which compromise the normal collection of the obligation on the agreed terms.	<p>Already granted credits between 90 and 119 days overdue.</p> <p>New credits with ranking "B" assigned at the moment of granting.</p>
"C" Perceptible risk	"CC"	In this category, the credits or contracts presenting serious insufficiencies in the debtor payment capacity or the project cash flow, which compromise significantly the collection of the obligation on the agreed terms.	<p>Already granted credits between 120 and 149 days overdue.</p> <p>New credits with ranking "CC" assigned at the moment of granting.</p>
	C,D or E "Non-fulfillment"		The credits with 150 days or more overdue and credits showing other events of higher risk. The credits with 150 days or more overdue and credits showing other events of higher risk and unfulfilled credits with assigned PDI equal to a hundred percent (100%).

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

Homologation with financial statements and indebtedness		Consumption	
Grouped category	Report category	Definition	Minimum conditions
"A" Normal risk	"AA"	<p>The credits ranked in this category reflect excellent attention.</p> <p>The risk analysis on the debtors reflects optimum payment capacity and excellent credit behavior that insures the collection of the obligation in the agreed terms.</p>	<ul style="list-style-type: none"> <li>The new credits with ranking "AA" assigned at the moment of granting.</li> <li>The credits with ranking "AA" obtained by applying the reference model.</li> </ul>
"A" Normal risk	"A" Delay 0 to 30 days	The credits ranked in this category reflect adequate attention. The risk analysis on	- In this category shall be ranked the new credits

Homologation with financial statements and indebtedness		Consumption	
Grouped category	Report category	Definition	Minimum conditions
		the debtor reflects appropriate payment capacity and adequate credit behavior that allows to infer stability in collecting the obligation in the agreed terms.	<ul style="list-style-type: none"> <li>- with assigned ranking "A" at the moment of granting.</li> <li>- The credits with ranking equal to "A" obtained by application of the reference model.</li> </ul>
"B" Acceptable risk, higher than normal	"A" Delay higher than 30 days.	The credits ranked in this category reflect adequate attention. The risk analysis on the debtor reflects appropriate payment capacity and adequate credit behavior that allows to infer stability in the collection of the obligation in the terms agreed	<ul style="list-style-type: none"> <li>- In this category shall be ranked the new credits with assigned ranking "A" at the moment of granting.</li> <li>- The credits with ranking equal to "A" obtained by application of the reference model.</li> </ul>
"B" Acceptable risk, higher than normal	"BB"	The credits ranked in this category reflect acceptable attention. The risk analysis on the debtor shows weaknesses in his capacity to pay and credit behavior that can potentially affect, temporarily or permanently the normal collection of the obligation on the agreed terms.	<ul style="list-style-type: none"> <li>- In this category shall be ranked the new credits with assigned ranking "BB" at the moment of granting.</li> <li>- The credits with ranking equal to "BB" obtained by application of the reference model.</li> </ul>
"C" Perceptible risk	"B"	The credits ranked in this category reflect deficient attention. The risk analysis on the debtor shows shortcomings in the capacity to pay and deficient credit behavior, affecting the normal collection of the obligation under the agreed terms.	<ul style="list-style-type: none"> <li>- In this category shall be ranked the new credits with assigned ranking "B" at the moment of granting.</li> <li>- The credits with ranking equal to "B" obtained by application of the</li> </ul>

Homologation with financial statements and indebtedness		Consumption	
Grouped category	Report category	Definition	Minimum conditions
			reference model.
"C" Perceptible risk.	"CC"	The credits ranked in this category have serious shortcomings in the debtor's capacity to pay and credit behavior, significantly affecting the collection of the obligation in the agreed terms.	<ul style="list-style-type: none"> <li>- In this category shall be ranked the new credits with assigned ranking "CC" at the moment of granting.</li> <li>- The credits with ranking equal to "CC" obtained by application of the reference model.</li> </ul>
	C,D or E Non-fulfillment	<p>Credits that are in arrears longer than 90 days and the others classified as defaulted.</p> <p>Loans in arrears longer than 90 days and unfulfilled credits with PDI assigned equal to one hundred percent (100%).</p>	Not applicable.

#### Credit Ranking with Territorial Entities

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

- Ranked in category "D" are the credits where the territorial entity pledges revenues as collateral, when there are no adequate mechanisms to reasonably verify that they do not have been previously pledged as a collateral of another obligation; the guaranteed credits with pledge of revenues that are insufficient to cover the sum of the obligation and when the territorial entity has given to the resources of the credit a destination other than that prepared by the law.
- Ranked in category "E" are the credits guaranteed with pledge of revenues if they have previously been the Ministry of Finance and Public Credit, or of the respective department that do not have the same and the credits granted to territorial entities that having adopted performance plans, as it has been established compromised as a collateral of another obligation; the credits that requiring indebtedness authorization of by the Law 358 of 1997, have not obtained the manifestation of conformity. In these cases, provisions must be constituted for the hundred point zero percent (100.0%) of the obligation without taking into account the collateral

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## **Restructured Credits**

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

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

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

## **Extraordinary Restructurings**

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

## **Restructurings under Law 550 of 1999**

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

## **Restructurings under Law 617 of 2000**

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

## **Restructurings under Law 1116 of 2006**

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

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

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

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

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

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

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

**(g) Provision for Credit Portfolio and Financial Leasing Operations**

**Individual Portfolio Provisions under models of reference**

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

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

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

Proclaim Individual Component (**PIC**) corresponds to the portion of credit portfolio individual provision reflecting credit risk of each debtor, in the present. PIC is the expected loss calculated with Matrix A.

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

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

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

Probability of Default (**PD**) is the probability that, during the timeframe of twelve (12) months the debtors fail to comply, and for such purposes the following matrices are considered:

**Commercial Portfolio**

	Big Company		Small Company		Medium Company		Natural Persons	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	1,53%	2,19%	4,18%	7,52%	1,51%	4,19%	5,27%	8,22%
A	2,24%	3,54%	5,30%	8,64%	2,40%	6,32%	6,39%	9,41%
BB	9,55%	14,13%	18,56%	20,26%	11,65%	18,49%	18,72%	22,36%

B	12,24%	15,22%	22,73%	24,15%	14,64%	21,45%	22,00%	25,81%
CC	19,77%	23,35%	32,50%	33,57%	23,09%	26,70%	32,21%	37,01%
Default	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

### Consumption Portfolio

#### Qualific.

#### General – Auto motors General – Other Credit Cards

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

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

**Loss due to default (PDI)** is the economic impairment incurred by the Bank if any default situation actually occurs. PDI is given by type of guarantee, as follows:

#### Commercial Portfolio:

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

#### Consumption Portfolio

Type of Guarantee	P.D.I.	Days alter default	New PDI	Days alter Default	Nuevo PDI
Non-admissible guarantee	60%	210	70%	420	100%
Admissible financial collateral	0 – 12%	-	-	-	-
Commercial and residential real estate property	40%	360	70%	720	100%
Goods given in real estate property leasing	35%	360	70%	720	100%
Goods given in leasing different from real estate	45%	270	70%	540	100%
Other collaterals	50%	270	70%	540	100%
Collection rights	45%	360	80%	720	100%

with no guarantee	65%	180	85%	360	100%
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### **Lining up Rules**

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

- a. Following the constitution of provisions and qualification homologation, monthly and for each debtor, the Bank performs the internal lining up, and for such purpose it is carried to the higher risk category the credits of the same modality granted to debtor, safe for enough reasons for its qualification in any Category of less risk.
- b. As the Bank is under the obligation to consolidate financial statements, it assigns equal qualification to the credits of the same modality granted to a debtor, unless there are enough reasons to be qualified in a lower risk Category.

### **(h) Acceptances, Spot Operations and Derivatives**

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

#### **Bank Acceptances**

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

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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".

Alter maturity date, bank acceptances are subject to the conversion 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 date of liquidation, the seller records financial asset in its balance until the delivery of the asset, a right to receive the cash derived from the transaction and an obligation to deliver the asset negotiated.. The later 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.

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## **Derivative Financial Instruments**

Operations with derivative instruments and operations with derivatives are valued on a daily basis at fair Exchange price, considering the following:

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

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

Derivative financial instruments giving fair positive exchange price are recorded in the asset, separating the value of right from the obligation, excepting when the operations where accounting records is made in a single account.

Those giving negative exchange fair price, i.e., unfavorable price to the controlled entity are recorded in the liabilities, by doing the same separation. When the fair price of exchange of financial derivative instrument is equal to zero (0), either in the initial date or in any other subsequent date, is accounting records is made in the asset.

### **(i) Current asset, Received in Payment and Delivered back asset**

Records the asset received by the Bank in payment of outstanding balances derived from credits. Asset received in payment represented in immovable property are received based on a commercial appraisal technically determined and the movable property, stocks, and participations, based on market price.

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

- Initial record is made with the value determined in the judicial award or otherwise, the value agreed upon with the debtors.
- When asset received in payment is not in conditions to be sold, its cost is increased with the expenses necessary for the asset to be marketable.
- If between the value the asset is received and the amount of credit to be paid results a credit balance in favor of debtor, such difference is accounted for as an account payable, if the value of asset is short to cover the whole obligation, a provision equal to the shortage is made.
- Movable goods received in payment corresponding to investment papers, they are valued applying criteria indicated in Note 3(d) for investments.

The assets which are not used in the leasing operations correspond to assets for own use the Bank is no longer using to develop the operations. Such assets are depreciated up to the time of disposal computation the same as Bank fixed asset to the purposes of the limits set forth in item 1.2, chapter seventh of title of basic legal circular letter form Colombia Finance Superintendence.

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

#### **a. Immovable Property**

A provision is made in monthly installments within the tax year following the receipt of the property, equivalent to thirty percent (30%) of acquisition cost, and increased in monthly installments 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

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

#### **b. Movable Property**

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

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

Without prejudice of the provisions aforementioned, the movable goods received in payment corresponding to investment papers are valued by applying criteria in the note 3(d) taking into account its classification as marketable investments available for sale or to maintain up to maturity.

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

#### **(k) Property and Equipment**

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

Additional, improvements, and extraordinary repairs are significantly increasing useful life of asset, 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 according to estimate number of useful life years of the assets. Annual depreciation rates of each item of asset are the following:

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

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

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

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### **(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.

### **(m) Branch Offices and Agencies**

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

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

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

### **(n) Prepaid Expenses and Deferred Charges**

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

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

Amortization is made as indicated below:

#### **Prepaid Expenses**

- Interest during prepaid period.
- Insurance during policy term
- Equipment maintenance during equipment useful-life.
- The other prepaid expenses during the period the services are received or cost o expenses are incurred

#### **Deferred Charges**

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

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### **(o) Goods to be placed in Leasing Agreements**

The new goods acquired by Banco de Occidente 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 leasee 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 but rather to the applicable provisions.

### **(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 during 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.

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

### **(q) Valuations**

#### **Asset subject to valuation**

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

#### **Booking**

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

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

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

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

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

### **(r) Prepaid Income**

This items include deferred and prepaid income received by the Bank during operacional activity which are amortized during the operacional 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.

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- The right is payable or probably, and
  - Provision is justifiable, quantifiable and verifiable.

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

#### **(t) Retirement Pensions**

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

Retirement pension payments are charged against the provision made

#### **(u) Legal Reserve**

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

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

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

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

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

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

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

#### **(w) Related-Parties**

Related-parties are considered:

- The companies where the Bank holds management or financial control and 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

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**(x) Conversion of Transactions in Foreign Currency**

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

Operations in foreign currency other than dollar, are converted into American Dollars, and then re-converted to Colombian Pesos, using the market representative exchange rate (MRR) calculated on a daily basis and certified by Colombia Finance Superintendence. At the closing of the respective operational period on December 31 and June 30, 2010, the exchange rates were \$1,913.98 (in pesos) and \$1,913.15 (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 liquidable 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, futures forward 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 one 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 average of three business days of own position will exceed the equivalent in foreign currency to twenty percent (20%) and fifty percent (50%) of technical patrimony, respectively.

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

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

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

As of December 31 and June 30, 2010, the asset in foreign currency amounted to US\$769,027,719.46 (Dollars) and US \$154,299,929.90 (Dollars) and liabilities to US\$773,657,536.18 (Dollars) and US \$158,857,341.81 (Dollars), respectively

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**(y) Contingent Accounts**

In these accounts the operations whereby the Bank acquires any right or assume and obligation are recorded, which effectiveness is conditioned to the occurrence or non occurrence of any Fact, depending on the future, eventual or remote factual conditions.

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

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

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

**(z) Memorandum Accounts**

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

**(aa) Net profit per Stock**

As of December 31 and June 30, 2010 net profit per stock was computed according to the weighed average of outstanding stocks that was 149.840.314 and 149.840.233, respectively.

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

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

**Property, Pant and Equipment**

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

**Premium of Stock Placement**

The especial provisions provides the Premium of stock placements recorded as a portion or legal reserve, while the generally accepted standard indicates that it shall be recorded in the patrimony

**(5) Available**

Below the detailed available		Dec. 31-10	Jun. 30-10
<b>Legal Tender</b>			
Cash	\$	272.432,6	249.035,3
Central Bank		514.215,7	957.748,3

Banks and other Financial Entities		47.271,8	50.640,2
Conversion		738,0	692,9
In Transit Remittances		483,3	388,8
		<b>835.141,4</b>	<b>1.258.505,5</b>
<b>Foreign Currency Conversion to Legal Tender</b>			
Cash		29.440,8	11.864,6
Central Bank		296,7	296,6
Banks and other Financial Entities		28.300,5	79.594,5
Conversion		1.359,3	1.627,1
In Transit Remittances	\$	<b>59.397,3</b>	<b>93.382,8</b>
<b>Provision for Available</b>			
Legal Tender	\$	0,0	(6,7)
	\$	<b>894.538,7</b>	<b>1.351.881,6</b>

The balance in cash and deposits in the Central Bank in legal tender, as of December 31, and June 30, 2010, include value computed for bank reserve to be maintained over the deposits received from clients, according to legal provisions.

There exist no any other restriction on the available.

#### (6) Active positions in monetary market and related transactions

Below the detail of active positions in market transactions:

	Interest Rate	Dec. 31-10	Interest Rate	Jun. 30-10
<b>Ordinary Inter-bank funds sold:</b>				
Banks (Legal Tender)	2,92%	\$ 90.000,0	0,16%	71.468,0
Banks (Foreign Currency)	0,13%	50.841,2	0,00%	-
Ordinary Inter-bank Funds sold		240.841,2		71.468,0
Commitment of investment transfer in				
Simultaneous Transactions:				
Banks (Foreign Currency)	0,51%	5.315,1	0,25%	8.216,8
Soc. Comisionista de Bolsa	3,54%	34.280,7	4,91%	18.089,8
		39.595,8		26.306,6
	\$	<b>280.437,0</b>		<b>97.774,6</b>

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

Below mean returns are details:

Inter-Bank Funds Sold L/T	Average	Valuation	Rate
Jan-10	478.695,8	1.304,8	3,17%
Feb-10	265.764,5	681,7	3,30%
Mar-10	145.871,0	422,7	3,36%
Apr-10	323.433,3	909,0	3,37%
May-10	221.674,2	578,5	3,03%
Jun-10	45.166,7	110,4	2,93%
Jul-10	99.833,3	244,8	2,94%
Aug-10	28.990,0	70,9	2,84%
Sep-10	1.300,0	3,2	2,98%

Oct-10	6.290,3	15,9	2,93%
Nov-10	48.113,3	139,2	3,47%
Dec-10	39.419,4	92,7	2,73%

#### Inter-Bank Funds Sold F/C

	Average	Valuation	Rate	Foreign Currency
Jan-10	62.710,7	11,0	0,20%	USD
Jan-10	120.866,7	14,8	0,14%	EUR
feb-10	85.677,	7 12,5	0,17%	USD
feb-10	104.770,3	14,1	0,16%	EUR
mar-10	35.858,6	7,0	0,23%	USD
mar-10	85.745,0	11,3	0,15%	EUR
Apr-10	44.743,1	8,7	0,23%	USD
Apr-10	64.885,8	8,6	0,16%	EUR
may-10	63.288,0	13,0	0,24%	USD
may-10	58.563,2	8,0	0,16%	EUR
jun-10	47.893,6	14,0	0,34%	USD
jun-10	64.606,7	9,9	0,18%	EUR
jul-10	3.593,2	37,0	0,40%	USD
jul-10	44.366,	5 8,9	0,21%	EUR
Aug-10	167.524,9	0,6	0,01%	USD
Aug-10	51.133,7	10,9	0,24%	EUR
sep-10	37.314,6	11,7	0,37%	USD
sep-10	41.729,5	8,5	0,24%	EUR
oct-10	26.033,0	8,2	0,36%	USD
oct-10	34.693,2	12,8	0,42%	EUR
nov-10	76.259,9	38,1	0,56%	USD
nov-10	34.430,0	12,0	0,37%	EUR
Dec-10	70.241,6	28,4	0,46%	USD
Dec-10	17.645,4	5,4	0,36%	EUR

#### (7) Investments

Detail of Investment below:

		<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
<b>Marketable in Certificates of Indebtedness</b>			
<b>Certificates of Domestic Public Indebtedness Issued or backed up by the Nation:</b>			
Certificates of Treasury L/T	\$	756.607,8	1.311.248,2
Peace Solidarity Bonds		41,0	81,2
Certificates of Treasury in UVRs		107.051,5	125.455,0
Certificates of Indebtedness Reduction		5.516,6	6.045,8
Agricultural Bonds		2.131,1	4.067,4
Pension Bonds		4.867,7	5.717,0
	<b>\$</b>	<b>876.215,7</b>	<b>1.452.614,6</b>
<b>Certificates of Public Indebtedness Issued or backed up by the Nation:</b>			
Yankees Bonds		-	13.682,3
EUR Bond Republic of Colombia		22.501,2	-
		<b>22.501,2</b>	<b>13.682,3</b>
<b>Certificates of Credit Contents Derived from Mortgage Portfolio Securitization</b>			
Negotiable Mortgage Papers		14.213,5	21.955,4
<b>Papers issued, endorsed, accepted or Backed up by entities controlled by Financial Superintendence</b>			
Time Deposit Certificates		7.084,2	10.642,0
<b>Papers issued by entities non-controlled by Financial Superintendence</b>			
Bonds USD EEBTA		16.801,5	17.190,9
Bonds USD ISABR		-	2.168,7
Bonds Pacific Rubiales		6.540,7	-
Bonds TGICO		2.192,2	-
Promissory Note in dollar Cementos Argos		-	29.882,9
	<b>\$</b>	<b>25.534,4</b>	<b>49.242,5</b>
<b>Papers issued by Overseas Banks</b>			
Bancolombia Panama Certificate of Deposit		3.899,0	-
<b>Other Papers</b>			
Bonds:			
Bonds Bancolombia		9.582,6	9.546,0
<b>Total Negotiable Certificates of Indebtedness</b>	<b>\$</b>	<b>959.030,6</b>	<b>1.557.682,8</b>
<b>Negotiable in Certificates of Participation:</b>			
Participation in collective portfolios			
Fiduoccidente S.A.	\$	6,9	4,0

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**To Maintain Until Maturity****Papers of domestic public indebtedness issued and backed up by the Nation:**

Certificates of Treasury L/T.	\$	14.946,3	13.177,0
Peace Solidarity Bonds		1,2	1,3
Certificates of Indebtedness Reduction		183.706,6	195.350,0
Pension Bonds		2.932,5	6.467,1
	\$	<b>201.586,6</b>	<b>214.995,4</b>

**Papers of External public indebtedness issued and backed up by the Nation**

EURO Bonds Republic of Colombia		59.935,6	54.643,2
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**Certificates issued, endorsed, accepted or backed up by entity controlled by Super.:**

## Certificates of Agribusiness Development:

Class "A"		187.978,2	186.271,0
Class "B"		272.398,2	254.706,7
<b>Total to Maintain Until Maturity</b>	\$	<b>460.376,4</b>	<b>440.977,7</b>

**Papers issued by entities non-controlled by Financial Superintendence**

EURO Bonds Republic of Colombia		229,5	223,7
<b>Total to Maintain Until Maturity</b>	\$	<b>722.128,1</b>	<b>710.840,0</b>

**Available for Sale in Certificates of Indebtedness:****Certificates of domestic public indebtedness issued or returns backed up by ns Nation**

Certificates of Treasury	\$	713.913,1	467.734,5
Certificates of Treasury in UVRs		107.694,7	111.570,7
Pension Bonds		65.871,9	38.964,9
Certificates of Indebtedness Reduction		46.337,5	-
Peace Solidarity Bonds		1.014,6	1.002,1
Agricultural Bonds		482,6	1.008,4
	\$	<b>935.314,4</b>	<b>620.280,6</b>

**Certificates of credit contents derived from mortgage portfolio securitization**

		<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Tips Titularizadora Colombia	\$	84.737,9	88.877,5
Davivienda Mortgage Bonds		739,1	1.028,2
	\$	<b>85.477,0</b>	<b>89.905,7</b>

**Certificates of credit contents derived from underlying proceedings other than mortgage portfolio securitization**

Ingenio Pichichi		1.475,4	2.134,8
UVR Bond Transmilenio - Pauttransm		17.018,4	16.193,4

	\$	18.493,8	18.328,2
<b>Certificates issued by entities controlled by Financial Superintendence of Colombia</b>			
Bonds other establishments AA B/quilla		1.616,7	1.656,0
Time Deposit Certificate Findeter		26.487,8	26.122,8
	\$	28.104,5	27.778,8
<b>Certificates issued by entities non-controlled by Financial Superintendence of Colombia</b>			
Bonds PACIFIC RUBIALES USD		-	10.448,0
<b>Certificates issued, endorsed or accepted by Overseas Banks</b>			
Central American Bank for Economic Integration		6.846,9	6.798,9
<b>Total Available for Sale in Certificates of indebtedness</b>	<b>\$</b>	<b>1.074.236,6</b>	<b>773.540,3</b>

Mandatory and compulsory investment participations over total portfolio amount to 23.12% and 19.72% at the closing period December 31 and June 30, 2010.

**Report or Repo Transactions:**

**Investment Transfer Rights**

**Negotiable in Papers of Certificates of Indebtedness:**

**Certificates of internal indebtedness issued or endorsed by the Nation**

\$	-	147.576,6
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**Negotiable investments delivered as guarantee in operations with derived financial instruments, structured product and other, in paper of certificates of indebtedness:**

**Certificates of internal public indebtedness issued or endorsed by the Nation**

\$	5.759,2	2.490,9
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Consolidated value of investment portfolio by issuer is as follows:

Issuer		Dec. 31-10		Jun. 30-10	
		Market Value	% Participation	Market Value	% Participation
Ministry of Treasury	\$	2.101.312,7	76,10%	2.506.283,6	78,51%
Banco Sudameris		3.334,8	0,12%	6.315,1	0,20%
BIC		6.846,9	0,25%	6.798,9	0,21%
Finagro		460.376,4	16,67%	440.977,7	13,81%
Findeter		26.487,7	0,96%	26.122,8	0,82%
Titularizadora Colombiana		98.951,5	3,58%	110.832,9	3,47%
Cementos Argos S.A.		0,0	0,00%	29.883,7	0,94%
Rubiales Bonds in USD		6.540,7	0,24%	10.448,0	0,33%
Empresa Energía Bogotá		16.801,6	0,61%	17.190,1	0,54%
Bancolombia		9.582,6	0,35%	9.546,0	0,30%
Transmilenio UVR Bonds		17.018,4	0,62%	16.193,4	0,51%
Other		13.901,2	0,50%	11.538,3	0,36%
<b>Total Investment Portfolio</b>	<b>\$</b>	<b>2.761.154,5</b>	<b>100,00%</b>	<b>3.192.130,6</b>	<b>100,00%</b>

**Income (Expense) of Investment Portfolio, Second Half-Year Dec. 31-2010:**

		<b>Inv-Neg L/T</b>	<b>Inv-Neg F/C</b>	<b>Inv. HV &amp; D.V.</b>	<b>Inv. at Sight</b>	<b>Total</b>
July	\$	12.018,2	(1.877,9)	6.367,1	302,2	16.809,6
August		11.901,3	(1.151,7)	3.022,0	81,6	13.853,2
September		5.511,8	941,3	8.530,6	150,8	15.134,5
October		7.090,4	1.533,9	7.363,4	117,4	16.105,1
November		2.128,6	1.921,3	5.716,6	97,0	9.863,5
December		(2.718,1)	498,4	6.446,8	174,5	4.401,6
<b>Total</b>	<b>\$</b>	<b>35.932,2</b>	<b>1.865,3</b>	<b>37.446,5</b>	<b>923,5</b>	<b>76.167,5</b>

Income (Expense) of Investment Portfolio, Second First-Year Jun. 30-2010

		<b>Inv-Neg L/T</b>	<b>Inv-Neg F/C</b>	<b>Inv. HV &amp; D.V.</b>	<b>Inv. at Sight</b>	<b>Total</b>
January	\$	(9.346,4)	359,9	3.027,4	1.347,5	(4.611,6)
February		9.067,5	768,3	6.907,1	696,4	17.439,3
March		10.525,0	328,1	7.477,8	445,2	18.776,1
April		12.889,5	234,9	6.011,7	933,4	20.069,5
May		17.742,9	395,9	6.304,4	601,7	25.044,9
June		13.414,5	854,5	6.164,4	124,7	20.558,1
<b>Total</b>	<b>\$</b>	<b>54.293,0</b>	<b>2.941,6</b>	<b>35.892,8</b>	<b>4.148,9</b>	<b>97.276,3</b>

Treasury Operations participated with 5.00% and 6.31% of total Bank's operational income as of December 31 and June 30, 2010, respectively.

Investments average was \$2,950,532.2, for the half-year period ended on December 31 2010 reaching it maximum on July for \$3,208,933.6 and its minimum on December with \$2,790,180.7. The average of investments of first half-year 2010 was \$3.083.380.0, reaching its maximum on February for \$3,174,216.0 and its minimum on January with \$2,998,595.0.

The following itemizes Certificates of Participation Available for Sale:

## December 31, 2010

Business Name	% de Participation	Stock Capital	# Shares Owned	Cost (1) Adjusted	Patrimonial Value	Unrealized Accrued Profit/Loss	Valuation (Devaluation)	Rating
<b>Investment in Colombia</b>								
Fiduciaria de Occidente S.A. Sociedad Administradora de fondos de Pensiones y Cesantias Porvenir S.A.	94,98%	\$ 13.671,1	12.984.341	39.960,0	75.633,7	-	35.673,7	A
Casa de Bolsa S.A.	23,10%	68.921,9	15.921.661	99.577,2	125.683,0	-	26.105,8	A
Corporación Financiera Colombiana S.A.	7,95%	15.223,0	1.210.187	2.583,8	2.615,0	-	31,2	A
A Toda Hora S.A.	13,39%	1.808,2	24.209.384	830.866,1	830.866,1	614.989,2	-	A
Depósito Central de Valores Deceval S.A.	20,00%	333,3	66.666	263,5	1.254,7	-	991,2	A
Ventas y Servicios S.A.	1,26%	12.050,9	6.093	457,0	866,5	-	409,5	A
Redeban Multicolor S.A.	45,00%	453,9	204.252	780,4	1.562,7	-	782,3	A
A.C.H. Colombia S.A.	7,24%	10.119,5	723.317	1.563,5	4.753,4	-	3.189,9	A
Cámara de Compensación Divisas de Colombia S.A.	4,79%	6.504,8	315.668	271,9	1.060,8	-	788,9	A
Master Card Int.	3,19%	-	79.687.500	79,7	82,2	-	2,5	A
Visa Internacional	0,0010%	-	1.244	73,1	73,1	-	-	A
Gestión y Contacto	0,0066%	-	55.784	4.566,3	7.173,8	-	2.607,5	A
Cámara de Riesgo Central de Contraparte de Colombia Pizano S.A.	1,02%	-	816	15,3	36,5	-	21,2	A
	1,17%	-	396.748.947	401,9	490,9	-	89,0	A
	0,92%	640,0	597.746	1.797,4	1.921,4	-	124,0	A
<b>Overseas Investments:</b>								
Banco de Occidente(Panamá) S.A. Occidental Bank Barbados Ltd.		(2)						
	95,00%	US\$10.8	915.500	29.342,3	55.127,5	-	25.785,2	A
	100,00%	US\$13.4	1.491	22.916,6	37.939,3	-	15.022,7	A
		\$		<b>1.035.516,0</b>	<b>1.147.140,6</b>	<b>614.989,2</b>	<b>11.624,6</b>	

## June 30, 2010

Business Name	% de Participation	Stock Capital	# Shares Owned	Cost (1) Adjusted	Patrimonial Value	Unrealized Accrued Profit/Loss	Valuation (Devaluation)	Rating
<b>Investment in Colombia</b>								
Fiduciaria de Occidente S.A. Sociedad Administradora de Fondos de Pensiones y Cesantias Porvenir S.A.	94,98%	\$ 6.099,9	12.984.341	39.960,0	73.931,2	-	33.971,2	A
Casa de Bolsa S.A.	23,10%	33.997,8	15.466.671	90.204,4	112.427,8	-	22.223,4	A
Corporación Financiera Colombiana S.A.	7,95%	15.223,0	1.210.187	2.583,8	2.652,1	-	68,3	A
A Toda Hora S.A.	13,39%	11.156,6	23.704.799	672.742,2	672.742,2	471.343,4	-	A
Depósito Central de Valores Deceval S.A.	20,00%	333,3	66.666	263,4	1.166,1	-	902,7	A
Ventas y Servicios S.A.	1,26%	6.344,0	6.093	457,0	840,2	-	383,2	A
Redeban Multicolor S.A.	45,00%	324,6	204.252	780,4	1.325,2	-	544,8	A
A.C.H. Colombia S.A.	7,24%	7.000,0	723.317	1.563,5	4.434,4	-	2.870,9	A
Camara de Compensación Divisas de Colombia S.A.	4,79%	3.346,4	315.668	271,9	933,5	-	661,6	A
MasterCard Int.	3,19%	-	79.687.500	79,7	80,4	-	0,7	A
Visa Internacional	0,0010%	-	1.244	73,1	73,1	-	-	A
Gestión y Contacto	0,0066%	-	55.784	4.564,3	4.564,3	-	-	A
	1,02%	-	816	15,3	22,0	-	6,7	A

Camara de Riesgo Central de								
Contraparte de Colombia Pizano S.A.	1,17%	-	396.748.947	402,0	514,6	-	112,7	A
Inversiones en el Exterior: Banco de Occidente (Panamá) S.A.	0,92%	640,0	597.746 (2)	1.797,4	1.922,2	-	124,8	A
Occidental Bank Barbados Ltd.	95,00%	US\$10.8	915.500	29.329,6	45.481,3	-	16.151,7	A
	100,00%	US\$13.4	1.491	22.906,7	36.586,5	-	13.679,8	A
		\$		<b>867.994,7</b>	<b>959.697,1</b>	<b>471.343,4</b>	<b>91.702,5</b>	

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

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

During the second and the first half-year 2010, the Bank received stock dividends representing higher number of stocks owned of the societies listed below:

	Dec. 31-10		Jun. 30-10	
	Date	Value	Date	Value
Sociedad Administradora de Fondos de Pensiones y Cesantías S.A.	Sep-10	\$ 9.372,8	Mar-10	\$ 6.642,6
Corficolombiana S.A.	Aug-10	14.478,1	Mar-10	17.644,4
Gestion y Contacto S.A.		-	Mar-10	9,4
Ventas y Servicios S.A.		-	Apr-10	150,0
		\$ 23.850,9		24.446,4

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.

Under resolution N° 0952 of May 6/2010 Colombia Finance Superintendence authorized taking over y by Banco de Occidente S.A., of Leasing de Occidente S.A., such transaction filed under Public Deed N° 1170 of June 11/2010 in the Notary' Office 11 for Cali and duly filed with the Chambers of Commerce of Bogotá and Cali

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) 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 a investment of US \$ 3,295,000 (dollars) equivalent to 659 stocks US \$ 100 (dollars) and on June / 2009 capitalized by US \$2.425.000 (dollars) corresponding to 485 stocks

On December 31, and June 2010 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 External Circular Setter 100 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, 94% of such certificates are invested in Certificates of the Issuer Nation.. The remaining 6% is invested in Certificates with rating AAA, such as mortgage bonds, TD and bond of private indebtedness, inter alia.

In the valuation of legal and credit risk as of December 31 and June 30, 2010, it is determined that the Bank did not require provisions.

### **(8) Credit Portfolio and Capital Lease Operations**

Below portfolio and Capital Lease operations itemized by credit modality:

		<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Ordinary Loans	\$	8.157.384,8	7.473.308,3
Chattels given in leasing		831.573,3	708.350,0
Machinery & equipment given in leasing		729.952,4	680.972,4
Vehicles given in leasing		530.135,7	516.415,4
Credit Card		459.889,3	451.316,8
Loans with resources from other entities		427.559,2	442.289,8
Immovable property in housing leasing		268.665,7	234.897,1
Overdrafts in Bank current account		38.306,2	72.751,5
Computing equipment given in leasing		66.195,1	71.419,6
Furniture and fixture given in leasing		59.376,0	63.666,7
Letter of Credit Covered		44.556,3	54.485,3
Reimbursement of advance payments		71.020,0	45.191,9
Other goofs given in leasing		41.974,4	39.686,1
Ships, trains, aircraft and the like given in leasing		22.042,5	20.118,4
Discounts operations and factoring		980,6	1.450,6
Livestock given in leasing		91,2	244,3
	<b>\$</b>	<b>11.749.702,7</b>	<b>10.876.564,2</b>

Below portfolio and Capital Lease operations itemized per economic destination

Wholesale trade and auto motor vehicles	\$	1.506.378,5	1.473.241,2
Salaried		1.817.425,2	1.668.270,9
Transport-related activities Cargo, passenger, other)		848.441,6	846.924,9
Detail commerce		457.089,5	457.342,2
Manufacturing of food and drinking products		448.659,6	446.027,3
Other business activities		678.345,8	501.037,7
Construction		551.807,4	513.589,7
Manufacture of chemical, rubber and plastic substance / products		363.301,2	338.009,5
Public and defense, social security administration		556.403,8	536.466,2
Activities related to financial sector		302.809,3	265.368,6
Manufacturing of basic metallurgic, non-metal products and others		349.348,9	329.151,5
Manufacture of gear and fur garment – textile sector		320.587,2	329.020,8
Farming, hunting and related-activities		314.059,2	295.398,8
Social health and educational services		430.079,6	436.464,8
Entertainment activities and other cultural activities		263.978,2	255.145,9
Extraction of crude petroleum and natural gas		445.888,0	254.923,5

Activities of service, real estate, entrepreneurial and rent	371.643,8	276.328,7
Generation, capture and distribution of electric, gas energy	226.865,9	236.219,1
Forestry, logging and related service activities	5.610,2	-
Hotels, restaurants, bars and the like	4.524,1	5.122,7
Other activities and consumption credit - Other	1.486.455,7	1.412.510,2
	<b>\$ 11.749.702,7</b>	<b>10.876.564,2</b>

#### 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:

Risk Category	December 31, de 2010				
	Capital	Interest	Provision Capital	Provision Interest	Security
<b>Commercial</b>	<b>\$ 9.452.723,5</b>	<b>65.283,6</b>	<b>389.552,1</b>	<b>10.607,9</b>	<b>2.363.687,3</b>
Category A Normal	8.405.934,1	49.976,7	137.633,8	849,5	2.020.088,2
Category B Acceptable	626.739,1	4.379,2	31.247,5	218,2	189.097,4
Category C Appreciable	111.724,1	948,3	22.044,7	196,8	58.888,2
Category D Significant	218.648,1	6.416,9	120.520,1	5.845,8	73.237,5
Category E Unrecoverable	89.678,1 3.	562,5	78.106,0	3.497,6	22.376,0
<b>Consumption</b>	<b>2.296.979,2</b>	<b>26.981,1</b>	<b>145.702,2</b>	<b>4.669,0</b>	<b>861.651,9</b>
Category A Normal	2.108.411,4	21.598,9	46.214,3	562,8	795.028,7
Category B Acceptable	48.736,2	1.122,0	4.490,3	170,4	16.105,1
Category C Appreciable	30.119,0	849,7 4.	907,1	610,4	11.528,5
Category D Significant	49.838,4	1.665,0	33.397,2	1.596,1	26.281,5
Category E Unrecoverable	59.874,2	1.745,5	56.693,3	1.729,3	12.708,1
<b>Total per Modality</b>	<b>\$ 11.749.702,7</b>	<b>92.264,7</b>	<b>535.254,3</b>	<b>15.276,9</b>	<b>3.225.339,2</b>

December 31, 2010

Portfolio per Geographic Zone	Capital	Interest	Provision Capital	Provision Interest	Security
<b>Commercial</b>	\$ 9.452.723,5	65.283,6	389.552,1	10.607,9	2.363.687,3
Southwest Region	1.800.087,9	12.893,6	87.914,2	3.201,3	543.782,6
Bogotá Region	4.583.459,7	29.911,1	159.030,9	3.460,6	895.337,3
Northwest Region	1.523.652,5	10.545,3	68.804,7	1.966,1	407.999,7
North Region	1.506.060,7	11.078,0	68.737,1	1.754,0	516.567,7
Credencial	39.462,7	855,6	5.065,2	225,9	-
<b>Consumption</b>	<b>2.296.979,2</b>	<b>26.981,1</b>	<b>145.702,2</b>	<b>4.669,0</b>	<b>861.651,9</b>
Southwest Region	400.343,3	4.470,2	30.717,7	946,6	121.119,3
Bogotá Region	723.363,4	7.502,6	41.821,2	1.390,5	360.128,8
Northwest Region	352.067,6	3.559,6	20.392,0	603,7	203.227,9
North Region	400.778,3	4.740,8	29.855,6	1.077,0	177.175,9
Credencial	420.426,6	6.707,9	22.915,7	651,2	-
<b>Total per Geographic Zone</b>	<b>\$ 11.749.702,7</b>	<b>92.264,7</b>	<b>535.254,3</b>	<b>15.276,9</b>	<b>3.225.339,2</b>

Per Currency	Capital	Interest	Provision Capital	Provision Interest	Security
<b>Commercial</b>	\$ 9.452.723,5	65.283,6	389.552,1	10.607,9	2.363.687,3
Legal Tender	8.896.597,8	63.347,0	379.991,6	10.544,2	2.321.481,5
Foreign Currency	556.125,7	1.936,6	9.560,5	63,7	42.205,8
<b>Consumption</b>	<b>2.296.979,2</b>	<b>26.981,1</b>	<b>145.702,2</b>	<b>4.669,0</b>	<b>861.651,9</b>
Legal Tender	2.278.909,3	26.631,4	144.965,5	4.647,6	861.651,9
Foreign Currency	18.069,9	349,7	736,7	21,4	-
<b>Total per Currencies</b>	<b>\$ 11.749.702,7</b>	<b>92.264,7</b>	<b>535.254,3</b>	<b>15.276,9</b>	<b>3.225.339,2</b>

Portfolio per Modality and its qualification

June 30, 2010

Category of Risk	Capital	Interest	Provision Capital	Provision Interest	Security
<b>Commercial</b>	\$ 8.719.481,0	69.895,9	442.481,4	15.659,1	1.909.330,4
Category A Normal	7.755.590,0	49.968,6	124.867,5	865,4	1.671.520,2
Category B Acceptable	475.995,5	3.983,6	58.512,9	224,3 84.	805,5
Category C Appreciable	110.730,7	1.058,4	21.108,2	635,7	33.829,2
Category D Significant	278.952,0	11.124,6	153.793,4	10.290,4	83.282,6
Category E Unrecoverable	98.212,8	3.760,7	84.199,4	3.643,3	35.892,9
<b>Consumption</b>	<b>2.157.083,2</b>	<b>29.943,7</b>	<b>154.852,3</b>	<b>5.794,6</b>	<b>814.234,2</b>
Category A Normal	1.938.204,2	22.916,5	42.273,3	577,0	737.402,1
Category B Acceptable	61.185,9	1.626,3	5.440,2	230,6	20.140,7
Category C Appreciable	32.027,7	986,3	4.991,1	696,2	13.161,4
Category D Significant	57.158,2	2.044,7	38.095,5	1.950,4	29.637,7
Category E Unrecoverable	68.507,2	2.369,9	64.052,2	2.340,4	13.892,3
<b>Total per Modality</b>	<b>\$ 10.876.564,2</b>	<b>99.839,6</b>	<b>597.333,7</b>	<b>21.453,7</b>	<b>2.723.564,6</b>

Portfolio per Geographic Zone

		June 30, 2010				Security
		Capital	Interest	Provision Capital	Provision Interest	
<b>Commercial</b>	\$	<b>8.719.481,0</b>	<b>69.895,9</b>	<b>442.481,4</b>	<b>15.659,1</b>	<b>1.909.330,4</b>
Southwest Region		1.596.269,7	13.804,2	127.361,2	3.995,7	428.871,3
Bogotá Region		4.050.822,8	30.733,0	157.107,6	5.879,0	614.106,1
Northwest Region		1.549.790,2	11.496,9	75.955,7	2.898,5	375.044,2
North Region		1.484.890,7	12.940,9	77.035,4	2.625,5	491.308,8
Credencial		37.707,6	920,9	5.021,5	260,4	-
<b>Consumption</b>		<b>2.157.083,2</b>	<b>29.943,7</b>	<b>154.852,3</b>	<b>5.794,6</b>	<b>814.234,2</b>
Southwest Region		364.713,0	4.759,4	31.712,6	1.192,3	112.219,8
Bogotá Region		642.545,4	7.759,6	42.946,2	1.682,0	316.940,3
Northwest Region		356.700,2	4.073,8	22.472,7	776,4	218.661,3
North Region		379.515,3	5.206,3	31.546,1	1.252,4	166.412,8
Credencial		413.609,3	8.144,6	26.174,7	891,5	-
<b>Total per Geographic Zone</b>	\$	<b>10.876.564,2</b>	<b>99.839,6</b>	<b>597.333,7</b>	<b>21.453,7</b>	<b>2.723.564,6</b>

Per Currency		Capital	Interest	June 30, 2010		Security
				Provision Capital	Provision Interest	
<b>Commercial</b>	\$	<b>8.719.481,0</b>	<b>69.895,9</b>	<b>442.481,4</b>	<b>15.659,1</b>	<b>1.909.330,4</b>
Legal Tender		8.267.207,0	68.468,6	433.080,1	15.542,3	1.860.084,1
Foreign Currency		452.274,0	1.427,3	9.401,3	116,8	49.246,3
<b>Consumption</b>		<b>2.157.083,2</b>	<b>29.943,7</b>	<b>154.852,3</b>	<b>5.794,6</b>	<b>814.234,2</b>
Legal Tender		2.142.142,3	29.626,9	154.141,1	5.773,3	814.234,2
Foreign Currency		14.940,9	316,8	711,2	21,3	-
<b>Total per Currencies</b>	\$	<b>10.876.564,2</b>	<b>99.839,6</b>	<b>597.333,7</b>	<b>21.453,7</b>	<b>2.723.564,6</b>

As of December 31 and June 30/2010, the Bank made purchases and sales of spot portfolio, firm and at market rates, out of which 83% of sales and purchases are made with Fanalca S.A. and among the policies of motorbike product sale plan, 17% remaining corresponds to sale of lawsuit rights of overdue or written off obligations as follows:

On May 30/2010 Banco de Occidente purchased portfolio of Leasing de Occidente for \$ 88.751.9 at market conditions and characteristics, as an advance of the merger.

	Dec. 31-10	Jun. 30-10
Purchase	6.686,8	179.773,9
Sales	33.340,9	116.516,2

## Restructuring, Covenants and Agreement with Creditors

	December 31, 2010				
	Number	Capital	Interest	Provision	Security
<b>Commercial</b>	<b>725</b>	<b>\$ 294.702,5</b>	<b>2.321,2</b>	<b>86.575,7</b>	<b>207.396,7</b>
Act 116	13	11.275,2	61,3	10.313,7	2.752,3
Act 550	39	14.659,3	287,9	12.899,4	4.454,0
Act 617	7	95.594,3	884,8	15.667,8	84.359,9
Ordinary	664	171.982,0	1.087,2	46.629,0	114.965,8
Arrangement with Creditors,	2	1.191,7	0,0	1.065,8	864,7
<b>Consumption</b>	<b>6.639</b>	<b>44.817,5</b>	<b>1.015,9</b>	<b>37.183,2</b>	<b>11.004,2</b>
Ordinary	6.636	44.809,7	1.015,9	37.183,2	11.004,2
Arrangement with Creditors,					
Homologation	3	7,8	-	-	-
Total Modality & Concept	7.364	\$ 339.520,0	3.337,1	123.758,9	218.400,9

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

	December 31, 2010				
Category of Risk	Number	Capital	Interest	Provision	Security
<b>Commercial</b>	<b>725</b>	<b>\$ 294.702,5</b>	<b>2.321,2</b>	<b>86.575,7</b>	<b>207.396,7</b>
Category A Normal	42	93.231,9	527,2	996,5	71.365,9
Category B Acceptable	111	37.318,7	246,5	5.724,9	28.387,7
Category C Appreciable	34	49.685,8	519,5	4.073,1	44.410,5
Category D Significant	327	63.140,4	307,3	32.634,9	39.442,5
Category E Unrecoverable	211	51.325,7	720,7	43.146,3	23.790,1
<b>Consumption</b>	<b>6.639</b>	<b>44.817,5</b>	<b>1.015,9</b>	<b>37.183,2</b>	<b>11.004,2</b>
Category A Normal	1785	3.004,8	43,6	69,1	0,0
Category B Acceptable	602	984,6	13,3	59,0	0,0
Category C Appreciable	381	714,0	8,0	75,5	0,0
Category D Significant	803	9.139,6	192,1	6.160,9	6.096,5
Category E Unrecoverable	3068	30.974,5	758,9	30.818,7	4.907,7
<b>Total Restructuring, Covenants &amp; Agreement with Creditors</b>	<b>7.364</b>	<b>\$ 339.520,0</b>	<b>3.337,1</b>	<b>123.758,9</b>	<b>218.400,9</b>

## Restructuring, Agreements and Arrangement with Creditors per Geographic Zone

	Number	Capital	Interest	Provision	Security
<b>Commercial</b>	<b>725</b>	<b>\$ 294.702,5</b>	<b>2.321,2</b>	<b>86.575,7</b>	<b>207.396,7</b>
Southwest Region	193	101.007,5	627,8	19.577,4	84.625,6
Bogotá Region	240	100.305,2	702,2	30.820,9	64.542,6
Northwest Region	174	37.090,7	209,5	15.901,4	18.376,2
North Region	117	56.297,5	781,7	20.274,7	39.852,3
Credencial	1	1,6	0,0	1,3	0,0
<b>Consumption</b>	<b>6.639</b>	<b>44.817,5</b>	<b>1.015,9</b>	<b>37.183,2</b>	<b>11.004,2</b>
Southwest Region	937	11.697,7	295,3	10.637,9	3.682,0
Bogotá Region	809	10.199,8	221,4	9.743,7	1.584,9
Northwest Region	860	6.753,0	154,9	6.315,2	1.263,2
North Region	756	10.448,4	268,3	9.330,1	4.474,1
Credencial	3277	5.718,6	76,0	1.156,3	0,0
<b>Total Restructured per Geographic Zone</b>	<b>7.364</b>	<b>\$ 339.520,0</b>	<b>3.337,1</b>	<b>123.758,9</b>	<b>218.400,9</b>

### Restructuring, Agreement and Arrangement with Creditors per Currency

	Number	Capital	Interest	Provision	Security
<b>Commercial</b>	725	\$ 294.702,5	2.321,2	86.575,7	207.396,7
Legal Tender	725	294.702,5	2.321,2	86.575,7	207.396,7
<b>Consumption</b>	6.639	44.817,5	1.015,9	37.183,2	11.004,2
Legal Tender	6639	44.817,5	1.015,9	37.183,2	11.004,2
<b>Total</b>	<b>7.364</b>	<b>\$ 339.520,0</b>	<b>3.337,1</b>	<b>123.758,9</b>	<b>218.400,9</b>

### Restructuring, Covenants and Agreement with Creditors

	June 30, 2010				
	Number	Capital	Interest	Provision	Security
<b>Commercial</b>	<b>719</b>	<b>\$282.119,9</b>	<b>2.687,8</b>	<b>91.281,4</b>	<b>204.099,4</b>
Act 116	5	3.107,1	-	1.806,9	742,9
Act 550	35	9.046,7	57,6	7.019,7	4.523,1
Act 617	6	87.887,2	914,7	25.849,3	75.690,5
Ordinary	673	182.078,9	1.715,5	56.605,5	123.142,9
Arrangement with Creditors,	0	0,0	0,0	0,0	0,0
<b>Consumption</b>	<b>7.069</b>	<b>47.125,8</b>	<b>1.257,3</b>	<b>38.494,5</b>	<b>10.065,3</b>
Ordinary	7.069	47.125,8	1.257,3	38.494,5	10.065,3
<b>Total Modality &amp; Concept</b>	<b>7.788</b>	<b>\$329.245,7</b>	<b>3.945,1</b>	<b>129.775,9</b>	<b>214.164,7</b>

### Structuring, Covenants, and Agreement with Creditors by its Risk Qualification

Category of Risk	Number	Capital	Interest	Provision	Security
<b>Commercial</b>	<b>719</b>	<b>\$ 282.119,9</b>	<b>2.687,8</b>	<b>91.281,4</b>	<b>204.099,4</b>
Category A Normal	97	95.708,6	1.142,2	600,5	72.954,0
Category B Acceptable	58	31.510,1	229,2	6.964,3	24.407,5
Category C Appreciable	46	42.023,0	122,8	9.865,3	36.842,1
Category D Significant	372	67.306,6	730,1	34.730,7	37.456,3
Category E Unrecoverable	146	45.571,6	463,5	39.120,6	32.439,5
<b>Consumption</b>	<b>7.069</b>	<b>47.125,8</b>	<b>1.257,3</b>	<b>38.494,5</b>	<b>10.065,3</b>
Category A Normal	2.066	3.443,8	59,0	78,3	-
Category B Acceptable	675	1.114,3	15,7	69,4	-
Category C Appreciable	388	703,0	8,8	73,2	-
Category D Significant	885	10.884,7	269,1	7.384,4	6.359,9
Category E Unrecoverable	3.055	30.980,0	904,7	30.889,2	3.705,4
<b>Total Restructuring, Covenants &amp; Agreement with Creditors</b>	<b>7.788</b>	<b>\$ 329.245,7</b>	<b>3.945,1</b>	<b>129.775,9</b>	<b>214.164,7</b>

### Restructuring, Agreements and Arrangement with Creditors per Geographic Zone

	Number	Capital	Interest	Provision	Security
<b>Commercial</b>	<b>719</b>	<b>\$ 282.119,9</b>	<b>2.687,8</b>	<b>91.281,4</b>	<b>204.099,4</b>
Southwest Region	193	107.552,7	830,8	33.376,2	87.740,0
Bogotá Region	235	94.452,8	699,3	22.350,3	74.536,9
Northwest Region	167	29.476,0	264,5	12.426,5	10.057,2
North Region	124	50.638,4	893,2	23.128,4	31.765,3
<b>Consumption</b>	<b>7.069</b>	<b>47.125,8</b>	<b>1.257,3</b>	<b>38.494,5</b>	<b>10.065,3</b>
Southwest Region	1001	12.007,5	363,7	10.826,5	3.379,9

Bogotá Region	795	10.583,3	290,7	10.228,4	1.284,5
Northwest Region	738	6.326,9	159,8	5.880,1	982,9
North Region	748	11.512,5	345,1	10.067,7	4.418,0
Credencial	3.787	6.695,6	98,0	1.491,8	-
<b>Total Restructured per Geographic Zone</b>	<b>7.788</b>	<b>\$ 329.245,7</b>	<b>3.945,1</b>	<b>129.775,9</b>	<b>214.164,7</b>

**Restructuring, Agreement and Arrangement with Creditors per Currency**

	Number	Capital	Interest	Provision	Security
<b>Commercial</b>	<b>719</b>	<b>\$ 282.119,9</b>	<b>2.687,8</b>	<b>91.281,4</b>	<b>204.099,4</b>
Legal Tender	719	282.119,9	2.687,8	91.281,4	204.099,4
<b>Consumption</b>	<b>7.069</b>	<b>47.125,8</b>	<b>1.257,3</b>	<b>38.494,5</b>	<b>10.065,3</b>
Legal Tender	7.069	47.125,8	1.257,3	38.494,5	10.065,3
<b>Total</b>	<b>7.788</b>	<b>\$ 329.245,7</b>	<b>3.945,1</b>	<b>129.775,9</b>	<b>214.164,7</b>

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

	Dec. 31-10	Jun. 30-10
Legal Tender	8,89%	9,53%
Foreign Currency	2,40%	2,35%

On December 31/ and June 30/2010 the Bank had loans granted to stockholders and directors; such operations are made under general conditions prevailing in the market of similar operations, as follows:

<b>Admissible Security</b>		Dec. 31-10	Jun. 30-10
Shareholders	\$	89.991,5	12.517,0
Directors		1.542,4	876,9
		<b>91.533,9</b>	<b>13.393,9</b>
<b>Other Security</b>			
Shareholders		16.022,1	26.533,4
Directors		40.150,3	76,4
		56.172,4	26.609,8
	\$	<b>147.706,3</b>	<b>40.003,7</b>

As of December 31 and June 30, 2010, the Bank had made active credit operations exceeding 10% of technical equity.

**Provision for Credit Portfolio and Capital Lease Operations**

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

		Commercial	Consumption	Total Provision
<b>Balance portfolio provision</b>				
<b>December 31, 2009</b>	\$	<b>316.966,3</b>	<b>149.192,6</b>	<b>466.158,9</b>
<b>Initial Balance Leasing Occidente provision</b>		<b>81.992,0</b>	<b>0,0</b>	<b>81.992,0</b>
Plus:				
Provision charged to expense		227.949,6	93.733,7	321.683,4
Less:				
Written-off Loans		(46.850,3)	(46.670,1)	(93.520,4)
Reimbursement of provisions		(137.576,2)	(41.403,9)	(178.980,2)
<b>Balance Portfolio Provision June 30, 2009</b>		<b>442.481,4</b>	<b>154.852,3</b>	<b>597.333,7</b>

Plus:				
Provision charged to expense		187.766,9	88.630,6	276.397,5
Less:				
Written-off Loans		(74.624,5)	(50.664,3)	(125.288,8)
Reimbursement of provisions		(166.025,6)	(47.162,5)	(213.188,1)
<b>Balance Portfolio Provision December, 2010</b>	<b>\$</b>	<b>389.598,2</b>	<b>145.656,1</b>	<b>535.254,3</b>

### Contra-cyclic Individual Provisions

Below the detail of Contra-Cyclic individual provision::

		December 31, 2010		
Contra-Cyclic Individual Provision		Commercial	Consumption	Total
Individual Provision	\$	389.598,2	145.656,0	535.254,2
Individual Provision		326.425,4	116.402,6	442.828,0
<b>Contra-Cyclic individual Provision</b>	<b>\$</b>	<b>63.172,8</b>	<b>29.253,4</b>	<b>92.426,2</b>

		June 30, 2010		
Contra-Cyclic Individual Provision		Commercial	Consumption	Total
Individual total provision		413.045,5	154.852,3	567.897,8
Individual Provision		355.223,8	127.589,5	482.813,3
<b>Contra-Cyclic individual Provision</b>		<b>57.821,7</b>	<b>27.262,8</b>	<b>85.084,5</b>

### (9) Bank Acceptances and Derivatives

Bellow acceptances and derivatives itemized:

#### Bank Acceptances

		Dec. 31-10	Jun. 30-10
Under term	\$	18.479,1	15.149,1
After term		485,0	137,3
	<b>\$</b>	<b>18.964,1</b>	<b>15.286,4</b>

#### Spot Operations

Rights of purchase on foreign currency	\$	861,3	254,4
Rights of sale on foreign currency		-	337,8
Purchase obligations of foreign currency		(858,3)	(254,9)
Sale obligations on foreign currency		-	(338,5)
	<b>\$</b>	<b>3,0</b>	<b>(1,2)</b>

#### Derivatives

##### Forward Contracts

Rights of foreign currency purchase	\$	1.224.933,6	405.942,7
Rights of sale on foreign currency		683.771,7	1.004.070,8
Rights of legal tender purchase		35.286,6	-
Rights of sale on legal tender		10.282,1	3.190,6
Purchase obligations of foreign currency		(1.200.409,0)	(403.464,4)
Sale obligations on foreign currency		(671.165,5)	(978.025,1)
Purchase obligations of legal tender		(34.983,7)	-
Sale obligations on legal tender		(10.037,2)	(3.116,4)
	<b>\$</b>	<b>37.678,6</b>	<b>28.598,2</b>

##### Future Contracts

Rights of sale on foreign currency		3.932,6	-
Rights of purchase over securities		6.672,6	-

Rights of sale over securities		987,6	-
Sale obligations on foreign currency		(3.803,8)	-
Purchase obligations on securities		(6.669,9)	-
Sale obligations on securities		(986,6)	-
		<b>132,5</b>	-
<b>Profit for valuation of Options</b>			
Calls on foreign currency	\$	31,7	12,1
Puts on foreign currency		73,6	2,5
	\$	105,3	14,6
	\$	<b>37.916,4</b>	<b>28.612,8</b>

On December 31 and June 30/2010 the Bank had recorded forward in Legal Tender and foreign currency with terms agreed upon laws than one year.

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

The following is the itemization of profit or loss in the valuation of spot operations and derivatives for the semi-annual operational periods ended on December and June 30, 2010:

<b>Derivatives</b>		<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Foreign currency purchase contract	\$	5,5	58,7
Foreign currency sale contract		55,4	38,6
<b>Profit for valuation of Spot Operations</b>	\$	<b>60,9</b>	<b>97,3</b>
Forwards contract of foreign currency purchase (COP/USD)	\$	106.973,5	39.708,3
Forwards contract of foreign currency sale (COP/USD)		70.157,3	130.145,2
Forwards contract of foreign currency purchase (different COP/USD)		326,4	243,9
Forwards contract of foreign currency sale (different COP/USD)		260,8	985,3
Forwards contract of foreign currency purchase		1.738,6	264,0
Forwards contract of foreign currency sale		73,9	-
Forwards contract of securities sale		39,3	-
Emissions or sale call options		-	1,2
Emissions or sale put options over foreign currency		344,6	33,4
<b>Profit for valuation of derivatives</b>	\$	<b>179.914,4</b>	<b>171.381,3</b>
<b>Derivatives</b>		<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Foreign currency purchase contract	\$	56,7	98,0
Foreign currency sale contract		-	0,7
<b>Loss for valuation of Spot Operations</b>	\$	<b>56,7</b>	<b>98,7</b>
Forwards contract of foreign currency purchase (COP/USD)	\$	78.063,3	105.916,5
Forwards contract of foreign currency sale (COP/USD)		98.461,8	40.783,7
Forwards contract of foreign currency purchase (different COP/USD)		200,9	-
Forwards contract of foreign currency sale (different COP/USD)		442,0	56,3
Forwards contract of foreign currency purchase		1.516,6	161,8
Forwards contract of foreign currency sale		127,8	131,2
Forwards contract of foreign currency purchase		-	79,5
Forwards contract of foreign currency sale		76,9	33,1
Purchase of call operations		136,1	5,6
Purchase of put operations over foreign currency		147,6	65,8

Emissions or sale call options		264,2	-
Emissions or sale put options over foreign currency		30,4	-
<b>Loss for valuation of derivatives</b>	<b>\$</b>	<b>179.467,6</b>	<b>147.233,5</b>

On December 31 and June 30/2010 accrued net income was \$ 446.8 and \$24,147.8, respectively.

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

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

#### (10) Accounts Receivable

Below the detail of interest and other account receivable:

		<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
<b>Interest:</b>			
Interbank funds sold	\$	44,0	0,9
Commercial credit, consumption credit and microcredit portfolio		81.395,9	85.862,3
Others		4.618,7	4.157,0
	<b>\$</b>	<b>86.058,6</b>	<b>90.020,2</b>
<b>Financial Component of Leasing Operations</b>		10.868,9	13.977,3 -
<b>Commissions and Fees</b>		1.122,1	1.294,8
<b>Rent Payment of Goods in Operating Lease</b>	<b>\$</b>	<b>4.848,9</b>	<b>6.524,4</b>
<b>Payment per Customer Account</b>			
Consumption		115.362,5	109.830,5
Commercial		17.191,6	18.055,5
Other		380,1	448,9
<b>Payment on Account Commercial Customers</b>	<b>\$</b>	<b>132.934,2</b>	<b>128.334,9</b>
<b>Other</b>			
Dividends and participations	\$	17.226,0	19.711,7
Rent		14,1	21,3
Sale of goods and services		3.191,1	3.115,8
Promising Sellers		-	10.027,3
Advances of contracts and suppliers		99.347,8	61.945,4
Advances to personnel		99,0	126,5
Sundry:			
Shortage of cash		69,8	56,8
Shortage of swaps		54,3	60,5
Claims to insurance companies		10.149,9	4.811,6
Sales tax receivable		560,0	207,9
Other sundry debtors:			
Servibanca and other networks		2.474,1	1.868,8
Credencial devolutions		21,7	33,0
Disabilities		158,8	178,6
Internal Sales – Credencial		18,0	2,1
Master Card F/C		82,3	57,9
Master Card pending drafts		344,9	-

Other		21.197,9	19.606,2
	\$	<b>155.009,7</b>	<b>121.831,4</b>

**Provision to Accounts Receivable:**

The movement is as follows:

Initial balance	\$	37.602,7	31.636,7
Initial balance Leasing Occidente		-	7.538,8
Plus: provisions charged to operational expense		25.383,2	23.849,7
Value Provision Operative Risk		575,1	402,6
		<b>63.561,0</b>	<b>63.427,8</b>
<b>Less:</b>			
Written-off accounts receivable		(18.307,7)	(15.959,9)
Reimbursement to contra-cyclic provision		(2.198,4)	(2.202,7)
Reimbursement to income and recoveries		(12.203,4)	(7.662,5)
<b>Closing balance</b>	<b>\$</b>	<b>30.851,5</b>	<b>37.602,7</b>

**(11) Goods Received in Payment and Returned Goods**

The detail is as following:

Immovable property for housing	\$	375,5	480,0
Immovable property different from housing		19.123,5	15.383,3
Returned Property		8.567,2	10.417,1
Chattels		1.162,2	1.123,9
		29.228,4	27.404,3
Provision		(17.841,4)	(16.468,1)
	\$	<b>11.387,0</b>	<b>10.936,2</b>

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

The following is the list of securities received as Movable Goods on December 31 and June 30/2010:

Entity	Description of Security	Indexed Cost	Provision
Country Club	1 corporate stock	\$ 36,9	36,9
Fiduciaria "Fidufes"	1.4353% of Calima Resort Project	323,3	323,3
Palacio de Exposiciones "Acriglas S.A."	28.65% over 10.000 stocks	1,7	1,7
Probolsa - Alvaro Diego Montoya Promotora	141 shares of AV Villas	0,3	0,3
La Alborada S.A.	642.744.545 stocks	205,0	205,0
Promotora La Enseñanza S.A.	317.710 stocks	123,6	123,6
		<b>\$ 690,8</b>	<b>690,8</b>

**Provision for goods received in payment and returned goods**

The movement is as follows:

		Dec. 31-10	Jun. 30-10
Initial Balance	\$	16.468,1	11.308,9

Initial Balance Leasing de Occidente	-	5.359,8
<b>Plus:</b>		
Provision charged to operating expenses	2.616,5	2.077,1
	<b>\$ 19.084,6</b>	<b>18.745,8</b>
<b>Less:</b>		
Recovery of Provisions during period	(1.243,2)	(2.277,7)
<b>Closing balance</b>	<b>\$ 17.841,4</b>	<b>16.468,1</b>

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

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

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

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

Below the detail for Property and Equipment:

		<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Land	\$	20.140,1	24.194,5
Constructions in Progress		2.045,0	913,9
Buildings		179.104,0	168.458,8
	<b>\$</b>	<b>201.289,1</b>	<b>193.567,2</b>
<b>Other</b>			
Vehicles		1.045,0	1.045,0
Warehouses		-	3.540,6
Imports in Progress		61.278,5	25.501,4
	<b>\$</b>	<b>62.323,5</b>	<b>30.087,0</b>
Below the detail for goods given on operating leasing:			
Machinery and Equipment	\$	71.719,1	72.135,4
Vehicles		9.729,5	7.605,2
Furniture and Fixtures		34.807,5	33.788,2
Computer Equipment		200.247,6	233.901,5
Real Estate Property		24.934,1	24.934,1
Computer Software		83.578,4	74.109,3
		425.016,2	446.473,7
Less: Accumulative Depreciation		(160.036,1)	(176.947,3)
Provision goods given in operating lease		(3.662,0)	(3.288,0)
	<b>\$</b>	<b>261.318,1</b>	<b>266.238,4</b>

The Bank holds insurance policies to Project its property and equipment for \$357.677,4 and \$315.673,1 On December 31 and June 30/2010 respectively, covering theft, fire, lighting, explosion, earthquake, strike, riot, and other risks.

For immovable property, the Bank records valuations which are determined based on the commercial appraisals made by experts in this area. Most of the appraisals of goods shared with other entities were made in 2008; the appraisals of the goods owned by the Bank were made between 2009 and 2010.

On Bank's property and equipment there are neither mortgages nor pledges,. On December 31 and June 30/2010 the Bank has provision to cover buildings for \$121.0 and \$18.4, respectively.

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

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

<b>December 31, 2010</b>				
<b>Category of Risk</b>	<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
<b>Commercial</b>				
Category A Normal	\$ 252.875,7	3.967,7	3.021,3	57,5
Category B Acceptable	11.244,9	358,6	347,5	10,9
Category C Appreciable	505,4	3,5	38,1	3,1
Category D Significant	268,0	199,5	177,7	197,6
Category E Unrecoverable	86,0	319,6	77,4	319,7
	<b>\$ 264.980,0</b>	<b>4.848,9</b>	<b>3.662,0</b>	<b>588,8</b>

<b>June 30, 2010</b>				
<b>Category of Risk</b>	<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
<b>Commercial</b>				
Category A Normal	\$ 265.500,4	6.039,9	2.788,6	70,5
Category B Acceptable	3.317,8	164,1	128,0	6,1
Category C Appreciable	4,5	0,9	0,8	0,2
Category D Significant	607,2	190,0	289,2	182,1
Category E Unrecoverable	96,5	129,5	81,4	128,8
	<b>\$ 269.526,4</b>	<b>6.524,4</b>	<b>3.288,0</b>	<b>387,7</b>

**Per geographic zone:**

<b>December 31, 2010</b>				
<b>Commercial</b>	<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
Southwest Region	\$ 92.070,3	920,1	992,3	76,2
Bogotá Region	107.712,7	2.686,6	712,4	270,1
Northwest Region	43.141,9	836,3	629,0	218,7
North Region	22.055,1	405,9	328,3	23,8
	<b>\$ 264.980,0</b>	<b>4.848,9</b>	<b>3.662,0</b>	<b>588,8</b>

<b>June 30, 2010</b>				
<b>Commercial</b>	<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
Southwest Region	\$ 91.805,3	1.257,8	941,1	78,5
Bogotá Region	116.771,8	3.917,6	1.479,4	234,0
Northwest Region	40.958,6	855,6	613,8	48,1
North Region	19.990,7	493,4	253,7	27,1
	<b>\$ 269.526,4</b>	<b>6.524,4</b>	<b>3.288,0</b>	<b>387,7</b>

**Per currency:**

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**December 31, 2010**

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<b>Commercial</b>	<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
Legal Tender	\$ 264.980,0	4.848,9	3.662,0	588,8

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**June 30, 2010**

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<b>Commercial</b>	<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
Legal Tender	\$ 269.526,4	6.524,4	3.288,0	387,7

**Restructuring, Covenants and Agreement with Creditors:**

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**December 31, 2010**

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<b>Commercial</b>	<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
Ordinary	\$ 7.163,2	234,1	162,4	7,5

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**June 30, 2010**

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<b>Commercial</b>	<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
Ordinary	\$ 8.315,4	257,6	86,2	2,8

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

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**December 31, 2010**

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<b>Category of Risk</b>	<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
<b>Commercial</b>				
Category A Normal	\$ 5.936,6	135,9	105,7	2,4
Category B Acceptable	744,2	95,2	20,2	2,1
Category C Appreciable	482,5	3,0	36,5	3,0
	<b>\$ 7.163,3</b>	<b>234,1</b>	<b>162,4</b>	<b>7,5</b>

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**June 30, 2010**

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<b>Category of Risk</b>	<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
<b>Commercial</b>				
Category A Normal	\$ 8.315,4	257,6	86,2	2,8

**Restructuring, Agreements and Arrangement with Creditors per Geographic Zone:**

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**December 31, 2010**

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<b>Commercial</b>		<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
Bogotá Region	\$	5.936,6	135,9	105,7	2,4
Southwest Region		1.226,7	98,2	56,7	5,1
	\$	<b>7.163,3</b>	<b>234,1</b>	<b>162,4</b>	<b>7,5</b>

**June 30, 2010**

<b>Commercial</b>		<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
Bogotá Region	\$	1.258,5	99,1	12,8	1,0
North Region		7.056,9	158,5	73,4	1,7
	\$	<b>8.315,4</b>	<b>257,6</b>	<b>86,2</b>	<b>2,7</b>

**Restructuring, Agreement and Arrangement with Creditors per Currency:**

**December 31, 2010**

<b>Commercial</b>		<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
Legal Tender	\$	7.163,3	234,1	162,4	7,5

**June 30, 2010**

<b>Commercial</b>		<b>Capital</b>	<b>Operating Rent</b>	<b>Provision Capital</b>	<b>Provision Operating Rent</b>
Legal Tender	\$	8.315,4	257,6	86,2	2,7

**Provision for goods given in operative leasing:**

The movement is as follows:

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Initial Balance Leasing Occidente	3.288,0	3.669,6
<b>Plus:</b>		
Provision charged to operating expenses	1.493,5	1.723,8
	\$ <b>4.781,5</b>	<b>5.393,4</b>
<b>Less:</b>		
Recovery of Provisions during period	(1.119,5)	(2.105,4)
<b>Closing balance</b>	\$ <b>3.662,0</b>	<b>3.288,0</b>

**(13) Other Assets**

**Prepaid Expenses and Deferred Charges**

The detail is as follows:

	<b>Jun. 30-10</b>	<b>Additions</b>	<b>Reclassif.</b>	<b>Amortization</b>	<b>Dec. 31-10</b>
<b>Prepaid Expenses:</b>					
Interest	\$ 11,0	106,4	-	103,0	14,4
Insurance	1.197,2	978,3	-	2.164,3	11,2
Equipment Maintenance	115,0	0,0	-	115,0	0,0

Other	854,5	794,0	-	1.006,6	641,9
	<b>\$ 2.177,7</b>	<b>1.878,7</b>	<b>-</b>	<b>3.388,9</b>	<b>667,5</b>
<b>Deferred Charges:</b>					
Organization & Preoperative	3.428,9	2.011,2	68,9	1.757,0	3.614,2
Rebuilding	6.927,3	883,7	451,9	2.502,4	4.856,7
Studies and Projects	19.362,3	10.885,3	4.223,4	3.166,1	22.858,1
Computer Software	387,3	975,8	249,7	975,7	137,7
Improvement leased property	3.160,1	717,3	17,9	1.523,3	2.336,2
Stationery	337,5	1.455,6	-	1.331,2	461,9
Commissions invests in securities	1.588,9	143,0	-	1.731,9	0,0
Deferred income tax	1.218,9	1.715,4	-	872,8	2.061,5
Real Estate Tax	656,1	78,6	-	734,7	0,0
Contributions & Affiliations	175,6	2.559,1	-	2.734,7	0,0
Other deferred charges	202,1	-	-	202,1	0,0
	<b>37.445,0</b>	<b>21.425,0</b>	<b>5.011,8</b>	<b>17.531,9</b>	<b>36.326,3</b>
	<b>\$ 39.622,7</b>	<b>23.303,7</b>	<b>5.011,8</b>	<b>20.920,8</b>	<b>36.993,8</b>

The detail is as follows:

	Dec. 31-09	Additions	Reclassif.	Amortization	Jun. 30-10
<b>Prepaid Expenses:</b>					
Interest	\$ 5,0	25,9	-	19,9	11,0
Insurance	88,3	2.386,4	-	1.277,5	1.197,2
Equipment Maintenance	0,0	136,0	-	21,0	115,0
Other	160,3	1.018,8	-	324,6	854,5
	<b>\$ 253,6</b>	<b>3.567,1</b>	<b>-</b>	<b>1.643,0</b>	<b>2.177,7</b>
<b>Deferred Charges:</b>					
Organization & Preoperative	3.687,0	3.947,2	2.657,2	1.548,1	3.428,9
Rebuilding	5.119,2	16.789,6	12.556,9	2.424,6	6.927,3
Studies and Projects	14.569,1	13.241,3	6.233,6	2.214,5	19.362,3
Computer Software	34,8	1.901,8	801,1	748,2	387,3
Improvement leased property	2.048,4	5.371,3	3.045,7	1.213,9	3.160,1
Stationery	399,5	1.843,7	-	1.905,7	337,5
Commissions invests in securities	-	1.636,0	-	47,1	1.588,9
Deferred income tax	2.235,5	691,5	-	1.708,1	1.218,9
Real Estate Tax	-	936,6	-	280,5	656,1
Contributions & Affiliations	-	1.720,7	-	1.545,1	175,6
Other deferred charges	404,3	404,4	404,4	202,2	202,1
	<b>28.497,8</b>	<b>48.484,1</b>	<b>25.698,9</b>	<b>13.838,0</b>	<b>37.445,0</b>
	<b>\$ 28.751,4</b>	<b>52.051,2</b>	<b>25.698,9</b>	<b>15.481,0</b>	<b>39.622,7</b>

#### Intangible Assets – Mercantile Credit:

The following is mercantile credit derived from the taken over of Banco Unión:

Percentage acquired	39,28%
Date Purchased	Jun de 2006
Equity	\$ 32.795,9
Investment Banco de Occidente S.A.	74.730,8
Vr. Mercantile Credit	41.934,9
Balance to redeem as of December, 2009	29.547,6
Amortization 1 <sup>st</sup> half-year 2010	1.812,9

Balance to redeem as of June, 2010	27.734,7
Amortization 2nd half-year 2010	655,0
<b>Unamortized balance at December, 2010</b>	<b>\$ 27.079,7</b>

Following the detail of mercantile credit initial distribution acquired to each business line and valuation as of September 30, 2010:

Banco Unión Colombiano	Value mercantile credit per line of business	Participation % in mercantile credit line	Sep 30-10		
			Line of Business	Valuation Banco Unión (USD rates)	Acquisition
Allocation mercantile credit per line of business			14,13%	13,11%	12,09%
Ordinary Portfolio	\$ 13.076,5	31,2%	113.876,0	123.873,0	135.605,0
Treasury Credit	12.044,0	28,7%	16.675,0	18.307,0	20.231,0
Unidirecto	4.073,6	9,7%	55.039,0	60.014,0	65.861,0
Vehicles	2.449,9	5,8%	41.459,0	45.109,0	49.397,0
Loans to personnel	3.887,1	9,3%	49.160,0	53.660,0	58.952,0
Credencial & Visa	1.372,5	3,3%	38.251,0	41.703,0	45.762,0
Crediunión plus	1.437,9	3,4%	0,0	0,0	0,0
Overdrafts Current Account	961,8	2,3%	7.750,0	8.418,0	9.202,0
Development Portfolio	247,2	0,6%	1.834,0	1.985,0	2.162,0
Debtor F/C Colombia	2.384,4	5,7%	3.658,0	4.059,0	4.535,0
	<b>\$ 41.934,9</b>	<b>100,0%</b>	<b>327.702,0</b>	<b>357.128,0</b>	<b>391.707,0</b>

#### Other Assets – Goods to Place in Leasing Contracts:

Below the detail:

	Dec. 31-10	Jun. 30-10
Machinery and Equipment	\$ 11.746,4	6.455,9
Vehicles	27.935,9	24.045,0
Furniture and Fixtures	1.017,8	1.030,2
Computer Equipment	11.332,2	5.138,6
Software	1.145,1	1.077,9
Real Estate Property	22.884,5	27.550,6
	<b>\$ 76.061,9</b>	<b>65.298,2</b>

#### Other Assets– Others:

Below the detail:

	Dec. 31-10	Jun. 30-10
Loans to employees (1)	\$ 16.462,6	16.665,0
Species Valued	32,5	4,6
Art Work and Culture Goods	674,1	642,1
Sundry:		
Income tax prepaid	-	44.542,6
Withholdings at source	-	16.255,7
Remittance in transit unconfirmed	20,5	11,5
Furniture and fixtures in warehouse	12,7	12,7
Commerce and Industry tax prepaid	3.259,2	1.778,2
VAT deducted from income tax	-	97,8
Petit cash	23,0	22,3
Other	600,8	727,5
	<b>\$ 21.085,4</b>	<b>80.760,0</b>

1) Total loans to employees were ranked category "A" and are backed up by proper category.

<b>Provision for other asset</b>	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
The movement is as follows:		
Initial balance	\$ 2.735,1	3.670,0
Initial balance Leasing Occidente	-	0,5
Plus: Provision charged to operational expense	1.688,7	904,4
Less: Reimbursement of period provisions	-	(1.839,8)
	<b>\$ 4.423,8</b>	<b>2.735,1</b>

#### **(14) Deposits and Payabilities**

Below Time Deposits itemized by maturity:

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Less than 6-month issued	\$ 603.339,9	597.931,3
Equal to 6-month and less than 12-month issued	496.648,5	616.349,7
Equal or more than 12-month issued	385.103,0	741.176,0
	<b>\$ 1.485.091,4</b>	<b>1.955.457,0</b>

Below the detail of other deposits and payabilities:

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Trust funds	\$ 44.593,9	84.942,6
Banks and correspondents	13.575,4	13.657,8
Especial deposits	14.590,5	11.306,7
Payabilities for bank services	166.639,9	105.721,1
	<b>\$ 239.399,7</b>	<b>215.628,2</b>

On December 31 and June 30/2010 the deposits in Legal Tender have and ordinary cash position as follows

	<b>Ordinary Swap</b>
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<sup>o</sup>. 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 and Related Market**

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

	Interest Rate	Dec. 31-10	Interest Rate	Jun. 30-10
<b>Inter-banking purchased funds:</b>				
Banks L/T		\$ -		-
Banks F/C	0,45%	60.694,3	0,45%	117.667,4
		60.694,3		117.667,4
<b>Operations of Report or Repo:</b>				
Banco de la República		-	3,74%	150.015,3
		\$ -		150.015,3
		\$ 60.694,3		267.682,7

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

#### (16) Credits from Banks and other Financial Obligations

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

December 31, 2010						
Entity		Interest Accrued	Securities	Short-term	Long-term	Total
Banco de Comercio Exterior L/T	\$	2.484,4	739.616,9	242.808,3	496.808,6	39.616,9
Banco de Comercio Exterior F/C		29,3	-	11.808,2	28.791,9	40.600,1
Finagro		1.093,3	120.638,4	27.145,6	93.492,8	120.638,4
Financiera de Desarrollo Territorial Findeter S.A.		568,1	300.973,6	40.883,3	260.090,3	300.973,6
Other		-	31,9	31,9	-	31,9
Overseas Banks:						
Citibank NA		122,4	-	57.882,7	-	57.882,7
Corporación Andina Fomento (CAF)		88,8	-	61.671,6	-	61.671,6
Banco de Occidente Panamá		50,1	-	214.258,9	18.405,8	232.664,7
Standard Charterd Bank		70,6	-	42.240,0	-	42.240,0
JP Morgan Chase Bank NY.		59,1	-	47.807,1	-	47.807,1
Bank of America		92,1	-	41.331,3	-	41.331,3
Wells Bank		123,9	-	60.300,7	-	60.300,7
HSBC Bank Usa NY		49,0	-	28.705,6	-	28.705,6
Helm Bank Panamá		10,4	-	10.952,9	-	10.952,9
	\$	<b>4.841,5</b>	<b>1.161.260,8</b>	<b>887.828,1</b>	<b>897.589,4</b>	<b>1.785.417,5</b>

June 30, 2010						
Entity		Interest Accrued	Securities	Short-term	Long-term	Total
Banco de Comercio Exterior L/T	\$	2.229,7	764.587,2	139.236,4	625.350,8	764.587,2
Banco de Comercio Exterior M/E		27,9	-	12.637,4	8.883,9	21.521,3
Finagro		1.191,0	136.865,1	27.269,2	109.595,9	136.865,1
Financiera de Desarrollo territorial Findeter S.A.		1.053,3	391.569,1	49.005,3	342.563,8	391.569,1
Other		86,1	55.514,4	55.514,4	-	55.514,4
Overseas Banks:						
Citibank NA		91,0	-	58.080,8	-	58.080,8
Corporación Andina Fomento (CAF)		121,5	-	95.052,8	-	95.052,8
Banco de Occidente Panamá		112,9	-	197.333,1	10.570,2	207.903,3

**December 31, 2010**

<b>Entity</b>	<b>Interest Accrued</b>	<b>Securities</b>	<b>Short- term</b>	<b>Long-term</b>	<b>Total</b>
Standard Chartered Bank	64,4	-	40.778,1	-	40.778,1
Occidental Bank Barbados Ltd	28,5	-	6.696,0	-	6.696,0
Bank Of America	48,1	-	33.858,4	-	33.858,4
Wells Bank	33,4	-	27.124,6	-	27.124,6
Helm Bank Panamá	12,6	-	12.305,2	-	12.305,2
	<b>\$ 5.100,4</b>	<b>1.348.535,8</b>	<b>754.891,7</b>	<b>1.096.964,6</b>	<b>1.851.856,3</b>

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

Bank guarantees in Legal Tender correspond to promissory notes of credit portfolio.

The movements of bank credits and other long-term financial obligations as from January 1, 2012 are as follows:

<b>Year</b>	<b>Legal Tender</b>	<b>Foreign Currency</b>	<b>Total</b>
2012	\$ 265.730,3	21.865,7	287.596,0
2013	191.945,8	14.835,0	206.780,8
2014	115.394,5	5.803,2	121.197,7
2015	81.618,7	4.693,8	86.312,5
2016	60.701,8	-	60.701,8
2017	50.846,9	-	50.846,9
2018	24.830,4	-	24.830,4
2019	26.971,3	-	26.971,3
2020	16.398,2	-	16.398,2
2021	9.977,0	-	9.977,0
2022	4.476,8	-	4.476,8
2023	600,0	-	600,0
2024	600,0	-	600,0
2025	300,0	-	300,0
	<b>\$ 850.391,7</b>	<b>47.197,7</b>	<b>897.589,4</b>

**(17) Accounts Payable**

**Interest**

The detail of interest payable is as follows:

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Deposits and Payabilities	\$ 24.129,4	31.338,9
Currency market operations	1,6	11,6
Credits of banks and other financial obligations	4.175,1	4.572,7
Investment titles outstanding	6.973,4	6.346,3
Security Bonds	1.486,1	1.487,7
Peace Bonds	6.837,3	6.992,0
Other	0,9	784,4
	<b>\$ 43.603,8</b>	<b>51.533,6</b>

**Others**

Below the detail of other accounts payable

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Tax	\$ 5.939,9	16.923,1
Dividends and Surplus	51.529,9	49.430,2
Contribution on Financial Transactions	6.904,4	3.228,6

Promising Purchasers	2.284,1	945,2
Suppliers	92.899,3	65.489,9
Withholdings and labor Contributions	48.254,5	39.768,2
Insurance Premiums	6.959,8	11.374,5
Tax collection	87.607,1	215.025,7
Sundry:		
Checks drawn and uncashed	9.275,0	9.738,9
Other	30.713,0	33.007,5
	<b>\$ 342.367,0</b>	<b>444.931,8</b>

### (18) Outstanding Investment Certificates

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

- a. Issue of Subordinate Ordinary Bonds in 2004, 2005, 2006 (all of which issued), 2007 (one issue) and 2008 (second issue 2007). Issue of Ordinary Bonds in 2006 II, 2007 (one issue), 2008 (one issue), 2009 and 2010.
- b. Amount authorized to issue
 

2004,	\$	80,000
2005,	\$	40,000
2006,	\$	75,000
2006,	\$	48,000
2006 II,	\$	250,000
2007,	\$	80,000
2007,	\$	300,000
2008,	\$	250,000
2009,	\$	500,000
2010,	\$	359,550

Note: The issue made in 2007 (\$80,000) was made in two dates, the first was made on August 9, 2007 with cost of \$50,500 and the second issue was made on February 25, 2008 for \$29,500 total

- c. Holders' legal representative  
Fiduciaria de Bogotá S.A.  
Fiduciaria la Previsora S.A.  
Helm Fiduciaria S.A.
- d. Par value and minimum investment \$10,000,000 y \$10,000,000 (In pesos)
- e. Series, term and maturity

Year	Series	Term (months)	Return		Dec. 31-10	Jun. 30-10
2004	One-time	84	IPC + 6.19	\$	80.000,0	80.000,0
2005	One-time	84	IPC + 5.09		40.000,0	40.000,0
2006	One-time	84	IPC + 5.58		75.000,0	75.000,0
2006	C	85	IPC + 5.75		44.680,0	44.680,0
2006	B	85	DTF + 3.00		8.730,0	8.730,0
2007	One-time	84	IPC + 5.90		50.500,0	50.500,0
2007	B	48	DTF + 2.90		39.299,4	39.299,4
2007	B	60	DTF + 3.10		81.564,4	81.564,4
2007	C	85	IPC + 6.60		53.841,1	53.841,1
2008	One-time	84	IPC + 5.90		29.500,0	29.500,0
2008	A	24	FIJA 1.2 E.A.		-	20.100,4
2008	B	24	DTF + 2.40		-	119.297,8

2008	B	36	DTF + 2.70	3.502,8	3.502,8
2008	B	60	DTF + 3.10	112.983,4	112.983,4
2008	C	85	IPC + 5.90	21.023,9	21.023,9
2008	C	121	IPC + 7.00	52.902,5	52.902,5
2009	A	36	FIJA 5.2 E.A.	39.307,8	39.307,8
2009	B	18	DTF + 0.70	-	46.000,0
2009	B	24	DTF + 0.70	51.507,0	51.507,0
2009	B	18	DTF + 1.20	-	70.000,0
2009	B	24	DTF + 1.30	80.054,2	80.054,2
2009	B	36	DTF + 1.60	22.595,3	22.595,3
2009	C	60	IPC + 5.00	50.086,1	50.086,1
2009	C	121	IPC + 5.75	1.000,0	1.000,0
2009	C	85	IPC + 6.00	123.449,6	123.449,6
2010	B	36	IPC + 2.72	149.550,0	-
2010	B	60	IPC + 3.15	122.000,0	-
2010	C	60	DTF + 1.35	6.000,0	-
2010	D	36	IBR + 1.42	82.000,0	-
				<b>\$ 1.421.077,5</b>	<b>1.316.925,7</b>

### (19) Other Liabilities

Below the detail of other liabilities:

#### Consolidated Labor Obligations:

		<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Consolidate Severance	\$	9.068,2	6.086,2
Interest on severance		1.203,9	426,2
Consolidate vacations		8.507,8	9.107,3
Other labor benefits		15.802,9	15.846,3
		<b>\$ 34.582,8</b>	<b>31.466,0</b>

#### Income received in advance:

		<b>Jun. 30-10</b>	<b>Debits</b>	<b>Credits</b>	<b>Dec. 31-10</b>
Interest	\$	4.373,2	13.703,4	16.177,8	6.847,6
Commissions		3.023,5	14.489,9	14.502,8	3.036,4
Rents		453,0	1.845,7	1.961,0	568,3
Others		2.433,6	1.471,0	1.107,2	2.069,8
		<b>\$ 10.283,3</b>	<b>31.510,0</b>	<b>33.748,8</b>	<b>12.522,1</b>
Interest	\$	16.502,2	25.438,6	13.309,6	4.373,2
Commissions		3.056,4	14.129,4	14.096,5	3.023,5
Rents		-	24,0	477,0	453,0
Others		1,1	166,2	2.598,7	2.433,6
		<b>\$ 19.559,7</b>	<b>39.758,2</b>	<b>30.481,8</b>	<b>10.283,3</b>

Below the detail of other liabilities – other:

		<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Deferred credits	\$	11.312,3	13.568,5
Income tax deferred		67.396,4	71.257,1
Accounts cancelled		1.545,6	1.810,7
Sundry:			

Credits to apply Obligations on collection	7.790,7	4.728,1
Surplus of Cash	74,1	58,0
Swap Surplus	4,8	1.122,7
Other	2.387,3	3.453,0
	<b>\$ 90.511,2</b>	<b>95.998,1</b>

Retirement pension for \$ 3.705,9 and \$ 3.147,3 on December 31 and June 30/2010 include the actuarial calculation for de 40 employees and currently totally amortized

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Balance to prior half-year	\$ 3.147,3	3.086,7
Pensions paid during half-year	(208,7)	(215,4)
Amortization carried to expenses	767,3	276,0
<b>Actuarial valuation at the end half-year</b>	<b>\$ 3.705,9</b>	<b>3.147,3</b>

## (20) Estimate Liabilities and Provisions

Below estimated tax liabilities detailed:

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Income and Complementary Tax	\$ 11.943,9	38.191,1
Commerce and Industry	352,0	3.413,2
VAT no deductible	5.189,1	4.805,7
Real Estate tax	-	6,1
	<b>\$ 17.485,0</b>	<b>46.416,1</b>

## (21) Equity Capital

As of December 31 and June 30, 2009, the following detail is shown:

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Authorized Capital		
Divided into 200,000,000 stocks	\$ 6.000,0	6.000,0
Capital to be subscribed		
50.159.686 and 50.159.707 stocks as of Dec. 31 and June 30, 2010, respectively.	(1.504,8)	(1.504,8)
Subscribed and Paid-in Capital		
149.840.314 and 149.840.233 stocks as of Dec. 31 and June 30, 2010, respectively.		
	<b>\$ 4.495,2</b>	<b>4.495,2</b>

Par value per stock: COP 30.00.

## (22) Legal Reserve

Legal Reserve is made up as follows:

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Appropriation of profit	\$ 715.819,6	623.415,4
Premium in placement of stocks	520.666,0	520.666,0
	<b>\$ 1.236.485,6</b>	<b>1.144.081,4</b>

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

### (23) Occasional Reserves

As of December 31 and June 30, 2010, occasional reserve balance corresponds to profit appropriations made by decision of the Stockholders General Meeting; the detail is the following:

	Dec. 31-10	Jun. 30-10
Stability of dividend at disposal of the shareholders general meeting	\$ 20.841,8	26.568,3
Credit portfolio protection	24,9	24,9
Fiscal Dispositions	158.564,3	153.870,9
To protect Investments	26.568,3	20.841,8
	<b>\$ 205.999,3</b>	<b>201.305,9</b>

### (24) Contingent and Memorandum Accounts

Below the detail of contingent accounts:

	Dec. 31-10	Jun. 30-10
<b>Debit:</b>		
Interest of credit portfolio	\$ 34.501,1	40.505,3
Interest of leasing	13.877,7	17.711,6
Rent Payment and Penalty of Leasing Contracts	941,9	767,6
Rights in options – speculation	11.873,9	1.679,7
Rent Payment Receivable (1)	3.377.054,9	3.044.992,4
Call Options Receivable	172.671,2	185.609,4
Values delivered in Repo and simultaneous operations	-	147.576,6
Other debts contingences	2.934,7	1.430,3
	<b>\$ 3.613.855,4</b>	<b>3.440.272,9</b>
<b>Credits:</b>		
Values received in Operations Repo and Simultaneous	40.037,5	27.199,1
Bank Guarantee	503.509,8	525.884,3
Letter of Credit	110.665,0	74.770,6
Approved and non-reimbursed credits	1.138.030,0	1.204.582,9
Opening of credit	1.948.895,5	1.888.442,2
Obligations in options	31.772,7	2.066,0
Other creditor contingencies	18.691,7	7.997,8
	<b>\$ 3.791.602,2</b>	<b>3.730.942,9</b>

(1) Qualification of rent receivable:

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

Category of Risk	December 31, 2010			
		Rent receivable Capital Lease	Rent receivable Operating Lease	Total
<b>Commercial</b>		<b>3.098.624,0</b>	<b>273.256,4</b>	<b>3.371.880,4</b>
Category A Normal	\$	2.690.180,3	261.862,9	2.952.043,2
Category B Acceptable		283.487,0	10.636,2	294.123,2

Category C Appreciable		28.297,1	569,3	28.866,4
Category D Significant		79.909,7	149,4	80.059,1
Category E Unrecoverable		16.749,9	38,6	16.788,5
<b>Consumption</b>		<b>5.174,5</b>	-	<b>5.174,5</b>
Category A Normal	\$	4.864,8	-	4.864,8
Category B Acceptable		42,3	-	42,3
Category C Appreciable		30,5	-	30,5
Category D Significant		191,5	-	191,5
Category E Unrecoverable		45,4	-	45,4
	\$	<b>3.103.798,5</b>	<b>273.256,4</b>	<b>3.377.054,9</b>

Category of Risk	June 30, 2010		Total	
	Rent receivable Capital Lease	Rent receivable Operating Lease		
<b>Commercial</b>		<b>2.765.275,9</b>	<b>276.057,7</b>	<b>3.041.333,6</b>
Category A Normal	\$	2.461.730,1	272.314,8 2.	734.044,9
Category B Acceptable		163.874,6	3.205,2	167.079,8
Category C Appreciable		38.625,3	-	38.625,3
Category D Significant		87.123,6	464,1	87.587,7
Category E Unrecoverable		13.922,3	73,6	13.995,9
<b>Consumption</b>		<b>3.658,8</b>	-	<b>3.658,8</b>
Category A Normal	\$	3.510,9	-	3.510,9
Category B Acceptable		19,5	-	19,5
Category C Appreciable		63,8	-	63,8
Category D Significant		50,6	-	50,6
Category E Unrecoverable		14,0	-	14,0
	\$	<b>2.768.934,7</b>	<b>276.057,7</b>	<b>3.044.992,4</b>

Below memorandum accounts itemized:

	Dec. 31-10	Jun. 30-10
<b>Debit:</b>		
Goods and values delivered in custody	\$ 13,2	13,2
Goods and values delivered in guarantee	5.759,2	2.490,9
Valuation of goods received in payment	7.503,6	5.856,4
Remittances sent to collection	2.437,5	2.174,7
Unpaid negotiated checks	524,6	524,6
Written-off asset (1)	900.773,5	787.043,9
Unused credits in favor	1.309.746,1	1.371.005,0
Amortized Investment titles	1.306.654,7	1.051.256,5
Assets inflation adjustment	38.313,2	38.815,7
Payable accounts returns	-	850,1
Credit to Parent Company, affiliates and subsidiaries	-	4,1
New loans agribusiness portfolio	87.600,5	106.688,0
Property and equipment fully depreciated	65.964,7	58.730,0
Fiscal value of asset	13.921.267,7	15.714.379,8
Provision persons in agreement with creditors	1.104,3	1.157,3
Investments negotiable in certificates of indebtedness	1.563.157,2	2.035.155,7
Investments to maintain up to maturity	721.898,7	710.616,3
Investment available/via certificates of indebtedness	336.038,2	312.509,0
Recip. Active Oper. with parent companies and subsidiaries	997.421,6	859.665,0

Recip. Active Oper. affecting Expenses and cost with parent companies and subsidiaries		3.508,0	3.482,0
Other debit memorandum accounts		106.187,6	647.375,3
	<b>\$</b>	<b>21.375.874,1</b>	<b>23.709.793,5</b>
<b>(1) Written-off assets are itemized below:</b>			
Investment		14.187,1	14.187,1
Credit Portfolio:			
Business Banking		273.647,5	295.990,2
Personal Banking		362.765,0	260.876,7
Accounts Receivable		117.010,2	107.975,1
Other Asset		133.163,7	108.014,8
	<b>\$</b>	<b>900.773,5</b>	<b>787.043,9</b>
<b>Credit:</b>			
Goods and values received in custody	\$	213.162,1	177.954,5
Goods and values received in guarantee future credits		2.522.493,6	1.767.422,5
Guarantees pending to be paid		298.227,0	304.422,9
Goods and values received fit guarantee		5.405.584,2	3.917.919,2
Goods and values received other guarantees		761.189,7	443.348,0
Collections received		10.551,3	12.028,5
Equity indexation before 1/1/01		225.565,1	225.565,1
Capitalization by equity revaluation		225.565,1	225.565,2
Investment returns		575,0	4.106,1
Equity fiscal value		812.587,1	1.512.511,8
Ranking of portfolio (Capital Interest and Other)		12.279.146,7	11.418.416,3
Recip. Passive Oper. With Parent Companies and Subsidiaries		420.544,1	362.321,8
Recip. Operations affecting Equity with parent companies and Subsidiaries		642.117,3	494.537,7
Recip. Oper. affecting income with Parent Companies & Subsidiaries		64.590,3	89.201,9
Other creditor memorandum accounts		41.678,5	270.626,6
	<b>\$</b>	<b>24.927.577,1</b>	<b>21.245.948,1</b>

## **(25) Transactions with Related Parties**

The balances and transactions with Related-Parties are itemized below, with operations made with associated companies at the market rate for the terms thereof:

### **Operations with Affiliated Companies**

<b>Asset</b>	<b>Rate</b>	<b>Dec 31, 2010</b>	<b>Rate</b>	<b>Jun 30, 2010</b>
<b>Available – Correspondents</b>				
Banco de Occidente (Panamá) S.A.	-	\$ 12.737,3	-	40.852,9
<b>Commitment of Transfer</b>				
Occidental Bank Barbados	0,51%	\$ 5.315,1	0,25%	8.202,0
<b>Credit Portfolio</b>				
Fiduciaria de Occidente S.A.	DTF + 6	946,1	DTF + 6	1.187,9
Ventas y Servicios S.A.	-	-	22,56%	8,0
		<b>\$ 946,1</b>		<b>1.195,9</b>
<b>Credit Card</b>				
Ventas y Servicios S.A.	20,98%	\$ 18,9	22,56%	10,3

<b>Accounts Receivable:</b>				
Fiduciaria de Occidente S.A.	-	7.076,0	-	7.777,4
Ventas y Servicios S.A.	-	911,9	-	1.452,3
Occidental Bank Barbados	-	-	-	83,0
		<b>\$ 7.987,9</b>		<b>9.312,7</b>
<b>Other Assets</b>				
	Rate	Dec 31, 2010	Rate	Jun 30, 2010
Ventas y Servicios	\$	502,4	-	-
<b>Investment Available for sale in certif. of participation</b>				
<b>Investment in Colombia</b>				
Fiduciaria de Occidente S.A.			39.960,0	39.960,0
Ventas y Servicios S.A.			780,4	780,4
		<b>\$</b>	<b>40.740,4</b>	<b>40.740,4</b>
<b>Overseas Investments</b>				
Banco de Occidente (Panamá) S.A.			29.342,3	29.329,6
Occidental Bank Barbados Ltd.			22.916,7	22.906,7
		<b>\$</b>	<b>52.259,0</b>	<b>52.236,3</b>
<b>Valuations:</b>				
Banco de Occidente (Panamá) S.A.		\$	25.785,2	16.151,8
Ventas y Servicios S.A.			782,3	544,8
Fiduciaria de Occidente			35.673,7	33.971,2
Occidental Bank Barbados Ltd.			15.022,7	13.679,8
		<b>\$</b>	<b>77.263,9</b>	<b>64.347,6</b>
<b>Liabilities</b>				
Fiduciaria de Occidente			460,9	282,5
Ventas y Servicios S.A.			502,1	304,0
Occidental Bank Barbados Ltd.			2,7	1,7
		<b>\$</b>	<b>965,7</b>	<b>588,2</b>
<b>Saving Account Deposits</b>				
	Rate	Dec 31, 2010	Rate	Jun 30, 2010
Fiduciaria de Occidente S.A.	2,75%	\$ 183,0	2,75%	118,5
Ventas y Servicios S.A.	1,35%	29,6	1,55%	56,1
Occidental Bank Barbados Ltd.	1,00%	0,1	1,45% 2	8,9
		<b>\$</b>	<b>212,7</b>	<b>203,5</b>
<b>Other Payabilities:</b>				
<b>Credit of banks and other financial obligations:</b>				
	Rate	Dec 31, 2010	Rate	Jun 30, 2010
Banco de Occidente (Panamá) S.A.	(1)	\$ 265.814,3	(1)	208.145,4
Occidental Bank Barbados Ltd.		-	1,96%	6.696,0
		<b>\$</b>	<b>265.814,3</b>	<b>214.841,4</b>
<b>Interbank Funds Purchased</b>				
Banco de Occidente (Panamá) S.A.	0,45%	\$ 54.952,4	0,45%	79.404,2
<b>Other Accounts Payable:</b>				
Banco de Occidente (Panamá) S.A.		1,4		4,2
Occidental Bank Barbados Ltd.		-		27,7
Ventas y Servicios S.A.		562,7		2.176,3
		<b>\$</b>	<b>564,1</b>	<b>2.208,2</b>

(1) Interest rate is dependent on the amount and term which range between 0.61% and 3.20% for the second half-year 2010 and 0.78% to 6.89% for the first half-year 2010.

<b>Income</b>				
<b>Ventas y Servicios S.A.</b>			<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Commissions	\$	89,8		92,3
Dividends		-		375,0
Other		2,1		5,0
	<b>\$</b>	<b>91,9</b>		<b>472,3</b>
<b>Fiduciaria de Occidente S.A.</b>				
Dividends		14.122,4		15.540,3
Other		54,1		68,9
Rent		31,8		29,6
Commissions		12,3		10,6
	<b>\$</b>	<b>14.220,6</b>		<b>15.649,4</b>
<b>Banco de Occidente (Panamá) S.A.:</b>				
Dividends	\$	-		10.261,5
<b>Occidental Bank Barbados Ltd.</b>				
Demand deposit		4,3		-
Dividends		-		4.794,8
Other		57,2		72,9
	<b>\$</b>	<b>61,5</b>		<b>4.867,7</b>
<b>Expense and Cost</b>				
<b>Banco de Occidente (Panamá) S.A.</b>				
Commissions	\$	2,6		2,7
Interests		891,8		816,5
	<b>\$</b>	<b>894,4</b>		<b>819,2</b>
<b>Ventas y Servicios S.A.</b>				
Interests		0,1		0,3
Other		9.641,8		7.904,1
	<b>\$</b>	<b>9.641,9</b>		<b>7.904,4</b>
Occidental Bank Barbados Ltd.				
Interests	\$	17,3		70,0

### 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:

<b>Grupo Aval Acciones y Valores S.A.</b>				
<b>Liability:</b>	<b>Rate</b>	<b>Dec. 31-10</b>	<b>Rate</b>	<b>Jun. 30-10</b>
Deposits and Payabilities	3,38%	\$ 5.147,1	3,88%	1.104,1
Accounts Payable Dividends		30.708,1		30.096,9
		<b>\$ 35.855,2</b>	<b>31.201,0</b>	
<b>Expenses:</b>				
Fees	\$	1.420,0		1.280,8

### Operations with Related Companies

<b>Entity</b>	<b>As of December 31, 2010</b>				
	<b>Asset</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Income</b>	<b>Expense</b>
Banco de Bogotá	\$ 110,7	235,6	-	95,9	300,3

Banco AV Villas	68,8	-	-	804,3	-
Banco Popular	17,3	-	-	-	21,9
ATH	1.255,9	-	991,2	-	780,
Porvenir	129.162,9	1.000,1	26.105,8	16.936,8	-
Corficol	837,552,8	65.237,0	614.989,2	28.165,9	459,4
Leasing Corficol	-	588,6	-	62,4	-
Fiduciaria Corficol	-	271,0	-	111,9	28,4
Valle Bursatiles	-	16,0	-	-	-
Casa de Bolsa S.A.	2.628,2	350,3	31,2	322,5	-
Valora S.A.	-	0,1	-	-	-
Fiduciaria Popular	-	-	-	0,1	-
Al Popular	508,0	0,1	-	31,9	25,6
Seguros Alfa	-	3.322,5	-	424,1	28,2
Seguros de Vida Alfa	42,3	28.124,0	-	3.352,3	952,5

**As of June 30, 2010**

<b>Entity</b>	<b>Asset</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Income</b>	<b>Expense</b>
Banco de Bogotá	\$ 76,9	69,4	-	75,3	301,2
Banco AV Villas	45,8	1,2	-	833,8	-
Banco Popular	17,3	-	-	-	25,6
ATH	1.166,1	142,6	902,7	-	784,9
Porvenir	115.920,8	1.766,6	22.223,4	18.773,2	-
Almaviva	-	-	-	-	0,9
Corficol	680.662,1	22.941,4	471.343,4	34.286,	4 464,7
Leasing Corficol	36,6	66,6	-	215,6	-
Fiduciaria Corficol	2,5	2.228,8	-	294,8	47,3
Casa de Bolsa S.A.	2.741,2	292,9	68,3	167,0	-
Fiduciaria Popular	-	-	-	0,4	-
Al Popular	810,9	4,8	-	48,9	26,9
Leasing Popular	-	7,3	-	0,4	-
Seguros Alfa	58,1	2.156,4	-	44,5	36,3
Seguros de Vida Alfa	27,5	37.934,7	-	3.683,0	905,9

**(26) Depreciations and amortizations**

Below the detail of depreciation and amortization:

**Depreciation:**

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Machinery and Equipment	\$ 8.074,5	8.043,7
Vehicles	587,3	771,4
Furniture and Fixtures	4.454,6	4.462,0
Computer Equipment	31.128,6	35.083,0
	44.245,0	48.360,1
Goods for own use	13.272,9	11.534,1
	<b>\$ 57.517,9</b>	<b>59.894,2</b>

**Amortization:**

Software in operating lease	\$ 11.341,2	10.028,0
Deferred charges and e Income received in advance	10.781,8	8.971,3
	<b>\$ 22.123,0</b>	<b>18.999,3</b>

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**(27) Other Operational Incomes and Expenses - Net**

Below the detail of Income derived from Dividends and Participation

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Affiliates and subsidiaries	\$ 14.122,4	30.971,6
Other Legal Entities	44.335,1	52.191,0
	<b>\$ 58.457,5</b>	<b>83.162,6</b>

**Other Operational Incomes – Recoveries**

The detail of Other Operational Income is as follows:

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Reimbursement Provision Accounts Receivable	12.203,6	7.662,5
Reimbursement Provision of Credit Portfolio	150.905,4	113.390,7
Reimbursement Provision of Operating Lease	22.220,8	33.001,3
Reimbursement Contra-cyclic provision	43.379,7	39.025,4
	<b>\$ 228.709,5</b>	<b>193.079,9</b>

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

**Operational Income and Expenses - Others**

The detail of operational income is as follows:

	<b>31 Dec- 10</b>	<b>Jun. 30-10</b>
Checkbook sale	\$ 11.816,6	11.443,1
Commercial information	133,8	130,0
Cablegrams, portages, telephone	1.279,3	1.214,9
Credential management charges	15.390,9	15.150,9
Mastercard management charges	946,0	868,8
National consignment	2.845,6	2.596,8
Study credit projects	43,8	51,6
ATM service	5.228,0	4.881,2
Reimbursement accounts payable	1.475,4	2.531,9
Management charge personal banking	2.136,7	2.057,9
Return insurance policies	3.808,6	3.629,7
Other	11.044,6	9.779,0
	<b>\$ 56.149,3</b>	<b>54.335,8</b>

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

	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Others interest paid – Repo Operations Return	\$ 47.136,6	48.073,8
Cleaning & Watching Service	4.455,7	4.324,6
Advertising and Propaganda	12.183,1	11.245,8
Public Relations	263,7	427,8
Utilities	12.278,5	11.070,5
Electronic Data Processing	2.249,0	2.565,5
Travel Expenses	3.862,0	3.066,3
Transportation Expenses	3.974,9	3.945,3
Stationery	3.955,9	3.239,1
Grants	1.106,0	295,4

Personal Training	860,0	1.027,2
Coffee-house expenses	1.530,6	1.386,9
Minor fixings	196,2	155,9
Cash Preparation	727,9	826,5
Hospitality expenditures to employees	1.115,1	883,8
Information and Credit	2.641,7	2.372,2
Photocopies	107,8	223,1
Subscription and Reference Books	75,4	159,3
Petty-cash costs	83,0	76,0
Fees	5.473,1	5.373,3
Contributions and Membership	20.112,7	19.763,9
Maintenance & Repair	2.638,7	2.393,3
Customization and Installation	1.514,4	1.025,7
Taxes	30.096,2	35.516,0
Rents	14.576,3	12.847,6
Insurance	16.993,7	9.491,7
Marketing - cardholders	6.274,3	6.353,6
Temporary Services	35,4	27,0
Other	10.496,0	7.538,3
	<b>\$ 207.013,9</b>	<b>195.695,4</b>

#### (28) Other Non Operational Income

Below the detail of other non-operational income:

	<b>31 Dec- 10</b>	<b>Jun. 30-10</b>
Renting	\$ 1.090,7	1.146,1
Income Goods Received in Payment	66,0	32,6
Other	1.001,0	5.843,4
	<b>\$ 2.157,7</b>	<b>7.022,1</b>

#### (29) Income and Complementary Tax

The following is the conciliation between accounting unit and net taxable estimated by six-month periods ended on December 31 and June 30,, 2010:

<b>a) Income:</b>	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Profit before Income Tax		
Plus (less) items increasing (decreasing) fiscal profit:	\$ 273.267,8	234.634,0
Fines and sanctions	1.963,8	1.032,8
Non-deductible provisions	8.271,2	872,6
Amortization deferred depreciation	(23.236,3)	(4.183,9)
Especial deduction in Fixed Asset Investment of 30% for year 2010 and 40% for year 2009, respectively	(21.822,9)	(11.845,0)
Other non-deductible expenses	31.109,7	24.477,4
Net difference, income between accounting valuation and fiscal investment valuation	47.546,1	(8.378,4)
Forward contract valuation, net	(9.080,4)	(29.592,8)
Accrued dividends 2008, payable and not registered in 2009	-	14.729,2
Mercantile credit amortized	(3.530,3)	(3.579,4)
Other tax deductions	634,2	(23.952,0)
Dividends and participations non taxed	(58.392,9)	(82.576,4)

Exempt Income	(15.736,5)	(19.183,2)
Taxable Base	230.993,5	92.454,9
Current Income Tax	76.227,9	30.510,0
Deferred Income	(4.392,0)	15.780,8
Excess of income tax provision	(588,1)	891,9
<b>Total Income Tax</b>	<b>\$ 71.247,8</b>	<b>47.182,7</b>

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

<b>Provisions, Net for:</b>	<b>Dec. 31-10</b>	<b>Jun. 30-10</b>
Industry and commerce	\$ (533,3)	690,4
Property Tax	2,0	(2,0)
Forwards Valuation	2.996,5	9.765,6
Total deferred tax receivable	2.465,2	10.454,0
Amortization Mercantile Credit	1.165,0	1.181,2
Investment Valuation	(15.690,2)	2.764,9
Deferred Depreciation	7.668,0	1.380,7
<b>Net deferred tax payable</b>	<b>\$ (4.392,0)</b>	<b>15.780,8</b>

The following is the accounting and fiscal equity reconciliation:

<b>b) Equity Conciliation</b>	<b>Dec. 31-10</b>
Accounting Equity	\$ 2.592.622,5
Plus (less) items increasing (decreasing) equity for tax purpose:	
Fiscal readjustment of fixed asset, net	39.292,0
Estimate liabilities & provisions involving no fiscal liabilities	35.982,9
Provisions of asset involving no fiscal diminution	8.129,0
Accrued deferred tax payable	67.396,4
Other net asset	(78.142,1)
Accounting valuation of net fixed asset	(195.238,9)
Accrued deferred tax receivable	(2.061,4)
Accrued deferred depreciation	(73.722,3)
<b>Fiscal Equity</b>	<b>\$ 2.394.258,1</b>

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

### **(30) Disclosure of Risks**

#### **Objective**

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, allowing for impacting business 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 CD 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 – Asset and Liabilities Management (ALM).
- Chapter XVIII: Derivatives Valuation and Booking.

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- Chapter XXI: Standards Relative to Market Risk Management System (MRMS)

Liquidity Risk Management System (LRMS) is the basic tool to identify measure, control and monitor Liquidity Risk the company is permanently exposed to. It contains the following elements and definitions: policies, procedures, documentation, organizational structure functions, technological support, and information disclosure systems (internal and external reports), used from time back for Liquidity Risk Management which have been updated in line with market, economy and regulations changes.

**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 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 analyzed 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 deaccumulative phase of its provisions.

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## **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 monthly costs.

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

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

- LRI is calculated on a weekly basis (Friday closing date) and reported the second business day each week.
- 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.
- Net Liquidity requirement only may include contractual maturities of asset, liabilities and positions out of balance (does not contain forecasts).
- Withdrawals of deposits at sight will be adjusted by the Net Withdrawal Factor NWF, which is computed as the major monthly withdrawal since December 1996.
- The timeframes are distributed by less than 7 days, 7 to 15 days, 15 to 30 days, and 30 to 90 days.
- It is considered that any credit entity may be producing a significant exposure to liquidity risk when in a given weekly report; Liquidity Risk Indicator LRI at one week is minus.
- If a minus LRI is found at 7 days, the bank must report in writing to Colombia Finance Superintendence the basic reasons giving rise to the fall of indicator under the minimum limit set forth, including the strategies necessary to face with such illiquidity situation.

## **Market Risk**

The possibility for any credit entity to incur 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 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 models 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.**

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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 a portfolio may suffer with 95% confidence level. To calculate daily volatilities, EWME 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 an evaluation 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 independent areas, to complete trading activities (Front Office); risk monitoring, control and management (Middle Office) and processing and accounting (Back Office).

## Results of Liquidity Risks

Closing: December 30, 2010

## Liquidity Risk Management System

Banco de Occidente as of December 31, 2010 submitted a LRI at 7 days of \$2.254.606 which allows for determining that there is no any significant value in risk of liquidity. Net fixed assets added up \$2.285.319 versus \$30.713 positive Net Requirement of Liquidity.

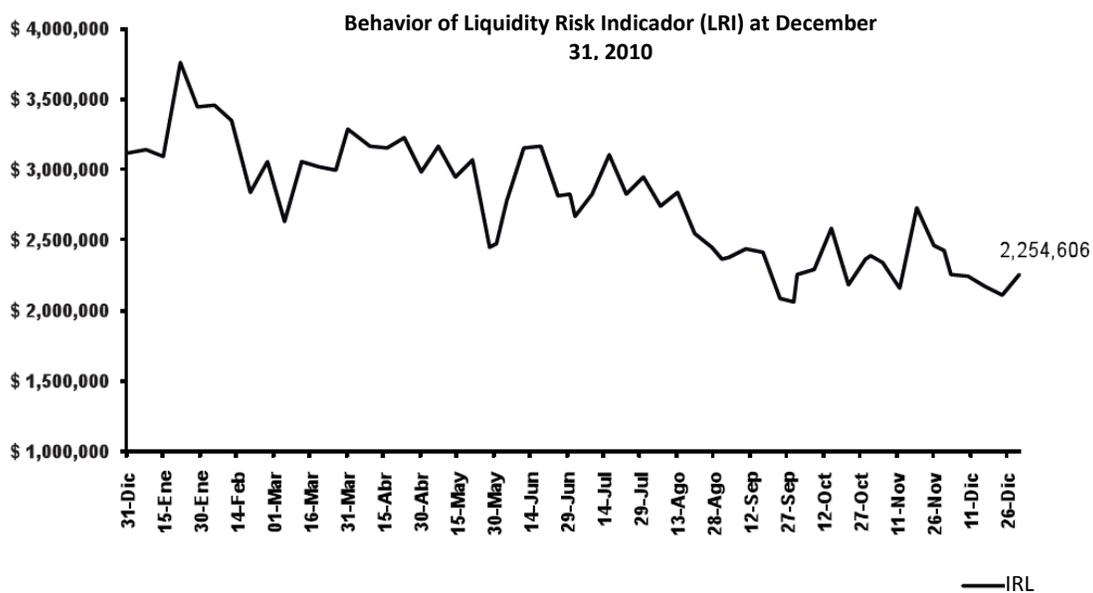
### LRI Behavior as of December 31, 2010 (Col\$ Thousand)

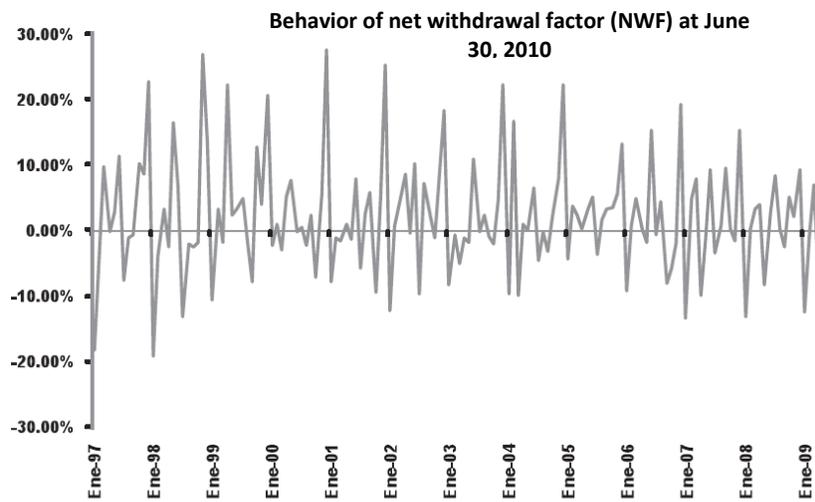
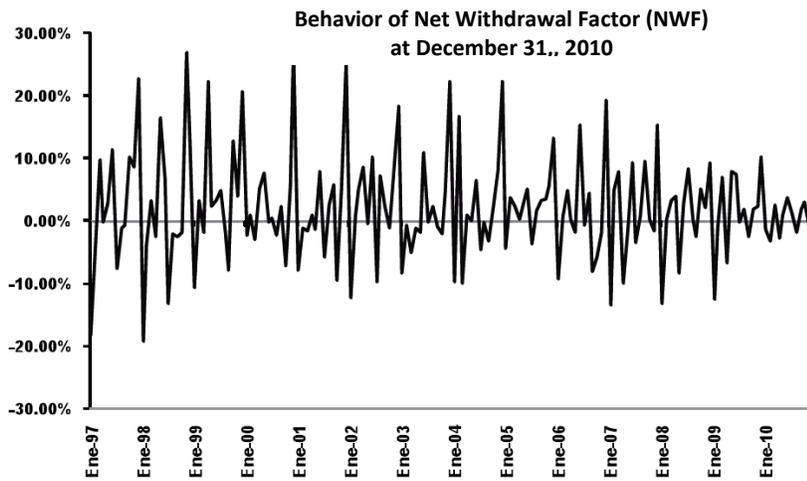
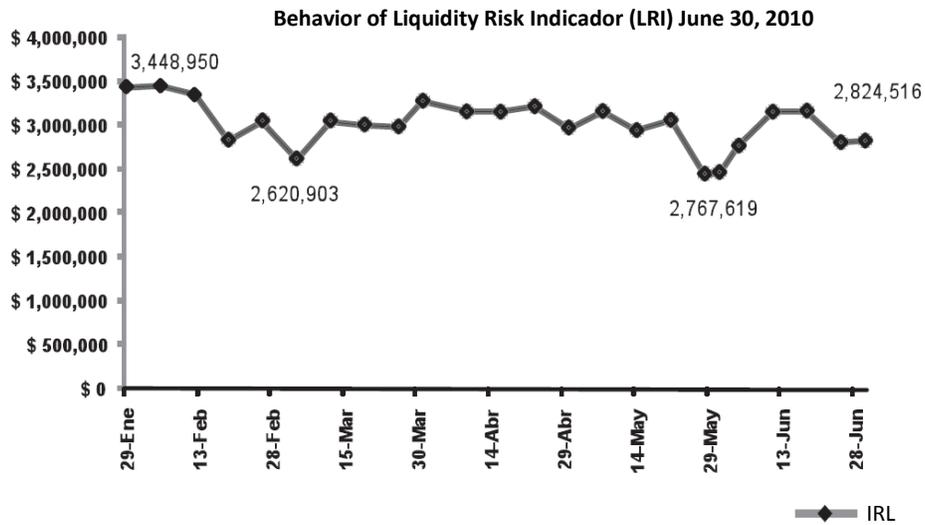
Description	Balance	Band 1 Days 1 - 7	Band 2 Days 8 a 15	Band 3 Days 16 a 30	Band 4 Days 1 a 30	Band 5 Days 31 a 90
<b>Available</b>	894.539	-	-	-	-	-
Int. Funds, Repos Simult. & TTV	-	308.028	5.315	-	313.343	-
Investment	2.478.338	1.263	10.233	159.966	171.461	41.766
Certif. in securing Transfer Rights Portfolio	-	-	-	-	-	-
Derivatives	-	345.812	392.350	749.485	1.487.647	1.599.754
Accounts Receivable	-	492.565	828.351	1.028.847	2.3497.62	947.857
Goods given in Leasing	-	40.788	46.615	87.403	174.806	174.806
Other Asset & Debtor Accounts	-	905	1.314	7.040	9.258	27.410
	-	-	-	-	-	4.509.543
<b>Active Positions</b>	<b>3.372.877</b>	<b>1.189.361</b>	<b>1.284.177</b>	<b>2.032.740</b>	<b>4.506.278</b>	<b>7.301.136</b>
Current Accounts	4.970.271	-	-	-	-	-
TDs	-	87.033	81.180	284.124	452.337	552.369
Saving Deposits	4.384.781	-	-	-	-	-
Payables	239.400	-	-	-	-	-
Int. Funds, Repos Simult. & TTV	-	111.366	30.000	-	141366	-
Derivatives	-	487.457	824.677	1.033.068	2.345.203	947.202
Bank Credits	-	32.801	22.502	79.747	135.050	249.760
Accounts Payable	-	65.826	75.230	141.057	282.113	-
Outstanding Inv. Papers	-	-	-	297	297	86.310
Other Liabilities & Credit Cont.	-	-	-	-	-	3.795.399
<b>Passive Positions</b>	<b>9.594.452</b>	<b>784.484</b>	<b>1.033.589</b>	<b>1.538.294</b>	<b>3.356.367</b>	<b>5.631.039</b>
Net flow, Contractual maturity - Adjusted	- 399.118	235.254	325.287	959.660	1.607.946	-
Net flow withdrawals not subject to contractual maturities	-	429.831	491.236	921.067	1.842.135	-
<b>Net Liquidity Requirement</b>	<b>-</b>	<b>(30.713)</b>	<b>(255.982)</b>	<b>(595.781)</b>	<b>(882.475)</b>	<b>1.608</b>
Available less Reserve	-193.019	-	0.0	0.0	-	-
Total Liquid Asset Investment	2.478.338	-	0.0	0.0	-	-
<b>Total Net Liquid Asset</b>	<b>2.285.319</b>	<b>-</b>	<b>2.254.606</b>	<b>1.998.624</b>	<b>-</b>	<b>-</b>
<b>Liquidity Risk Indicator (LRI)</b>	<b>-</b>	<b>2.254.606</b>	<b>1.998.624</b>	<b>1.402.844</b>	<b>-</b>	<b>-</b>

### IRL Behavior as of June 30, 2010 (Col\$ Thousand)

Description	Balance	Band 1 Days 1 - 7	Band 2 Days 8 a 15	Band 3 Days 16 a 30	Band 4 Days 1 a 30	Band 5 Days 31 a 90
<b>Available</b>	\$ 1.335.156.721	-	-	-	-	-
Int. Funds, Repos Simult. & TTV	-	97.772.197	8.216.706	-	105.988.904	-
Investment	2.784.857.627	1.350.440	4.372.758	68.043.315	73.766.513	168.397.817
Certif. in securing Transfer Rights Portfolio	-	147.621.948	-	-	147.621.948	7.723.750
Derivatives	-	196.084.547	252.271.257	725.851.162	1.174.206.965	1.315.440.845
Accounts Receivable	-	462.276.569	421.468.365	718.766.539	1.602.511.473	557.400.599
Other Asset & Debtor Accounts	-	38.892.531	44.448.607	83.341.138	166.682.277	166.682.277
	-	-	-	-	-	4.381.142.974
<b>Active Positions</b>	<b>4.120.114.348</b>	<b>943.998.232</b>	<b>730.777.693</b>	<b>1.596.002.154</b>	<b>3.270.778.080</b>	<b>6.596.788.261</b>

Current Accounts	3.839.981.199	-	-	-	-	-
TDs	-	104.586.260	111.467.994	220.698.027	436.752.281	678.627.703
Saving Deposits	4.595.387.367	-	-	-	-	-
Int. Funds, Repos Simult. & TTV	-	150.000.000	-	-	150.000.000	-
Derivatives	-	468.871.033	419.578.044	721.902.710	1.610.351.788	552.870.042
Bank Credits	-	14.780.024	26.421.315	49.272.420	90.473.760	196.723.932
Accounts Payable	-	91.644.884	104.737.011	196.381.895	392.763.789	442.194.006
Outstanding Inv. Papers	-	-	-	-	-	5.306.655
Other Liabilities & Credit Cont.	-	-	-	-	-	3.669.480.489
<b>Passive Positions</b>	<b>8.651.182.205</b>	<b>829.882.201</b>	<b>662.204.364</b>	<b>1.188.255.052</b>	<b>2.680.341.618</b>	<b>5.545.202.826</b>
Net flow, Contractual maturity - Adjusted	-	109.726.280	60.290.722	329.482.434	499.499.436	864.433.368
Net flow withdrawals not subject to contractual maturities	-	387.572.963	442.940.529	830.513.492	1.661.026.983	-
<b>Net Liquidity Requirement</b>		<b>(277.846.683)</b>	<b>(382.649.807)</b>	<b>(501.031.058)</b>	<b>(1.161.527.547)</b>	<b>864.433.368</b>
Available less Reserve	317.404.721	-	-	-	-	-
Total Liquid Asset Investment	2.784.957.627	-	-	-	-	-
<b>Total Net Liquid Asset</b>	<b>3.102.362.348</b>		<b>2.824.515.665</b>	<b>2.441.865.858</b>		
<b>Liquidity Risk Indicator (LRI)</b>		<b>2.824.515.665</b>	<b>2.441.865.858</b>	<b>1.940.834.801</b>		





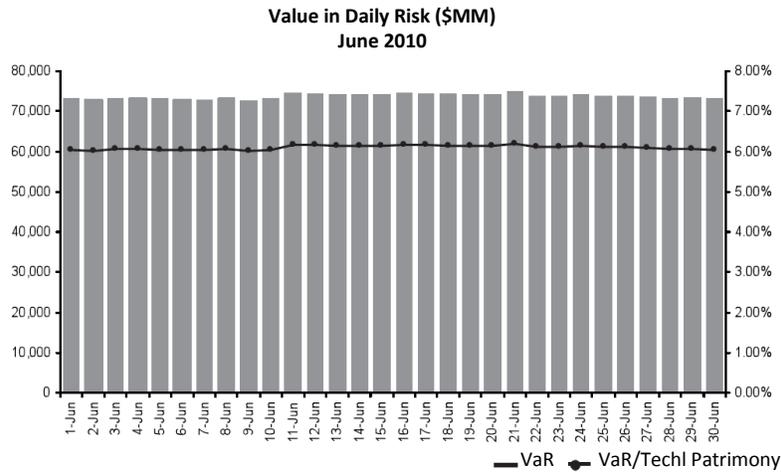
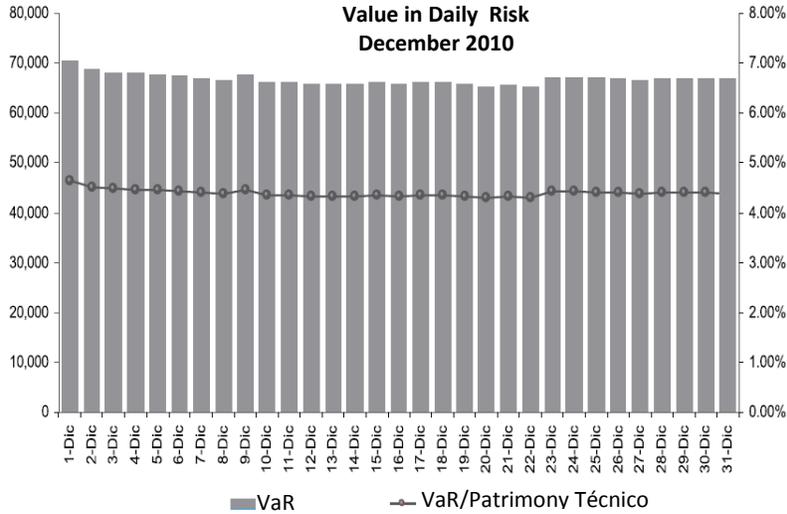
**Result of Market Risk  
Closing 31, 2010**

At the closing operational period December 31, 2010 risk value of Banco de Occidente, calculated by using a new methodology provided in the Circular Letter 051, 2007 (Risk Value standardized in blocks of risks, as suggested by Basle Committee) \$66.757,8 result was obtained. The Figure below shows the recent evolution of Risk Value:

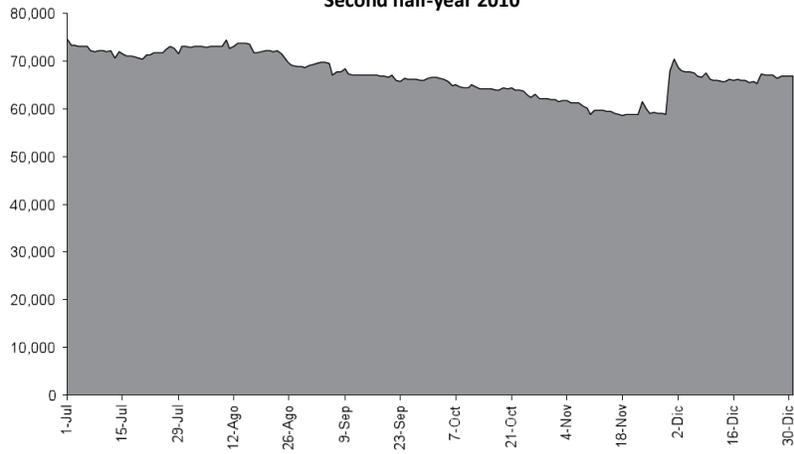
Risk Value per Modules

		Dec. 31-10	Jun. 30-10
Interest Rate	\$	64.317,8	73.071,0
Exchange Rate		2.440,0	1.100,0
<b>Total Risk Value</b>	<b>\$</b>	<b>66.757,8</b>	<b>74.171,0</b>

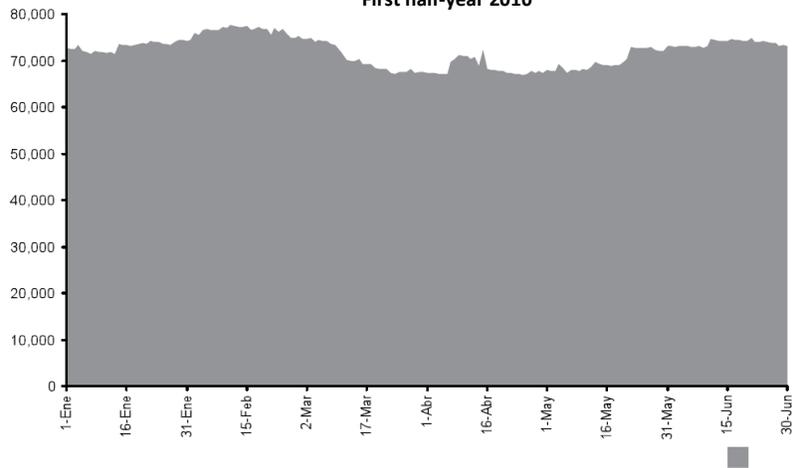
Below the results of value in regulatory risk daily transmitted:



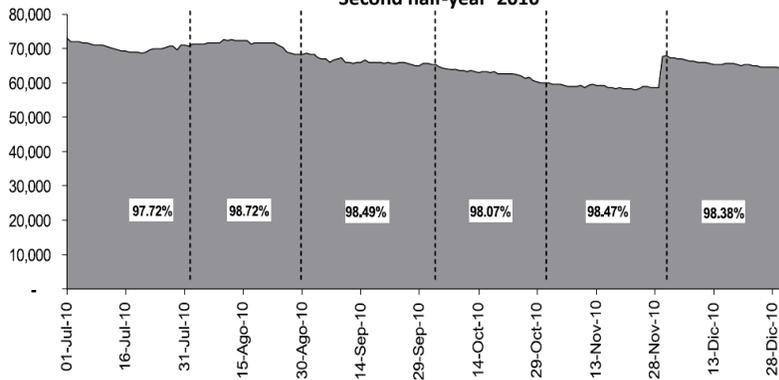
**Value in Daily Risk (\$MM)**  
**Second half-year 2010**

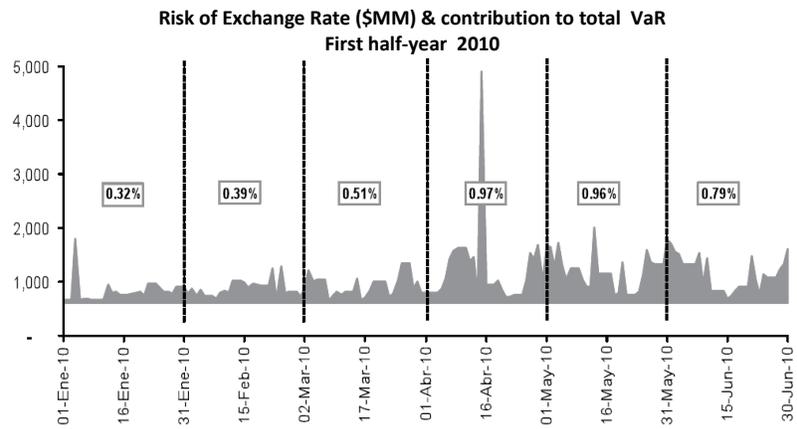
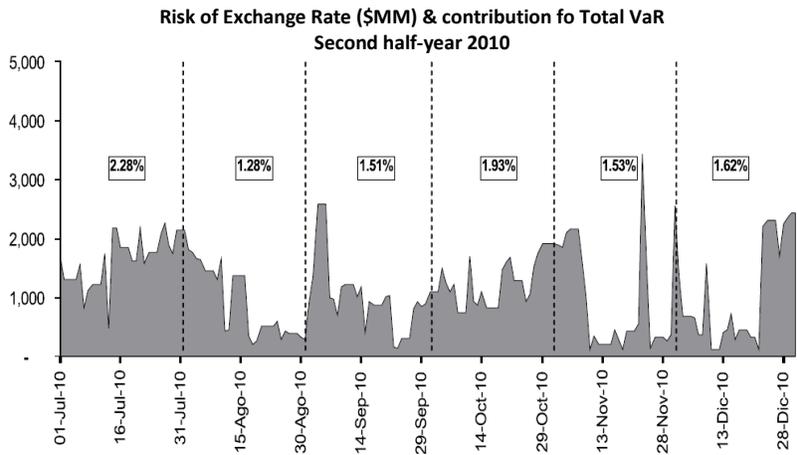
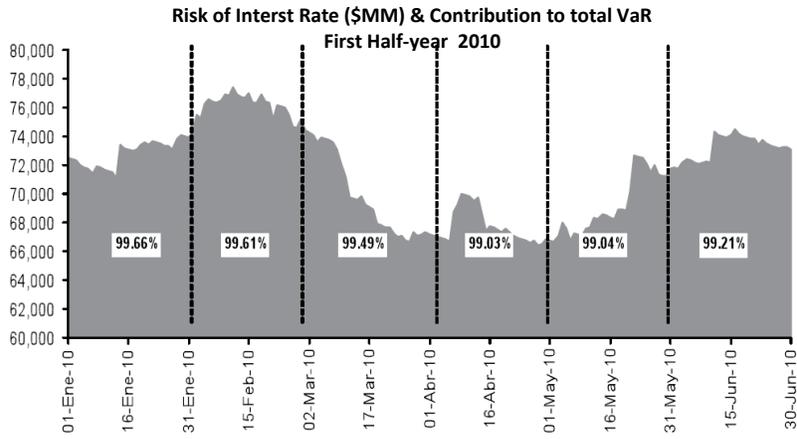


**Value in Daily Risk (\$MM)**  
**First half-year 2010**

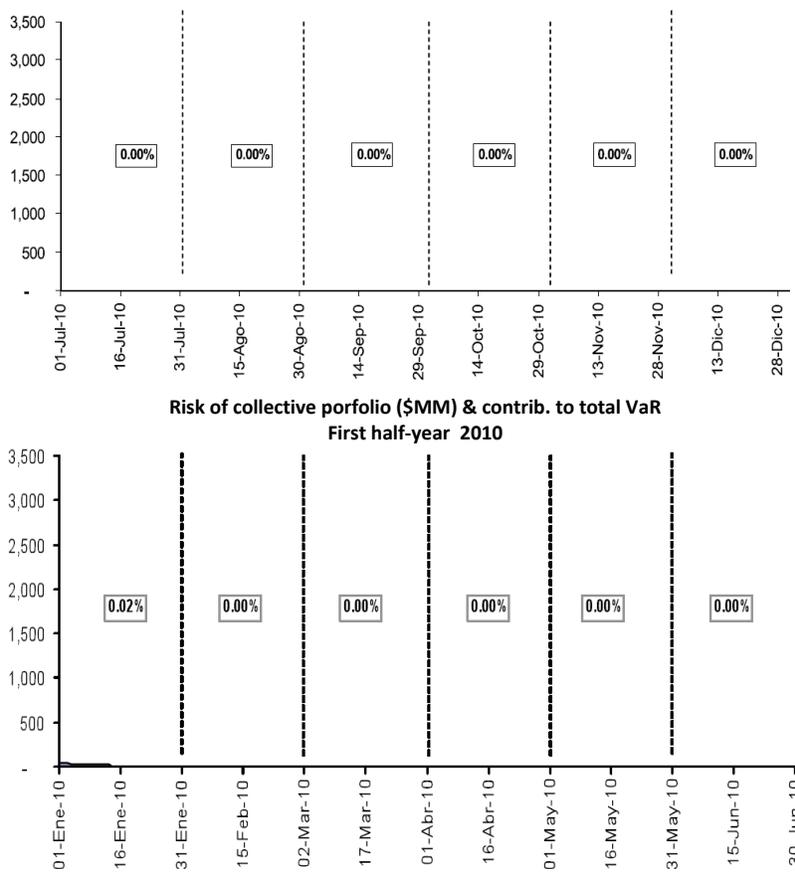


**Risk of Interest Rate (\$MM) & contribution to total VaR**  
**Second half-year 2010**





**Risk of Collective Portfolio (\$MM) & contrib. to total VaR**  
**Second half-year 2010**



### Solvency Ratio

Calculation of solvency ratio corresponding to the closing periods December 31 and June 30, 2010, is as follows:

	Dec. 31-10	Jun. 30-10
Total VeR (*)	\$ 66.758	74,172
Technical Patrimony (*)	\$ 1.530.556	1,427,190
Assets Weighed by Risk Level (*)	\$ 13.832.990	12,683,252
Solvency Ratio	11.06%	11.25%
Solvency Ratio (VeR 100%)	10.50%	10.57%
VeR / P TECN. (Legal Required)	4.36%	5.20%

At the closing operational period December 2010, the value under market risk represents 4.36% 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 risks associated to such factors.

For the purposes to carry out a proper Operational Risk Management, and complying with the External Circular Letter 041 / 2007 from Finance Superintendence and its precedent "Directives Related to the Adoption of an

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Operative Risk Management System (ORMS)” during the second half-year 2010 the Bank pursued performing operative risk management through the monitoring, self-management, consolidations of risks, and the record of events. The foregoing includes as well updating of risk matrices and controls as the new risks, failures and/or controls are incorporated in accordance with system dynamics.

In order to manage, in an integral manner, information of processes, risks, controls, risk indicators, status of progress of action plans, inter alia, the Bank carried out the implementation of ORM– Operational Risk Manager, technological tool to facilitate OEMS proper operation.

### **Business Risk Continuity**

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

During the second half-year 2010 the Business continuity management was pursued through the maintenance schemes, such as updating of Impact Analysis on Business, Emergency Plan, continuity director, recovery plans, tracking critical third parties and training on virtual tool.

Vía owner of critical process, strategies tests of continuity were made, for instance, integral test of Reconciliation Units and Consolidation of Bogotá, Cali, Medellín, and Barranquilla cities, tests of periodical connectivity and tests of technology – Alternate Computing Center.

### **Risk of Asset Laundry and Financing of Terrorism**

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

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

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

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

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### **(31) Corporate Government**

In regards with corporate government 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 government..

#### **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 the reports to the Board of Directors and the Audit Committee empowered by the Board.

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

#### **Technology Infrastructure**

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

On he 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 applicatives equipped with database to satisfy control requirements. Most of these applicatives are open systems

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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 technologies 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 and activities.

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.

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## 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; prohibition of use of cell-telephone in negotiation room. In the same way, the Bank counts on a signal blocking mechanisms of those communication devices.

## Audit

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

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

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

## (32) Legal Controls

As of December 31 and June 30, 2010, the Bank has complied with the cash provisions requirements, own position, minimum capital, mandatory solvency and investment ratio

## (33) Contingencies

Against the Bank civil judicial actions which values are itemized below

Claimant	Valuation	Provision	Type of proceeding
Carlos Viña	\$ 616,7	616,7	Ordinary
Carlos Zuluaga	762,0	762,0	Labor
Rodolfo Díaz Millan	81,5	81,5	Labor
Tesorería Municipal			Executive
Medellín	191,9	191,5	
Bogotá District Treasury	2.494,8	2.494,8	Executive
DIAN	1.818,7	1.818,7	Executive
Cali Archdiocese	1.090,0	-	Ordinary
Others	1.692,3	577,9	Sundry
	<b>\$ 8.747,9</b>	<b>6.543,1</b>	

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**(34) Presentation**

To apply the provisions in external Circular Letter 028/2010, some figures of financial statements for the half-year operational period ended on June 30, 2010 were reclassified for presentation purposes with the figures corresponding to the half-year operational period ended on December 31, 2010..

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# Banco de Occidente Panamá S.A.

## Statements of Financial Position

Year ended on December 31, 2010

( US dollars)

	2010	2009
<b>Asset</b>		
Cash	323,601	49,326
Bank deposits:		
At sight in local banks	594,429	1,577,161
At sight in foreign banks	7,017,104	13,242,604
At term in local banks	16,587,344	9,613,390
At term in foreign banks	220,738,945	180,002,869
<b>Total in Bank Deposits</b>	<b>244,937,822</b>	<b>204,436,024</b>
<b>Total in Cash and Bank Deposits</b>	<b>245,261,423</b>	<b>204,485,350</b>
Loans, external sector	34,305,609	22,881,023
Less: reserve for loss of loss	287,665	287,665
<b>Net Loans</b>	<b>34,017,944</b>	<b>22,593,358</b>
Investment in securities	319,530,230	301,172,792
Furniture and Equipment, net	89,775	98,026
Sundry asset:		
Accrued interest receivable:		
Loans	251,019	189,977
Time deposits	11,047	3,989
Investment in securities	8,464,340	7,959,473
Other Asset	478,117	464,644
<b>Total Sundry Asset</b>	<b>9,204,523</b>	<b>8,618,083</b>
<b>Total Asset</b>	<b>608,103,895</b>	<b>536,967,609</b>

	<b>2010</b>	<b>2009</b>
<b>Liabilities and Shareholders Equity</b>		
<b>Deposits Abroad:</b>		
At Sight	146,791,559	166,007,830
Saving	26,935,954	17,298,246
At fixed term	401,694,919	318,181,920
<b>Total Deposits Abroad</b>	<b>575,422,432</b>	<b>501,487,996</b>
<b>Sundry Liabilities:</b>		
Accrued interest payable	3,509,371	3,043,368
Accrued expense payable and other liabilities	1,086,033	2,031,754
<b>Total Sundry Liabilities</b>	<b>4,595,404</b>	<b>5,075,122</b>
<b>Total Liabilities</b>	<b>580,017,836</b>	<b>506,563,118</b>
<b>Shareholders Equity:</b>		
Capital common shares	9,636,830	9,636,830
Value paid in excess of share par value	7,395,047	7,395,047
Unrealized (Profit) in investment available for sale	441,714	2,804,020
Non-distributed Profit	10,612,468	10,568,594
<b>Total Shareholders Equity</b>	<b>28,086,059</b>	<b>30,404,491</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>608,103,895</b>	<b>536,967,609</b>

# Banco de Occidente Panamá S.A.

## Income Statement

Year ended on December 31, 2010

(In US Dollars)

<b>Income of Interest</b>		<b>2010</b>	<b>2009</b>
Loans	US \$	1,533,818	868,372
Time Deposits in Banks		1,107,849	1,481,750
Investment in Securities		11,281,556	11,311,998
<b>Total Income of Interest</b>		<b>13,923,223</b>	<b>13,662,120</b>
Interest Expense		12,299,020	9,907,468
<b>Net Income of Interest</b>		<b>1,624,203</b>	<b>3,754,652</b>
Income for banking services and other:			
Commissions for:			
Transfers		288,962	233,457
Securities and Guarantees		361,530	329,967
Other		(55,429)	2,308
Net profit realized in securities		6,527,271	3,512,887
Other income		21,133	279,897
<b>Total Income for Bank Services and Other</b>		<b>7,143,467</b>	<b>4,358,516</b>
<b>Operational Income:</b>			
Salaries and other personnel expense		1,578,579	1,239,166
Professional fees and services		348,746	328,840
Depreciation and amortization		62,526	60,987
Rents		273,930	194,488
Telephone, wires, and mail		146,596	139,265
Other Expenses		726,594	563,597
Total Operational Expense		3,136,971	2,526,343
<b>Net Operational Profit</b>	<b>US\$</b>	<b>5,630,699</b>	<b>5,586,825</b>
<b>Other Integral Profit:</b>			
Net change of investment reasonable value available for sale		(2,362,306)	3,869,014
<b>Net Operational Profit</b>	<b>US\$</b>	<b>3,268,393</b>	<b>9,455,839</b>

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# Occidental Bank (Barbados) LTD.

## Statements of Financial Position

As of December 31, 2010 y 2009

(in US Dollars)

<b>Assets</b>	<b>2010</b>	<b>2009</b>
Cash and cash equivalents	12.111.006	25.583.975
Investment securities	128.243.448	84.960.204
Derivative instruments	0	0
Loans to customers	27.546.427	21.628.29
Other accounts receivable	39.932	35.591
Property and equipment	48.516	27.768
Other assets	111.645	87.852
<b>Total Assets</b>	<b>168.100.974</b>	<b>132.323.688</b>
<b>Liabilities and Shareholders Equity</b>		
Current Liabilities		
Customers' deposits and interest payable	147.109.926	108.150.160
Amounts due to banks	1.785.007	7.553.932
Taxes payable	-	88.315
Derivative instruments	1.315.523	213.594
Accounts payable and other liabilities	134.803	488.345
<b>Total Liabilities</b>	<b>150.345.260</b>	<b>116.494.346</b>
Share capital and share premium	7.455.000	6.255.000
Reserves	8.735.982	7.063.998
Retained earnings	1.564.732	2.510.344
<b>Total Shareholders Equity</b>	<b>17.755.714</b>	<b>15.829.342</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>168.100.974</b>	<b>132.323.688</b>

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# Statements of Comprehensive Income

As of December 31, 2010 y 2009

(in US Dollars)

	2010	2009
Interest Income		
Interbanking Resources	108.051	124.681
Other interest	6.456	71
Loans to customers	983.520	1.102.825
<b>Total interest income</b>	<b>1.098.027</b>	<b>1.227.576</b>
Interest Expenses		
Customer Deposits	3.059.069	1.945.935
Other	1.281	6
<b>Total interest expense</b>	<b>3.060.350</b>	<b>1.945.941</b>
Net interest expense	(1.962.323)	(718.364)
Fees and commissions income	588.348	557.135
Commissions expense	(185.301)	(165.874)
Net fee and commission income	403.047	391.261
Net income on revaluation of securities	3.035.158	5.313.314
Net income on sale of securities	242.317	9.013
Dividend income	98.811	51.353
Other operating income	1.454	28.817
Operating income	1.818.464	5.075.394
Net derivative loss (income)	1.464.193	(516.429)
Professional fees	(223.519)	(601.972)
Non-operating expenses	(28.739)	(602)
Net valuation allowances	(261.630)	(207.087)
Personal expenses	(642.890)	(257.620)
Depreciation	(12.943)	(2.113)
Other operating expenses	(26.626)	(54.132)
Profit before Income Tax	2.086.310	3.435.441
Provision for Income Tax	0	88.315
Profit of the Operational Period	2.086.310	3.347.125
Other Integral Income		
Net provisions for market change of value (Financial Asset available for sale)	(339.452)	819.945
<b>Total Integral Income</b>	<b>1.746.858</b>	<b>4.167.070</b>
Profit per Stock	1.399,26	3.222,86

# Profits



Year	First Half- Year	Second Half- Year	Total
2006	79.864	111.257	191.121
2007	105.175	135.127	240.302
2008	156.604	180.212	336.816
2009	182.683	177.844	360.527
2010	187.451	202.020	389.471

millions Colombian pesos

## Equity, Reserves and Surplus

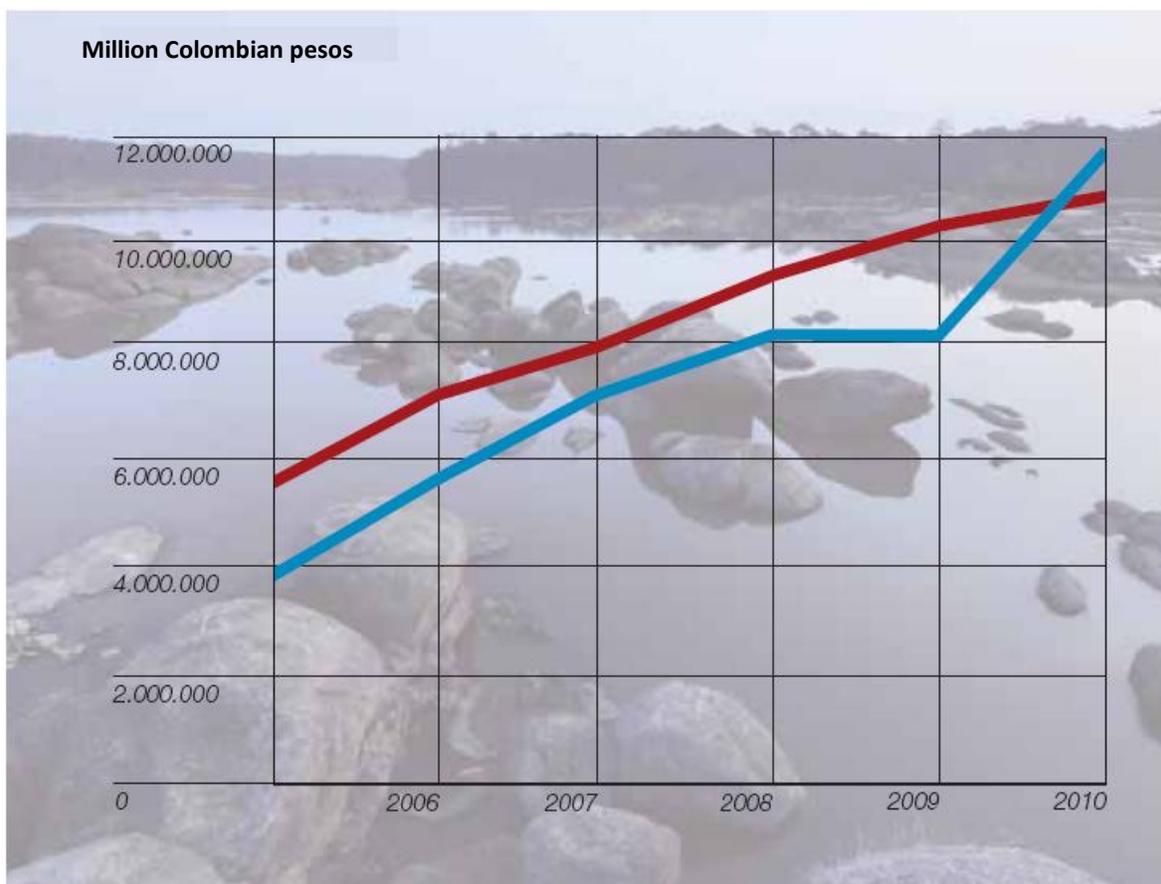


Period	Paid Equity	Legal Reserve	Occasional Reserves	Surplus	Total
Dec. 2006	3.992	441.719	134.719	472.358	1.052.788
Dec. 2007	4.111	595.070	135.679	410.304	1.145.163
Dec. 2008	4.111	772.396	94.720	349.571	1.220.799
Dec. 2009	4.111	934.677	139.946	684.096	1.762.829
Dec. 2010	4.495	1.236.486	205.999	943.622	2.390.603

million pesos

# Deposits and Placements in Legal Tender and Foreign Currency

■ Total Deposits  
■ Total Investments



Period	Total Deposits (1)	Total Placements (2)
Dec. 2006	6.956.953	5.693.931
Dec. 2007	8.158.430	7.251.860
Dec. 2008	9.501.847	8.390.890
Dec. 2009	10.429.792	8.383.215
Dec. 2010	10.972.345	11.822.457

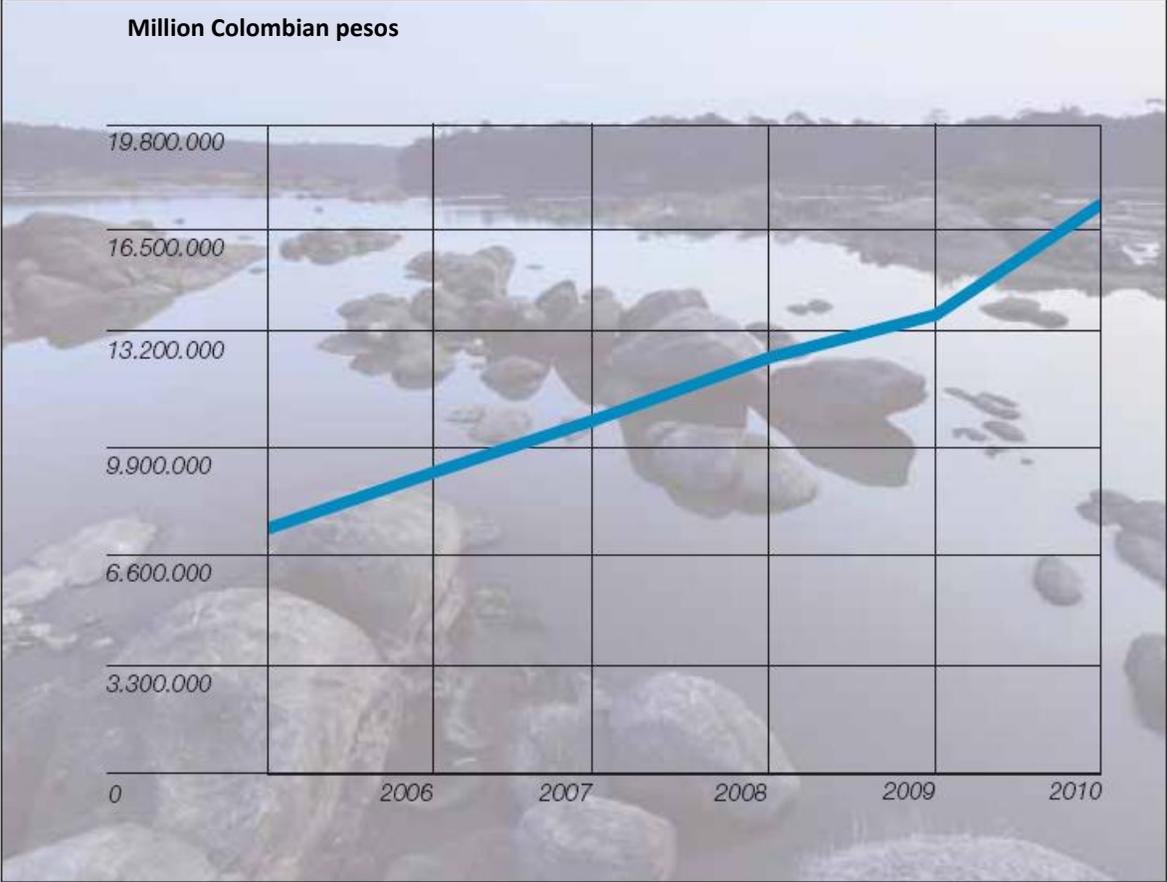
millions Colombian pesos

Notes:

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

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

# Total Asset



<b>Period</b>	<b>Total</b>
Dec. 2006	9.283.265
Dec. 2007	10.866.593
Dec. 2008	12.817.332
Dec. 2009	14.135.191
Dec. 2010	17.561.403
	million Colombian pesos

# Investments



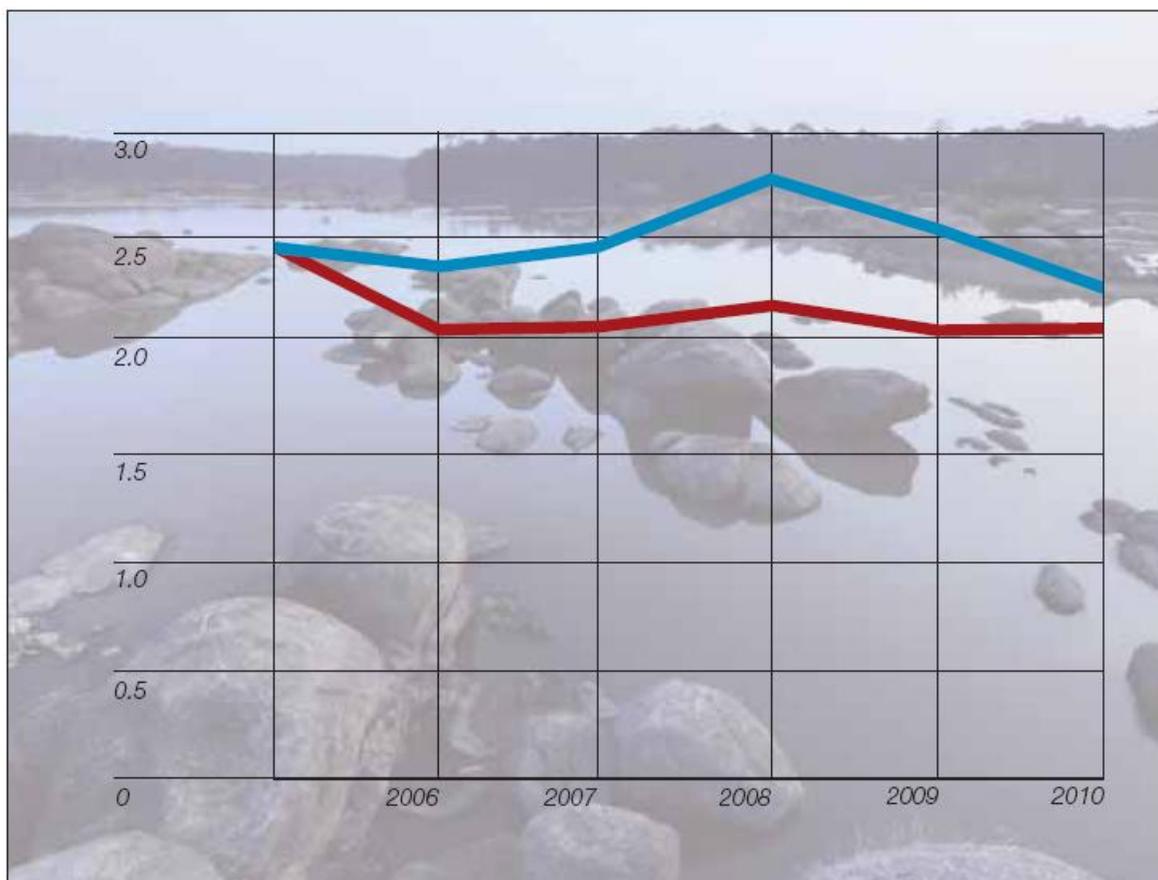
<b>Period</b>	<b>Total</b>
Dec. 2006	2.696.004
Dec. 2007	2.578.233
Dec. 2008	2.528.590
Dec. 2009	4.238.110
Dec. 2010	4.077.114

millions Colombian pesos

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

## Return on Total Assets

■ *Banco de Occidente*  
■ *Banking System*



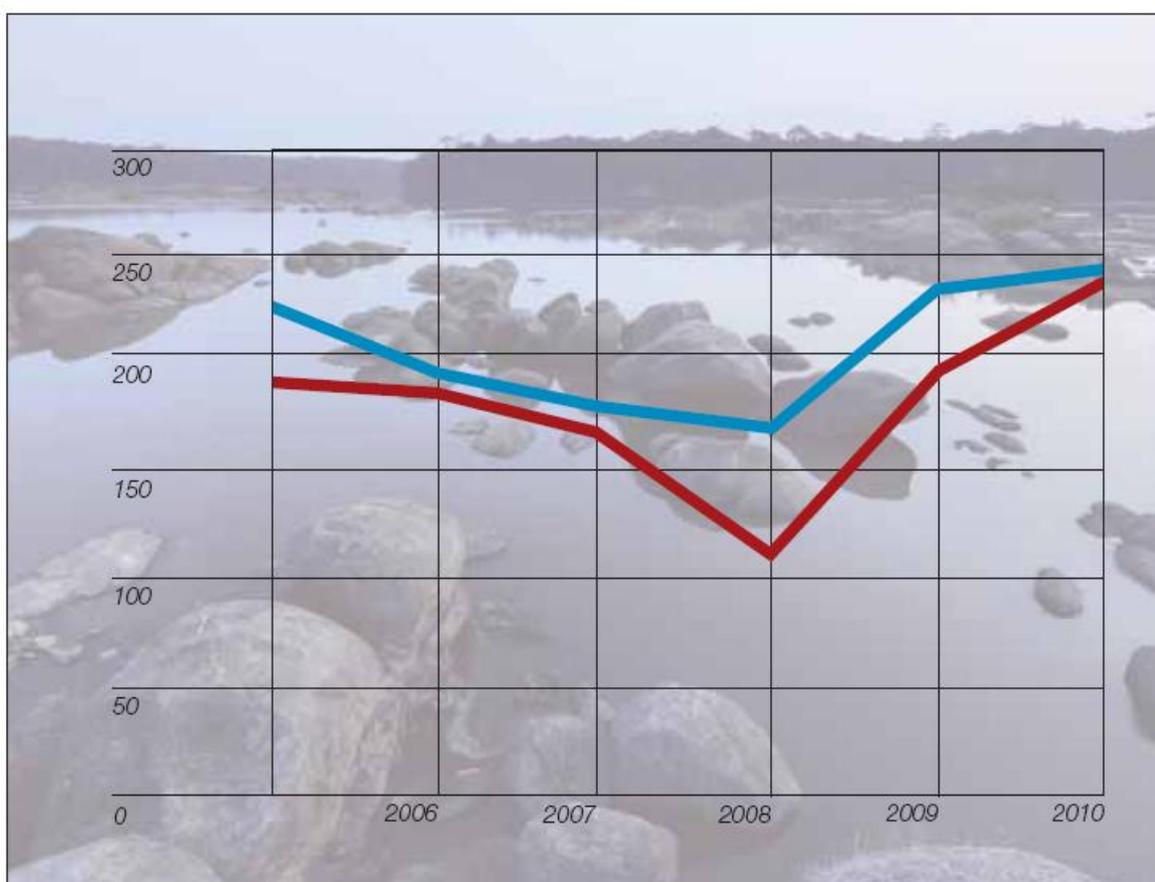
Period (*)	Banco de Occidente %	Total System %
Dec. 2006	2,40	2,05
Dec. 2007	2,49	2,08
Dec. 2008	2,81	2,22
Dec. 2009	2,52	2,02
Dec. 2010	2,30	2,07

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

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

# Intermediation Gross Margin

■ Banco de Occidente  
■ Banking System

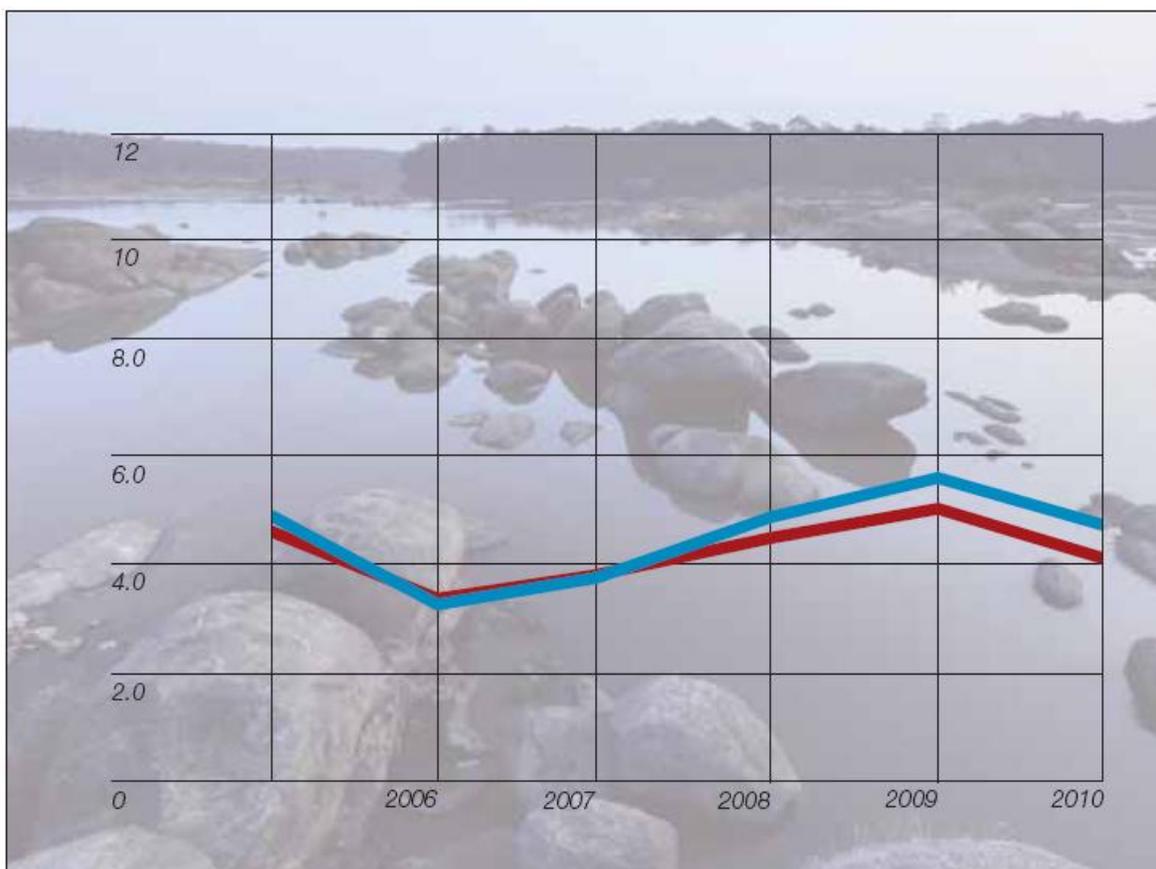


Period	Banco de Occidente (%)	Total System (%)
Dec. 2006	197,78	188,54
Dec. 2007	181,96	169,89
Dec. 2008	172,04	114,32
Dec. 2009	236,94	198,94
Dec. 2010	246,43	240,68

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

## Portfolio Quality by Rating

■ Banco de Occidente  
■ Banking System



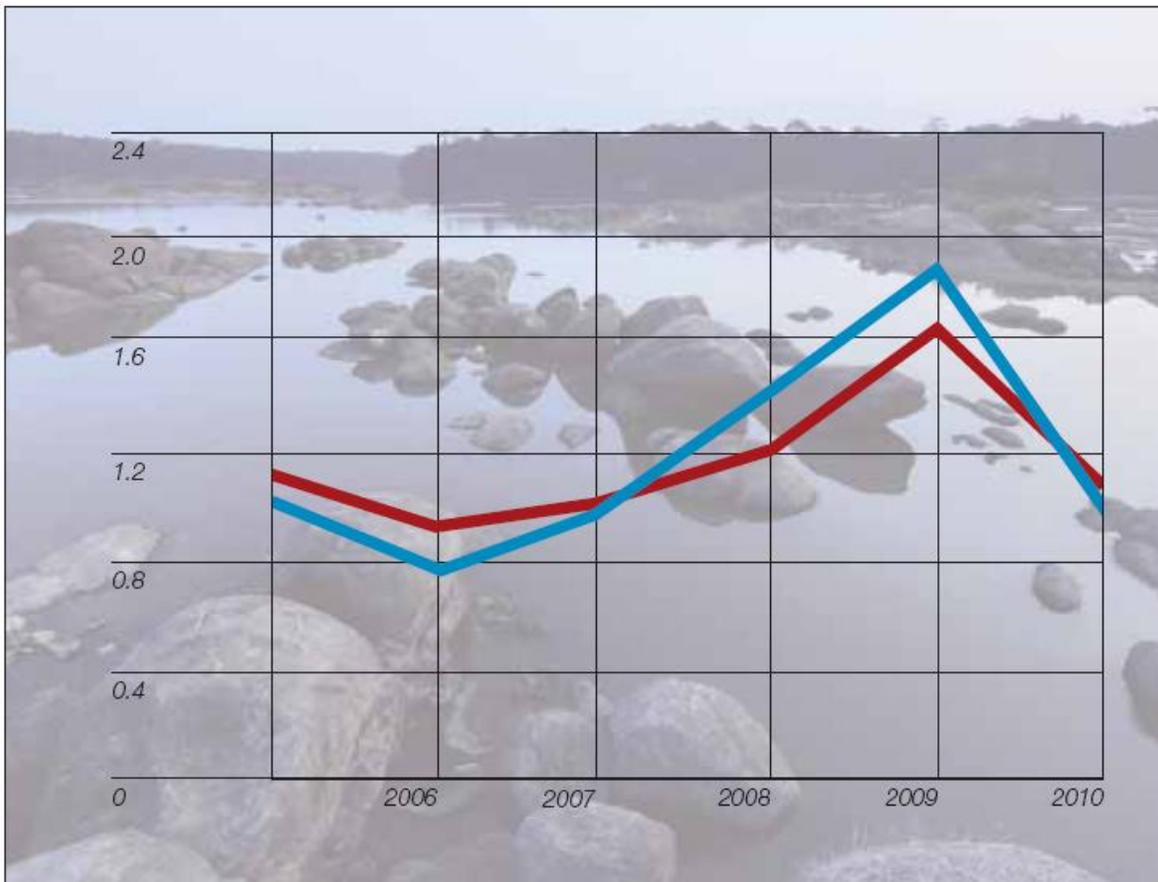
Period	Banco de Occidente (%)	Total System (%)
Dec. 2006	3,32	3,44
Dec. 2007	3,83	3,87
Dec. 2008	4,96	4,58
Dec. 2009	5,70	5,12
Dec. 2010	4,80	4,19

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 (%)
Dec. 2006	0,78	0,95
Dec. 2007	0,99	1,02
Dec. 2008	1,46	1,21
Dec. 2009	1,91	1,62
Dec. 2010	1,00	1,10

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

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## Branch Bank Network

Región	Región	Región	Región
<b>Suroccidental</b>	<b>Bogotá</b>	<b>Noroccidental</b>	<b>Norte</b>
<b>Cali</b> 29 Oficinas 2 Credicentros	<b>Bogotá</b> 54 Oficinas 1 Credicentro	<b>Medellín</b> 20 Oficinas 1 Credicentro	<b>Barranquilla</b> 10 Oficinas 1 Credicentro
<b>Andalucía</b> <b>Buenaventura</b> <b>Buga</b> <b>Cartago</b> <b>Espinal</b> <b>Florencia</b> <b>Girardot</b> <b>Ibagué</b> 2 Oficinas 1 Credicentro <b>Ipiales</b> <b>La Victoria</b> <b>La Unión</b> <b>Neiva</b> 2 Oficinas <b>Palmira</b> 2 Oficinas <b>Pasto</b> 2 Oficinas 1 Credicentro <b>Popayán</b> 2 Oficinas <b>Puerto Tejada</b> <b>Tulúa</b> <b>Santander de Quilichao</b>	<b>Chía</b> <b>Duitama</b> <b>Facatativa</b> <b>Tunja</b> 1 Oficina 1 Credicentro <b>Zipaquirá</b>	<b>Armenia</b> <b>2 Oficinas</b> 1 Credicentro <b>Dosquebradas</b> <b>Envigado</b> <b>Itagüí</b> <b>Manizales</b> 2 Oficinas <b>Montería</b> 2 Oficinas 1 Credicentro <b>Pereira</b> 3 Oficinas 1 Credicentro <b>Rionegro</b> <b>Sabaneta</b>	<b>Barrancabermeja</b> <b>Bucaramanga</b> 6 Oficinas 1 Credicentro <b>Cartagena</b> 6 Oficinas 1 Credicentro <b>Cúcuta</b> 2 Oficinas <b>Riohacha</b> <b>San Andrés (Isla)</b> <b>Santa Marta</b> 2 Oficinas <b>Sincelejo</b> <b>Valledupar</b> <b>Villavicencio</b> 2 Oficinas 1 Credicentro <b>Yopal</b>
<b>Banco de Occidente</b> <b>Panamá S.A.</b> <b>Ciudad de Panamá</b>	<b>Occidental Bank</b> <b>(Barbados) Ltd.</b> <b>Barbados</b>		