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**EBF2010-106**

**FREE ENGLISH LANGUAGE TRANSLATION  
STATUTORY AUDITOR'S REPORT**

To the Shareholders  
Banco Davivienda S.A.:

I have audited the balances sheets of Banco Davivienda S.A. at December 31 and June 30, 2009, and the related statements of income, changes in the shareholders' equity and cash flows, a summary of significant accounting policies and other explanatory notes, for the semesters then ended, expressed in local currency (Colombian pesos).

Management's Bank is responsible for the preparation and fair presentation of these financial statements according to generally accepted accounting principles in Colombia, promulgated by the Financial Superintendence of Colombia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation, fair presentation and disclosure of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. My responsibility is to express an opinion on these financial statements based on my audit.

I obtained the necessary information and carried out my examination in accordance with auditing standards generally accepted in Colombia. Such standards require that I plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements. In making this risk assessment, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that my audits provide a reasonable basis for my audit opinion.



In my opinion, the above mentioned financial statements, taken accurately from books and attached to this report, present fairly, in all significant respects, the financial position of Banco Davivienda S.A. at December 31 and June 30, 2009, the results of its operations and its cash flows for the semesters then ended, in local currency (Colombian pesos), in conformity with generally accepted accounting principles in Colombia, promulgated by the Financial Superintendence of Colombia, applied on a consistent basis.

Based on the results of my examination, I believe:

- a. The Bank's bookkeeping has been performed in conformity with legal rules and accounting pronouncements.
- b. The operations recorded in the books and management performance are in conformity with the bylaws and decisions of General Stockholders' Meeting.
- c. The correspondence, the vouchers of accounts and the minute and record of shares books have been properly maintained.
- d. There are adequate measures of: internal control that include risk management systems implemented, maintenance and custody of its and third parties' assets in its possession.
- e. Rules of the External Circular No.100 of 1995 have had compliance by means of which the Financial Superintendence of Colombia established criteria and procedures related to the adequate management and accounting of the foreclosed assets received as payment and the systems of risk management of: Market "SARM", Credit "SARC", Operative "SARO", Money Laundering and Financing of Terrorism "SARLAFT" and liquidity "SARL" and its impact on the Financial Statements.
- f. The contributions to the Social Security System were liquidated and paid timely. The Bank is up to date in payment of contributions to the Social Security System.
- g. The administration report prepared by management agrees with the accompanying financial statements.
- h. I carried out monitoring to the answers about the recommendation letters addressed to the Bank's management.

As it is indicated in note 24 to the financial statements in accordance to the External Circular No. 047 of 2008 issued by the Financial Superintendence of Colombia, effective January 1, 2009, the Bank recorded the balances of the Universalities of Loans Write-Off in the trust memorandum accounts; however, at December 31, 2009, the Financial Superintendence of Colombia has not authorized its transmission, for that reason the Balance Sheet transmitted to



the Financial Superintendence of Colombia differs from the official accounting books of the Bank in the record of these accounts.

Original signed by  
Pedro Ángel Preciado Villarraga  
Statutory Auditor of Banco Davivienda S.A.  
Registration No. 30723 - T  
Member of KPMG Ltda.

February 2, 2010

The accompanying financial statements are not intended to present the financial position, the results of operations, and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Colombia. The standards and procedures to audit such financial statements are those generally accepted and applied in Colombia.

**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

Consolidated Balances Sheets

December 31 and June 30, 2009

(Thousands of United States Dollars)

(Market Representative Exchange Rate Col\$2.044.23 December, 2009 and Col\$2.145.21 June, 2009)

<u>Assets</u>	<u>December 31</u>	<u>June 30</u>
Cash and cash equivalents (note 3)	US\$ 757.874,1	US\$ 599.558,8
Cash and cash equivalents	757.874,1	599.558,8
Less: Allowance	<u>(284,3)</u>	<u>(74,8)</u>
Active Positions in Monetary market operations and those related (note 4)	27.024,9	65.444,8
Investments (notes 5 and 32)	2.238.337,9	1.678.742,6
Debt securities trading	1.673.221,2	1.207.041,5
Equity securities trading	812,5	175,0
Debt securities held to maturity	221.438,0	191.759,2
Debt securities available for sale	233.947,9	116.822,8
Equity securities available for sale	53.361,9	52.007,6
Investment repurchase rights	75.329,2	121.967,5
Less: Allowance	<u>(19.772,9)</u>	<u>(11.030,9)</u>
Credit portfolio and financial leasing (notes 6 and 32)	8.362.905,3	7.353.016,4
Housing loans	<u>944.169,1</u>	<u>801.423,5</u>
Category A, Normal Risk	906.860,5	738.251,2
Category B, Acceptable Risk	36.271,1	58.599,3
Category C, Appreciable Risk	18.037,6	21.215,4
Category D, Significant Risk	6.678,6	6.360,2
Category E, Unrecoverable	2.165,1	2.671,3
Less: Allowance	<u>(25.843,9)</u>	<u>(25.673,8)</u>
Credit portfolio and financial leasing consumption - Suitable Guaranty	<u>336.371,2</u>	<u>310.772,3</u>
Category A, Normal Risk	321.674,0	286.709,7
Category B, Acceptable Risk	15.139,6	18.039,1
Category C, Appreciable Risk	10.196,7	13.799,9
Category D, Significant Risk	10.886,2	12.614,6
Category E, Unrecoverable	13.416,0	11.596,7
Less: Allowance	<u>(34.941,2)</u>	<u>(31.987,7)</u>
Credit portfolio and financial leasing consumption - Other Guaranties	<u>2.352.704,8</u>	<u>1.984.296,9</u>
Category A, Normal Risk	2.269.031,4	1.789.052,5
Category B, Acceptable Risk	114.319,5	140.892,6
Category C, Appreciable Risk	68.642,1	115.616,1
Category D, Significant Risk	65.389,3	88.272,2
Category E, Unrecoverable	51.658,2	71.529,7
Less: Allowance	<u>(216.335,7)</u>	<u>(221.066,2)</u>
Micro-credit loans - Suitable Guaranty	<u>21.965,8</u>	<u>17.858,5</u>
Category A, Normal Risk	21.726,3	17.048,6
Category B, Acceptable Risk	643,2	887,5
Category C, Appreciable Risk	398,7	606,7
Category D, Significant Risk	357,8	202,1
Category E, Unrecoverable	85,6	785,4
Less: Allowance	<u>(1.245,8)</u>	<u>(1.671,8)</u>
Micro-credit loans - Other Guaranties	<u>709,2</u>	<u>308,0</u>
Category A, Normal Risk	635,2	281,5
Category B, Acceptable Risk	54,8	20,6
Category C, Appreciable Risk	30,1	26,8
Category D, Significant Risk	28,1	2,7
Category E, Unrecoverable	137,1	61,5
Less: Allowance	<u>(176,0)</u>	<u>(85,0)</u>
Credit portfolio and financial leasing commercial - Suitable Guaranty	<u>1.368.543,4</u>	<u>1.426.108,4</u>
Category A, Normal Risk	1.301.195,7	1.372.995,1
Category B, Acceptable Risk	122.916,6	74.128,3
Category C, Appreciable Risk	14.883,3	26.002,6
Category D, Significant Risk	40.538,3	50.280,9
Category E, Unrecoverable	4.036,1	5.637,7
Less: Allowance	<u>(115.026,6)</u>	<u>(102.936,1)</u>
Credit portfolio and financial leasing commercial - Other Guaranties	<u>3.338.441,8</u>	<u>2.812.248,8</u>
Category A, Normal Risk	3.310.943,5	2.773.439,6
Category B, Acceptable Risk	103.971,7	62.870,7
Category C, Appreciable Risk	10.186,6	27.962,9
Category D, Significant Risk	49.369,4	41.422,9
Category E, Unrecoverable	8.172,0	11.698,0
Less: Allowance	<u>(144.235,7)</u>	<u>(105.145,3)</u>
Less General Allowance	<u>(10.208,9)</u>	<u>(10.209,3)</u>

**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

Consolidated Balances Sheets (continued)

December 31 and June 30, 2009

(Thousands of United States Dollars)

(Market Representative Exchange Rate Col\$2.044.23 December, 2009 and Col\$2.145.21 June, 2009)

	December 31		June 30	
Customers' acceptances and derivatives (note 7)		US\$	(8.881,7)	US\$ 25.259,0
Debtors and Bank Acceptances	1.065,9			1.161,2
Derivatives:	<u>(9.726,5)</u>			<u>24.491,7</u>
Rights	2.032.061,2		2.499.555,2	
Obligations	<u>(2.041.787,7)</u>		<u>(2.475.063,5)</u>	
Others	<u>(221,1)</u>			<u>(393,9)</u>
Accounts receivable (notes 8 and 32)		175.251,6		150.847,1
Interests	91.021,7			95.645,1
Financial Component - Leasing Operations	3.251,3			2.639,9
Commissions and Fees	751,9			1.182,7
Renting	102,3			420,7
Payment of housing clients	7.443,2			7.851,2
Payment of consumption clients	8.269,5			7.916,2
Payment of micro-credits clients	132,8			73,4
Payment of commercial clients	4.780,6			3.810,3
Others	98.796,9			71.565,1
Less: Allowance	<u>(39.298,6)</u>			<u>(40.257,5)</u>
Foreclosed assets (note 9)		27.525,7		25.602,4
Assets received in payment and destined to housing	3.773,9			2.433,8
Assets received in payment and different from housing	8.925,4			11.266,8
Foreclosed assets from leasing contracts	818,0			414,8
Assets not used in the Company's purpose	23.174,8			22.623,4
Less: Allowance	<u>(9.166,4)</u>			<u>(11.136,4)</u>
Goods given on operating lease (note 10)		4.248,1		4.144,0
Maquinery, equipment and vehicles	5.488,9			5.000,6
Less: Accumulated depreciation and amortization	<u>(1.196,9)</u>			<u>(810,5)</u>
Less: Allowance	<u>(43,9)</u>			<u>(46,1)</u>
Properties and equipment (note 10)		179.649,4		168.478,0
Lands, buildings and constructions in progress	187.304,0			175.335,2
Equipment, furniture and fixtures	58.042,2			53.913,8
Computer equipment	130.483,6			118.527,1
Others	3.672,3			3.404,4
Less: Accumulated depreciation and amortization	<u>(196.059,1)</u>			<u>(181.557,3)</u>
Less: Allowance	<u>(3.793,7)</u>			<u>(1.145,2)</u>
Others assets (notes 11 and 32)		834.177,3		786.445,9
Permanents contributions	130,8			124,6
Prepaid expenses and deferred charges	692.615,9			676.556,2
Excess on cost of investment on book value	10.673,4			12.824,3
Others	140.981,8			107.617,8
Less: Allowance	<u>(10.224,6)</u>			<u>(10.689,8)</u>
Revaluations		208.945,9		165.890,9
Investments available for sale in equity securities of low or minimum marketability or without stock market quotation (note 5 f.)	17.539,3			9.464,8
Properties & equipment (note 10)	<u>191.406,6</u>			<u>156.426,1</u>
Devaluations (note 5 f.)		(123,4)		(62,1)
Investments available for sale in equity securities of low or minimum marketability or without stock market quotation	<u>(123,4)</u>			<u>(62,1)</u>
<b>Total assets</b>		US\$ <u>12.796.441,9</u>		US\$ <u>11.013.083,7</u>
Creditor Contingent Accounts (note 23)		4.283.369,5		3.587.278,4
Debtor Contingent Accounts (note 23)		650.616,8		626.256,3
Debtor Memorandum Accounts (note 24)		18.453.054,5		16.362.635,1
Creditor Memorandum Accounts (note 24)		<u>29.594.195,7</u>		<u>25.755.922,7</u>
<b>Total Contingent and Memorandum Accounts</b>		US\$ <u>52.981.236,4</u>		US\$ <u>46.332.092,5</u>
Trust Memorandum Accounts (note 25)		US\$ <u>4.120.609,9</u>		US\$ <u>5.808.396,7</u>

**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

Consolidated Balances Sheets (continued)

December 31 and June 30, 2009

(Thousands of United States Dollars)

(Market Representative Exchange Rate Col\$2.044.23 December, 2009 and Col\$2.145.21 June, 2009)

<u>Liabilities and Stockholders' Equity</u>	<u>December 31</u>		<u>June 30</u>
Deposits and callabilities (notes 12 and 32)		US\$ 8.972.634,3	
Deposits in bank current accounts	1.342.069,6		1.048.654,6
Term deposits	3.329.901,9		3.238.775,8
Savings deposits	4.158.799,2		3.408.463,8
Others deposits and callabilities	<u>141.863,5</u>		<u>62.738,9</u>
Passive positions in monetary market operations and those related (note 13)		252.528,2	183.586,6
Bank acceptances outstanding (note 14)		1.065,9	1.161,2
Banking credits and other financial obligations (note 15)		684.735,5	663.856,5
Others entities in the country	442.024,9		340.162,8
Entities abroad	<u>242.710,6</u>		<u>323.693,7</u>
Accounts payable (notes 16 and 32)		302.465,4	296.005,0
Interests	78.343,4		85.631,6
Commissions and fees	187,3		307,0
Dividends and excesses	596,4		565,5
Others	<u>223.338,3</u>		<u>209.500,8</u>
Long term-debt (note 17)		1.067.727,8	819.302,3
Others liabilities (note 18)		130.814,3	55.971,5
Accrued benefit obligations to the employees	14.660,7		11.037,4
Unearned income	375,1		352,7
Others	<u>115.778,5</u>		<u>44.581,5</u>
Estimated liabilities and allowances (notes 19 and 20)		64.796,0	83.374,0
Accrued benefit obligations to the employees	1.502,2		2.205,2
Taxes	5.371,1		25.818,0
Minoritary Interests (note 19 and 20)	13.471,3		10.811,9
Others	<u>44.451,4</u>		<u>44.538,8</u>
<b>Total Liabilities</b>		<b><u>11.476.767,4</u></b>	<b><u>9.861.890,2</u></b>
<b>Total stockholders' equity</b>		<b><u>1.319.674,4</u></b>	<b><u>1.151.193,5</u></b>
Capital stock (note 21)		21.902,4	22.319,8
Reserves (note 22)		964.330,9	844.180,2
Legal reserve	11.546,1		11.510,7
Premium in placement of shares	552.822,2		526.416,6
Statutory and occasional reserves	<u>399.962,6</u>		<u>306.253,0</u>
Surplus		212.036,0	164.894,6
Gross unrealized gain or loss on investments available for sale	4.656,3		530,7
Revaluation assets	207.236,4		164.132,2
Devaluation	(123,4)		(62,1)
Stockholders' equity revaluation	<u>266,7</u>		<u>293,8</u>
Results of preview years		14.272,0	6.937,2
Net income		107.133,1	112.861,6
<b>Total liabilities and stockholders' equity</b>		<b>US\$ <u>12.796.441,9</u></b>	<b>US\$ <u>11.013.083,7</u></b>
Creditor Contingent Accounts (note 23)		4.283.369,5	3.587.278,4
Debtor Contingent Accounts (note 23)		650.616,8	626.256,3
Debtor Memorandum Accounts (note 24)		18.453.054,5	16.362.635,1
Creditor Memorandum Accounts (note 24)		<u>29.594.195,7</u>	<u>25.755.922,7</u>
<b>Total Contingent and Memorandum Accounts</b>		<b>US\$ <u>52.981.236,4</u></b>	<b>US\$ <u>46.332.092,5</u></b>
Trust Memorandum Accounts (note 25)		US\$ <u>4.120.609,9</u>	US\$ <u>5.808.396,7</u>

See the notes accompanying the consolidated financial statements.

\_\_\_\_\_  
OLGA LUCÍA RODRÍGUEZ SALAZAR  
Legal Representative

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CARMEN ANILSA CIFUENTES BARRERA  
Financial Director  
Registration 35089-T

\_\_\_\_\_  
PEDRO ÁNGEL PRECIADO VILLARRAGA  
Statutory Auditor of Banco Davivienda S.A.  
Registration 30723-T  
Member of KPMG Ltda.  
(See my opinion dated March 11, 2010)

**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

Consolidated Statements of Income

Semesters ended on December 31 and June 30, 2009

(Thousands of United States Dollars)

(Market Representative Exchange Rate Col\$2.044.23 December, 2009 and Col\$2.145.21 June, 2009)

	<u>December 31</u>	<u>June 30</u>
Operating Income	U\$ 992.174,7	U\$ 951.546,6
Readjustment to real value unit - RVU	5.200,6	20.186,1
Amortized interests & discounts - Credit portfolio and others interests	549.621,6	564.877,8
Commissions and Fees	111.138,8	103.675,4
Profit on the appraisal of investments trading in debt securities	64.162,8	63.429,7
Profit on the appraisal of investments trading in equity securities	156,8	14,5
Profit on the appraisal of investments available for sale in debt securities	647,8	661,2
Profit on the appraisal of investments held to maturity	1.328,8	8.136,7
Changes	77.230,8	114.251,3
Profit on the appraisal of derivatives	87.601,4	11.234,1
Profit on portfolio sale	2.256,2	3.327,5
Componente financiero leasing	30.179,7	24.448,5
Profit on investments sale	<u>62.646,9</u>	<u>37.303,9</u>
Operating Expenses	456.250,5	432.538,9
Interests, amortized premium and discount amortized (note 12)	211.338,2	252.297,5
Loss on the appraisal of negotiable investments in debt securities	0,0	0,1
Loss on the appraisal of Investments available for sale in debt securities	493,3	0,0
Commissions	18.577,0	18.014,5
Readjustment to real value unit - RVU	6,6	2.656,1
Loss on the appraisal of derivates	102.474,8	36.347,0
Changes	82.536,5	111.270,5
Loss on investments sale	40.247,4	11.521,2
Depreciation and amortization of assets given on lease	<u>576,8</u>	<u>432,0</u>
Operating Income	535.924,2	519.007,7
Other Operating Incomes & Expenses - net	<u>13.806,8</u>	<u>14.280,7</u>
Operating Income	<u>307.934,6</u>	<u>247.155,1</u>
Dividends and Participations (note 5 f.)	4,9	6.323,1
Others (notes 26 and 32)	<u>307.929,7</u>	<u>240.832,0</u>
Operating Expenses	<u>294.127,9</u>	<u>232.874,4</u>
Employees expenses	119.861,5	104.443,6
Others (notes 27 and 32)	<u>174.266,4</u>	<u>128.430,8</u>
Operating Result before Allowances		
Depreciations and Amortizations	549.731,0	533.288,4
Allowances	427.058,5	390.033,7
Investments (note 5 e.)	9.584,0	0,0
Credit portfolio (note 6 )	391.244,3	364.307,4
Accounts receivable (note 8)	19.397,3	22.323,2
Properties and equipment (note 10)	2.942,3	508,4
Others (note 28)	<u>3.890,6</u>	<u>2.894,7</u>
Depreciations - Properties and Equipment	8.671,1	8.244,9
Amortizations	<u>20.003,6</u>	<u>29.338,9</u>
Operating Income - Net	U\$ <u>93.997,8</u>	U\$ <u>105.671,0</u>

**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

Consolidated Statements of Income (continued)

Semesters ended on December 31 and June 30, 2009

(Thousands of United States Dollars)

(Market Representative Exchange Rate Col\$2.044.23 December, 2009 and Col\$2.145.21 June, 2009)

	<u>December 31</u>	<u>June 30</u>
Non-Operating Income	61.599,2	63.432,4
Non-operating income (notes 29 and 32)	<u>61.599,2</u>	<u>63.432,4</u>
Non-Operating Expenses	38.400,2	22.845,2
Non-Operating expenses (notes 30 and 32)	19.713,6	18.622,5
Minoritary interests	2.583,7	1.569,4
Amortization Excess on investment	<u>16.102,9</u>	<u>2.653,3</u>
Non-Operating Income - Net	<u>23.199,0</u>	<u>40.587,3</u>
Profit Before Income Tax	117.196,8	146.258,2
Income Tax and Complementary (note 31)	<u>10.063,7</u>	<u>33.396,6</u>
Income Net	U\$ <u>107.133,1</u>	U\$ <u>112.861,6</u>

See the notes accompanying the consolidated financial statements.

\_\_\_\_\_  
OLGA LUCÍA RODRÍGUEZ SALAZAR  
Legal Representative

\_\_\_\_\_  
CARMEN ANILSA CIFUENTES BARRERA  
Financial Director  
Registration 35089-T

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PEDRO ÁNGEL PRECIADO VILLARRAGA  
Statutory Auditor of Banco Davivienda S.A.  
Registration 30723-T  
Member of KPMG Ltda.  
(See my opinion dated March 11, 2010)



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
 Consolidated Statements of Changes in the Stockholders' Equity  
 Semesters ended on December 31 and June 30, 2009  
 (Thousands of United States Dollars)

	Stock Capital		Legal Reserve	Occasional Reserves	Unrealized Gains or losses	Surplus or Deficit for		Stockholders' Equity Revaluation	Profit prior years	Net Income	Total Stockholders' Equity
	Subscribed and paid in capital	Adjustment for Financial Statement Conversion				Revaluation	Devaluation				
Balance at December 31, 2008 (Market Representative Exchange Rate Col\$2.145.21 June, 2009)	US\$ 20.130,2	(2.688,3)	449.207,7	318.634,2	(4.496,4)	154.166,7	(21,0)	0,1	20.758,2	101.253,1	1.056.944,4
Donations				(378,8)							(378,8)
Distribution of the net income of the semester ended on December 31, 2008											
Translate to Legal Reserve			1.212,0							(1.212,0)	0,0
Occasional revaluation reserve investment at market prices Decree 2336 of 1995			0,0	6.381,1						(6.381,1)	0,0
Dividends paid in cash at Col\$1.390 pesos per share on 43.183.399 shares subscribed and paid. March 12, 2009										(27.980,9)	(27.980,9)
Occasional reserve available to the General Stockholders' Meeting for future profit distribution.				58.824,3						(58.824,3)	0,0
Dividends paid in shares at Col\$4.237 pesos per share on 43.183.399 shares subscribed and paid with the issue 4.573.723 shares with face value of Col\$1.000 pesos each and a premium on placement of Col\$39.000.00 pesos each. March 31, 2009	2.132,1		83.150,5	(85.282,5)							(8,9)
Remainder of dividends paid in cash. March 12, 2009				(8,9)							
Movement by elimination in consolidation		2.745,9	4.357,2	8.083,6	5.027,0	9.965,5	(41,1)	293,7	(13.821,0)	(6.854,9)	9.756,0
Net income										112.861,6	112.861,6
Balance at June 30, 2009 (Market Representative Exchange Rate Col\$2.145.21 June, 2009)	US\$ 22.262,2	57,6	537.927,3	306.253,0	530,6	164.132,2	(62,1)	293,8	6.937,2	112.861,6	1.151.193,5
Balance at June 30, 2009 (Market Representative Exchange Rate Col\$2.044.23 December, 2009)	US\$ 23.361,9	60,5	564.499,6	321.381,1	556,9	172.239,9	(65,2)	308,3	7.279,9	118.436,7	1.208.059,7
Donations				(937,7)							(937,7)
Distribution of the net income of the semester ended on June 30, 2009:											
Dividends paid in cash at Col\$1.256 pesos per share on 47.757.122 shares subscribed and paid. September 15, 2009										(29.342,6)	(29.342,6)
Occasional reserve available to the General Stockholders' Meeting for future profit distribution.				80.364,5						(80.364,5)	0,0
Movement by elimination in consolidation		(1.519,9)	(131,4)	(845,3)	4.099,4	34.996,5	(58,2)	(41,7)	6.992,1	(8.729,6)	34.761,9
Movimiento en el semestre											
Net income										107.133,1	107.133,1
Balance at December 31, 2009 (Market Representative Exchange Rate Col\$2.044.23 December, 2009)	US\$ 23.361,9	(1.459,5)	564.368,2	399.962,6	4.656,3	207.236,4	(123,4)	266,7	14.272,0	107.133,1	1.319.674,4

See the notes accompanying the financial consolidated statements.

OLGA LUCÍA RODRÍGUEZ SALAZAR  
 Legal Representative

CARMEN ANILSA CIFUENTES BARRERA  
 Financial Director  
 Registration 35089-T

PEDRO ÁNGEL PRECIADO VILLARRAGA  
 Statutory Auditor of Banco Davivienda S.A.  
 Registration 30723-T  
 Member of KPMG Ltda.  
 (See my opinion dated March 11, 2010)

**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

Consolidated Statements of Cash Flows  
Semesters ended on December 31 and June 30, 2009  
(Thousands of United States Dollars)

(Market Representative Exchange Rate Col\$2.044.23 December, 2009 and Col\$2.145.21 June, 2009)

	<u>December 31</u>	<u>June 30</u>
Cash flows provided by operating activities:		
Net Income	U\$ 107.133,1	112.861,6
Reconciliation between net income profit to net cash (used in) operating activities:		
Allowance for investment	9.584,0	0,0
Allowance for credit portfolio	381.300,6	357.229,8
Allowance financial leasing	9.943,6	7.077,6
Allowance Accounts receivable	19.397,3	22.323,2
Allowance of realizable property, foreclosed assets, and returned goods	1.969,8	1.410,9
Allowance properties and equipment	2.942,3	508,4
Other allowance assets	813,2	838,1
Allowance for severance payments	4.497,5	3.780,0
Others Allowances	812,5	562,6
Depreciation goods for own use	8.671,1	8.244,9
Depreciation leasing	576,8	432,0
Amortizations	20.003,6	29.338,9
Profit on portfolio sale and assets leasing - net	(2.256,2)	(3.327,5)
Profit on sale investments - net	(22.399,5)	(25.782,7)
Loss (Profit) on sale of realizable property, foreclosed assets and returned goods - net	1.727,6	(559,1)
Profit on sale of properties and equipment - net	(5.066,7)	(3.545,8)
Reimbursement of the investments allowance	(1.475,1)	(249,6)
Reimbursement of the credit portfolio and leasing allowance	(224.604,8)	(167.534,4)
Reimbursement of the accounts receivable allowance	(14.447,3)	(13.056,7)
Reimbursement of realizable property, foreclosed assets and returned goods allowance	(4.448,0)	(1.869,3)
Reimbursement of the property and equipment allowance	(350,4)	(1.402,1)
Reimbursement of the other assets allowance	(1.068,8)	(346,7)
Other recoveries of estimated liabilities	(3.400,5)	(3.872,1)
Reclassification prior period profit effect	(29.417,4)	(5.161,8)
Adjustment for financial statements conversion	(1.520,0)	2.745,9
Increase Deferred income tax	23.395,5	4.698,7
Changes in operating assets and liabilities:		
Decrease of gross unrealized gain on investments	(4.099,4)	(5.027,1)
Increase in credit portfolio and financial leasing operations	(1.119.328,3)	(580.169,3)
Decrease (increase) in accounts receivable	(21.903,0)	31.220,4
Increase (decrease) in others assets	6.365,7	(13.989,5)
Increase (decrease) in deposits and callabilities	830.743,5	(44.376,2)
Decrease in accounts payable	(8.161,5)	(11.099,7)
Increase in long term - debt	207.954,0	245.458,7
Increase (decrease) other liabilities	46.390,8	(1.876,4)
(Decrease) increase in estimated liabilities and allowance	(22.233,6)	19.270,0
Increase minority interest	2.125,3	9.492,4
Severance payments	<u>(2.205,9)</u>	<u>(2.554,8)</u>
Net cash provided (used) by operating activities	<u>197.961,6</u>	<u>(28.306,7)</u>

**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

Consolidated Statements of Cash Flows (continued)

Semesters ended on December 31 and June 30, 2009

(Thousands of United States Dollars)

(Market Representative Exchange Rate Col\$2.044.23 December, 2009 and Col\$2.145.21 June, 2009)

	<u>December 31</u>	<u>June 30</u>
<b>Cash flows by investment activities:</b>		
Increase investment	(462.378,9)	(271.144,5)
Decrease (increase) acceptances, cash and derivatives operations	35.388,4	(46.629,5)
Additions (retirement) to property and equipment	(14.714,9)	14.612,9
Additions of realizable property, goods received in payment and returned goods	(468,8)	(16.053,8)
Product from the sale of realizable property, goods received in payment and property returned	560,8	893,8
Sale of properties and equipment	<u>5.193,4</u>	<u>509,9</u>
Net cash (used in) by investment activities	<u>(436.420,1)</u>	<u>(317.811,2)</u>
<b>Cash flows provided by financing activities:</b>		
Product of sale loan portfolio	307.772,5	153.130,1
Increase in passive positions in market operations mounted and connected	59.872,9	121.076,9
(Decrease) increase Bankers Acceptances outstanding	(152,7)	501,6
Decrease in banking credits and other financial obligations	(11.913,9)	(66.101,6)
Donations	(937,7)	(378,8)
Dividends Payment	<u>(29.342,6)</u>	<u>(27.989,8)</u>
Net cash provided by financing activities	<u>325.298,5</u>	<u>180.238,4</u>
Increase (decrease) in cash and cash equivalents	86.840,0	(165.879,5)
Cash and cash equivalents at the beginning of the semester	<u>697.774,7</u>	<u>830.808,3</u>
Cash and cash equivalents at the end of the semester	U\$ <u>784.614,7</u>	<u>664.928,8</u>

See the notes accompanying the consolidated financial statements.

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OLGA LUCÍA RODRÍGUEZ SALAZAR  
Legal Representative

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CARMEN ANILSA CIFUENTES BARRERA  
Financial Director  
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(See my opinion dated March 11, 2010)



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 1) Reporting Entity

Banco Davivienda S.A. is a private entity incorporated by means of Public Deed Number 3892 dated October 16, 1972 from Notary Fourteen of the Bogotá Circle; it has its main domicile in the city of Bogotá, D.C. By means of Resolution 562 dated July 10, 1997, it obtained its operating permit. The term established by Public Deed 5145 of October 2003, is up to October 17, 2053, but it may be dissolved or extended prior to that term. The Bank is part of the Sociedades Bolívar Business Group and its purpose is to enter into or perform all operations and contracts legally permitted to banking institutions of a commercial nature subject to the requirements and limitations of the Colombian Law.

The most representative bylaw reforms are:

- By means of Resolution 562 dated June 10, 1997, the Superintendencia Financiera de Colombia approved the transformation from saving and Loan Corporation to a Commercial Bank.
- By Public Deed No. 4541 dated August 28, 2000, prepared by the Eighteenth Notary's Office in the Bogotá Circle, Davivienda legalized the acquisition of 100% of Delta Bolívar shares. As a consequence, Delta Bolívar S.A. was dissolved without liquidation and the company and its stockholders' equity were absorbed by the Bank on September 1, 2000, and the Delta Bolívar legal capacity was extinguished.
- By means of Public Deed No. 2369 dated April 27, 2006, from Notary One of the Bogotá Circle, Banco Davivienda S.A. formalized the absorption by merger of Bansuperior S.A. Consequently, Bansuperior S.A. was dissolved without liquidation and the company and stockholders' equity were absorbed by the Bank on May 2, 2006, extinguishing the legal status of Bansuperior S.A.
- Through Public Deed No. 7019 dated August 29, 2007, the Notary Seventy One from Bogotá, registered on September 3, 2007 in the Chamber of Commerce, Banco Davivienda S.A. formalized the takeover through merger of Granbanco S.A. As a consequence, Granbanco S.A. was dissolved without liquidation and the company and the stockholders' equity were absorbed by the Bank on September 1, 2007, extinguishing Granbanco S.A. as a legal entity.

As of December 31, 2009, it operated with nine thousand three hundred ninety five employees (9,395) in five hundred thirty three (533) offices in twenty two (22) branches and agencies in the Colombian territory. The Fiduciaria Davivienda S.A. it operated with sixty four (64) employees, Fiduciaria Cafetera S.A. with one hundred twenty three (123), Davivalores S.A. with eighteen (18), Confinanciera S.A. with one hundred ninety five (195), Bancafé Panamá S.A. with fifty four (54) and Bancafé International Corporation S.A. with thirty (30).

It possesses 60% of Fiduciaria Davivienda S.A. shares, 94.90% of Confinanciera S.A. shares, 79% of Broker Davivalores S.A. shares, 100% of Bancafé International Corporation S.A. shares, 99.99% of Bancafé Panamá S.A. shares and 94.011% of Fiduciaria Cafetera S.A.

The consolidated financial statements of the Banco Davivienda S.A., includes the followings Subsidiaries:



## **BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

### Notes to the Consolidated Financial Statements

#### CONFINANCIERA S. A. - Compañía de Financiamiento Comercial

This company was incorporated by means of the Public Deed No. 2663 dated June 8, 1977, prepared by the Fourth Notary's Office in Bogotá, with an initial operation permit in accordance with the Resolutions 1983 dated June 21, 1977, 3141 dated June 19, 1980, and 2350 dated June 29, 1990, and by means of Resolution 3140 dated November 24, 1993 the operation permit was definitively renewed by the Superintendencia Financiera de Colombia.

The term of this company is up to June 8, 2077, with its main domicile in the city of Bogotá, D.C., has its main office in Bogotá, one (1) branch in Barranquilla and five (5) offices in the Colombian territory. The main purpose of this Company is fund raising through term deposits, with the primordial purpose of making credit active operations addressed to facilitate the commercialization of assets and services, without damage of the operations and investments that in accordance with the system applicable to the Trading Financing Companies can be made within the conditions or limits indicated for such effect. Its TDC's are registered with the Bolsa de Valores de Colombia – BVC.

#### BANCAFÉ PANAMÁ S.A.

Constituted on January 15, 1976 under the Republic of Panamá Law, beginning operations under protection of the General License granted by the Supervision of Banks, which allows it to carry out banking transactions in Panamá or abroad. On May 3, 1998, by means of Resolution 34-88, that Entity additionally granted an international license. With this type of license, the Bank can lead exclusively; transactions getting perfect, consume, or have effect outside, from an office established in Panamá, without damage, to allow it to do other activities authorized by the Supervision of Banks of Panamá. With main domicile in the city of Panamá, Republic of Panamá.

The banking operations in the Republic of Panamá are regulated and supervised by the Superintendencia de Bancos, according to the Law - Decree 9 dated February 26, 1998 and the others effective legal norms.

#### BANCAFÉ INTERNATIONAL CORPORATION S.A.

An entity incorporated, under the figure of "Edge Act Corporation" of the United States of America, with the Federal Reserve Bank of New York authorization, on October 15, 1981, to perform bank activities with residents abroad.

The bank focuses its activities in basic deposits services and cash administration for individual and Colombian incorporated clients, which are mainly placed in safe investment portfolios with immediate availability. The bank grants loans, with low financial risk mainly to Colombian institutions and companies.



## **BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

### Notes to the Consolidated Financial Statements

#### FIDUCIARIA DAVIVIENDA S.A.

A private company, it was incorporated in accordance with the Public Deed No. 7940 signed on December 14, 1992 at the 18<sup>th</sup> Notary in Bogotá, D.C., authorized by the Superintendencia Financiera de Colombia by Resolution No. 5413 dated December 30, 1992, with an operation permit in effect up to December 14, 2043, with main domicile in the city of Bogotá, D.C., and its term is up to December 14, 2043.

This Company's purpose is entering into mercantile trust agreements and trust mandates that do not transfer domain, in accordance with the legal provisions. Its basic purpose is acquiring, selling, encumbering, administering personal property and real estates, and investing as debtor or as creditor in all kind of credit operations.

#### FIDUCIARIA CAFETERA S.A. – FIDUCAFÉ

Of private nature, constituted by means of Public Deed 5587 prepared for the Eighteen Notary's office in Bogota D.C dated September 3, 1991, with main domicile in Bogota D.C., properly authorized by the Superintendencia Financiera de Colombia by means of Resolution 3505 dated September 27, 1991, with effective operation permission and duration until December 31, 2050.

The social object is the celebration of mercantile trust contracts and non translativos fiduciary mandates of dominion according to legal dispositions. Its fundamental object is acquiring, selling, encumbering, administering personal property and real estates, and investing as debtor or as creditor in all kind of credit operations.

#### DAVIVALORES S. A. - Comisionista de Bolsa

This company was constituted in accordance with the Public Deed No. 5397 dated September 19, 1974, prepared by the Second Notary's Office in Bogotá, and it is supervised by the Superintendencia Financiera de Colombia, with operation permit in effect up to April 2, 2021, with main domicile in the city of Bogotá, D.C. This Company's purpose is developing and/or performing Commission Contracts for the purchase and sale of securities. It also offers advisory services related to capital market activities.

Starting in the year 1994, DAVIVALORES S.A. was authorized by the Superintendencia Financiera de Colombia of Securities to manage or administer securities belonging to its principals, with the purpose of carrying out the collection of the capital and its reinvested yields, in accordance with the directions given by its client.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The figures of assets, liabilities, stockholders' equity, and profit in the individual Financial Statements of the Parent Company and its Subsidiaries at December 31 and June 30, 2009 and were as follows:

	<u>December 31, 2009</u>			
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Profit (Loss)</u>
Banco Davivienda S.A.	U\$ 12.116.263,4	10.786.472,2	1.329.791,2	113.584,8
Bancafé Panamá S.A.	491.689,5	444.365,7	47.323,9	(816,1)
Confinanciera S.A.	224.667,8	195.293,4	29.374,4	403,2
Bancafé International Corporation S.A.	103.377,5	91.250,8	12.126,6	619,5
Fiduciaria Cafetera S.A	37.054,3	3.913,0	33.141,3	7.380,4
Fiduciaria Davivienda S.A.	24.902,5	2.435,6	22.466,8	3.397,4
Davivalores S.A.	5.086,5	319,5	4.767,0	320,7

	<u>June 30, 2009</u>			
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Profit (Loss)</u>
Banco Davivienda S.A.	U\$ 10.394.051,4	9.237.967,1	1.156.084,3	104.542,9
Bancafé Panamá S.A.	411.556,5	365.128,9	46.427,7	7.170,8
Confinanciera S.A.	202.034,6	174.432,4	27.602,2	2.432,8
Bancafé International Corporation S.A.	123.123,5	111.820,2	11.303,3	(311,2)
Fiduciaria Cafetera S.A	29.666,1	4.059,1	25.607,0	3.734,9
Fiduciaria Davivienda S.A.	20.550,2	2.383,6	18.166,6	2.936,7
Davivalores S.A.	4.340,2	317,8	4.022,5	390,6

## 2) Summary of Main Accounting Policies

### (a) Basic Accounting Policy

The bank's consolidated financial statements accounting and preparation policies, are in compliance with the consolidation and submission regulation, established by the Superintendencia Financiera de Colombia, and in those matters not determined in the regulation, with the general accounting regulation accepted in Colombia.

The consolidated financial statements of Banco Davivienda S.A. in accordance with the Code of Commerce, include the financial statements of its Subsidiaries, in which its direct participation or share is 50% or more of their outstanding shares, and they are supervised by the Superintendencia Financiera de Colombia, as well as the foreign Subsidiaries in which it is direct or indirect participation of 50% or more of the circulations shares. The incomes, disbursements, assets, liabilities and stockholders equity accounts of the Subsidiaries are included in the respective accounts in the consolidated financial statements, after the elimination of the inter-company accounts and transactions.



## **BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

### Notes to the Consolidated Financial Statements

The special accounting rules established by the Superintendencia Financiera de Colombia present some differences with the accounting standards generally accepted in Colombia, such as the following:

#### **Properties and Equipment**

Generally accepted accounting standards determine that as of the closing of the period, the net value of properties, plant and equipment, which adjusted value exceeds twenty (20) minimum monthly legal wages, must be adjusted to their realization value or to their present value, recording the revaluations and Allowances that may be necessary, while the special rules do not establish conditions for this kind of assets.

#### **Premium on placement of shares**

The special rule establishes that the premium on placement of shares is recorded as legal reserve; the generally accepted accounting standard indicates that it will be accounted for separately within equity.

#### **Financial statements**

The statement of changes in the financial position is not presented within the consolidated financial statements because the parent company is supervised by the Superintendencia Financiera de Colombia, which establishes that the basic financial statements for the supervised entities are the following: Balance Sheet, Statement of Income, Statement of Changes in the Stockholders' Equity, and Statement of Cash Flows.

For the consolidation of the foreign Subsidiaries, was taken care of effective legal norms stipulate for the consolidation, doing the homologations that result precedents to uniform the accounting norms of general acceptance with the one applicable in Colombia.

The exchange rate difference originated by the re-expression of the organization investor's investments product of the re-expression of the investment value, from the date of acquisition to the date of consolidation, has been eliminated in the consolidated financial statement with charge to the equity accounts of the consolidated denominated "Adjustment by Translation of Financial Statements", determined in agreement with the effective norms established.

The balance sheet of Subsidiaries abroad was translated into Colombian pesos using the US dollar, which exchange rates at December 31 and June 30, 2009, were \$2.044.23 (Colombian pesos) and \$2.145.21 (Colombian pesos), respectively, for the equity used exchange rates to September 1, 2007 was \$2.160.99 (Colombian pesos), date of acquisition of the investment.

The Bancafe Panamá S.A. Subsidiary financial statements are expressed in Balboas, which is at par and is free of trade with the dollar of the United States of America. The Republic of Panamá, does no issue its own currency, and instead, the dollar of the United States of America is used as legal tender.

On the other hand, the profit and loss statement for the affiliates overseas is converted into Colombian pesos using the average representative market rate for the US dollar on the corresponding semester. At December 31 and June 30, 2009, an average rate of \$1.990.34 (Colombian pesos) and \$2.353.54 (Colombian pesos) were used, respectively.





## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### **(b) Accounting Period**

The accounting closings of the Bank are biannual, and the Subsidiaries has closings annual ending in December.

According to what is set forth by the Superintendencia Financiera de Colombia, for consolidation purposes, the submission of financial statements must be done with the periodicity the Holding company does.

#### **(c) Monetary Unit**

The monetary unit used by the Banco Davivienda S.A. is Colombian peso.

#### **(d) Cash Equivalents**

The Bank considers Active Positions in Monetary Market Operations and those Related, as cash equivalents, for the purposes of the statement of cash flows, because of their liquidity.

#### **(e) Active and Passive Positions in Monetary Market Operations and those Related**

Groups all operations of interbank funds, repo operations, simultaneous operations and temporary transfer of securities.

##### **Interbanking Funds Sold Ordinarily**

Inter-banking funds are considered to be those that are placed or received directly by the bank and its Subsidiaries in another financial entity, without the need for transference of investments or portfolio credits. Related operations are those having to do with the business purpose agreed to a term no later than 30 calendar days, provided this operation is performed to take advantage of excess or cover liquidity shortcomings. Likewise, it involves the so-called overnight transactions, performed with foreign banks using the Bank's funds.

Interest yields derived from the operation are registered in the profit and loss statement.

##### **Inter-banking funds purchased and repurchasing agreements**

The Bank and its Subsidiaries records funds obtained directly from other financial entities, guaranteed with their investment portfolio or credit portfolio, in order to cover the needs of transitory liquidity. The maximum term for cancelling these operations is 30 calendar days; and operations that are not cancelled within the indicated term, must be accounted for under Bank Credits and Other Financial Obligations, except for those carried out with Banco de la República to regulate liquidity of the economy by means of monetary contracting operations and those carried out by Fogafin and performing support operations to member entities.

The difference between the present value (received in cash) and future value (repurchasing price) constitutes a financial expense.



## **BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

### Notes to the Consolidated Financial Statements

#### **Repo Operations**

A repo operation takes place when the Bank and its Subsidiaries acquires or transfers values, in exchange for a certain amount of money, assuming again under such action and at the time of the transfer commitment ownership from the “alienation” on the same day or at a later date to determine the price, the amounts of the same kind and characteristics.

The initial amount may be calculated with a discount on the market price for the value of the operation; it may be established that throughout the duration of the operation, initially delivered values be substituted by others and, restrictions may be placed on the mobility of the values subject of the operation.

The yields recorded to by this item, are exponentially calculated during the term of the operation and can be seen in the profit and loss statement.

The amounts transferred subject of the repo operation must be recorded in contingent debtor creditor accounts, depending if it is an open repo operation or a closed repo operation, respectively.

#### **Simultaneous Operations**

A simultaneous operation takes place when the Bank and its Subsidiaries acquires or transfers securities, in exchange for a certain amount of money, assuming under such action and at the time of the transfer or reacquisition of the property, on the same day or at a later date to determine the price, the amounts of the same kind and characteristics.

It can not be established that the initial amount may be calculated with a discount on the market price for the value of the operation; it may not be established that throughout the duration of the operation, initially delivered values be substituted by others and, restrictions may be placed on the mobility of the values subject of the operation.

Under this item, the Bank records yields caused by the acquiring entity and the alienating entity payments as cost of the simultaneous operation during its term.

The difference between the current amount (provided in cash) and the future amount (final transference price) constitutes an income of financial yield that is exponentially calculated during the term of the operation and is recognized in the profit and loss statement.

The amounts transferred, subject of the simultaneous operation must be recorded in contingent creditor or debtor accounts for active or passive positions, respectively.

#### **Transference Operations of Temporary Values**

These are operations in which one part (the “Originator”), transfers the ownership of one of its values (subject of the operation) to the other party (the “Receptor”), with the agreements already transferring them on the same date or at a later date. At the same time, the receptor shall transfer to the originator ownership of other values or the corresponding amount equal to or greater than the value subject of the operation.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

These operations may correspond to two modalities:

- Values against values. It is that in which the originator receives from the receptor values as backing for the operation.
- Values against money. It is that in which the receptor backs the performance of the operation by providing monetary resources.

The Bank records the amount of money provided by the receptor to the originator on the initial date of the operation to guarantee temporary transfer of values, in this case transference operation of temporary values – “Values for Money”.

At the time the operation is reverted, both the Originator as well as the Receptor must reinstate the ownership of values of the same kind and characteristics as those received in the operation or the amount of money received, as the case may be.

#### **(f) Investments**

It includes investments acquired by the Bank and its Subsidiaries with the purpose to maintain a secondary liquidity reserve, acquiring the direct or indirect control of any company of the financial or technical service sector, comply with legal or regulatory Allowances, or with the exclusive purpose of eliminating or reducing significantly the market risk to which assets, liabilities or other elements of the financial statements are exposed.

Investments are classified, evaluated and accounted according to the established in the first chapter of the basic accounting memorandum 100 of 1995, issued by the Superintendencia Financiera de Colombia, which may be summarized as follows:



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Classification	Term	Characteristics	Valuation	Accounting
Negotiable	Short-term	Titles acquired in order to obtain profits from price fluctuation.	Use just price interchange, reference rates and/or margins, calculated and published daily by the Bolsa de Valores de Colombia.  This procedure is done on a daily basis.	The difference is between the current market value and that immediately before recorded as greater or lesser than the initial investment and its counterpart affecting prior P&L results. This procedure is done on a daily basis.  The investments are valued at market prices, as of the same day of their acquisition, therefore accounting of changes between the acquisition cost and market value of the investments are done as of the date of purchase.
To keep until maturity	Until maturity	Instruments to which the bank has a serious purpose and the legal, contractual, financial, and operative capacity, to maintain until their maturity.	Exponentially as of the internal rate of return calculated at the time of purchase.  This procedure is done on a daily basis.	This amount is accounted as the greater value of investment and its counterpart is recorded in periodic results.  This procedure is done on a daily basis.
Available-for-sale – debt titles	One year	Once the year is up, the first business day after words they may be reclassified to the above categories.	Use just price interchange, reference rates and margins, calculated and published daily by the Bolsa de Valores de Colombia.  This procedure is done on a daily basis.	They are counted according to the following procedure: - The difference between the amount on the first day of valuation in the one immediately before it is recorded as a lesser or greater investment with credit or better to P&L accounts. - The difference between the market amount and the current amount is recorded as accumulated income or loss not carried out, within the equity accounts.  This procedure is done on a daily basis.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Classification	Term	Characteristics	Valuation	Accounting
Available-for-sale – share titles	without	With little or minimum marketability, have no quotes, titles that the bank keeps just as control to the matrix.	Investments in share titles are valued according to the marketability index that the have on the date of valuation as follows: Little or minimal marketability or without any quotes, our valued monthly increasing or decreasing participation percentage in equity variations, subsequent to the acquisition of the investment, calculated based on the last certified financial statements.  These statements may not be prior to six months counted as of the date of the valuation, or more recent when they are known and dictaminated.	Little or minimum marketability without any quotes. - The difference between market value or updated investment and the value which is recorded in the investment, is accounted as follows: - If it is greater, the first instance decreases the provision or devaluation until exhausting it and the excess is recorded as surplus from valuation. - If it is less, it affects surplus for valuation until exhausting and the excess is recorded as devaluation. - When dividends or profits are distributed in kind, including those from capitalization of the equity revaluation account, they are recorded as income for the part being accounted as surplus for valuation, charged to investment and reverted as surplus. - When dividends for profits are distributed in cash, they are recorded as income in the accounted amount as surplus for valuation, reverting such surplus and the amount of dividends that exceeds it accounted as a lesser value of investment.
Available-for-sale – share titles		High and mid marketability instruments and/or shares are valued according to the stock liquidity index, as to the date in which they are rated, according to the estimates performed or authorized by the Superintendencia Financiera de Colombia are classified in this category. The stock liquidity is to determine the liquidity level a stock has in the stock exchange market.	Mid marketability, are valued daily based on an average price determined and published by the stock markets where they are traded. This amount corresponds to the average price for the quantity traded during the last five (5) days before negotiations.  High marketability, our valued daily based on the last average price of negotiation issued by the Bolsa de Valores de Colombia which they are negotiated.	High and mid marketability. The updating of market value for the titles of high or mid marketability or those traded in international markets, are accounted as a profit or loss accumulated not performed, waited in the equity accounts, with debit or charge to investment.  Dividends or profits distributed in-kind or in cash, including those from capitalization of patrimony revaluation account, are recorded as revenue on fee the corresponding investor on profits or revaluation of equity of the issuer are accounted since the date of acquisition of the investment, charged to accounts receivable.

#### Criteria for valuation of investments

It has as its fundamental objective the calculation, accounting posting and disclosure of the amount and just price of interchange, to which a title or security may be negotiated at a determined date, according to its specific characteristics and within the prevalent market conditions on such date.

#### Investment Repurchase Rights

These correspond to restricted investments that represent the collateral guarantee of investment repurchase commitments.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

In the case of negotiable investments in debt securities, they are accounted for the value of the transfer at the time of the collection of funds and are updated at market value; variations that occur between the latter and the last value accounted for are recorded in the statement of income accounts as a profit or loss as it may correspond.

If it has to do with investments to be kept on till maturity, corresponding to forced or obligated investments acquired by primary market and the counterpart of the operation is for Banco de la República, Dirección General del Tesoro Nacional or an entity supervised by the Superintendencia Financiera de Colombia, they are accounted for the amount of transfer at the moment of electing the forums and updated for causation of yields until redemption or maturity with debit to the profit and loss statement.

#### Allowances or Losses by Credit Risk Rating

The price of debt securities as well as equity securities with low or minimum marketability or not quoted, must be adjusted on each valuation date based on the credit risk rating, as follows:

- Debt securities that have one or several ratings granted by external credit rating agencies recognized by the Superintendencia Financiera de Colombia, or the securities issued by entities that are rated by them, cannot be accounted for an amount exceeding the following percentage of their net face value of amortizations made up to the valuation date.

The following table includes homologation of qualifications of international risk with the Colombian ones, used for Bancafé Panamá S.A. and Bancafé International Corporation S.A. Subsidiaries investments.

Rating		
Long Term International	Long Term Rating	Maximum Amount %
AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-	AAA	
BB+	AA	90%
BB	A	90%
BB-	BBB	90%
B+	BB	70%
B, B-	B	70%
CCC	Same in Colombia	50%
DD y EE	Same in Colombia	0%

- For debt securities that do not have an external rating, for debt securities issued by entities that are not rated or for equity securities, the amount of the Allowances must be determined based on the methodology that for this purpose may be determined by the investor entity. Said methodology must be previously approved by the Superintendencia in charge of monitoring the respective entity.
- The Bank and National Subsidiaries using the methodology adopted by the Superintendencia Financiera de Colombia.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Category	Risk	Characteristics	Provisions
A	Normal	Complies with terms agreed in securities or title and has adequate capacity for payment of capital and interests.	Does not proceed
B	Acceptable	A response to issues that show factors of uncertainty which could affect the capacity of adequate compliance with debt service Likewise, understand whose investment issuers that according whit their financial statements and other available information show weakness that could effect its financial situation.	Net value may not be higher than (80%) of acquisition cost.
C	Appreciative	A response to issues showing high or medium probability of noncompliance and timely payment of capital and interests. Likewise, financial statements and other available information shell deficiencies in its financial situation that compromise investment recovery.	Net value may not be higher than (60%) of acquisition cost.
D	Significant	A response to those issues which show noncompliance of terms agreed in the title, as well as financial statements and other available information with deficiencies accentuated in financial situation, therefore probability of investment recovery is highly doubtful.	Net value may not be higher than (40%) of acquisition cost.
E	Unrecoverable	Issues that according to financial statements and other information available is estimated that the investment is unrecoverable. Likewise, if there are no financial statements for at least six (6) months counted as of valuation date.	The value of these investments must be completely provisioned.

Not subject to this adjustment are the internal or external public debt securities issued or guaranteed by the Nation, those issued by the Banco de la República (Central Bank) and those issued or guaranteed by the Fondo de Garantías de Instituciones Financieras FOGAFIN.

The Bank registers provisions for the Bancafé Panamá S.A. and Bancafé International Corporation S.A. Subsidiaries assets, to cover the financial statements homologation effects; The above mentioned, is according to the parameters established by the Superintendencia Financiera de Colombia in Chapter X – Consolidated or Combined Financial Statements, of the Basic Accounting Memorandum 100 of 1995.

#### **(g) Credit Portfolio and Financial Leasing**

It records the credits and Financial Leasing granted by the Bank and its Subsidiaries under the different modalities authorized. The funds used in the granting of credits originate from the Bank's own funds, from the public in the modality of deposits and from other external and internal financing sources.

Loans are accounted for based on their face value, except purchases of portfolio which are recorded at cost; the interest rate agreed does not affect the value at which loans are recorded.



## **BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

### Notes to the Consolidated Financial Statements

The entities regulated by the Superintendencia Financiera de Colombia, should count with a Credit Risk Management System (SARC) that includes policies, processes, models and control mechanisms that allow identifying, measuring and mitigating credit exposure adequately.

#### • **Credit arrangements**

According to what is established under Chapter II all of the Basic Accounting Memorandum 100 of 1995 from Superintendencia Financiera de Colombia, the credit portfolio structure contemplates the following modes for credits:

#### **Commercial**

Commercial credits are defined as those granted to individuals or companies in order to perform to organized economic activities, different to those granted under the mode of microcredit.

#### Home Leasing.

The Superintendencia Financiera de Colombia established that for classification purposes, Home Leasing must be classified as commercial loans.

The real estate properties of this type of operations are owned by the Bank.

It records the value financed of homes delivered under leasing to the user for his use and enjoyment, in exchange for the payment of a periodic rent, during the term agreed, at the expiration of which the good is returned to the owner or transferred to the lessee, if the latter decides to exercise the repurchase option agreed in his favor and pay its value.

The value to be financed of the financial leasing operations is repaid with the payment of the financial leasing rent in the portion corresponding to repayment of principal.

#### **Consumption**

They are loans granted to individuals whose objective is to finance consumer goods acquisition, or payment of non commercial or entrepreneurial services, different from the ones provided under the microcredit type.

#### **Housing**

Independently registers its amount, the loans granted to individuals, assigned to new or used homes acquisition or to build individual homes. They should be agreed in Current Value Units (UVR) or in local or foreign currency and secured by first grade mortgage, upon the funded home. The amortization term, should be between five (5) years as a minimum and thirty (30) years as a maximum. Loans can be totally or partially prepaid, at any time without sanctions whatsoever. In case o partial prepayments, the debtor will be entitled to choose whether the amount paid, reduces the liabilities payments or the term.





## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### **Micro-credit**

A micro credit is defined as a set of credit active operations to which article 39 of Law 590 of 2000, is referred to, or the regulations that modify, substitute or add it, as well as those carried out with micro enterprises, in which the main source of payment comes from income derived from their activity.

A micro-company is any unit of economic exploitation performed by an individual or a legal entity in entrepreneurial, agricultural, industrial, commercial or service activities, rural or urban, which payroll does not exceeds ten (10) employees and its total assets are smaller than five hundred (500) minimum current monthly legal wages.

The amount of indebtedness by the debtor may not exceed one hundred twenty (120) minimum daily wages in force at the time of approval of the corresponding credit operation. Balance of indebtedness is understood to mean the amount of current obligations by any corresponding micro-company with the financial sector and other sectors, which are recorded by bank operators with the data consulted by the corresponding creditor, excluding those mortgage credits for financing housing and adding to the amount of the new obligation.

The Subsidiaries loan portfolio composition is the following: Bancafé International Corporation S.A. 100% commercial; Bancafé Panamá S.A. 95% commercial and 5% consumption; Confinanciera S.A. 65% commercial, 13% micro credit and 22% consumption.

#### **Rules for Credit Assessment and Re-qualification**

The Bank and Confinanciera S.A., Bancafé Panamá S.A and Bancafé International Corporation S.A Subsidiaries, assess the clients portfolio, independently of the types of loans. The bank assesses clients' loans portfolio, independently of loan type. Clients' loans portfolio behavior is updated monthly, with regard to payments, cancellations, writing off, and level of arrears operations.

For an appropriate fulfillment of this requirement, the Bank considers the debtor loan behavior and particularly, if at the time of assessment the debtor registers restructured liabilities, according with the information coming from entities assessing risk or any other source.

The areas in charge, perform the Bank's own assessment and requalification of loans portfolio and that of its Subsidiaries in the following situations:

- When loans are in arrears, after having been restructured, situation in which they should be re-qualified immediately.
- At least in the months of May and November, having to register the results of the assessment and the re-qualification to take place at the closing of the following month. This reclassification is based on the analysis of variables such as: the payment behavior of clients, their situation in the financial system (CIFIN report), the last review performed on the client, the result of the classification of the previous portfolio, the macro and considered analysis of the last financial figures to the last closing delivered by the client, qualitative analysis considered, sector analysis considered, and special situations of the client amongst others, classifying thus the clients in the following levels of Risk: normal risk, low risk, medium risk, high risk. The latter reflected in subjective classifications other than A.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### Criteria for Credit Risk Assessment

The Bank and its Subsidiaries assess the portfolio based on these criteria: debtor and joint debtor payment capacity through an analysis of project cash flow, debt levels, debtor's current and past fulfillment of liabilities, how many times credits had been restructured and the possible effects of financial risks, to which the debtor's cash flow is exposed to, the information coming from companies assessing risk and other source of commercial information at the company's disposal; the information related to the economic conglomerate, is also considered.

In the assessment of payment capacity for public territorial entities, the Bank shall verify compliance of indicators of Law 617 Indicators- Operation expenses - Law 358 – solvency and sustainability – and Law 819 Primary surplus.

The Fiduciaria Davivienda S.A., Fiduciaria Cafetera S.A. and Davivalores assess the accounts receivable assimilating them to commercial loans by arrears level, according to what is set forth in Chapter II of the Basic Accounting Memorandum 100 of 1995 from Superintendencia Financiera de Colombia.

#### Credit Risk Assessment

The credit housing and micro-credit operations qualification are classified in one of the credit risk categories:

<u>Category</u>	<u>Housing</u>	<u>Micro – credit</u>
"A" Normal Risk	With up to date installments Up to 2 months overdue	Credits in effect & up to 1 month overdue
"B" Acceptable Risk	Credits with due dates older than 2 months and up to 5 months	Credits with due dates older than 1 month and up to 2 months
"C" Appreciable Risk	Credits with due dates older than 5 months and up to 12 months	Credits with due dates older than 2 month and up to 3 months
"D" Significant Risk	Credits with due dates older than 12 months and up to 18 months	Credits with due dates older than 3 month and up to 4 months
"E" Uncollectibility Risk	Credits with due dates older than 18 months	Credits with due dates older than 4 months



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Banks' consolidated commercial portfolio is classified and qualified in the corresponding risk categories, taking into account the following minimum objective conditions:

<u>Category</u>	<u>Granting</u>	<u>Portfolio Commercial</u>	<u>Portfolio Consumption</u>
"AA"	New loans whose qualification at the time of granting is "AA".	Loans with less than 29 days in arrears of contractual liabilities, that is, between 0 and 29 days of arrears.	The credits the classification of which obtained by the application of the methodology of MRCO classification established by the regulation is equal to "AA".
"A"	New loans whose qualification at the time of granting is "A".	Loans with 30 days or more, and less than 60 days in arrears of contractual liabilities, that is, between 30 and 59 days in arrears.	The credits the classification of which obtained by the application of the methodology of MRCO classification established by the regulation is equal to "A"
"BB"	New loans whose qualification at the time of granting is "BB".	Loans with 60 days or more, and less than 90 days in arrears in the contractual liabilities, that is, between 60 and 89 days in arrears.	The credits the classification of which obtained by the application of the methodology of MRCO classification established by the regulation is equal to "BB"
"B"	New loans whose qualification at the time of granting is "B".	Loans with 90 days or more, and less than 120 days in arrears in the contractual liabilities, that is, between 90 and 119 days in arrears.	The credits the classification of which obtained by the application of the methodology of MRCO classification established by the regulation is equal to "B"
"CC"	New loans whose qualification at the time of granting is "CC".	Loans with 120 days or more, and less than 150 days in arrears in the contractual liabilities, that is, between 120 and 149 days in arrears.	The credits the classification of which obtained by the application of the methodology of MRCO classification established by the regulation is equal to "CC"
Non - fulfillment	-	Loans with 150 or more days in arrears	Consumption credits which are overdue by more than 90 days.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

In order to homologate risk qualifications in debt reports and in financial statement records, the Bank and the subsidiary Confinanciera S.A. applies following table:

Grouped Category	Reporting Category	
	Commercial	Consumption
A	AA	AA
		A: with current arrears between 0 and 30 days
B	A	A: with current arrears greater than 30 days
	BB	BB
C	B	B
	CC	CC
D	Non - fulfillment	Non - fulfillment
E	Non - fulfillment	Non - fulfillment

When, by virtue of the reference model MRC and MRCO implementation by the Superintendencia Financiera de Colombia, is qualified to clients as failing to pay. They should be homologated as follows:

Group E category = Those failing clients whose assigned POF is equal to a hundred per cent (100%).

Group D category = Other clients qualified as failing clients.

For homologation in the consumption portfolio, the current arrears referred to in the previous table, should be understood, as the maximum arrears recorded by the debtor in the aligned products.

- **Qualification of Loans to Territorial Entities**

For qualification of loans granted to territorial entities, the Entity reviews and verifies the fulfillment of the different conditions set forth in Law 358 of 1997.

- **Restructured Credits**

A restructured loan is one, that through an agreement of any judicial business, has the objective to modify the conditions initially established, in order to allow the debtor, to adequately manage his/her obligation. For these effects, the restructurings are considered novations. Previous to restructuring a loan, it should be reasonably established, that same will be recovered under the new conditions.

Credit alleviations granted by Laws, as it was the case of what was set forth by Law 546 of 1999 for home loans, are not considered loan restructuring.

- **Rules for accounting for interest on restructured loans**

In those cases where as a result of restructuring agreements or any other form of agreement, contemplating the capitalization of interests posted in memorandum accounts or



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

balance of uncollectible portfolios, including capital, interest and other concepts, they shall be accounted as deferred debit and their amortization to the capital shall be done proportional to those amounts effectively collected.

#### • Rules for reclassification of restructured loans

Loans can improve their qualification, after having been restructured, only when the debtor proves a regular and effective payment behavior.

For this type of credits we maintain the classification in effect at the time of restructuring and at the 3 regular payments it is considered normalized and improved to "A". If the credit becomes overdue again in more than 30 days it will return to the initial classification and will remain thus until it is up to date again and normalized to return to an "A"; if after two years the restructured credit is found up to date, it is transferred to normal, otherwise it will be reviewed every month to verify if it is up to date and to carry out the transfer, except those registered below

##### 1. Bankruptcy rules Law 1116 of 2006

The judicial bankruptcy rules objective is to protect the loan and the recovery and conservation of the company as a unit of economic exploitation and a source of employment, through the reorganization and judicial liquidation processes, always under the value aggregation criterion.

##### 2. Fiscal Restructuring Law 617 of 2000

The Government grants guarantees for territorial entities liabilities, with entities regulated by the Superintendencia Financiera de Colombia, when all requirements established in the law, are fulfilled; among others, that the fiscal adjustment agreements were subscribed before June 30, 2001. Such guarantee is up to forty per cent (40%), for loans in force as to December 31, 1999 and up to a hundred per cent (100%), for new loans intended for fiscal adjustment.

These restructurings have the characteristic of reverting the provisions recorded on the liabilities subject to restructuring, the portion secured by the Government and the portion subject to restructuring that is not secured by the Government, can keep the qualification they had as of June 30, 2001.

##### 3. Restructuring Law 550 of 1999

With the Law 550, 1999 and 1116, 2006 promotes and facilitates business reactivation and restructuring of territorial entities. As of the date on which the restructuring negotiation is initiated, the Bank suspends the accrual of interest on current credits and maintains the rating that they had as of the date of initiation of the negotiation.

According to what is set forth in agreement 6-2000 from the Superintendencia de Bancos de Panamá, those loans, once restructured, are maintained for a period of six months in the risk category they had at the time of negotiation, independently of any improvement in the debtor's condition after Bank's restructuring.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- **Alignment Rules**

The Bank and its Subsidiaries performs the alignment of the classification of its debtors tending to the following criteria:

- Previous to the recording of provisions and homologation of qualification processes, performs the internal alignment process for each debtor, monthly, and for such purpose, it will take to the greatest credit risk category, the same types of loans granted to a debtor, except that the debtor proves to the Superintendencia Financiera de Colombia, the existence of enough reasons for qualification in a lower risk category.
- The financial entities, that according to the corresponding legal dispositions, are required to consolidate financial statements, should assign an equal qualification to loans of same type granted to a debtor, except that the debtor proves to the Superintendencia Financiera de Colombia, the existence of enough reasons for qualification in a lower risk category.

In the case of commercial portfolio, the financial entities that according to corresponding legal dispositions, are required to consolidate financial statements, should grant same qualification to the total loans that are part of the group, except that the debtor proves to the Superintendencia Financiera de Colombia, the existence of enough reasons for qualification in a lower risk category.

- **Suspension of the causation of interest**

The Bank and the Subsidiaries will stop accruing interests, monetary correction, exchange adjustments, cannons and income for other concepts when a loan presents arrears as indicated in the following table:

<u>Loans type</u>	<u>Banco y Confinanciera S.A.</u>	<u>Bancafé Panamá S.A. and Bancafé International Corporation S.A.</u>
	<u>Arrears exceed</u>	
Commercial	3 months	3 months
Consumption	2 months	3 months
Housing	2 months	3 months
Micro – credit	1 month	Does not exist

Therefore, they will not affect the profits and loss statement, until they are effectively collected. Meanwhile, the corresponding record will be post in memorandum accounts. The Superintendencia Financiera de Colombia will be able to request the suspension of accrual of income, when a loan had been restructured more than once.

In those cases in which, as a result of restructuring agreements or any other type of agreement, the capitalization of interests that are recorded in memorandum accounts or the balance of written off loans, including capital, interests and other concepts, is considered, they will be recorded as a deferred payment and its amortization in the profit and loss statement, will recorded proportionally to the amounts effectively collected.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### • **Mortgage relief**

Mortgage relief emerges from the massive process of home loans reliquidation stipulated in the Law 546 of 1999. Credit institutions conducted a reliquidation procedure based on the difference established between the DTF and the UPAC, aimed at comparing the UPAC and UVR's behavior, so that they both have the same rebate corresponding to the UPAC loans. The National Government, for his part, proceeded to credit to the obligations the total amount of the difference resulting from such reliquidation and, in order to address the cancelation of these credits, issued treasury securities – TES, denominated in UVR.

Moreover, the Decree 712 of 2001 in article one that modifies the Decree 2221 of 2000, stipulates the causes whereby devolution of the relief applied by the credit institutions to the Nation-Ministerio de Hacienda y Crédito Público applies:

- Due to default in the payment to the payee of the credit.
- Due to lack of payment of the individual home loan by the payee of the credit.
- Due to payment of mortgage credits for more than one house per person.
- Due to declination of a credit.
- Due to excess liquidation.

#### • **Regulation for penalties**

The penalties of loans portfolio, accounts receivable and other assets are approved by the Board of Directors of the Bank and its Subsidiaries. according to that established in the Basic Accounting Memorandum 100 of 1995 of Superintendencia Financiera de Colombia.

Following internal policies for writing offs, these are recorded at the time in which the different loans, reach the following arrears levels:

Loans	Bank and Confinanciera	Bancaffé International Corporation S.A. and Bancaffé Panamá S.A.
Commercial	570	For individual assessment
Consumption	180 (1)	
Vehicles	540	
Housing	570	
Home leasing	540 (Commercial Portfolio)	

(1) Different than vehicle without guarantee

The writing off does not release the Bank and its Subsidiaries from continuing with the collection procedures that are considered appropriate, and requires the loans to be provisioned in 100% of capital, interests and other concepts.

#### • **Regulations for the guarantees**

The guarantee is an instrument whereby the Expected Loss (EL) is reduced in the event of a non-compliance event. The guarantee encompasses the right the Bank and the



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Subsidiaries is entitled to when the debtor ceases the payment of his/her obligations due to lack of compliance.

The loan approval in the Bank and its Subsidiaries should include the guarantee whereby the operation is being authorized. Improvement thereto will be prior to the outlay of the resources.

The analysis of the guarantees must include the following characteristics:

- Suitability: According to the legal definition.
- Lawfulness: Document duly improved in order to provide legal support that facilitates the management of the granted obligations surety.
- Value: Calculated on the basis of technical criteria and objectives.
- Completion possibility: Properly reasonable possibility to collect the guarantee.

The legalization of the guarantees is extremely important to the Bank and subsidiaries as its correct preparation is a key factor in protecting the Bank in the event of non-compliance with the obligations assumed by the debtor.

For the consumption and commercial loans admissibility and non-admissibility guarantees are accepted as provided by the decree 2360 of 1993.

In the case of mortgages for home loans, these shall be classified as first degree and by an unspecified amount in favor of the Bank over the mortgaged property. This document shall remain valid only if improvement is made by means of public deed duly registered at the Notary's Office and if registration in the corresponding Office of Public Instruments Registry is completed.

#### **(h) Rules on provisions for credits portfolio**

The Bank carries out the process of provision homogenization for the subsidiary loans portfolio , registering provisions on the profit and loss statement, as follows:

##### **General Provision**

As of December 31, 2009, the provision for micro loans and housing loans types, equivalent to 1.0% of the corresponding portfolio, is recorded.

##### **Counter-cyclic individual provision**

The MRCO incorporates a counter-cyclic component in the estimation of the POF, when using a methodology that allows defining the loan risk behavior for each year. In this manner, the Superintendencia Financiera de Colombia obtains the matrix of migrations for the different phases of loan risk.

Each year the Superintendencia Financiera de Colombia will inform the new matrix of migration to apply for estimating the expected losses.

The counter cyclic component will allow entities to have a reserve (counter cyclic individual provision), they will use in periods of deterioration in the loan quality, to face the





## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

increase in the provisions without the need of considerably impacting profits generated in an unfavorable environment.

When, by virtue of the MRCO application, the counter-cyclic components, are incorporated, the entities will be able to assign the general provisions to record individual and counter-cyclic individual provisions.

The Bank records this provision in order accounts

#### Individual Provision

Without prejudice of the general provision, the individual provisions, for the protecting loans qualified in all risk categories ("A", "B", "C", "D" y "E"), have the following percentages at December 31 and June 30, 2009:

#### National Subsidiaries

##### Housing Portfolio

Rating	% Minimum Standard		% Bank and Subsidiary's minimum	
	Covered	Uncovered	Covered	Uncovered
	Part	Part	Part	Part
A	1.00%	1.00%	1.50%	3.00%
B	3.20%	100.00%	5.00%	100.00%
C	10.00%	100.00%	20.00%	100.00%
D	20.00%	100.00%	60.00%	100.00%
E	30.00%	100.00%	100.00%	100.00%

In the case of housing loans, a allowance must be maintained on the portion guaranteed, by the percentage corresponding according to the rating. On the non guaranteed portion the allowance must be of one hundred percent (100%) as of a credit rating of "B" (Acceptable).

If during two (2) consecutive years the credit has remained in category "E", the allowance percentage on the guaranteed portion will be increased to sixty percent (60%). If one (1) additional year elapses in these conditions, the allowance percentage on the guaranteed portion will be increased to one hundred percent (100%).

##### Microcredit Portfolio

Rating	% Minimum Standard		% Bank and Subsidiary's minimum	
	Capital	Uncovered	Capital	Uncovered
	Balance	Part	Balance	Part
A	1.60%	1.60%	1.60%	1.60%
B	4.00%	5.00%	4.00%	5.00%
C	20.00%	20.00%	20.00%	30.00%
D	50.00%	50.00%	50.00%	60.00%
E	100.00%	100.00%	100.00%	100.00%



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### Foreign Subsidiaries

Allowances of the foreign Subsidiaries housing portfolio, are calculated according to the following table:

Rating	Covered Part %	Defect %
A	1,5	3,0
B	5,0	100,0
C	20,0	100,0
D	60,0	100,0
E	100,0	100,0

In all cases the allowances won't be lower than those estimated by the foreign subsidiary.

#### **Commercial Portfolio**

##### National Subsidiaries

The Bank and the subsidiary Confinanciera S.A. adopted the Commercial Reference Model, established by the Superintendencia Financiera de Colombia, for recording provisions resulting from its application.

The Leasing Operations provisions are recorded in compliance with the commercial loans portfolio policies.

The estimation of expected loss (provisions) results from applying the following formula:

$$\text{Expected Loss} = [\text{Probability of failing}] \times [\text{Asset exposure at the time of failing}] \times [\text{Loss due to failing}].$$

The commercial portfolio reference model, allows determining the components of the expected loss, according to the following parameters:

– Probability of failing

It is related to the probability, that in a period of twelve (12) months, debtors of a specific commercial portfolio incur in failing.

The Bank and the subsidiary Confinanciera S.A. define the probability of failing according to the following matrix:

#### Non – fulfillment



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### Notes to the Consolidated Financial Statements

MATRIX B	Large Company	Medium Company	Small Company	Individual
AA	2.19%	4.19%	7.52%	8.22%
A	3.54%	6.32%	8.64%	9.41%
BB	14.13%	18.49%	20.26%	22.36%
B	15.22%	21.45%	24.15%	25.81%
CC	23.35%	26.70%	33.57%	37.01%
Non - fulfillment	100.00%	100.00%	100.00%	100.00%

The portfolio segmentation and detailing of loans portfolio processes and its possible loan subjects, should serve as the foundation for estimating the expected losses in the Commercial Reference Model. Therefore, the Model is based on differentiated segments by debtors' assets levels.

The commercial clients' segmentation is performed under the following criteria:

#### Commercial Portfolio classification by assets levels

<u>Company Size</u>	<u>Standard of assets</u>
Large Companies	More than 15.000 SMMLV
Medium Companies	From 5.000 to 15.000 SMMLV
Small Companies	Less than 5.000 SMMLV

The Model also has a category named "individuals" in which all individuals that are commercial loans debtors, are grouped.

#### – Loss due to failing (LDF)

It is defined as the economic deterioration in which the Bank and the subsidiary Confinanciera S.A. would incur in case any of the situations of failing materializes. The LDF for debtors qualified in the failing category, will suffer a gradual increase, according to the days after the classification in such category. The LDF applied by the Bank, contemplates the type of guarantee range "without guarantee", and in addition, applies a greater percentage in the first range of failing debtors, as follows:

<u>Type of guarantee</u>	<u>L.D.F.</u>	<u>Days after mailing</u>	<u>New L.D.F.</u>	<u>Days after failing</u>	<u>New L.D.F.</u>
Without guarantee	58.00%	210	80.00%	420	100.00%

#### – Exposed value of asset

Inside the Commercial Reference Model, the exposed value of asset, is the current balance of capital, interests, accounts receivable for interests, and other accounts receivable, of the commercial portfolio liabilities.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### Foreign Subsidiaries

For the commercial portfolio of international filials Bancafé Panamá S.A. and Bancafé International Corporation S.A., the portfolio provisions for clients with economic activities in Colombia, are calculated applying the Colombia's MRC; for clients with economic activity abroad in other countries an internal model that considers additional factors such as country risk is applied that takes into account the different credit risk categories, write-off factor (previous two years history); these additional factors do not apply to countries with lower risk than Colombia or for debt collateralized deposits.

#### In others countries probability of failing

Country Risk	BBB	BB+	BB-
A	2,14	5,42	7,69
B	2,37	6,77	9,61
C	3,21	8,13	11,53
D	3,74	9,48	13,45
E	4,28	10,84	15,38

Source S&P

#### **Default levels:**

In order to determine the classification of the portfolio at December 31 and June 30, 2009, the Bank applies the following default levels:

Rating	Commercial	Housing	Micro-credit
A	0 – 29	0 – 61	0 – 31
B	30 – 89	62 – 152	32 – 61
C	90 – 149	153 – 365	62 – 92
D	150 – 569	366 – 547	93 – 122
E	> 569	> 547	> 122

For the foreign Subsidiaries portfolio, Bancafé Panamá S.A. (Commercials, Consumption and Housing) and Bancafé International Corporation S.A. (Commercial) uses the following ratings table:

Rating / Category	Bancafé International Corporation S.A. and Bancafé Panamá S.A.		
	Housing	Consumption	Commercial
A / Normal	0 – 30	0 – 30	0 – 30
B / Special mention	31 – 90	31 – 60	31 – 60
C / Sub-normal	90 – 120	61 – 90	61 – 90
D / Doubtful	120 – 360	90 – 360	90 – 360
E / Unrecoverable	> 360	> 360	> 360

#### **Concordat Processes Provisions**

As refers to credits due by persons who are admitted in processes of composition or



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

arrangement with creditors, they are immediately rated in category “E” becoming subject to the establishment of allowances, suspension of accrual of returns and other items foreseen for this category. The capital covered with suitable guarantee is provisioned in twelve (12) monthly aliquots.

If the agreement to recover the company is approved prior to the year following the admission to the arrangement with creditors, the credits may be reclassified to category “D” and the allowances are immediately adjusted to fifty percent (50%) of the credit value if they are lower than said value; otherwise, they will be reserved within the following year.

### Consumption Portfolio

#### National Subsidiaries

The Bank and the subsidiary Confinanciera S.A., adopted a Reference Model for consumption portfolio, established by the Superintendencia Financiera de Colombia, which is used for recording provisions that result from their application.

The Consumption Portfolio Reference Model (MRCO), is based on differentiated segments, according to the products and credit establishments that grant those products, in order to preserve the particularities in the market niches and the products granted.

The following are the segments defined for the MRCO: general vehicles, other general and credit cards.

For debtors that at the time of qualification, do not belong to the failing category, the entities using the MRCO, should apply a model that estimates a score, which is the product of the particular characteristics of each debtor, according to what is set forth in Annex 5 of Chapter II of Basic Accounting Memorandum 100 of 1995 of Superintendencia Financiera de Colombia.

With the application of the consumption reference model, established by the Superintendencia Financiera de Colombia. The expected losses are determined, and the provisions are recorded according to the following formula:

$$\text{Expected Loss} = [\text{Probability of failing}] \times [\text{Asset exposure at time of failing}] \times [\text{Loss due to failing}].$$

The consumption portfolio reference model allows determining the components of the expected loss, according to the following parameters:

– Probability of failing

It corresponds to the probability that in a period of twelve (12) months, debtors of a specific segment and commercial portfolio qualification incur in failing.

The Bank and the subsidiary Confinanciera S.A., defined the probability of failing is defined according to the following matrix:



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

<u>MATRIX B Rating</u>	<u>Vehicles – general</u>	<u>Others – general</u>	<u>Credit Cards</u>
AA	2.75%	3.88%	3.36%
A	4.91%	5.67%	7.13%
BB	16.53%	21.72%	18.57%
B	24.80%	23.20%	23.21%
CC	44.84%	36.40%	30.89%
Non - fulfillment	100.00%	100.00%	100.00%

#### – Loss due to failing (LDF)

It is defined as the economic deterioration the Bank will suffer, in case any of the situations of failing materializes. The LDF for debtors qualified in the failing category, will suffer a gradual increase, according to the days after the classification in such category. The LDF applied by the Bank and the Subsidiary Confinanciera contemplates the type of guarantee range “without guarantee”, and in addition, applies a greater percentage in the first range of failing debtors, as follows:

<u>Type of guarantee</u>	<u>L.D.F.</u>	<u>Days after mailing</u>	<u>New L.D.F.</u>	<u>Days after failing</u>	<u>New L.D.F.</u>
Without guarantee	69.00%	180	85.00%	360	100.00%

#### – Exposed value of the asset

Inside the Consumption Reference Model, the exposed value of asset is the current balance of capital, Interests, accounts receivable for interests, and other accounts receivable, of the consumption portfolio liabilities.

#### Foreign Subsidiaries

The allowances of the foreign Subsidiaries consumption portfolio, are calculated according to the following table:

<b>Rating</b>	<b>%</b>
A	1,6
B	5,0
C	30,0
D	60,0
E	100,0

In all cases the allowances won't be lower than those estimated by the foreign subsidiary.

#### **Effect of Suitable Guarantees on the Establishment of Individual Allowance**

Guarantees for consumption and housing loans only support the capital of the credits; consequently, the balances pending amortization of the credits covered with securities that have a suitable guarantee nature, are provisioned by the percentage corresponding according to the credit rating, by applying that percentage to the difference between the value of the outstanding balance and seventy percent (70%) of the guarantee value.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

With regard to home loans, in the non secured part, the difference between the unpaid balance and hundred percent (100%) of the guarantee. For the secured part, a hundred per cent (100%) of the amount of the guarantee will be applied.

However, depending on whether the guarantee is or not a mortgage, and of the number of past due days of the respective credit, the percentages of the total value of the guarantee for the establishment of allowances will only be considered as follows:

#### For Non-Mortgage Guaranties:

<u>Credit Time in Delay</u>	<u>Percentage</u>
0 to 12 months	70%
More than 12 months to 24 months	50%
More than 24 months	0%

#### For Mortgage Guaranties:

<u>Credit Time in Delay</u>	<u>Percentage</u>
0 to 18 months	70%
More than 18 months to 24 months	50%
More than 24 months to 30 months	30%
More than 30 months to 36 months	15%
More than 36 months	0%

As of December 31 and June 30, 2009, in order to calculate the expected loss for the reference models in the MRC commercial portfolio and in the MRCO consumption portfolio, the amount of the collateral was not contemplated.

#### (i) Acceptances, Cash Operations and Derivates

##### **Bank Acceptances**

Acceptances have an expiration term of up to one (1) year and can only be originated in import and export transactions of goods or purchase-sale of goods within the country.

At the time of acceptance of the drafts, their value is accounted for simultaneously in the assets and the liabilities, as "bank acceptances in term" and if upon expiration they are not presented for collection, they are classified under the title "bank acceptances after the term". If when the payment is made they have not been covered by the buyer of the goods, they are reclassified to the loan account "bank acceptances covered".

After maturity, bank acceptances issued in Colombia, are subject to bank reserve defined for sight and less than thirty (30) days liabilities by the Superintendencia Financiera de Colombia, for local entities.



## **BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

### Notes to the Consolidated Financial Statements

#### **Derivates and Cash Operations**

During the first and second semester of 2009 the Bank and Subsidiaries will apply the methodologies indicated in the chapter XVIII of Memorandum 100 of 1995; and according to what is established by Internal Memorandum 023 of 2009 of the Superintendencia Financiera de Colombia, the Bank will apply as of January 1, 2010, the methodologies of sub-product valorization established by External Memorandum 025 of 2008.

The Bank and the Subsidiaries record the amount of the agreements entered into two (2) or more parties to purchase or sell assets in the future, such as currencies or securities, or financial futures on Exchange rates, interest rates or stock market indexes, defining the amount, price and date of the execution of the operation in advance, in order to provide and get hedge, in the terms defined by the appropriate authorities. In this regard, reciprocal and unconditional rights and obligations arise. The cases which compliance is agreed within the two (2) working days immediately after to the day of the agreement, are registered as cash transactions.

#### **Forward Contracts**

In the purchase forward on instruments, the right is calculated appraising the instrument at the market prices, and the obligation obtaining the present value of the purchase amount agreed. In the case of the sale forward on instruments, the right is calculated obtaining the present value of the sale agreed amount, and the obligation appraising the instrument at market prices.

The appraisal for the Forward operations on foreign currencies that the Bank and its Subsidiaries uses is based on bringing to present value the future flows (obligations and rights) involved in the operation; the most usual is that one of these two flows is denominated in United States of America dollars and the other one in Colombian pesos. Each flow is brought to present value using the market discount rates in dollars and in Colombian pesos for the remaining term in each operation. These present values are calculated using continuous composed rates.

Once the present flow values are obtained, they are to be re-expressed in Colombian pesos using the Market's Representative Rate, calculated for the appropriate working day and certified by the Superintendencia Financiera de Colombia. Interest rates used are those of the market, based on the average devaluations of the Colombian market. The present provider of this information is Bloomberg.

#### **Future Contracts**

Under this item the Bank and Subsidiaries registers Forward Financial Compliance Transactions on the Representative Market Rate (OPCF in Spanish), which are standardized hedging mechanisms traded at the Bolsa de Valores de Colombia. Its objective is to buy or sell dollars on a future date, allowing for the mitigation of the exchange risk. The fulfillment of the transaction is made through the payment in moneys of a price differential, and so there is no physical transfer of assets.

The valuation procedure is made based on the prices stipulated by the Bolsa de Valores de Colombia, which determines the market value of the contact for each of the expirations negotiated.





## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### Swaps

The interest rate (IR) is a contract between two parties that wish to exchange the interests deriving from payments or collections of future flows that are under different types of interest rates. In this type of swap there are no transfers of the principal, and it is made on the same currency.

Currency Swaps is a contract between two parties that wish to Exchange principals, which are nominated in different currencies, for a certain period of time. During the duration of the contract, each party assumes the interests generated by the principal received in the exchange. In the recouping and to the expiration of the contract, the principals are exchanged to the type of currency each of the parties originally had, and using the spot rate of the beginning of the transaction.

The valuation and countable treatment of a swap depends on the intention at the time of the closing of the transaction, thus:

- Coverage Swaps:

These are used to cover assets (bond rate expiration, portfolio, etc) or balance liabilities (Forward Certificates of Deposit, bond issues, etc.) are not valued at market prices if they do not generate a straight line income, just as the asset or liability that is being covered, in order not to generate distortions in the statement of results. This applies only when swap conditions cover exactly the conditions of the asset or liability.

- Coverage Operations – Granbanco S.A. Purchase

Aiming at optimizing the risks to which the Davivienda Balance was exposed to during the purchasing operation involving Granbanco S.A. and at complying with the legal requirements of own Position and the own instalment Position of the Financial Institutions, nine interest and exchange-based hedges - CCS -Cross Currency Swap- were agreed upon – which are to be applied to the operations of indebtedness in dollars carried out incurred to pay the Granbanco operation. These transactions were CCS Libor-Fixed Rate and CCS Libor-Variable Rate, which amount to USD415,000.0, negotiated in terms of seven (7) and three (3) years, respectively.

Nowadays, the Superintendencia Financiera de Colombia demands that the indebtedness-related liabilities that gave origin to the hedges are valued in the market, since the generator fact and the hedge should be valued in the same way in order to review the transaction efficiency in the balance of the institution. Thus, in the case of the Bank, two components are taken into account for the liabilities valuation. The first one refers to the market valuation which is equivalent to the current dollar value of the total debt (USD 415,000.0) plus the prospect of the obligation coupon tied to libor. On the other hand, the valuation of the second component refers to the origins of the coupons corresponding to the debt spread (Syndicated credit and Subsidiary Bonds).

As per derivatives, the valuation in each operation corresponds to the present value (part in USD) less the current obligation amount (part in pesos). Such values are calculated by rebating the flows negotiated at the corresponding rate (LIBOR, CPI or Fixed Rate) and turning to pesos the present value expressed in dollars according to the TRM.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### - Trading Swaps:

These are valued at market Price and is the calculation, at a certain time in the life of the swap, of the difference between the present values of the residual flow currents, taking into account the existing market conditions, a situation given in the temporary structure of the interest rates (zero coupon curves or the curve that best suits the subjacent characteristics).

The valuation process is defined according to the type of swap and to the variables involved in them, based on the previously defined market curves, and using the implicit future curves or the Forward Rate Agreement rates; for this, the Bank and the Subsidiaries use the Cash Flows Method that determine the Variable Types. In this method, the unknown variable flows are estimated based on the forwards types implicit in the curve determined as parameter.

For trading swaps, the initial value by which these transactions are recorded is that of the market. The amount of the right is equal to the amount of the responsibility, future movements are registered in result accounts. Just as in the forward contract, if the transaction is made through flows net, at the time of the expiration an account payable or an account receivable is presented, which adjusted against the payment type used.

In the case of the cover swaps closed to cover balance assets or liabilities, they are recorded as an income/expenditure in the form of lineal causation. In the account of rights over interest rate, the monthly causation of the amount is recorded in pesos (or in the equivalent of pesos) of the flows the Bank will receive (swap coupon). In the account of liabilities over interest rates, the monthly causation of the amount is recorded in pesos (or in the equivalent in pesos) of the flows the Bank will pay, in such a way that the difference between rights and responsibilities is the final income or expenditure of the swap.

The valuation for CCS - Cross Currency Swap – transactions, created to cover the debt contracted for the buying of Granbanco S.A., correspond to the present value of the right (part in USD) minus de present value of the responsibility (part in pesos). Such present values are calculated subtracting the flows with the same rate they were projected and converting the right into pesos with the TRM (representative market rate).

#### **Options**

An “option” is a contract that gives its holder the option or the right, but that does not imply an obligation to buy or sell a specific amount of an asset at a certain price or date, or for a certain amount of time. Such contract forces the subscriber to sell or buy the asset in the date the “option” is taken by the holder, in accordance with the conditions of quantity, quality and Price established to that effect in the contract.

For the valuation of the options, just as with the creation of the price or for the calculation of the premium, the Black and Sholes Modified method is used.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The initial value by which these transactions are registered is agreed on by the parties. The amount of the right is equal to the amount of the responsibility, and they are simultaneously valued at market price.

When the Bank and the Subsidiaries sells an option, it registers the difference between the value of the right and that of the responsibility as a loss, when the latter is greater. In case the result of the valuation shows profit, it will not be registered because the buyer of the option will not exercise it. When the result of the valuation at market prices in a transaction shows profit and when previously losses had been registered, these are reversed to the amount registered.

When the Bank and the Subsidiaries buys an option, it updates the value of the right and of the responsibility at market prices, registering the profit generated in the transaction, and repays the value of the Premium in amortization charges for the duration of the contract. In the cases the result of the valuation generates losses to the Bank, these are not registered, since it will not exercise the option. Likewise, if profits originated in the valuation of the same options contracts had been registered before, these will be totally reversed.

On the date of fulfilment of the contract, the balances corresponding to the value of the right and of the responsibility are paid, and any difference is recorded as profit or loss in the derivatives valuation.

#### **(j) Accounts Receivable**

It records the amounts pending collection such as the returns derived from financial intermediation, commissions for services rendered and payment for account of customers, as well as the resulting sums originated in the sale of goods and services, leases, purchase-sale promises, dividends and participations, contract and supplier advances, fees and advances to employees.

The Bank and the Subsidiaries establishes allowances for the protection of its rated accounts receivable with charge to the statement of income, whenever the existence of contingencies of probable and reasonable quantified loss is established.

The Bank and the Subsidiaries establishes allowances for the total interest, monetary correction and other items accrued and not paid of credits, at the same time that the accrual of their financial returns is suspended. The court fees in mortgage credits are 100% provisioned.

#### **(k) Foreclosed Assets, Goods Returned and no used in the Corporate Object**

##### **Foreclosed Assets**

In this item is recorded the value of goods received as payment of the unpaid balances resulting from obligations in favor of the Bank and its Subsidiaries.

The goods received in payment represented in real estate properties are received based on the technically determined commercial appraisal and personal properties, shares and participations, based on their market value.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Bank and its Subsidiaries records these goods, taking into account the following conditions:

- The initial record is done according to the amount determined in the legal award or that amount agreed with the debtors.
- When goods are received in lieu of payment, they are not in a condition for disposing, their cost increase with the expenses necessary for their commercialization.
- If there should be an amount in favor of the debtor between the amount for which the good is received and the amount of the credit to be canceled, this difference is accounted for as an accounts payable; in the event that the amount of the good is not enough to cover the entire obligation, a provision is recorded equivalent to the difference.
- Revaluations associated to these goods are recorded in the memorandum accounts.
- Profits generated as a consequence of the disposal of these goods through the execution of loan operations and installment sales are deferred in the term in which the operation has been agreed; their amortization is made against the statement of income to the extent that their collection is effective.
- When the cost of acquisition is lower than the amount of the debt recorded in the balance, the difference is immediately recognized in the profit and loss statement in the portfolio allowance account.
- When the sale has been in cash, the profit resulting from the operation is recorded as an income in the statement of Income.
- In any event, the allowances established on these goods received in payment are reversed at the time of placement in the loan, installment sale or cash operation.

The personal properties received in payment that correspond to investment securities, they are recorded at the value of the right and 100% provisioned.

If between the value at which the good is received and the value of the obligation to be paid a balance in favor of the debtor results, this difference is accounted for as an accounts payable; in case that the value of the good is not sufficient to cover the total obligation, an allowance equivalent to the shortage is created.

These goods are received on a temporary basis and the Bank must make the sale within two (2) years following the date of their receipt. However, the Bank may request an extension for the sale of the goods received as payment, which shall not exceed in any event two (2) years, counted as of the expiration of the initial term.

Valuations of goods received as payment are recorded again in memoranda accounts and in any and all cases of appraisals not using time (date for elaboration) greater than three (3) years as of the accounting year closing to be used.

#### **Goods Returned**

In this item is recorded the value of the goods that are returned to the Bank and its subsidiary Confinanciera S.A. of financial leasing operations by non-compliance in the



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

mentioned agreement by the lessees or tenants or for failure to exercise the purchase option, which will not be subject to depreciation.

For the permanence of the returned goods, the same terms of the goods received as payment will apply.

#### **Goods not used in the corporate object**

In this item is recorded the value of the goods of the Bank's and the subsidiary own use that it has ceased to use for the performance of its corporate object.

These goods are depreciated until the time of their realization and computation along with the fixed assets of the Bank and its Subsidiaries for the purpose of the limits established under item 1.2 of the Seventh Chapter of the First Part of the Basic Legal Bulletin issued by the Superintendencia Financiera de Colombia.

For the permanence of the returned goods, the same terms of the goods received as payment will apply.

#### **(l) Allowance Foreclosed Assets**

In order to record provisions for goods lieu of payment, the Bank and its Subsidiaries applies the following criteria, according to that established by the Superintendencia Financiera de Colombia:

- Within the year following the receipt of the good, an allowance in monthly aliquots equivalent to 30% of the acquisition cost of the good (value of receipt), which must be increased within the second year by an additional 30% until 60% of the acquisition cost of same is reached.
- Upon expiration of the legal term for the sale (from two to four years) without authorization for the extension, the allowance must be of 80% of the acquisition cost.
- In case that the extension is granted, the remaining 20% of the allowance may be established within the term of same.
- When the commercial value of the property is lower than the book value of the goods received in payment, an allowance for the difference is accounted for.

For personal properties received in payment, an allowance must be established equivalent to 35% of the acquisition cost of the good, which is increased in the second year by a 35% additional until 70% of the value of the books before allowances is reached. Upon expiration of the legal term for the sale without authorization of the extension, the allowance must be 100% of the book value. In case the extension is obtained, the remaining 30% of the allowance may be established within the term of same.

#### **(m) Properties and Equipment**

It records the tangible assets acquired, constructed or in process of import, construction or set up that are permanently used in the performance of the corporate object and which



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

useful life exceeds one (1) year. It includes direct and indirect costs and expenses accrued up to the time when the asset is in conditions of use.

Extraordinary additions, improvements and repairs that significantly increase the useful life of the assets, are recorded as higher value of the assets and the disbursements for maintenance and repairs made for the conservation of these assets, are charged to expenses as they are accrued.

For those assets acquired up to December 31, 2006, such as equipment, furniture goods, office supplies, and computers, the Bank calculates the depreciation under the balance reduction method. Calculation for purchases made as from January 1, 2007, is done through the straight-line depreciation method.

The lifespan and annual depreciation rates for the straight line method are:

	<u>Useful life</u>	<u>Annual Rate</u>
Buildings	20 years	5%
Equipment, Office Furniture and Fixtures	10 years	10%
Computer equipment and vehicles	5 years	20%

#### Straight line method

This method consists of dividing the amount of the asset into the useful life of the same. The result of the annual depreciation is distributed in equal monthly amounts. This procedure is done every period until the entire asset is depreciated.

#### Balance reduction method

This method allows accelerated depreciation of the asset. For its implementation, it necessarily demands the utilization of a salvage value.

#### Goods in Operating Lease

The goods in operating lease (vehicles) are recorded at purchase cost. The depreciation is carried out at a period of sixty (60) months and is estimated using the straight line method, in addition to the normal depreciation and due to goods wear and tear, a 25% depreciation is recorded.

#### **(n) Branches and Agencies**

It records the movement of operations carried out between the General Direction, the Branch and the Agencies of the Bank and its Subsidiaries.

The balances are reconciled monthly and the items that result pending are cleared within a term not exceeding thirty (30) calendar days.

As of the accounting closing the net balances reflected by the subaccounts of branches and agencies are reclassified to asset or liability accounts and the respective income and expenses are recognized.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

Expenses paid in advance correspond to disbursements incurred by the Bank and its Subsidiaries in performance of its activity, which benefit is received in several periods, may be recoverable and suppose the successive performance of the services to be received.

The deferred charges correspond to goods and services received by the Bank, from which it is expected to obtain a future economic benefit and due to its amount and nature, are considered amortizable in a specific moment.

The expenses whose amounts are of ten (10) current legal minimum monthly salaries do not have treatment of deferred charges.

Amortization is recognized as of the date on which they contribute to the generation of income taking into account the following:

#### **Prepaid Expenses**

- Interests during the prepaid period
- Commissions paid for derivative operations according to the expiration date
- Insurance during the effective term of the policy.
- Contributions and affiliations during the corresponding prepaid period.
- Other items are amortized in a period of twelve (12) months.

#### **Deferred charges**

- Renovations to private property are depreciated over a period not exceeding two (2) years, and for the term of the contract for leased property.
- Computer software in a period not exceeding three (3) years.
- Deferred income tax generated by effect of temporary differences, will be amortized in the periods in which the temporary differences that originated it are reversed.
- The investment cost excess over the book value is amortized monthly following the straight-line method over a period of six (6) and seven (7) years for Bansuperior S.A. and Confinanciera S.A. respectively, and by the exponential method for twenty (20) year term for Granbanco S.A.
- Commissions and advisory in a sixty (60) months period, corresponding to larger scale projects with long term recovery expectation.
- Envelopes in a twelve (12) months period.
- The other items are amortized during the estimated period of recovery of the disbursement or of obtaining the expected benefits.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### **(p) Revaluation**

Assets object of Revaluation:

- Investments available for sale in equity securities.
- Real State.
- Goods received as lieu of payment.

Revaluations of investments available for sale in equity securities are accounted for based on the equity variations of the issuer.

The valuations of immovable property correspond to the exceeding value appraised, which are conducted by people or companies of recognized specialty and independence, over the net cost and the value arising from commercial appraises.

In the event of devaluation, provision against the status of results is applied for each individual immovable property.

Valuations of goods received as lieu of payment are recorded in memorandum accounts.

#### **(q) Deferred Tax**

The bank recognizes the effect of taxes caused by the difference generated by the difference between the valuation at market prices and the straight line investment portfolio valuation, of the syndicated credit derivatives, and the IFC bonds. Likewise, it recognizes the deferred tax on the provision for industry and trade tax. Similarly, it recognizes the deferred tax on industry and trade tax provision. As mentioned in the deferred charges note, the deferred income tax generated by the effect of temporary differences shall be amortized in the periods in which the temporary differences that caused said tax are reverted.

#### **(r) Income in Advance and Deferred Liabilities**

Interests received in advance correspond to quarterly interest paid by constructors, which are amortized in accordance to the period covered by the payment.

Within deferred liabilities the capitalized interests of restructured credits are recorded which are amortized proportionally according to the amounts collected.

The re-valuation of assets designated in UVR and the sales profit of Goods Received in Payment that were sold in installments and are amortized according to the collection method used.

#### **(s) Recognition of income from Financial Returns**

The income for financial yields and other concepts is acknowledged at the time they are caused, except when the credit portfolio interests mentioned in item g) of note 2 to financial statements titled "Suspension of Accrual of Interests".





## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### Real Value Unit – R.V.U. Adjustment

Law 546 of 1999 in its article 3, created the R.V.U., as an account unit that reflects the purchasing power of the currency based exclusively on the variation of the consumer price index certified by the DANE, which value is calculated in accordance with the methodology adopted by the National Government.

In order to eliminate the distortion generated by the seasonality of inflation in operations agreed in that unit, the income by these items must be amortized in a period of one year.

#### **(t) Estimated Liabilities and Allowances**

The Bank and its Subsidiaries records allowances to cover estimated liabilities, taking into account that:

- a. There is a right acquired and, consequently, an obligation contracted,
- b. The payment is enforceable or probable.
- c. The allowance is rationalized, quantifiable and verifiable.
- d. In addition, it records the estimated values corresponding to taxes, contributions and enrollments.

#### **(u) Translation of Transactions in Foreign Currency**

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

The monthly closing conversion is done using the representative market exchange rate calculated on the last working day of the respective period, a rate certified by the Superintendencia Financiera de Colombia. On December 31 and June 30, 2009 closing rates were \$ 2,044.23 (pesos per dollar) and \$ 2,145.21 (pesos per dollar), respectively.

As “foreign exchange position” of exchange market intermediaries is defined the difference between all assets and rights less the liabilities and obligations denominated in foreign currency recorded in and off balance sheet, realized or contingent, including those to be liquidated in Colombian legal currency.

And as “spot market position” is defined the difference between all assets and liabilities denominated and accounted for in foreign currency, in accordance with the Single Chart of Accounts, excluding investments available for sale in equity securities, the so called *carouse/* operations, forward agreements, futures agreements, swaps and profit or loss in valuation of operations and assets and liabilities in local currency indexed in foreign currency.

According to the definition of External Memorandum Letter –DODM-139 from the Banco de la República (Central Bank) of May 2007, the notion of “gross leverage position” was added, as the sum of the rights and obligations in term and futures agreements, cash operations with expiration from one banking day (t+1) and two banking days (t+2) denominated in foreign currency and the exchange exposure associated to the debtor and creditor contingencies acquired in the negotiation of options and derivatives on the exchange rate.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The maximum amount of the foreign exchange position and the spot market position shall not exceed twenty percent (20%) and fifty percent (50%) of the entity's technical equity, respectively. The minimum amount of foreign exchange position may be negative, without exceeding the equivalent in foreign currency five percent (5%) of its technical equity.

The arithmetical average of three (3) business days of the gross leverage position shall not exceed five hundred percent (500%) of the entity's technical equity.

For the base technical equity, the value calculated by the Bank corresponding to two (2) months before in respect to the month subject of closing, applying the exchange rate for restatement of figures in foreign currency of the previous month.

#### (v) Contingent Accounts

In these accounts are recorded the operations whereby the Bank acquires a right or assumes an obligation which arises conditioned upon the occurrence or not occurrence of a fact, depending on future, eventual or remove factors. Within the debtor contingencies are recorded the financial returns as of the time when the accrual in the credit portfolio and letters of credit accounts is suspended.

#### (w) Memorandum Accounts

These accounts record the operations made with third parties that due to their nature do not affect the financial situation of the Bank and its Subsidiaries. The fiscal memorandum accounts are also included, where the figures for the preparation of the tax returns are recorded; or internal control or managerial information.

#### (x) Trust Memorandum Accounts

The Subsidiaries Fiduciaria Davivienda S.A. and Fiduciaria Cafetera S.A., register in these accounts, the balance corresponding to trusted money or goods, separately from their assets and are independent equities, according to the legal dispositions of the Code of Commerce and the Superintendencia Financiera de Colombia.

The goods subject to trust transactions are not part of the creditors' general guarantee to the trust company and only guarantee the committed liabilities in compliance with the purpose contemplated in the trust contract.

Davivalores S.A., according to Resolution 497 of 2003 and the modifications established in Resolution 02374 of 2006 from Superintendencia Financiera de Colombia, records in these accounts the assets, liabilities, equity and other operations from entities that by reason of the regulation or a contract are under the temporary or permanent administration of the respective regulated entity.

Banco Davivienda S.A. recorded in fiduciary memorandum accounts the financial statements of the totality CCV, CCVII and CCVIII.

#### (y) Excess of Investment Cost on the Book Value

This excess is determined comparing the investment cost against the proportional stockholders' equity value, calculated on each one of the acquisitions made by the Parent



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Company in the Subsidiaries.

#### (z) Substantial Variations of Uniformity

The Bank homologated the generally accepted accounting regulation of Subsidiaries abroad, to the applicable regulation in Colombia, according to the guidelines established by the Superintendencia Financiera de Colombia, mainly in those that may affect the structure of consolidated financial statements, such as those related with investments, provisions recording, fixed assets depreciation, etc. For the commercial and consumption portfolio, a Commercial Reference Model was applied and the Bank's MRCO for customers with an economic activity in Colombia and for the other customers, an expert model is applied which involves among other variables, the country risk and writing off factor.

The effect of this procedure as of December 31 and June 30, 2009, is the following:

	<u>December 31</u>			<u>June 30</u>			
Profit Panamá – Subsidiary			U\$ 4.797,0			5.296,2	
Profit (Lost) Miami – Subsidiary			<u>266,1</u>			<u>(237,7)</u>	
Profit Abroad – Subsidiary			U\$ 5.063,1			5.058,5	
Homologation							
		<u>Expense</u>	<u>Refunding</u>	<u>Net</u>	<u>Expense</u>	<u>Refunding</u>	<u>Net</u>
Investment Allowance	U\$	2.840,7	0,0	(2.840,7)	0,0	3.133,9	0,0
Credit portfolio Allowance		7.654,9	4.048,2	(3.606,7)	2.163,3	57,4	970,6
Accounts Receivable Allowance		52,1	244,4	192,2	145,4	160,9	(88,0)
Foreclosed Assets Allowance		0,0	626,5	626,5	0,0	327,5	160,9
Trusteeship		0,0	352,7	352,7	0,0	431,6	327,5
Sales on installments		0,0	0,0	0,0	0,0	8,2	431,6
Depreciations		7,2	23,3	16,0	9,6	4.119,5	(1,4)
	U\$	<u>10.554,9</u>	<u>5.295,1</u>	<u>(5.259,8)</u>	<u>2.318,4</u>	<u>4.119,5</u>	<u>1.801,1</u>
Total foreign utility subsidiary homologation				<u>(196,7)</u>			<u>6.859,6</u>

#### Second Half Year 2009 Main effects

##### Accounts Receivable

Within the homologation process a provision for U\$40.5 was included in Bancafé Panamá S.A.'s balance. The individual application of provision presents an effect on the result of U\$235.6 as reimbursement and of U\$19.2 as expenditure.

For Bancafé International Corporation S.A. a provision for U\$1.4 was included in the balance sheet, the individual application of provision presents an effect on the results of U\$8.8 as reimbursement and U\$2.8 as expense.



## **BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

### Notes to the Consolidated Financial Statements

#### **Foreclosed Assets**

Within the homologation process a provision for U\$2,046.4 was included in Bancafé Panamá S.A. balance sheet with a net movement in results of U\$626.5 corresponding to reimbursement of provisions, mainly due to the effect of the TRM's increase (Market's Representative Exchange Rate).

#### **Trusteeship**

Given that the recording of trusts rights of Bancafé Panamá S.A. does not require provision, within the homologation process said rights are provisioned at one hundred per cent (100%) equivalent to U\$7,141.2 in the balance with an effect on results of U\$352.7 during the half year.

#### **Sale on Installments**

In the second half of 2009, its recorded a deferred profit corresponding to the sale on installments of the foreclosed asset carried out in the year 2006 to Constructora Bolívar, with an effect on results of U\$452.9.

#### **First Half Year 2009 Main Effects**

##### **Accounts Receivable**

Within the homologation process was included in the balance Bancafé Panamá S.A. subsidiary a provision for U\$256.9. The individual allowance application has an effect on the income statement as a reimbursement of U\$38.0 and U\$130.2 as an expense.

For the Bancafé International Corporation S.A. subsidiary was included in the balance a provision for U\$7.4. The individual allowance application has an effect on the income statement as a reimbursement of U\$22.3 and U\$22.5 as an expense.

##### **Foreclosed Assets**

Within the homologation process was included in the balance Bancafé Panamá S.A. subsidiary a provision for U\$2,673,0 with a net movement in the statement of income of U\$168,8 for reinstatement of allowances, mainly due to the effect of an increase in the TRM.

##### **Trusteeship**

Since rights registration in the trusts of the Bancafé Panamá S.A. subsidiary requires no provision they are provisioned to one hundred percent (100%) within the approval process, equivalent to U\$7,494.0 in balance with an effect on results of U\$343.7 during the semester.

##### **Sale on Installments**

In the first half of 2009, there was a deferred profit for the sale by installments to Constructora Bolivar of property received in payment in 2006, with U\$452.9 effect on income.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3) Cash and Cash Equivalents

The detail of available funds in local and foreign currency, reduced to local currency, is the following:

		<u>December 31</u>	<u>June 30</u>
Colombian pesos:			
Cash	U\$	350.214,9	311.024,8
Central Bank (Banco de la República)		294.405,3	204.927,6
Banks and other financial entities		35.438,4	20.097,6
Exchange		12.253,7	12.381,2
Remittances in transit		668,1	203,5
Allowance		<u>(284,3)</u>	<u>(74,8)</u>
		<u>692.696,2</u>	<u>548.560,0</u>
Foreign currency translated into local currency			
Cash		392,5	268,0
Central Bank (Banco de la República)		30,0	33,9
Banks and other financial entities		59.205,2	70.898,1
Exchange		0,0	3.271,1
Remittances in transit		<u>5.265,8</u>	<u>825,2</u>
		<u>64.893,6</u>	<u>50.924,1</u>
	U\$	<u>757.589,8</u>	<u>599.484,0</u>

Cash and deposits in Banco de la Republica, in legal currency, include U\$644.326.8 and U\$514.709.6 on December 31 and June 30, 2009, respectively, amounts that compute for the purpose of the reserve that the Bank and the subsidiary Confinanciera S.A. is required to maintain over deposits received from clients, in accordance with the legal provision of Colombia, as well (note 12):

	<u>Resolution 11 – October, 2008</u>
Checking account deposits	11.0%
Savings deposits	11.0%
Savings accounts of real value	11.0%
Special savings accounts	11.0%
Special deposits	11.0%
Liabilities for bank services	11.0%
Collection services	11.0%
Banking acceptances after expiration term	11.0%
Other liabilities	11.0%
Term deposits for less than 18 months	4.5%
Saving certificates of real value, less than 28 months	4.5%
Bonds, less than 18 months	4.5%

#### **Compensation for bank reserve amounts:**

As of December 31 and June 30, 2009, the Bank recorded U\$640.2 and U\$3.427.9, for the concept of compensation for bank reserves.

As of the fortnight of calculation of the settlement which began on February 4, 2009, the ordinary settlement was paid only for the CDTs [Certificates of Term Deposits] in accordance



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

to what is established in External Resolution 2 of 2009, issued by the Board of Directors of the Banco de la Republica [Central Bank].

Meanwhile, for the second half cut of 2009 by resolution 9 of July 24, 2009, the remuneration of the reserve disappears from the fortnightly reserve calculation that starts on 5 August 2009.

#### Reconciliations of Transactions in Legal Currency

On December 31, 2009, reconciliations of accounts in local Banks show 1.633 items less than 30 days, for a net value of U\$866.1 and 1.896 items longer than 30 days, for a net value of U\$555.1, which have no significant impact on the financial statements. Those items are provisioned for U\$284.3.

The following is the detail of the banking reconciliations as of December 31, 2009:

<u>Items under 30 days</u>	<u>No.</u>		<u>Value</u>	
			<u>Credit notes</u>	<u>Debit notes</u>
Debit notes to reconcile	913	U\$	0,0	4.519,7
Credit notes to reconcile	262		7.223,7	0,0
ND accounted for not taken	333		0,0	2.856,4
NC accounted for not taken	<u>125</u>		<u>1.018,5</u>	<u>0,0</u>
	<u>1.633</u>	U\$	<u>8.242,3</u>	<u>7.376,2</u>
<u>Items older than 30 days</u>	<u>No.</u>		<u>Value</u>	
			<u>Credit notes</u>	<u>Debit notes</u>
Debit notes to reconcile	1.244	U\$	0,0	255,7
Credit notes to reconcile	301		911,8	0,0
ND accounted for not taken	274		0,0	156,3
NC accounted for not taken	<u>77</u>		<u>55,3</u>	<u>0,0</u>
	<u>1.896</u>	U\$	<u>967,1</u>	<u>412,0</u>

The debit items greater than 30 days were reduced to USD 1.2 up to January 31, 2010

On June 30, 2009, reconciliations of accounts in local Banks show 1.152 items less than 30 days, for a net value of U\$2.004.3 and 376 items longer than 30 days, for a net value of U\$74.0, which have no significant impact on the financial statements. These items are provisioned for U\$74.8.

The following is the detail of the banking reconciliations as of June 30, 2009:

<u>Items under 30 days</u>	<u>No.</u>		<u>Value</u>	
			<u>Credit notes</u>	<u>Debit notes</u>
Debit notes to reconcile	328	U\$	0.0	555,9
Credit notes to reconcile	322		839,4	0.0
ND accounted for not taken	169		0.0	2.611,5
NC accounted for not taken	<u>333</u>		<u>323,8</u>	<u>0,0</u>
	<u>1.152</u>	U\$	<u>1.163,1</u>	<u>3.167,4</u>



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

<u>Items older than 30 days</u>	<u>No.</u>		<u>Value</u>	
			<u>Credit notes</u>	<u>Debit notes</u>
Debit notes to reconcile	88	U\$	0,0	86,7
Credit notes to reconcile	129		222,0	0,0
ND accounted for not taken	145		0,0	64,0
NC accounted for not taken	<u>14</u>		<u>2,7</u>	<u>0,0</u>
	<u>376</u>	U\$	<u>224,6</u>	<u>150,7</u>

#### Reconciliations of Transactions in Foreign Currency

On December 31, 2009, reconciliations of accounts in local Banks show 1.175 items less than 30 days, for a net value of (USD\$ 625.1) and 553 items longer than 30 days, for a net value of USD\$ 2.3, which have no significant impact on the financial statements.

The following is the detail of the banking reconciliations as of December 31, 2009:

<u>Items under 30 days</u>	<u>No.</u>		<u>Value USD</u>	
			<u>Credit notes</u>	<u>Debit notes</u>
Debit notes to reconcile	301	U\$	0,0	509,5
Credit notes to reconcile	359		326,3	0,0
ND accounted for not taken	192		0,0	477,2
NC accounted for not taken	<u>323,0</u>	U\$	<u>35,1</u>	<u>0,0</u>
	<u>1.175</u>		<u>361,5</u>	<u>986,7</u>

<u>Items older than 30 days</u>	<u>No.</u>		<u>Valor USD\$</u>	
			<u>Credit notes</u>	<u>Debit notes</u>
Debit notes to reconcile	169	U\$	0,0	8,5
Credit notes to reconcile	100		7,8	0,0
ND accounted for not taken	76		0,0	4,8
NC accounted for not taken	<u>208,0</u>		<u>7,8</u>	<u>0,0</u>
	<u>553</u>	U\$	<u>15,7</u>	<u>13,3</u>

On June 30, 2009, reconciliations of accounts in local Banks show 244 items less than 30 days, for a net value of USD 1.472,2 and 14 items longer than 30 days, for a net value of USD 10,1, which have no significant impact on the financial statements.

The following is the detail of the banking reconciliations as of June 30, 2009:

<u>Items under 30 days</u>	<u>No.</u>		<u>Value USD</u>	
			<u>Credit notes</u>	<u>Debit notes</u>
Debit notes to reconcile	54	U\$	0,0	713,7
Credit notes to reconcile	73		1.426,1	0,0
ND accounted for not taken	45		0,0	1.433,7
NC accounted for not taken	<u>72</u>		<u>2.193,6</u>	<u>0,0</u>
	<u>244</u>	U\$	<u>3.619,7</u>	<u>2.147,5</u>



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

<u>Items older than 30 days</u>	<u>No.</u>		<u>Value USD</u>	
			<u>Credit notes</u>	<u>Debit notes</u>
Credit notes to reconcile	3	U\$	2,2	0,0
NC accounted for not taken by the Bank	7		28,1	0,0
ND accounted for not taken by the Bank	4		0,0	20,3
	14	U\$	30,4	20,3

There are no other restrictions on the cash.

#### **Allowance on liquid assets:**

The movement of the allowance on liquid assets is as follows:

		<u>December 31</u>	<u>June 30</u>
Opening balance	U\$	78,5	72,2
Plus:			
Allowance charged to operating expenses		295,0	83,2
Less:			
Refund revenue		89,2	80,7
Closing balance	U\$	284,3	74,8

#### **4) Active Positions in Monetary Market Operations and those Related**

The following is the detail of the Active Positions in Monetary Market Operations and those Related:

December 31

Foreign Currency

	<u>Amount of dollars</u>	<u>Rate</u>	<u>Date of</u>		<u>Amount of millions Pesos</u>	<u>TRM (Pesos)</u>
			<u>Initiation</u>	<u>Cancellation</u>		
<u>Overnight Foreign Banks:</u>						
Standard Chartered	USD 1.000.000,0	0,30%	Dec.29, 09	Jan. 04,10	1.000,0	2.044,23
Banco General S.A.	USD 89.739,9	0,40%	Oct.19, 09	Jan. 19,10	89,7	2.044,23
Wachovia Bank	USD 10.935.183,3	0,30%	Nov. 30,09	Feb. 04,10	10.935,2	2.044,23
<u>Overnight National Banks:</u>						
Bancolombia	USD 5.000.000,0	0,75%	Nov.30,09	Jan. 01,10	5.000,0	2.044,23
Banco de Bogotá	USD 10.000.000,0	0,50%	Dec.15,09	Jan. 14,10	10.000,0	2.044,23
					27.024.923,2	27.024,9





## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

June 30

#### Foreign Currency

		<u>Amount of dollars</u>	<u>Rate</u>	<u>Date of</u>		<u>Amount of</u>	<u>TRM</u>
				<u>Initiation</u>	<u>Cancellation</u>	<u>millions</u>	<u>(Pesos)</u>
						<u>Pesos</u>	
<u>Overnight Foreign Banks:</u>							
Wachovia Bank	USD	29.980.254	0,500%	Feb.02.09	Jan.06.09	29.980,3	2.145,2
Bancolombia	USD	5.089.547	1,179%	Apr.20.09	Aug.20.09	5.089,5	2.145,2
Banco Davivienda Panamá	USD	0,0				0,0	
Bancafé international Corporation S.A.	USD	7.000.000	0,003%	Jun.02.09	Jul.02.09	7.000,0	2.145,2
Citibank New York	USD	3.375.000	0,003%	Jun.18.09	Jul.17.09	3.375,0	2.145,2
Banco Latinoem. Bladex	USD	<u>20.000.000</u>	0,003%	Jun.30.09	Jul.01.09	<u>20.000,0</u>	2.145,2
Total active position in money market operations and related		<u>65.444.801,0</u>				<u>65.444,8</u>	

For the second semester of 2009 the balance and monthly average yield for these funds was U\$142.448.6 and U\$47.689.1, respectively, and for the first semester of 2009 it was U\$93.593.4 and U\$464.0, respectively.

There are no restrictions on these funds.

#### 5) Investments

As at December 31 and June 30, 2009, the entirety of investments available for selling in the form of participation securities and debt securities were assessed and classified according to stipulations provided in the Basic Accounting Memorandum 100 of 1995 of the Superintendencia Financiera de Colombia, Except those securities issued or backed by the Nation.

The following is a breakdown of the investment portfolio, as of December 31 and June 30, 2009:

<u>December 31</u>	<u>Cost</u>	<u>Allowance</u>	<u>Repurchase Rights</u>
Debt securities trading	U\$ 1.673.221,2	12.723,4	75.329,2
Equity securities trading	812,5	0,0	0,0
Debt securities held to maturity	221.438,0	473,6	0,0
Debt securities available for sale	233.947,9	0,0	0,0
Equity securities available for sale	<u>53.361,9</u>	<u>6.575,9</u>	<u>0,0</u>
	U\$ <u>2.182.781,5</u>	<u>19.772,9</u>	<u>75.329,2</u>



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

<u>June 30</u>	<u>Cost</u>	<u>Allowance</u>	<u>Repurchase Rights</u>
Debt securities trading	U\$ 1.207.041,5	3.894,4	89.449,7
Equity securities trading	175,0	0,0	0,0
Debt securities held to maturity	191.759,2	870,1	32.517,8
Debt securities available for sale	116.822,8	0,0	0,0
Equity securities available for sale	<u>52.007,6</u>	<u>6.266,3</u>	<u>0,0</u>
	U\$ <u>1.567.806,0</u>	<u>11.030,9</u>	<u>121.967,5</u>

#### a) Investment portfolio according to classification, kind and credit risk classification

##### - Investments debt securities trading

	<u>December 31</u>	<u>June 30</u>
TES	U\$ 861.182,8	471.770,5
TRD	14.492,8	40.804,0
CERTS	2,0	3,7
BONOS	121.239,3	135.002,5
FOGAFIN	52.778,2	34.151,4
TDA FINAGRO	120.200,3	23.740,1
CDT's	40.925,4	53.616,0
TIPS	425.662,9	434.438,2
Securities Contends Credit CR	6.844,9	0,0
Foreign Securities	<u>29.892,7</u>	<u>13.515,1</u>
	U\$ <u>1.673.221,2</u>	<u>1.207.041,5</u>

As a result of the credit portfolio securitization processes, the Bank acquired securities Tips "C", which are rated as CCC and are recorded as of December 31 and June 30, 2009 in the negotiable investments in debt securities for Fifteen thousand one hundred and forty seven with seven cents (Colombian pesos). In addition, they are recorded in contingent accounts for \$15.147.7 (in pesos).

#### **Investment Reclassification Effect**

During the second and first half-year of 2009 were not investment reclassifications

#### **Qualitative Information**

The structure of the Bank's treasury business is constituted in such a way that it allows managing the five main activities developed in five boards that's constituted at this unit:

#### **1. Liquidity Board**

Efficiently manage the excess/lack of liquidity complying with the financial obligations, the mandatory investments, and the minimum reserve requirement, seeking a suitable funding structure.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2. Trading Board

Its objective is generate additional income through the active participation in the public debt market, and generate treasury products in legal currency to offer customers. The Bank is part of the market creator program of the Ministerio de Hacienda y Crédito Público, in which ranked second among 14.

#### 3. Foreign Currencies

Generating income through the participation in the exchange market, and generate foreign currency products to offer Bank's customer

#### 4. Distribution

The main purpose of this item is offering and placing treasury products in legal and foreign currency generated by the other boards, to the corporative and micro-companies, generating additional revenues to the Bank.

#### 5. Structuring

The main purpose of this item is structuring treasury products that satisfy the needs of the corporate clients.

The revaluation and rating of the investments is made in accordance with the Basic Accounting Memorandum 100 of 1995 from the Superintendencia Financiera de Colombia.

The treasury activity in the security public market is performed under the regulations in the Resolution 400, 1995 and the chapter XX of the Basic Accounting Memorandum 100 of 1995 of the Superintendencia Financiera de Colombia.

#### - Equity Securities Trading

		<u>December 31</u>	<u>June 30</u>
Interbolsa	US\$	175,2	0,0
Corficolombia		291,5	0,0
Ecopetrol		10,1	0,0
Patrimonio Autónomo Fiducaf�		186,9	175,0
Fondo de valores de Correval		<u>148,8</u>	<u>0,0</u>
	US\$	<u>812,5</u>	<u>175,0</u>

#### - Investment to debt securities held to maturity

		<u>December 31</u>	<u>June 30</u>
TES	US\$	1.738,8	1.588,0
TRD		159.301,1	151.768,1
TDA Finagro A Mandatory		36.627,2	11.416,6
TDA Finagro B Mandatory		3.144,7	4.020,2
CDT Findeter		1.483,6	1.419,0
		<u>December 31</u>	<u>June 30</u>
CDT's		414,3	220,6
BONDS		0,0	325,5
TIPS		16.616,5	19.084,7
Foreign Securities		<u>2.111,8</u>	<u>1.916,4</u>
	US\$	<u>221.438,0</u>	<u>191.759,2</u>



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Obligatory investments are carried out in keeping with legal provisions and are adjusted to the percentages determined for savings accounts, current accounts, deposit certificates, banking services of surety and fiduciary liabilities. (Note 12).

Following are the Resolutions issued by Banco de la República on the percentages set forth to calculate the forced investment on Agricultural Development Securities (Títulos de Desarrollo Agropecuario).

#### External Resolution 2 of 2008

The credit entities shall apply to the daily average of liabilities in legal tender every quarter in Colombia, previously deducted in the ordinary and marginal bank reserves, 5.7% of its savings and checking accounts and 4.3%, of its fixed term deposits.

These percentages applied for the calculation on the required investment in Farming Development Titles TDA's, corresponding to the liabilities up to the third quarter of 2008.

#### External Resolution 6 of 2008

Modified the percentages of the required forced investment, thus: 5.8% for savings and current accounts and 4.4% for forward certificates of deposit will be applied by the credit institution, on a quarterly basis, to the daily average of liabilities in legal tender, after having deducting the regular and marginal till money.

These percentages will apply as from the calculation of the required investment in agriculture and livestock development securities, corresponding to the liabilities of the calendar quarter October – December of 2008.

#### External Resolution 14 of 2008:

It modified the forced investment percentages thus: the credit establishments will apply to the daily average of demandable items in legal currency of each quarter, previously deducted from the settlement, 5.8% from its savings and checking accounts and 4.3% from its certificates of term deposits.

These percentages apply as of the calculation of the requirement of investment in titles of agrarian development TDA, corresponding to the demandable items of the quarter of January to March of 2009. And they are percentages in effect to June 30, 2009.

According to what is set forth by Resolution 3 of 2000 of Banco de la República, the amount to invest in securities class A and B TDA, will be 37% and 63% respectively of the value.

To December 31, 2009, the Bank has a substitute portfolio of these investments for U\$148,550.8.



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- Investment Debt Securities available for sale

		<u>December 31</u>	<u>June 30</u>
TIPS	U\$	4.849,7	5.035,9
BONOS YANKEES		60.022,7	540,7
Corporate Bonds		72.551,5	38.371,6
EUROBONOS		25.548,0	16.159,4
Foreign Securities		<u>70.976,0</u>	<u>56.715,1</u>
	U\$	<u>233.947,9</u>	<u>116.822,8</u>

- Investment equity securities available for sale

		<u>December 31</u>	<u>June 30</u>
Stocks with low and minimum marketability (note 5 f.)	U\$	<u>53.361,9</u>	<u>52.007,6</u>

- Repurchase Rights of investment

As of December 31 and June 30, 2009, there were investment repurchase rights for U\$75,329.2 and U\$121,967.5 respectively.

		<u>December 31</u>	<u>June 30</u>
Trading in debt securities			
Tes B	U\$	67.845,2	18.736,9
Fogafin		7.484,0	32.368,6
Finagro		0,0	38.344,2
To Held to maturity		0,0	
Finagro		<u>0,0</u>	<u>32.517,8</u>
	U\$	75.329,2	121.967,5
- Investment allowance		<u>(19.772,9)</u>	<u>(11.030,9)</u>
Net total investment	U\$	<u>2.238.337,9</u>	<u>1.678.742,6</u>

These investments do not have any restriction.

Investments by rating

		<u>December 31</u>	<u>Participation</u>	<u>June 30</u>	<u>Participation</u>
<u>Long Term</u>					
A	U\$	180.022,5	7,97%	148.436,9	8,78%
A-		0,0	0,00%	7.798,3	0,46%
A+		16.233,1	0,72%	4.972,1	0,29%
AA-		7.075,8	0,31%	14.227,0	0,84%
AA		18.299,0	0,81%	4.976,3	0,29%
AA+		25.360,6	1,12%	21.166,1	1,25%
AAA		592.283,6	26,23%	489.307,2	28,96%
B+		9.176,8	0,41%	1.683,6	0,10%
BB-		1.322,9	0,06%	0,0	0,00%
BBB-		11.671,6	0,52%	29.325,6	1,74%
BBB		391,7	0,02%	12.184,4	0,72%
From	U\$	861.837,60	38,17%	734.077,50	43,43%



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	To	U\$ 861.837,60	38,17%	734.077,50	43,43%
BBB+		18.998,9	0,84%	14.356,1	0,85%
C		6.217,2	0,28%	0,0	0,00%
CC		996,0	0,04%	0,0	0,00%
CCC		7.931,0	0,35%	3.889,4	0,23%
Multilateral		5.929,2	0,26%	4.254,7	0,25%
Nación		1.287.346,9	57,01%	824.096,5	48,77%
Fogafín		60.262,3	2,67%	62.379,7	3,69%
<u>Short Term</u>					
1		2.224,7	0,10%	6.055,9	0,36%
1+		6.367,1	0,28%	39.224,6	2,32%
2		0,0	<u>0,00%</u>	1.439,2	<u>0,09%</u>
	U\$	<u>2.258.110,8</u>	<u>100,00%</u>	<u>1.689.773,5</u>	<u>100,00%</u>

#### b) Investment Portfolio by issuing

		<u>December 31</u>	<u>Participation</u>	<u>June 30</u>	<u>Participation</u>
Government National	U\$	1.185.555,5	52,5%	714.182,6	44,9%
Gobierno Cundinamarca and Distrito		4.179,5	0,2%	2.176,2	0,1%
Fogafín		60.262,3	2,7%	66.506,1	4,3%
Finagro		188.719,0	8,4%	137.432,5	8,4%
Incoder (Instituto Colombiano para el Desarrollo Rural)		443,9	0,0%	650,0	0,0%
Entities supervised by the Superfinanciera		55.722,2	2,5%	53.264,6	8,5%
Foreign Entities		233.883,5	10,4%	190.251,1	2,4%
Real entities sector		65.440,5	2,9%	47.580,6	2,7%
Titularizadora					
Colombiana		451.093,7	20,0%	463.407,4	27,9%
Others		<u>12.810,6</u>	<u>0,6%</u>	<u>14.322,5</u>	<u>0,8%</u>
	U\$	<u>2.258.110,8</u>	<u>100,0%</u>	<u>1.689.773,5</u>	<u>100,0%</u>

#### c) Investment Portfolio per currency

		<u>December 31</u>	<u>June 30</u>
Pesos	U\$	1.626.996,8	1.027.309,1
Dollars		303.206,1	200.165,6
Uvr		<u>327.907,8</u>	<u>462.298,7</u>
	U\$	<u>2.258.110,8</u>	<u>1.689.773,5</u>



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### d) Detail of the maturity terms of the investments

<u>December 31</u>		<u>From 0 to 1 year</u>	<u>From 1 to 5 years</u>	<u>From 5 to 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
Trading Investments	U\$	316.160,1	699.034,7	284.700,7	449.467,4	1.749.363,0
Debt securities available for sale Investments		346,6	64.317,2	169.284,1	0,0	233.947,9
Equity securities available for sale Investments		0,0	0,0	0,0	53.361,9	53.361,9
Debt securities held to maturity Investments		<u>50.720,0</u>	<u>110.913,7</u>	<u>59.452,6</u>	<u>351,8</u>	<u>221.438,0</u>
	U\$	<u>367.226,7</u>	<u>874.265,7</u>	<u>513.437,4</u>	<u>503.181,1</u>	<u>2.258.110,8</u>
<u>June 30</u>		<u>From 0 to 1 year</u>	<u>From 1 to 5 years</u>	<u>From 5 to 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
Trading Investments	U\$	249.583,0	450.030,7	316.395,4	280.756,3	1.296.765,4
Debt securities available for sale Investments		54.423,9	32.285,8	30.113,1	0,0	116.822,8
Equity securities available for sale Investments		175,0	0,0	0,0	51.733,4	51.908,4
Debt securities held to maturity Investments		<u>57.009,2</u>	<u>86.509,8</u>	<u>80.758,0</u>	<u>0,0</u>	<u>224.277,0</u>
	U\$	<u>361.191,0</u>	<u>568.826,3</u>	<u>427.266,5</u>	<u>332.489,7</u>	<u>1.689.773,5</u>

#### e) Investment allowance

The following is the detail of the allowance by security, as of December 31 and June 30, 2009:

	<u>December 31</u>		<u>June 30</u>	
	<u>Market Value</u>	<u>Allowance (10%-50%)</u>	<u>Market Value</u>	<u>Allowance (50%)</u>
<u>Debt securities Trading:</u>				
Tips B (*)	U\$ 1.583,1	602,5	2.696,0	1.233,0
Tips MZ (*)	12.747,0	6.373,5	5.323,0	2.661,5
TIPS B	657,0	65,6	0,0	0,0
Pacific Rubiales	<u>35.986,7</u>	<u>5.681,8</u>	<u>0,0</u>	<u>0,0</u>
	U\$ <u>50.973,8</u>	<u>12.723,4</u>	<u>8.019,0</u>	<u>3.894,4</u>
<u>Debt securities held to maturity</u>				
Tips B	814,0	407,0	1.740,2	870,1
Tips B	<u>665,9</u>	<u>66,6</u>	<u>0,0</u>	<u>0,0</u>
	U\$ <u>1.479,9</u>	<u>473,6</u>	<u>1.740,2</u>	<u>870,1</u>



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### Equity securities available for sale

	Allowance (10%-50%)	Allowance (50%)
Shares with low or minimum marketability (nota 5 f.)	<u>6.575,9</u>	<u>6.266,3</u>
Investment Allowance	U\$ <u>19.772,9</u>	U\$ <u>11.030,9</u>

(\*) In instances of the rating "CCC" of securities Tips B and MZ de la Titularizadora Colombiana S.A., it constitutes allowance of investments corresponding to 50% and to 10% of the market value of the securities. This allowance is adjusted monthly with the variation of revaluation of the securities.

The movement of the investment allowance is the following:

	<u>December 31</u>	<u>June 30</u>
Beginning Balance (market representative exchange rate Col\$2.145,21 June, 2009)	U\$ 11.030,9	
Beginning Balance (market representative exchange rate Col\$2.044,23 December, 2009)	11.575,8	11.280,5
Plus		
Provision charged to operating expenses	9.584,0	0,0
Reclassifications	88,2	
Less:		
Allowance Reimbursement	<u>1.475,1</u>	<u>249,6</u>
Ending Balance	U\$ <u>19.772,9</u>	<u>11.030,9</u>

#### f) Investments in equity securities available for sale

##### **Valuation effect on foreign currency investments:**

For Bancafé Panamá S.A. and Bancafé International Corporation S.A. investments the treatment of valuations and / or devaluations is done on the approved balance using Colombian standards on November 30, 2009, including the effect for conversion.

##### **Approval effect**

For the Bancafé Panamá S.A. and Bancafé International Corporation S.A. Subsidiaries the investment portfolio approval rating was made according to Colombian standards provided for in Chapter I - Classification, Valuation and Accounting of investments, number 8 - Provision or Loss on Credit Risk Rating of the Basic Accounting and Finance Circular 100 of 1995 which resulted in a provision of U\$2,681.0.

Following is the detail of equity securities investments for sale and their risk rating as at December 31 and June 30, 2009.





**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

The following is the detail of the investments available for the sale in equity securities, as well as their risk rating:

December 31

<u>Entity</u>	<u>Number of Shares</u>	<u>Stock Capital</u>	<u>%participat.</u>	<u>Acquisition cost</u>	<u>Adjusted cost</u>	<u>Equity Value</u>	<u>Revaluation/Devaluation</u>	<u>Allowance</u>	<u>Rating</u>	<u>Dividends</u>
Master Card Internacional	10.122	USD 2.134.294	0,00744%	U\$ 78,3	79,4	239,5	160,2	0,0	A	0,0
Corporación Andina de Fomento	17	USD 2.386.380	0,004%	U\$ <u>160,8</u>	<u>162,2</u>	<u>200,3</u>	<u>38,1</u>	<u>0,0</u>	A	<u>4,9</u>
				<u>239,1</u>	<u>241,6</u>	<u>439,8</u>	<u>198,2</u>	<u>0,0</u>		<u>4,9</u>
Finagro	17.432.741	U\$ 67.304,3	12,67%	25.510,7	28.746,8	32.707,7	3.960,9	0,0	A	0,0
Compañía de Inv. del Café	32.465.949	3.925,1	29,537%	6.574,9	6.574,9	3.776,8	0,0	6.574,9	A	0,0
Cámara de Riesgo Central de Contraparte	1.563.720.204	0,0		0,0	0,0	0,0	0,0	0,0	A	0,0
Almacafé	1.302	7.079,6	0,01%	4,8	4,8	4,5	0,0	0,9	A	0,0
Titularizadora Colombiana S.A.	15.189.494	35.184,4	21,12%	8.560,6	8.560,6	13.660,3	7.465,7	0,0	A	0,0
Redeban Multicolor S.A.	2.603.060	4.950,3	26,04%	4.025,9	4.025,9	7.275,2	3.249,3	0,0	A	0,0
A.C.H. Colombia S.A.	1.214.660	3.217,1	18,47%	904,3	904,3	1.734,1	829,8	0,0	A	0,0
Deceval S.A.	57.346	5.895,1	11,85%	2.200,4	2.485,7	3.873,7	1.404,7	0,0	A	0,0
Cámara de Compensación Divisas de Colombia S.A.	159.375.000	0,0		0,0	0,0	0,0	0,0	0,0		0,0
BBVA	52.991	1.223,0	6,375%	78,0	78,0	66,6	-11,3	0,0	A	0,0
Banco Latinoamericano de Exportaciones		43.918,2	0,000%	1,3	3,2	0,0	0,0	0,0	A	0,0
Bolsa de Valores de Colombia (BVC)(1)	264,091,049	0,0		157,6	484,4	0,0	0,0	0,0		0,0
Fondo de Reposición Fogacol	0	9.134,4	1,41%	276,2	276,2	659,3	383,0	0,0		0,0
Tecnibanca S.A.	121.348	0,0	0,000%	136,5	136,5	0,0	0,0	0,0	Not applicable	0,0
		<u>6.306,8</u>	0,9412%	41,9	74,0	121,6	47,6	0,0	A	0,0
				0,0	0,0	0,0	0,0	0,0		0,0
				<u>49.238,0</u>	<u>53.120,3</u>	<u>64.532,7</u>	<u>17.217,7</u>	<u>6.575,9</u>		<u>0,0</u>
<b>Total Portfolio</b>				<b>U\$ <u>49.477,1</u></b>	<b><u>53.361,9</u></b>	<b><u>64.972,4</u></b>	<b><u>17.415,9</u></b>	<b><u>6.575,9</u></b>		<b><u>4,9</u></b>

During the first half of 2009, the Bank and its Subsidiaries received dividends for U\$4,9 in share

(1) The investment in the Stock Exchange has equity valuation, according to what is set forth in chapter I Basic Accounting Memorandum 100 of 1995 from the Superintendencia Financiera de Colombia.



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

June 30

Entity	Number of Shares	Stock Capital	%participat.	Acquisition cost	Adjusted cost	Equity Value	Revaluation/Devaluation	Allowance	Rating	Dividends
Master Card International	10,122	USD 2,070,366	0.00744%	U\$ 74,6	79,4	165,3	86,0	0,0	A	0,0
Banco Latinoamericano de Exp. Bladex S.A.	34,952	USD 614,000	0.09000%	U\$ 164,8	434,5	616,7	91,7	0,0	AAA	0,0
Corporación Andina de Fomento	16	USD 2,369,935	0.004%	<u>153,3</u>	<u>157,1</u>	<u>192,6</u>	<u>35,4</u>	<u>0,0</u>	A	<u>0,0</u>
				<u>392,7</u>	<u>671,0</u>	<u>974,6</u>	<u>213,1</u>	<u>0,0</u>		<u>0,0</u>
FINAGRO	17,432,741	U\$ 59.236,0	12.67%	0,0	27.393,6	28.883,2	1.489,6	0,0	A	2.210,2
Compañía de Inv. del Café	32,465,949	3.740,3	29.537%	6.265,4	6.265,4	3.538,6	0,0	6.265,4	A	0,0
Cámara de Riesgo Central de Contraparte	1,563,720,204	0,0	5.392%	0,0	0,0	0,0	0,0	0,0	A	0,0
Almacafé	1,302	6.746,3	0.01%	4,6	4,6	4,3	0,0	0,9	A	0,0
Fiduciaria Superior S.A. – En liquidación	9,375,494	339,4	94.99%	5.249,6	1.177,2	1.210,5	33,3	0,0		0,0
Titularizadora Colombiana S.A.	15,189,494	33.528,2	21.12%	8.157,6	8.157,6	11.906,9	3.749,2	0,0	A	1.785,2
Redeban Multicolor S.A.	2,603,060	4.717,3	26.04%	3.836,4	3.836,4	6.466,1	2.629,7	0,0	A	728,3
A.C.H. Colombia S.A.	1,214,660	3.065,6	18.47%	861,7	861,7	1.320,1	458,4	0,0	A	430,5
Deceval S.A.	57,346	5.617,6	11.89%	2.096,8	2.368,7	3.605,3	1.245,4	0,0	A	1.154,2
Cámara de compensación divisas de Colombia S.A.	159,375,000	0,0	6.375%	0,0	0,0	0,0	0,0	0,0	A	0,0
Banco BBVA Colombia	52,991	1.165,4	0.000003%	74,3	74,3	58,0	-16,3	0,0	A	0,0
Bolsa de Valores de Colombia (BVC) (1)	258,104,271	41.850,9	1.41%	0,1	2,9	0,0	-2,9	0,0	A	0,0
Promotora la Enseñanza	44,470	8.704,4	0.22%	263,2	263,2	538,7	275,5	0,0	A	0,0
Fondo de reposición Fogacol	0	0,0	0.00%	6,8	6,8	7,7	0,9	0,0	A	0,0
Tecnibanca S.A.	121,348	0,0	0.9412%	118,0	124,6	118,0	0,0	0,0	Not applicable	0,0
		6.009,9		39,9	70,5	97,5	27,0	0,0	A	14,7
				0,0	0,0	0,0	0,0	0,0		0,0
				<u>27.703,4</u>	<u>51.336,6</u>	<u>58.438,2</u>	<u>9.844,0</u>	<u>6.266,3</u>		<u>6.323,1</u>
Total Portfolio				U\$ <u>28.096,1</u>	<u>52.007,6</u>	<u>59.412,8</u>	<u>10.057,1</u>	<u>6.266,3</u>		<u>6.323,1</u>

During the first half of 2009, the Bank received dividends for U\$6,323.1.

(1) The investment in the Stock Exchange has equity valuation, according to what is set forth in chapter I Basic Accounting Memorandum 100 of 1995 from the Superintendencia Financiera de Colombia.



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

Proportional Equity Value (V.P.P. for its abbreviation in Spanish)

It is the result of multiplying the Subsidiary's equity on the date of the investment by the percentage of the participation acquired by the investor entity on the same date.

The purposes of the stockholders' equity value are the following:

- Determining the excess or the lack of the investment cost on the issuer's value in books.
- Establishing the amounts that must be eliminated from each one of the Subsidiary's equity accounts against the acquisition cost of the investment recorded by the investor entity.

The result of the calculation of the stockholders' equity value on the date of the acquisition of the Subsidiaries was the following:

<u>Acquisition date</u>	<u>Shares issued</u>	<u>Shares acquired</u>	<u>Shares accumulated</u>	<u>% participac</u>	<u>Historical cost</u>	<u>Equity at the acquisition date</u>	<u>V.P.P. Capital</u>
Confinanciera S.A. Dec. 04, 06	1.189.113.348	1.128.468.567	1.128.468.567	94,9%	US\$ 15.595,3	4.528,7	27.843,6

Eliminations

Here in below we present a detail of the reciprocal operations eliminated during the first half-year period and second half-year period in the year 2009:

<u>INVESTMENTS</u>	<u>December 31</u>	<u>June 30</u>
Debt securities trading Investments	U\$ 253,3	274,1
Equity securities available for sale Investments	<u>100.581,8</u>	<u>81.793,4</u>
	U\$ <u>100.835,1</u>	<u>82.067,5</u>

The Maximum, Minimum and Average values of Fixed Income Investment Portfolio, during the second semester of 2009, were:



## BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

<u>Investment</u> Instruments per kind		<u>December 31</u>		
		<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
TDA Finagro A Mandatory	U\$	88.696,9	114.925,3	101.719,8
TDA Finagro B Mandatory		6.409,4	38.128,6	22.153,4
Entities not supervised Bonds		6.460,6	75.641,2	29.068,1
Nation issued Bonds		19.886,4	54.458,2	38.663,4
Agrarian Bonds		443,9	682,6	599,7
Peace Bonds		614,7	626,0	620,8
B. Fogafin Brp		704,5	1.468,9	1.320,0
Trd Mandatory		149.353,0	179.789,3	170.563,4
Tes B		515.733,9	881.223,5	643.074,9
Trd Voluntary		20.885,0	29.489,2	22.937,6
TRD		0,0	1.451,9	1.434,5
Tes Law 546		15.274,1	57.145,3	35.493,7
Tes Uvr		11.686,9	68.547,8	30.722,8
Tes Ipc		1.281,0	21.943,5	11.954,5
Fogafin Bca Pública		59.487,9	67.096,6	61.040,5
Tips		77.374,1	125.938,3	101.888,0
Cdt`S		41.676,1	78.765,0	54.602,2
Certs		2,0	3,9	3,3
Credit content		0,0	6.844,9	1.684,8
Bonds		8,7	94.494,9	92.361,2
Commercial papers		0,0	248,2	41,4
Tes Tco		6.993,4	43.302,5	17.459,2
Tidis		0,0	119,1	119,1
Pacific Rubiales		0,0	9.176,8	3.015,2
Bonos Caf		1.345,1	3.886,2	2.413,9
Tips B		8.524,2	9.773,5	9.166,3
Tips Mz		14.784,1	14.821,6	14.808,4
Tips \$		293.058,7	308.884,6	301.568,5
Títulos Transmilenio		1.248,2	3.417,2	2.609,9
Foreign Entities Securities		0,2	444,4	193,3
Bonds BCIE		<u>0,0</u>	<u>2.486,3</u>	<u>2.441,0</u>
	U\$	<u>1.341.932,9</u>	<u>2.295.224,9</u>	<u>1.775.742,5</u>
Active positions in monetary market operations and those related				
Inter -bank assets		0,0	171.213,6	82.353,7
Over Night Banks abroad		0,0	184.361,4	68.049,2
Repos and inter-banks assets		<u>549,1</u>	<u>13.045,5</u>	<u>3.607,0</u>
	U\$	<u>549,1</u>	<u>368.620,5</u>	<u>154.010,0</u>
Passive positions in monetary market operations and those related				
Inter-bank liabilities	U\$	0,0	253.228,2	47.829,0
Liabilities Repos		<u>0,0</u>	<u>61.288,6</u>	<u>17.199,8</u>
	U\$	<u>0,0</u>	<u>314.516,7</u>	<u>65.028,8</u>



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
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The Maximum, Minimum and Average values of Fixed Income Investment Portfolio, during the first semester of 2009, were:

<u>Investment</u>		<u>June 30</u>		
		<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
Instrument per Kind				
Tes B	U\$	179.513,0	392.477,0	286.827,1
TRD		191.672,9	196.640,8	193.928,7
Tes Law 546		39.675,9	70.310,6	54.098,4
Tes UVR		51.710,4	152.504,5	98.737,8
Tes IPC		1.307,2	41.716,8	27.306,0
Tes TCO		1.919,2	7.996,9	4.063,7
Tidis		0,0	4.632,6	782,5
TDA FINAGRO A Mandatory		85.480,3	94.430,8	89.408,6
TDA FINAGRO B Mandatory		16.123,0	27.985,9	24.158,1
Bono Fogafín BRP		1.336,9	2.095,5	1.936,9
Bonos UVR Fogafín		0,0	243,9	201,0
Fogafín Public Bank		65.183,2	66.303,6	65.812,3
Tips		127.402,3	143.136,9	135.162,0
Tips B		9.705,4	11.040,5	10.379,0
Tips MZ		14.396,7	15.820,8	15.273,9
Tips \$		186.833,2	283.047,4	234.748,5
Cdt's		54.723,5	92.790,2	73.882,1
Certs		3,7	3,7	3,7
Bonds		24.957,2	64.639,5	35.935,6
Agrarian Bonds		632,6	11.934,6	5.813,6
Emitid by Stated Bonds		21.120,0	31.612,0	27.354,7
Entities not supervised Bonds		26.521,4	45.398,6	38.081,0
Mortgage Bonds		8,6	1.201,0	803,7
Peace Bonds		606,0	652,2	627,5
Corporate Bonds				
Bonds BCIE		1.865,6	1.916,4	1.890,7
Bonds CAF		0,0	2.438,7	564,2
Nota estructurada Clov				
Transmilenio securities		0,0	1.400,6	1.112,7
Bladex		0,0	23.863,2	16.833,8
Barclays bank, London		0,0	134,0	22,3
Banco Latinoamericano de Exp. Bladex		<u>186,9</u>	<u>458,6</u>	<u>385,6</u>
	U\$	<u>1.102.885,1</u>	<u>1.788.827,7</u>	<u>1.446.135,7</u>
Active positions in money market operations and related				
Inter-bank assets	U\$	0,0	182.517,4	62.660,0
Over night Banks Abroad		586,8	56.801,9	14.419,5
Repos and simultaneous actives		<u>0,0</u>	<u>107.434,2</u>	<u>61.652,4</u>
	U\$	<u>586,8</u>	<u>346.753,6</u>	<u>138.731,9</u>
Passive positions in money market operations and related				
Inter-bank liabilities	U\$	18.836,3	122.661,3	49.383,7
Liabilities Repos		<u>11.171,9</u>	<u>88.243,3</u>	<u>38.571,2</u>
	U\$	<u>30.008,3</u>	<u>210.904,6</u>	<u>87.954,9</u>



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

**6) Credit Portfolio and Financial Leasing**

a) Credit portfolio and financial leasing per modality:

	<u>December 31</u>	<u>June 30</u>
<u>Commercial Portfolio:</u>		
Corporate and builders	U\$ 1.765.864,2	1.370.789,1
Housing Leasing	525.242,8	413.399,9
Others commercial lines	2.383.441,1	2.355.879,1
Credit cards	111.133,8	98.770,8
Vehicles	137.010,2	144.759,8
Overdrafts in current account	<u>43.555,4</u>	<u>62.839,9</u>
	U\$ <u>4.966.247,5</u>	<u>4.446.438,6</u>
<u>Housing Portfolio</u>	U\$ <u>970.013,0</u>	<u>827.097,3</u>
<u>Consumption portfolio</u>		
Credit card	760.032,1	676.925,0
Other consumption lines	1.778.237,6	1.519.457,3
Vehicles	384.176,5	333.264,6
Overdrafts in current account	<u>17.906,6</u>	<u>18.476,3</u>
	U\$ <u>2.940.352,9</u>	<u>2.548.123,2</u>
<u>Micro – credit portfolio</u>	<u>24.096,8</u>	<u>19.923,3</u>
Portfolio total	U\$ <u>8.900.710,2</u>	<u>7.841.582,3</u>
Less individual allowance	<u>(537.804,5)</u>	<u>(488.565,9)</u>
Net portfolio sub-total	U\$ <u>8.362.905,3</u>	<u>7.353.016,4</u>
Less general allowance	<u>(10.208,9)</u>	<u>(10.209,3)</u>
Net portfolio total	U\$ <u>8.352.696,4</u>	<u>7.342.807,1</u>

At December 31 and June 30, 2009, the issuances of mortgage bonds are guaranteed by housing portfolio categorized in A and with a 7-year term with prepay option for the issuer every 3 months as follows:

	<u>December 31</u>	<u>June 30</u>
Issuance II	U\$ 20.283,2	19.833,2
Issuance III	<u>46.920,9</u>	<u>46.482,9</u>
	U\$ <u>67.204,1</u>	<u>66.316,1</u>

b) Credit portfolio and financial leasing per risk ratings and guarantee

At December 31 and June 30, 2009, the Bank and its Subsidiaries rated one hundred percent (100%) of its credit portfolio and financial leasing, interest and other concepts in accordance with the Basic Memorandum Letter 100, 1995 from the Superintendencia Financiera de Colombia. The result of said rating is the following:



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
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December 31

	<u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>ADMISIBLE GUARANTIES</u>	<u>CAPITAL</u>	<u>ALLOWANCE INTERESTS</u>	<u>OTHERS</u>
<b>COMMERCIAL SUITABLE GUARANTY</b>								
A – Normal	U\$ 1.301.195,7	14.236,3	1.095,6	1.316.527,5	3.276.459,9	50.194,3	439,7	203,0
B – Acceptable	122.916,6	1.601,5	263,7	124.781,8	168.139,6	14.567,3	270,2	147,0
C – Deficient	14.883,3	509,5	135,7	15.528,4	22.723,2	10.212,7	447,7	122,1
D - Difficult collector	40.538,3	1.785,9	644,5	42.968,8	76.449,8	35.693,5	1.757,8	633,3
E – Irrecoverable	<u>4.036,1</u>	<u>234,2</u>	<u>36,9</u>	<u>4.307,2</u>	<u>9.092,7</u>	<u>4.358,7</u>	<u>232,7</u>	<u>36,8</u>
	U\$ <u>1.483.570,0</u>	<u>18.367,4</u>	<u>2.176,4</u>	<u>1.504.113,7</u>	<u>3.552.865,1</u>	<u>115.026,6</u>	<u>3.148,0</u>	<u>1.142,3</u>
<b>COMMERCIAL OTHER GUARANTIES</b>								
A - Normal	U\$ 3.320.435,4	34.681,9	2.025,1	3.347.650,5	526.010,5	72.504,6	1.015,2	462,1
B – Acceptable	94.479,8	1.130,5	147,9	105.250,0	0,0	12.985,5	198,5	101,8
C – Deficient	10.186,8	372,7	79,8	10.639,2	0,0	2.566,4	342,3	77,1
D - Difficult collector	49.403,7	2.458,4	282,8	52.144,9	0,0	48.329,8	2.447,2	282,5
E – Irrecoverable	<u>8.172,0</u>	<u>492,2</u>	<u>68,6</u>	<u>8.732,8</u>	<u>0,0</u>	<u>7.849,5</u>	<u>488,8</u>	<u>68,4</u>
	<u>3.482.677,5</u>	<u>39.135,7</u>	<u>2.604,2</u>	<u>3.524.417,4</u>	<u>526.010,5</u>	<u>144.235,7</u>	<u>4.492,1</u>	<u>992,0</u>
General Allowance						<u>61,2</u>		
	U\$ <u>4.966.247,5</u>	<u>57.503,1</u>	<u>4.780,6</u>	<u>5.028.531,1</u>	<u>4.078.875,6</u>	<u>259.323,5</u>	<u>7.640,1</u>	<u>2.134,3</u>
<b>CONSUMPTION SUITABLE GUARANTY</b>								
A - Normal	U\$ 321.674,0	3.099,3	823,0	325.596,3	1.002.226,2	6.919,1	116,8	47,2
B – Acceptable	15.139,7	276,7	68,1	15.484,5	49.734,1	1.244,9	62,8	22,7
C – Deficient	10.196,6	178,3	49,9	10.424,8	30.661,9	3.293,2	152,4	44,0
D - Difficult collector	10.886,2	193,3	129,5	11.209,0	31.387,5	10.068,0	180,4	127,8
E – Irrecoverable	<u>13.416,0</u>	<u>175,0</u>	<u>110,9</u>	<u>13.701,9</u>	<u>24.522,6</u>	<u>13.416,0</u>	<u>156,5</u>	<u>107,2</u>
	U\$ <u>371.312,4</u>	<u>3.922,7</u>	<u>1.181,5</u>	<u>376.416,6</u>	<u>1.138.532,4</u>	<u>34.941,2</u>	<u>669,0</u>	<u>348,9</u>
<b>CONSUMPTION OTHERS GUARANTIES</b>								
A - Normal	U\$ 2.269.031,3	22.100,5	5.569,2	2.296.701,1	121,1	63.335,7	863,6	347,8
B – Acceptable	114.319,5	2.102,0	483,1	116.904,6	0,0	12.584,3	501,7	167,3
C – Deficient	68.642,2	1.243,5	298,2	70.183,8	0,0	23.433,6	1.082,2	269,8
D - Difficult collector	65.389,3	1.233,6	337,2	66.960,1	0,0	65.324,0	1.150,4	328,9
E – Irrecoverable	<u>51.658,2</u>	<u>675,7</u>	<u>400,3</u>	<u>52.734,2</u>	<u>0,0</u>	<u>51.658,2</u>	<u>602,1</u>	<u>386,2</u>
	U\$ <u>2.569.040,5</u>	<u>27.355,2</u>	<u>7.088,0</u>	<u>2.603.483,7</u>	<u>121,1</u>	<u>216.335,7</u>	<u>4.200,2</u>	<u>1.500,0</u>
General Allowance						206,6		
	U\$ <u>2.940.352,9</u>	<u>31.277,8</u>	<u>8.269,5</u>	<u>2.979.900,2</u>	<u>1.138.653,4</u>	<u>251.483,5</u>	<u>4.869,0</u>	<u>1.848,9</u>



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
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December 31

	<u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>ADMISIBLE GUARANTIES</u>	<u>CAPITAL</u>	<u>ALLOWANCE INTERESTS</u>	<u>OTHERS</u>
<b>MICROCREDIT SUITABLE GUARANTY</b>								
A - Normal	U\$ 21.726,3	252,6	105,8	22.084,7	34.357,2	361,9	6,8	4,2
B - Acceptable	643,2	7,5	5,7	656,4	1.142,3	41,8	3,0	3,1
C - Deficient	398,7	4,3	4,2	407,2	621,0	398,7	4,3	4,2
D - Difficult collector	357,8	3,5	8,8	370,1	440,0	357,8	3,5	8,8
E - Irrecoverable	<u>85,6</u>	<u>1,2</u>	<u>5,6</u>	<u>92,4</u>	<u>96,0</u>	<u>85,6</u>	<u>1,2</u>	<u>5,6</u>
	U\$ <u>23.211,6</u>	<u>269,2</u>	<u>130,1</u>	<u>23.610,8</u>	<u>36.656,5</u>	<u>1.245,8</u>	<u>18,9</u>	<u>25,9</u>
<b>MICROCREDIT OTHER GUARANTIES</b>								
A - Normal	U\$ 635,2	6,8	1,5	643,4	134,6	10,3	0,3	0,1
B - Acceptable	54,8	0,8	0,0	55,7	19,8	2,7	0,0	0,0
C - Deficient	30,1	0,5	0,0	30,6	13,6	9,0	0,1	0,0
D - Difficult collector	28,1	0,4	0,0	28,6	12,7	16,8	0,3	0,0
E - Irrecoverable	<u>137,1</u>	<u>2,8</u>	<u>1,1</u>	<u>141,0</u>	<u>61,7</u>	<u>137,1</u>	<u>2,8</u>	<u>1,1</u>
	U\$ <u>885,2</u>	<u>11,3</u>	<u>2,7</u>	<u>899,3</u>	<u>242,4</u>	<u>176,0</u>	<u>3,6</u>	<u>1,4</u>
General Allowance						<u>241,0</u>		
	U\$ <u>24.096,8</u>	<u>280,5</u>	<u>132,8</u>	<u>24.510,2</u>	<u>36.898,9</u>	<u>1.662,7</u>	<u>22,5</u>	<u>27,2</u>
<b>HOUSING FOR MORTGAGE</b>								
A - Normal	U\$ 906.860,5	4.868,5	6.064,0	917.793,0	2.606.600,2	13.678,4	332,7	4.974,8
B - Acceptable	36.271,1	196,8	542,6	37.010,5	104.042,8	2.284,1	186,9	540,3
C - Deficient	18.037,6	80,6	490,0	18.608,3	51.862,7	3.696,4	80,6	490,0
D - Difficult collector	6.678,6	29,3	292,8	7.000,6	19.202,6	4.019,9	29,3	292,8
E - Irrecoverable	<u>2.165,1</u>	<u>13,4</u>	<u>53,8</u>	<u>2.232,3</u>	<u>6.225,2</u>	<u>2.165,1</u>	<u>13,4</u>	<u>53,8</u>
	U\$ <u>970.013,0</u>	<u>5.188,6</u>	<u>7.443,2</u>	<u>982.644,8</u>	<u>2.787.933,5</u>	<u>25.843,9</u>	<u>642,8</u>	<u>6.351,7</u>
General Allowance						<u>9.700,2</u>		
	U\$ <u>970.013,0</u>	<u>5.188,6</u>	<u>7.443,2</u>	<u>982.644,8</u>	<u>2.787.933,5</u>	<u>35.544,1</u>	<u>642,8</u>	<u>6.351,7</u>
	U\$ <u>8.900.710,2</u>	<u>94.250,0</u>	<u>20.626,2</u>	<u>9.015.586,4</u>	<u>8.042.361,4</u>	<u>548.013,8</u>	<u>13.174,6</u>	<u>10.362,1</u>





**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
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June 30

	CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	ALLOWANCE		
						CAPITAL	INTERESTS	OTHERS
<b>COMMERCIAL SUITABLE GUARANTY</b>								
A – Normal	U\$ 1.372.995,1	16.237,7	927,3	1.390.160,2	2.868.851,5	47.581,0	446,7	113,9
B – Acceptable	74.128,3	1.616,9	246,1	75.991,3	110.728,7	6.175,5	189,1	115,4
C – Deficient	26.002,6	968,3	128,1	27.098,9	44.068,9	5.391,2	862,9	102,1
D – Difficult Collector	50.280,9	2.341,4	507,5	53.129,7	76.042,3	38.265,4	2.295,6	488,7
E – Irrecoverable	<u>5.637,7</u>	<u>553,5</u>	<u>140,3</u>	<u>6.331,5</u>	<u>12.147,0</u>	<u>5.523,0</u>	<u>552,7</u>	<u>139,0</u>
	<u>U\$ 1.529.044,5</u>	<u>21.717,8</u>	<u>1.949,2</u>	<u>1.552.711,5</u>	<u>3.111.838,5</u>	<u>102.936,1</u>	<u>9.325,0</u>	<u>959,0</u>
<b>COMMERCIAL OTHER GUARANTIES</b>								
A – Normal	U\$ 2.773.439,6	33.086,3	1.407,5	2.807.933,4	10,1	57.327,1	902,3	211,8
B – Acceptable	62.870,7	1.303,2	160,6	64.334,6	50,4	3.990,3	168,5	105,0
C – Deficient	27.962,9	1.194,7	78,6	29.236,3	0,0	4.461,2	1.194,7	78,7
D – Difficult collector	41.422,9	2.164,3	135,5	43.722,6	47,0	28.389,7	2.164,3	140,5
E – Irrecoverable	<u>11.698,0</u>	<u>1.265,2</u>	<u>78,9</u>	<u>13.042,1</u>	<u>0,0</u>	<u>10.977,0</u>	<u>1.265,2</u>	<u>81,7</u>
	<u>2.917.394,1</u>	<u>39.013,7</u>	<u>1.861,1</u>	<u>2.958.268,9</u>	<u>107,6</u>	<u>105.145,3</u>	<u>5.694,9</u>	<u>617,8</u>
General Allowance						1.681,0		
	<u>U\$ 4.446.438,6</u>	<u>60.731,4</u>	<u>3.810,3</u>	<u>4.510.980,4</u>	<u>3.111.946,1</u>	<u>209.762,3</u>	<u>10.041,8</u>	<u>1.576,8</u>
<b>CONSUMPTION SUITABLE GUARANTY</b>								
A – Normal	U\$ 286.709,7	3.281,3	748,6	290.739,7	820.242,5	8.718,5	116,3	35,9
B – Acceptable	18.039,1	363,8	76,1	18.479,0	62.499,2	1.435,5	75,4	20,2
C – Deficient	13.799,9	204,5	68,7	14.073,1	50.667,7	2.891,5	192,3	63,7
D – Difficult collector	12.614,6	206,7	112,3	12.933,5	40.528,4	9.943,2	200,4	109,4
E – Irrecoverable	<u>11.596,7</u>	<u>142,6</u>	<u>109,7</u>	<u>11.849,0</u>	<u>31.846,5</u>	<u>8.999,0</u>	<u>142,6</u>	<u>109,4</u>
	<u>U\$ 342.760,1</u>	<u>4.198,9</u>	<u>1.115,4</u>	<u>348.074,3</u>	<u>1.005.784,3</u>	<u>31.987,7</u>	<u>727,1</u>	<u>338,6</u>
<b>CONSUMPTION OTHERS GUARANTIES</b>								
A – Normal	U\$ 1.789.052,5	20.834,1	4.793,9	1.814.680,7	74,4	46.636,9	768,2	235,9
B – Acceptable	140.892,6	2.972,4	587,7	144.452,7	10,4	15.687,8	626,2	156,3
C – Deficient	115.616,1	1.640,8	512,0	117.768,9	6,9	23.596,8	1.640,3	512,2
D – Difficult collector	88.272,2	1.426,4	380,8	90.079,3	0,0	75.138,1	1.426,4	380,8
E – Irrecoverable	<u>71.529,7</u>	<u>867,3</u>	<u>526,5</u>	<u>72.923,5</u>	<u>0,0</u>	<u>60.006,6</u>	<u>867,3</u>	<u>526,5</u>
	<u>2.205.363,1</u>	<u>27.741,0</u>	<u>6.800,8</u>	<u>2.239.905,0</u>	<u>91,8</u>	<u>221.066,2</u>	<u>5.328,3</u>	<u>1.811,6</u>
General Allowance						58,8		
	<u>U\$ 2.548.123,1</u>	<u>31.939,9</u>	<u>7.916,2</u>	<u>2.587.979,3</u>	<u>1.005.876,1</u>	<u>253.112,7</u>	<u>6.055,4</u>	<u>2.150,2</u>
<b>MICROCREDIT SUITABLE GUARANTY</b>								
A – Normal	U\$ 17.048,6	201,2	40,8	17.290,7	25.606,1	272,7	4,0	0,7
B – Acceptable	887,5	12,9	6,8	907,2	1.138,1	44,4	6,9	4,1
C – Deficient	606,7	10,0	4,7	621,3	698,3	390,1	9,4	4,3
D – Difficult collector	202,1	2,8	3,2	208,1	362,9	179,2	2,8	3,2
E – Irrecoverable	<u>785,4</u>	<u>16,1</u>	<u>16,2</u>	<u>817,7</u>	<u>709,6</u>	<u>785,4</u>	<u>15,9</u>	<u>16,3</u>
	<u>U\$ 19.530,3</u>	<u>243,0</u>	<u>71,7</u>	<u>19.845,0</u>	<u>28.514,9</u>	<u>1.671,7</u>	<u>39,0</u>	<u>28,7</u>



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

June 30

	CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	ALLOWANCE		
						CAPITAL	INTERESTS	OTHERS
<b>MICROCREDIT OTHERS GUARANTIES</b>								
A – Normal	U\$ 281,5	3,1	0,9	285,4	0,0	4,5	0,0	0,0
B – Acceptable	20,6	0,6	0,0	21,2	0,0	1,0	0,1	0,0
C – Deficient	26,8	0,2	0,1	27,2	6,4	16,4	0,2	0,1
D - Difficult collector	2,7	0,0	0,0	2,8	0,0	1,6	0,0	0,0
E – Irrecoverable	<u>61,5</u>	<u>1,5</u>	<u>0,7</u>	<u>63,7</u>	<u>0,0</u>	<u>61,5</u>	<u>1,5</u>	<u>0,7</u>
	<u>393,0</u>	<u>5,5</u>	<u>1,7</u>	<u>400,2</u>	<u>6,4</u>	<u>85,0</u>	<u>1,9</u>	<u>0,8</u>
General Allowance						<u>199,5</u>		
	<u>U\$ 19.923,3</u>	<u>248,5</u>	<u>73,4</u>	<u>20.245,2</u>	<u>28.521,3</u>	<u>1.956,3</u>	<u>41,0</u>	<u>29,6</u>
<b>HOUSING MORTGAGE</b>								
A – Normal	U\$ 738.251,2	4.361,2	5.701,6	748.313,9	1.950.475,4	11.222,9	279,9	4.667,0
B – Acceptable	58.599,2	282,8	1.115,3	59.997,3	149.406,1	3.484,5	274,6	1.055,5
C – Deficient	21.215,4	73,0	645,4	21.933,8	55.729,6	4.439,4	73,0	645,4
D - Difficult collector	6.360,2	31,0	305,2	6.696,4	16.572,2	3.855,8	31,0	305,2
E – Irrecoverable	<u>2.671,3</u>	<u>17,2</u>	<u>83,6</u>	<u>2.772,0</u>	<u>7.039,6</u>	<u>2.671,3</u>	<u>17,2</u>	<u>83,6</u>
	<u>827.097,3</u>	<u>4.765,1</u>	<u>7.851,1</u>	<u>839.713,5</u>	<u>2.179.222,9</u>	<u>25.673,8</u>	<u>675,6</u>	<u>6.756,7</u>
General Allowance						<u>8.270,0</u>		
	<u>827.097,3</u>	<u>4.765,1</u>	<u>7.851,2</u>	<u>839.713,5</u>	<u>2.179.222,9</u>	<u>33.943,8</u>	<u>675,6</u>	<u>6.756,7</u>
	<u>U\$ 7.841.582,3</u>	<u>97.685,0</u>	<u>19.651,1</u>	<u>7.958.918,4</u>	<u>6.325.566,3</u>	<u>498.775,1</u>	<u>16.813,8</u>	<u>10.513,2</u>



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

c) Credit portfolio and financial leasing per economic sector:

<u>Sectors</u>	<u>December 31</u>		<u>June 30</u>	
	<u>Balance</u>	<u>% Particip.</u>	<u>Balance</u>	<u>% Particip.</u>
To the families for their acquisition of goods and services	U\$ 2.886.978,6	32,44%	2.512.641,2	32,04%
To the families for housing	1.494.249,0	16,79%	827.097,2	10,55%
Services rendered to companies	754.085,1	8,47%	325.251,2	4,15%
Construction	304.911,3	3,43%	354.205,0	4,52%
Wholesale and retail business	458.196,9	5,15%	228.313,4	2,91%
Transportation and communications	459.692,4	5,16%	215.870,4	2,75%
Agriculture, forestry, cattle breeding, fishing and hunting	150.836,1	1,69%	91.074,2	1,16%
Manufacturing of food products	226.730,7	2,55%	156.955,0	2,00%
Health, education, recreation and culture services	181.928,9	2,04%	69.685,5	0,89%
Vehicles	372.179,1	4,18%	229.215,6	2,92%
Public administration and defense	140.450,5	1,58%	155.709,7	1,99%
Manufacturing of textile products, garments, leathers and their products	105.760,6	1,19%	370.188,2	4,72%
Electricity, gas and water supply	168.480,8	1,89%	64.111,0	0,82%
Manufacturing of metallic products of bases and manufactured	83.400,4	0,94%	32.680,1	0,42%
Manufacturing of mineral products not metallic	119.078,2	1,34%	22.758,4	0,29%
Manufacturing of chemical substances, chemical products and rubber	75.625,7	0,85%	42.646,7	0,54%
Manufacturing of paper and its printing and publishing products	30.939,1	0,35%	47.453,1	0,61%
Manufacturing of other manufactured products, include wood	12.738,7	0,14%	3.430,9	0,04%
Explotation of coal mines, extraction of crude oil and natural gas I	230.436,5	2,59%	9.852,5	0,13%
Manufacturing of transport material	4.583,6	0,05%	48.044,2	0,61%
Manufacturing of machinery and equipment	21.618,0	0,24%	8.729,5	0,11%
Hotels and restaurants	17.325,5	0,19%	31.101,3	0,40%
Estraction of metallic and not metallic minerals	24.740,2	0,28%	10.842,6	0,14%
Manufacturing of products derived from oil and coal	71.920,0	0,81%	6.385,8	0,08%
Manufacturing of drinks and tobacco	4.034,4	0,05%	6.550,5	0,08%
Others	477.158,5	5,36%	1.940.289,2	24,74%
Miami	<u>22.631,3</u>	<u>0,25%</u>	<u>30.500,0</u>	<u>0,39%</u>
	U\$ <u>8.900.710,2</u>	<u>100,00%</u>	<u>7.841.582,3</u>	<u>100,00%</u>



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

d) Credit Portfolio and Financial Leasing per geographical area:

December 31

**COMMERCIAL PORTFOLIO**

	CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	ALLOWANCE		
						CAPITAL	INTERESTS	OTHERS
Bogotá	U\$ 2.563.299,0	27.355,0	2.981,3	2.593.635,3	1.989.751,9	133.732,3	3.582,1	1.555,9
Antioquia	538.743,2	6.144,3	448,0	545.335,5	390.514,5	23.220,9	674,9	147,9
Nororiental	746.867,6	11.901,8	626,9	759.396,4	541.488,7	37.866,2	1.116,8	198,7
Suroccidental	870.944,9	10.897,4	724,3	882.566,5	631.314,9	53.117,4	2.185,0	231,8
Panamá	223.761,5	1.100,7	0,0	224.862,2	525.805,6	10.760,7	35,1	0,0
Miami	<u>22.631,3</u>	<u>104,0</u>	<u>0,0</u>	<u>22.735,3</u>	<u>0,0</u>	<u>626,1</u>	<u>1,4</u>	<u>0,0</u>
	<u>U\$ 4.966.247,5</u>	<u>57.503,1</u>	<u>4.780,6</u>	<u>5.028.531,2</u>	<u>4.078.875,6</u>	<u>259.323,5</u>	<u>7.595,2</u>	<u>2.134,3</u>

**CONSUMPTION PORTFOLIO**

	CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	ALLOWANCE		
						CAPITAL	INTERESTS	OTHERS
Bogotá	U\$ 1.403.935,8	14.969,0	4.028,7	1.422.933,4	573.164,5	122.587,4	2.448,2	847,2
Antioquia	403.966,6	4.299,8	1.123,3	409.389,7	149.741,4	33.364,0	641,3	265,3
Nororiental	643.705,7	6.905,7	1.789,9	652.401,3	238.752,5	56.002,5	1.085,3	422,8
Suroccidental	477.490,3	4.954,1	1.327,7	483.772,1	176.995,0	38.797,5	689,3	313,6
Panamá	<u>11.254,5</u>	<u>149,2</u>	<u>0,0</u>	<u>11.403,7</u>	<u>0,0</u>	<u>732,2</u>	<u>4,9</u>	<u>0,0</u>
	<u>U\$ 2.940.352,9</u>	<u>31.277,8</u>	<u>8.269,5</u>	<u>2.979.900,2</u>	<u>1.138.653,4</u>	<u>251.483,5</u>	<u>4.869,0</u>	<u>1.848,9</u>

**MICRO-CREDIT**

	CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	ALLOWANCE		
						CAPITAL	INTERESTS	OTHERS
Bogotá	U\$ 23.644,6	274,8	131,1	24.050,6	36.636,6	1.286,6	19,9	24,9
Antioquia	68,5	0,9	0,2	69,7	30,9	23,3	0,4	0,5
Nororiental	220,5	2,7	1,1	224,3	157,9	64,7	1,3	1,3
Suroccidental	<u>163,1</u>	<u>2,1</u>	<u>0,4</u>	<u>165,6</u>	<u>73,5</u>	<u>47,1</u>	<u>0,9</u>	<u>0,6</u>
General Allowance						<u>241,0</u>		
	<u>U\$ 24.096,8</u>	<u>280,5</u>	<u>132,8</u>	<u>24.510,2</u>	<u>36.898,9</u>	<u>1.662,7</u>	<u>22,5</u>	<u>27,2</u>



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

**HOUSING PORTFOLIO**

	CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	ALLOWANCE		
						CAPITAL	INTERESTS	OTHERS
Bogotá	U\$ 670.325,8	3.506,0	5.145,7	678.977,5	1.927.350,3	17.238,7	417,1	4.386,6
Antioquia	73.584,7	413,6	564,9	74.563,1	211.574,0	2.133,0	55,0	483,1
Nororiental	119.442,1	656,9	916,9	121.015,9	343.425,1	3.745,9	95,4	784,2
Suroccidental	106.281,1	610,4	815,9	107.707,4	305.584,1	2.632,1	74,9	697,8
Panamá	<u>379,2</u>	<u>1,6</u>	<u>0,0</u>	<u>380,8</u>	<u>0,0</u>	<u>98,1</u>	<u>0,4</u>	<u>0,0</u>
General Allowance						<u>9.696,3</u>		
	<u>970.013,0</u>	<u>5.188,6</u>	<u>7.443,2</u>	<u>982.644,8</u>	<u>2.787.933,5</u>	<u>35.544,1</u>	<u>642,8</u>	<u>6.351,7</u>
	U\$ <u>8.900.710,2</u>	<u>94.250,0</u>	<u>20.626,2</u>	<u>9.015.586,4</u>	<u>8.042.361,4</u>	<u>548.013,8</u>	<u>13.174,6</u>	<u>10.362,1</u>

June 30

**COMMERCIAL PORTFOLIO**

	CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	ALLOWANCE		
						CAPITAL	INTERESTS	OTHERS
Bogotá	U\$ 2.416.217,2	29.836,9	2.540,8	2.448.595,0	1.768.952,2	125.579,3	5.642,7	1.184,8
Antioquia	954.852,9	16.195,8	584,2	971.632,9	615.052,0	41.990,8	2.234,2	173,5
Nororiental	309.235,5	4.023,3	256,1	313.514,9	341.798,6	14.442,5	765,1	74,4
Suroccidental	517.192,6	8.060,5	429,2	525.682,2	349.077,3	22.447,8	1.181,9	144,0
Panamá	218.440,5	2.403,2	0,0	220.843,7	34.498,8	5.189,9	217,4	0,0
Miami	<u>30.500,0</u>	<u>211,7</u>	<u>0,0</u>	<u>30.711,7</u>	<u>2.567,1</u>	<u>111,9</u>	<u>0,5</u>	<u>0,0</u>
	U\$ <u>4.446.438,6</u>	<u>60.731,4</u>	<u>3.810,3</u>	<u>4.510.980,5</u>	<u>3.111.946,1</u>	<u>209.762,3</u>	<u>10.041,8</u>	<u>1.576,8</u>

**CONSUMPTION PORTFOLIO**

	CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	ALLOWANCE		
						CAPITAL	INTERESTS	OTHERS
Bogotá	U\$ 1.286.427,9	16.113,5	4.160,6	1.306.702,0	603.712,9	132.851,6	3.161,7	1.159,2
Antioquia	437.217,2	5.492,2	1.224,4	443.933,8	163.215,9	40.477,5	1.002,9	310,5
Nororiental	418.593,9	5.193,5	1.078,7	424.866,1	102.474,7	37.756,1	923,3	296,8
Suroccidental	397.636,4	5.025,4	1.274,4	403.936,2	135.438,1	41.825,2	965,7	358,2
Panamá	<u>8.247,8</u>	<u>97,7</u>	<u>178,2</u>	<u>8.523,7</u>	<u>1.034,5</u>	<u>202,2</u>	<u>1,8</u>	<u>25,5</u>
	U\$ <u>2.548.123,2</u>	<u>31.922,3</u>	<u>7.916,2</u>	<u>2.587.961,7</u>	<u>1.005.876,1</u>	<u>253.112,7</u>	<u>6.055,4</u>	<u>2.150,2</u>

**MICRO-CREDIT**

Bogotá	U\$ 18.837,5	228,1	68,3	19.133,9	27.964,3	1.568,7	29,7	24,7
Antioquia	256,9	3,6	0,8	261,4	140,5	77,5	2,1	0,8
Nororiental	455,9	7,3	1,7	464,9	221,6	140,4	4,3	1,6
Suroccidental	<u>372,9</u>	<u>6,4</u>	<u>2,6</u>	<u>381,9</u>	<u>194,9</u>	<u>169,8</u>	<u>4,8</u>	<u>2,5</u>
	U\$ <u>19.923,3</u>	<u>245,4</u>	<u>73,4</u>	<u>20.242,1</u>	<u>28.521,3</u>	<u>1.956,4</u>	<u>41,0</u>	<u>29,6</u>



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

**HOUSING PORTFOLIO**

Bogotá	U\$ 582.288,4	3.358,7	4.936,4	590.583,5	1.581.374,6	25.481,4	449,0	4.184,9
Antioquia	93.525,8	516,3	1.080,1	95.122,2	242.399,8	2.861,8	78,2	957,7
Nororiental	65.312,8	377,8	1.141,7	66.832,2	149.462,5	2.510,9	62,3	1.047,1
Suroccidental	85.735,8	531,3	693,0	86.960,1	205.756,6	3.083,5	86,1	567,0
Panamá	<u>234,5</u>	<u>1,7</u>	<u>0,0</u>	<u>236,2</u>	<u>229,3</u>	<u>6,2</u>	<u>0,0</u>	<u>0,0</u>
	<u>827.097,3</u>	<u>4.785,8</u>	<u>7.851,1</u>	<u>839.734,2</u>	<u>2.179.222,8</u>	<u>33.943,9</u>	<u>675,6</u>	<u>6.756,7</u>
	U\$ <u>7.841.582,3</u>	<u>97.685,0</u>	<u>19.651,0</u>	<u>7.958.918,5</u>	<u>6.325.566,3</u>	<u>498.775,2</u>	<u>16.813,8</u>	<u>10.513,2</u>

e) Portfolio per monetary unit:

CONCEPT		December 31			Total
		Colombian Pesos	Foreign Currency	UVR	
Admissible guaranty					
Commercial	U\$	1.454.949,4	28.620,5	0,0	1.483.570,0
Micro – credit		23.211,5	0,0	0,0	23.211,5
Consumption		<u>371.312,4</u>	<u>0,0</u>	<u>0,0</u>	<u>371.312,4</u>
Total admissible guaranty		<u>1.849.473,4</u>	<u>28.620,5</u>	<u>0,0</u>	<u>1.878.093,9</u>
Others Guaranties					
Commercial		3.001.851,1	480.826,5	0,0	3.482.677,6
Micro-credit		885,3	0,0	0,0	885,3
Consumption		<u>2.555.835,1</u>	<u>13.205,4</u>	<u>0,0</u>	<u>2.569.040,5</u>
Total others guaranties		<u>5.558.571,4</u>	<u>494.031,9</u>	<u>0,0</u>	<u>6.052.603,4</u>
Housing Mortgage		<u>517.122,2</u>	<u>379,2</u>	<u>452.511,6</u>	<u>970.013,0</u>
	U\$	<u>7.925.167,0</u>	<u>523.031,7</u>	<u>452.511,6</u>	<u>8.900.710,2</u>



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

CONCEPT	June 30			
	Colombian Pesos	Foreign Currency	UVR	Total
Admissible guaranty				
Commercial	U\$ 1.476.259,9	52.784,7	0,0	1.529.044,5
Micro-credit	19.530,3	0,0	0,0	19.530,3
Consumption	<u>341.452,7</u>	<u>1.307,4</u>	<u>0,0</u>	<u>342.760,1</u>
Total Admissible guaranty	<u>1.837.242,8</u>	<u>54.092,0</u>	<u>0,0</u>	<u>1.891.334,8</u>
Others guaranties				
Commercial	2.491.319,9	426.074,2	0,0	2.917.394,1
Micro-credit	393,0	0,0	0,0	393,0
Consumption	<u>2.196.862,4</u>	<u>8.500,8</u>	<u>0,0</u>	<u>2.205.363,1</u>
Total others guaranties	<u>4.688.575,3</u>	<u>434.574,9</u>	<u>0,0</u>	<u>5.123.150,2</u>
Housing mortgage	<u>379.841,5</u>	<u>234,5</u>	<u>447.021,2</u>	<u>827.097,2</u>
	U\$ <u>6.905.659,5</u>	<u>488.901,5</u>	<u>447.021,2</u>	<u>7.841.582,3</u>

f) Credit portfolio per period of maturity

December 31		<u>From 0 to 1 years</u>	<u>From 1 to 5 years</u>	<u>From 5 to 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
Commercial	U\$	1.719.214,1	1.674.675,5	1.115.657,1	456.700,8	4.966.247,5
Consumption		279.713,0	2.062.671,9	558.799,5	39.168,5	2.940.352,9
Micro-credit		994,4	23.092,4	10,1	0,0	24.096,8
Housing		<u>38.042,1</u>	<u>90.858,5</u>	<u>272.697,4</u>	<u>568.414,9</u>	<u>970.013,0</u>
	U\$	<u>2.037.963,6</u>	<u>3.851.298,3</u>	<u>1.947.164,2</u>	<u>1.064.284,2</u>	<u>8.900.710,2</u>
June 30		<u>From 0 to 1 years</u>	<u>From 1 to 5 years</u>	<u>From 5 to 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
Commercial	U\$	1.714.448,1	1.703.640,2	671.826,6	356.523,8	4.446.438,6
Consumption		278.730,6	1.840.866,8	396.464,3	32.061,5	2.548.123,2
Micro-credit		1.175,2	18.748,1	0,0	0,0	19.923,3
Housing		<u>4.778,9</u>	<u>109.191,5</u>	<u>260.806,3</u>	<u>452.320,6</u>	<u>827.097,3</u>
	U\$	<u>1.999.132,8</u>	<u>3.672.446,6</u>	<u>1.329.097,1</u>	<u>840.905,9</u>	<u>7.841.582,3</u>



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g) Restructured Credits Detail

<u>December 31</u>		Restructured <u>Common</u>	<u>Allowance</u>	<u>Guaranty</u>
Commercial	U\$	54.372,7	31.869,3	29.434,1
Consumption		218.747,3	54.166,7	31.945,3
Micro-credit		580,8	579,6	0,0
Housing		<u>34.574,3</u>	<u>5.457,4</u>	<u>124.110,0</u>
	U\$	<u>308.275,0</u>	<u>92.073,0</u>	<u>185.489,3</u>
<u>June 30</u>				
Commercial	U\$	33.696,7	2.959,2	31.101,5
Consumption		213.374,5	87.123,8	23.030,6
Micro-credit		440,7	0,0	0,0
Housing		<u>61.612,6</u>	<u>8.276,3</u>	<u>238.591,3</u>
	U\$	<u>309.124,4</u>	<u>98.359,3</u>	<u>292.723,4</u>

**Restructured Credits per Rating:**

<u>December 31</u>	Number <u>Credits</u>	Restructured <u>Common</u>
<u>Commercial</u>		
A – Normal	682	U\$ 16.065,5
B – Acceptable	431	11.910,0
C – Deficient	327	8.957,9
D - Difficult collection	588	15.867,5
E – Irrecoverable	<u>93</u>	<u>1.571,9</u>
	<u>2.121</u>	<u>54.372,7</u>
<u>Consumption</u>		
A - Normal	20.504	122.520,3
B – Acceptable	2.346	13.846,9
C – Deficient	4.098	26.453,5
D - Difficult collection	5.817	33.204,1
E – Irrecoverable	<u>4.241</u>	<u>22.722,4</u>
	<u>37.006</u>	<u>218.747,3</u>
<u>Micro-credit</u>		
A - Normal	8	51,4
B – Acceptable	16	172,1
C – Deficient	11	156,3
D - Difficult collection	14	179,7
E – Irrecoverable	<u>1</u>	<u>21,3</u>
	<u>50</u>	<u>580,8</u>





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<u>December 31</u>	<u>Number Credits</u>	<u>Restructured Common</u>
<u>Housing</u>		
A - Normal	2.104	17.495,5
B – Acceptable	644	4.608,0
C – Deficient	1.183	7.858,9
D - Difficult collection	448	3.088,6
E – Irrecoverable	<u>230</u>	<u>1.523,3</u>
	<u>4.609</u>	<u>34.574,3</u>
	<u>43.786</u>	U\$ <u>308.275,0</u>
<u>June 30</u>	<u>Number Credits</u>	<u>Restructured Common</u>
<u>Commercial</u>		
A – Normal	528	U\$ 7,464.4
B – Acceptable	611	9,971.1
C – Deficient	401	7,263.9
D - Difficult collection	446	8,702.7
E - Irrecoverable	<u>47</u>	<u>294.7</u>
	<u>2.033</u>	U\$ <u>33,696.7</u>
<u>Consumption</u>		
A – Normal	17,495	67,405.8
B – Acceptable	3,205	12,871.3
C – Deficient	8,183	49,176.4
D - Difficult collection	9,746	49,483.7
E - Irrecoverable	<u>7,417</u>	<u>34,437.4</u>
	<u>46,046</u>	U\$ <u>213,374.5</u>
<u>Micro-credit</u>		
A – Normal	7	62.2
B – Acceptable	10	105.7
C – Deficient	17	204.2
D - Difficult collection	4	43.6
E - Irrecoverable	<u>2</u>	<u>24.8</u>
	<u>40</u>	U\$ <u>440.7</u>



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Housing

A – Normal	4,824	28,577.9
B – Acceptable	2,217	14,489.2
C – Deficient	1,964	12,314.1
D - Difficult collection	562	3,981.6
E - Irrecoverable	<u>346</u>	<u>2,249.7</u>
	<u>9,913</u>	U\$ <u>61,612.6</u>
	<u>58,032</u>	U\$ <u>309,124.4</u>

**Restructured Credits per Geographical Zone:**

		<u>December 31</u>	<u>June 30</u>
		Restructured.	Restructured
		<u>Common</u>	<u>Common</u>
<u>Commercial</u>			
Bogotá	U\$	38.638,6	14.313,3
Antioquia		5.170,3	16.222,4
Nororiental		6.450,1	1.344,9
Suroccidental		<u>4.113,8</u>	<u>1.816,1</u>
	U\$	<u>54.372,7</u>	<u>33.696,7</u>
<u>Consumption</u>			
Bogotá		103.274,9	101.377,1
Antioquia		36.756,4	35.603,9
Nororiental		43.089,4	32.280,9
Suroccidental		<u>35.626,6</u>	<u>44.112,6</u>
	U\$	<u>218.747,3</u>	<u>213.374,5</u>
<u>Micro-credit</u>			
Bogotá	U\$	579,6	440,7
Antioquia		0,0	0,0
Nororiental		1,2	0,0
Suroccidental		<u>0,0</u>	<u>0,0</u>
	U\$	<u>580,8</u>	<u>440,7</u>
<u>Housing</u>			
Bogotá		23.851,8	41.302,3
Antioquia		1.989,5	7.452,3
Nororiental		5.919,9	6.538,8
Suroccidental		<u>2.813,1</u>	<u>6.319,1</u>
	U\$	<u>34.574,3</u>	<u>61.612,6</u>
	U\$	<u>308.275,0</u>	<u>309.124,4</u>

h) Social Interest Housing

The Bank has assigned recourses to finance social interest housing in compliance with the provisions of Decrees 1041 of 1995 and 1122 of 1996.



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As of June 26, 1998, as per External Memorandum Letter No. 049 from the Superintendencia Financiera de Colombia in compliance of Decree No. 3092 of 1997 of the National Government, instructions are issued to determine the base for calculation and credit the required percentage.

In July 2008, the financial sector signed a second agreement to develop social housing (VIS for its initial in Spanish), to place resources for U\$1.076.199.8. According to communication from the Ministry of Environment, Housing and Development, the individual goal for the Bank is U\$107.368.1, to finance construction, improvement and/or acquisition of VIS in the period comprised between July 1, 2008 and June 30, 2009.

From July 2008 to December 2009, the Bank placed resources for individual credits for an amount of U\$178.769.2 and for construction U\$89.375.2 for a total of U\$268.144.4.

The value of social interest housing portfolio is as follows:

		<u>December 31</u>	<u>June 30</u>
Individuals	U\$	494.444,3	467.847,3
Constructors		<u>32.587,0</u>	<u>24.032,1</u>
	U\$	<u>527.031,3</u>	<u>488.841,0</u>

Portfolio with subsidized rate

To comply with decree 1143 of 2009, issued by the government through which the mechanism of "Conditional Coverage" is created, the Bank implemented procedures for the implementation of this mechanism in the disbursement of housing portfolio and leasing contracts for new home purchases.

This procedure allows lower interest rates to be charged during the first seven years of each loan and in accordance with established ranges, as follows:

<u>Property value</u> <u>Legal Minimum wage</u>	<u>Coverage Rate</u> <u>Percentage</u>
Public Housing up to 135	5%
>135 up to 235	4%
>235 up to 335	3%

The Bank will generate a monthly bill to the Banco de la República for the implementation of coverage benefit In accordance with established procedures.

The coverage benefit will end for:

- Early cancellation of credit or lease contract
- If the debtor is in arrears exceeding three consecutive months
- At the request of the credit debtors
- By credit subrogation
- By transfer/surrender of the lease
- For bringing the deadline forward.



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Duration of cover granted by the Bank

The coverage will run from installment 85 for the next eight (8) years; the Bank will assume the value that the government had been paying under the same conditions.

As of December 31, 2009, the Bank has disbursed 10,356 housing portfolio obligations under this benefit for U\$216,657.8.

i) Stockholders and employees portfolio

The portfolio includes loans as follows:

		<u>December 31</u>	<u>June 30</u>
Stockholders	U\$	134.679,6	82.271,9
Employees (note 11)		<u>73.850,9</u>	<u>61.112,9</u>
	U\$	<u>208.530,4</u>	<u>143.384,8</u>

The annual effective interest of the stockholders and employees credit portfolio is the following:

<u>Modality</u>	<u>Jul. – Dec.09</u>	<u>Jan – Jun.09</u>
Individual credits	Between 0.0%-25,78%	Between 0.0%-31.52%

The weigh time for credit portfolio to stockholders and employees is the following:

<u>Modality</u>	<u>December 31</u>	<u>June 30</u>
Individual credits	8 years	8 years

j) Portfolio-backed Securities

The Bank carried out a process of productive home portfolio-backed securities (in UVR and at fixed rate) as non-productive portfolio.

The process of non-productive home portfolio-backed securities has been oriented towards the following aspects:

- Decreasing the level of overdue portfolio to the Bank's interior and, therefore, reducing the systemic risk presented by the concentration of long-term assets against short-term liabilities.
- Improving the financial indicators of the Bank.
- Funding and freeing up resources of the economy towards its productive apparatus using a non-productive asset that otherwise would not act as such.
- Involving the Bank in the deepening process of the capital market.

The process of home portfolio-backed securities is in keeping with the provisions set forth in the first sub-section of Article 12 of the Law 546 of 1999. The Bank proceeded to fully separate and cut-off from its equity the entirety of the underlying assets object of securitization that form a Universality, pursuant to the stipulations of Article 2 of the



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Resolution 775 of 2001 of the Superintendencia Financiera de Colombia, through the issuance of securities representing the loans granted to fund the construction and acquisition of houses classified as A, B and C. The A securities are sold to the Company providing securitization and B and C are registered in the Bank under the code PUC 130409 – Securities of credit content derived from the securitization processes -, in line to the directions given by the Superintendencia Financiera de Colombia. The Bank shall cover the expenses incurred in the taking over of the guarantee; in return, the Bank will receive the remaining after having paid the total amount of capital and interests for such securities.

k) Portfolio Purchase and Sale

The following is a detail of the portfolio purchases and sales during the second half-year period of 2009:

<u>Entity</u>	<u>Number of Trading</u>	<u>Capital</u>	<u>Interest</u>	<u>Other concepts</u>	<u>Total</u>
<u>Sales</u>					
Promociones y cobranzas Beta	12.590	U\$ 9.403,4	1.859,6	5,7	11.268,7
Cobranzas especiales GERC	12.773	9.630,0	1.980,9	6,0	11.617,0
Refinancia S.A	214.791	161.715,3	32.164,2	99,5	193.979,1
Titularizadora Colombiana S.A.	<u>2.504</u>	90.247,5	<u>559,7</u>	<u>100,5</u>	<u>90.907,7</u>
	<u>242.658</u>	U\$ 270.996,3	<u>36.564,5</u>	<u>211,7</u>	<u>307.772,5</u>

**Sale Conditions**

Penalized Portfolio:

On 27 November 2009, the penalized portfolio was sold for U\$216,864.7; whose selling price was U\$11,460.3 more than was paid of which U\$675.1 was received on 23 December 2009. A debt was created for the remaining U\$10,785.2 which was canceled in January 2010 (note 8).

Secured Portfolio:

On 21 August and 4 December 2009, the mortgage portfolios were sold to Titularizadora Colombiana SA and Banco Davivienda for U\$48,468.1 and U\$42,300.5, respectively:

Selling August 21, 2009:

The portfolio had 1.350 loans, at a rate of

The selling of the mortgage portfolio generated the following effect in the Bank:

Capital	U\$	48.406.4
Interests		288.6
Others		<u>(21.0)</u>
Total Sale Portfolio	U\$	<u>48.468.1</u>



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The sale price was U\$ 48.553.8, that detail is the following:

Cash Income		U\$	48.553.8
Portfolio Sale	48.468.1		
9 days anchor	86.2		
Commission underwriting	<u>(0.5)</u>		
Total Sale		U\$	<u>48.553.8</u>

The payment was made in cash and TIPS E-12 securities were purchased for a nominal value of U\$25.305.3.

Sale December 4, 2009:

The portfolio had 1.154 loans, at a rate of

The selling of the mortgage portfolio generated the following effect in the Bank:

Capital	U\$	42.047.1
Interests		277.6
Others		<u>(24.2)</u>
Total Sale Portfolio	U\$	<u>42.300.5</u>

The sale price was \$86.658.6, that detail is the following:

Cash Income		U\$	42.391.8
Portfolio Sale	42.300.5		
8 days anchor	91.8		
Commission underwriting	<u>(0.5)</u>		
Total Sale		U\$	<u>42.391.8</u>

The payment was made in cash and TIPS E-13 securities were purchased for a nominal value of U\$ 15.767.7.

The following is a detail of the portfolio purchases and sales during the first half-year period of 2009:

<u>Entity</u>	<u>Number of credits</u>	<u>Capital</u>	<u>Interest</u>	<u>Other concepts</u>	<u>Total</u>
<u>Sales</u>					
Titularizadora Colombiana S.A.	4.526	U\$ <u>159.512.3</u>	<u>1.002.6</u>	<u>179.5</u>	<u>160.694.4</u>

**Sale Conditions**

In March 5 and May 8, 2009, other processes of mortgage portfolio selling different to VIS where carried out between Titularizadora Colombiana S.A. and Banco Davivienda S.A. for a total of U\$160.694.4, thus:

Selling March 5, 2009:

The portfolio had 2.822 loans, at a rate of 16.45%.



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The selling of the mortgage portfolio generated the following effect in the Bank:

Capital	U\$	99,193.0
Interests		611.8
Others		<u>112.2</u>
Total Sale Portfolio	U\$	<u>99,917.0</u>

The sale price was U\$ 100.259.0, that detail is the following:

Cash Income	U\$	100.259.0
Portfolio Sale		99,917.0
12 days anchor		342.5
Comission underwriting		<u>(0.5)</u>
Total Sale	U\$	<u>100.259.0</u>

The payment was made in cash and TIPS E-10 securities were purchased for a nominal value of U\$ 48.9.

Sale May 8, 2009:

The portfolio had 1.704 loans, at a rate of 16.09%.

The selling of the mortgage portfolio generated the following effect in the Bank:

Capital	U\$	60,319.3
Interests		390.8
Others		<u>67.3</u>
Total Sale Portfolio	U\$	<u>60,777.4</u>

The sale price was U\$ 60.891.5, that detail is the following:

Cash Income	U\$	60,891.5
Portfolio Sale		60,777.4
4 days anchor		114.6
Commission underwriting		<u>(0.5)</u>
Total Sale	U\$	<u>60,891.5</u>

The payment was made in cash and TIPS E-11 securities were purchased for a nominal value of U\$ 43.731.4.

l) Portfolio Write Downs:

The detail of the portfolio write downs is as follows:



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		<u>December 31</u>			
		<u>Capital</u>	<u>Interests</u>	<u>Other concepts</u>	<u>Total</u>
Commercial	U\$	28.446,0	2.029,2	314,9	30.790,1
Consumption		109.948,4	3.336,7	608,5	113.893,6
Housing		2.736,5	26,1	127,7	2.890,3
Micro-credit		887,8	20,6	24,9	933,4
Others Accounts receivable		<u>0,0</u>	<u>0,0</u>	<u>2.153,0</u>	<u>2.153,0</u>
<b>Total</b>	<b>U\$</b>	<b><u>142.018,7</u></b>	<b><u>5.412,6</u></b>	<b><u>3.229,0</u></b>	<b><u>150.660,3</u></b>

		<u>June 30</u>			
		<u>Capital</u>	<u>Interests</u>	<u>Other concepts</u>	<u>Total</u>
Commercial	U\$	31.908,2	2.614,6	504,6	35.027,3
Consumption		104.904,0	3.536,8	1.124,4	109.565,2
Housing		2.546,9	20,4	113,5	2.680,8
Micro-credit		809,9	35,0	24,4	869,2
Others Accounts receivable		<u>0,0</u>	<u>0,0</u>	<u>1.933,7</u>	<u>1.933,7</u>
<b>Total</b>	<b>U\$</b>	<b><u>140.168,9</u></b>	<b><u>6.206,8</u></b>	<b><u>3.700,5</u></b>	<b><u>150.076,2</u></b>

The Bank and its Subsidiaries did not make collector operations during the semester.

n) Allowance for Credit Portfolio and Financial Leasing

The movement of the portfolio credit allowance is following:

		<u>December 31</u>				
		<u>Commercial</u>	<u>Consumption</u>	<u>Micro-credit</u>	<u>Mortgage</u>	<u>Total</u>
Initial Balance (market representative exchange rate Col\$2.145,21 June, 2009)	U\$	209.762,3	253.112,7	1.956,4	33.812,7	498.775,2
Initial Balance (market representative exchange rate Col\$2.044,23 December, 2009)		220.124,1	265.615,8	2.053,0	35.620,6	523.413,4
Plus:						
Allowance charge to operating expenses		160.874,6	215.864,5	511,5	13.993,7	391.244,3
Reclassifications		244,6	0,0	0,0	0,0	244,6
Less:						
Write down loans		28.446,0	109.948,4	887,8	2.736,5	142.018,7
Amount not recovered from goods received in payment		0,0	0,0	0,0	0,0	0,0
Refund to income		<u>1.014,0</u>	<u>(999,3)</u>	<u>(151,1)</u>	<u>3,0</u>	<u>(133,4)</u>
<b>End Balance</b>	<b>U\$</b>	<b><u>259.323,5</u></b>	<b><u>251.483,5</u></b>	<b><u>1.662,7</u></b>	<b><u>35.544,1</u></b>	<b><u>548.013,8</u></b>





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		<u>June 30</u>				
		<u>Commercial</u>	<u>Consumption</u>	<u>Micro-credit</u>	<u>Mortgage</u>	<u>Total</u>
Initial Balance	U\$	180.395,0	223.970,1	1.640,0	36.120,6	442.125,6
Plus:						
Allowance charged to operating expenses		119.905,0	230.896,1	1.490,7	12.015,6	364.307,3
Reclasificaciones		0,0	0,0	0,0	284,6	284,6
Less:						
Write down loans		31.908,2	104.904,0	2.546,9	809,9	140.168,9
Amount not recovered from goods		0,0	0,0	0,0	0,0	239,0
Refund to income		<u>58.372,3</u>	<u>97.050,9</u>	<u>-1.372,7</u>	<u>13.483,9</u>	<u>167.534,4</u>
End Balance	U\$	<u>209.762,3</u>	<u>253.112,7</u>	<u>1.956,4</u>	<u>33.812,7</u>	<u>498.775,2</u>

For the second and the first semester of 2009, the unrecovered value in lieu of payment for U\$ 398.5 and U\$ 496.3, respectively, corresponds to the difference between the least cost of acquisition of the asset and the balance of the debt recorded in the balance sheet, which is recognized in the statement of income in the credit portfolio allowances account.

The Bank has incorporated additional provisions for the consumer portfolio worth U\$ 50,603 and for the commercial portfolio of U\$ 36,467 which are being allocated to qualified borrowers in categories D and E.

The revision of the source country in which the client performs its main economic activity is made when applying the expected loss model, obtaining the following classification:

PANAMÁ	Capital	Recovery	Participation
Colombia	U\$ 50.296,5	U\$ 700,8	21,37%
Other countries	185.098,7	2.579,0	78,63%
Total	235.395,2	3.279,7	100,00%

MIAMI	Capital	Recovery	Participation
Colombia	U\$ 16.514,7	U\$ 560,7	72,97%
Other countries	6.116,6	207,7	27,03%
Total	22.631,3	768,5	100,00%

**Ratification Effect**

The portfolio of Subsidiaries abroad, Bancafé Panamá S.A. and Bancafé International Corporation S.A., of clients with economic activity in Colombia to be homologated with the established regulation in Annex III – MRC, chapter II of Basic Accounting Memorandum 100 of 1995, and for those debtors whose main economic activity, was developed in a different country, goes applied the expert model, for which a portfolio provision of U\$ 4.048.2 was obtained.



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**7) Customers' Acceptances and Derivatives**

The following is the detail of the acceptances and the derivatives:

	<u>December 31</u>	<u>June 30</u>	
	<u>Balance</u>	<u>Balance</u>	<u>Var. %</u>
a) <u>Banking Acceptances</u>	U\$ <u>1.065,9</u>	<u>1.161,2</u>	<u>-12,5%</u>

These securities do not have any restriction or lien.

b) Cash Operations

The term defined is from 1 to 2 days

	<u>Balance</u>	<u>Average Balance</u>	<u>Balance</u>	<u>Average Balance</u>	<u>Var. %</u>
Rights:					
Of purchase in foreign currency	U\$ 18.642,5	33.109,8	14.186,5	17.082,6	25,2%
Of sale on foreign currency	<u>14.085,8</u>	<u>9.808,2</u>	<u>21.255,6</u>	<u>13.158,6</u>	<u>-36,9%</u>
	<u>32.728,3</u>	<u>42.918,1</u>	<u>35.442,1</u>	<u>30.241,1</u>	<u>-12,0%</u>
Obligations:					
Of purchase in foreign currency	(18.647,7)	(32.273,5)	(14.160,2)	(17.020,3)	25,5%
Of sale on foreign currency	<u>(14.065,8)</u>	<u>(9.931,6)</u>	<u>(21.295,4)</u>	<u>(13.154,7)</u>	<u>-37,1%</u>
	<u>(32.713,5)</u>	<u>(42.205,0)</u>	<u>(35.455,7)</u>	<u>(30.174,9)</u>	<u>-12,1%</u>
Total spot operations	U\$ <u>14,8</u>	<u>713,1</u>	<u>(13,7)</u>	<u>66,2</u>	<u>-203,1%</u>

At the end of the second and first semester of 2009, the average yield (loss) of cash operations was U\$ 232.7 and U\$ 353.2, respectively.

c) Derivates

	<u>December 31</u>		<u>June 30</u>		
	<u>Balance</u>	<u>Average Balance</u>	<u>Balance</u>	<u>Average Balance</u>	<u>Var. %</u>
Forward contracts					
The term defined is of 3 or more days.					
Rights:					
Of purchase in foreign currency	U\$ 881.933,7	1.032.260,3	1.057.175,9	1.188.871,0	-20,5%
Of sale on foreign currency	<u>911.435,6</u>	<u>1.116.552,9</u>	<u>1.128.366,3</u>	<u>1.242.222,0</u>	<u>-23,0%</u>
	<u>1.793.369,2</u>	<u>2.148.813,2</u>	<u>2.185.542,2</u>	<u>2.431.093,0</u>	<u>-21,8%</u>
Obligations:					
Of purchase in foreign currency	(876.334,1)	(1.035.933,1)	(1.072.923,6)	(1.171.280,4)	-22,2%
Of sale on foreign currency	<u>(908.445,3)</u>	<u>(1.099.286,1)</u>	<u>(1.087.131,2)</u>	<u>(1.256.053,7)</u>	<u>-20,4%</u>
	<u>(1.784.779,5)</u>	<u>(2.135.219,2)</u>	<u>(2.160.054,8)</u>	<u>(2.427.334,1)</u>	<u>-21,3%</u>
Total Forward Agreement	U\$ <u>8.589,8</u>	<u>13.594,0</u>	<u>25.487,4</u>	<u>3.758,9</u>	<u>-67,9%</u>

For Forward operations, the average yield was U\$ 29.642.6 and U\$ 1.356.0, for the second and first semester of 2009, respectively.



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Future contracts

	<u>December 31</u>		<u>June 30</u>		
	<u>Balance</u>	<u>Average Balance</u>	<u>Balance</u>	<u>Average Balance</u>	<u>Var. %</u>
The term defined is of 3 or more days.					
Rights:					
Of purchase in foreign currency	U\$ 10.206,9	25.855,9	5.591,3	12.182,6	74,0%
Of sale on foreign currency	16.834,8	22.851,1	6.760,3	12.180,3	137,3%
Of purchase on securities	<u>12.736,3</u>	<u>10.568,7</u>	<u>10.935,1</u>	<u>7.998,8</u>	<u>11,0%</u>
	U\$ <u>39.778,0</u>	<u>59.275,8</u>	<u>23.286,7</u>	<u>32.361,8</u>	<u>62,8%</u>
Obligations:					
Of purchase in foreign currency	U\$ (10.026,6)	(25.146,4)	(5.742,0)	(12.173,5)	66,4%
Of sale on foreign currency	(17.245,0)	(23.311,7)	(6.100,5)	(11.854,6)	169,4%
Of Sale on securities	<u>(12.736,2)</u>	<u>(10.568,7)</u>	<u>(10.935,1)</u>	<u>(7.998,8)</u>	<u>11,0%</u>
	(40.007,8)	<u>(59.026,9)</u>	<u>(22.777,5)</u>	<u>(32.026,9)</u>	<u>67,4%</u>
Total Future Contracts	U\$ <u>(229,8)</u>	<u>248,9</u>	<u>509,2</u>	<u>334,8</u>	<u>-143,0%</u>

Swaps

The term defined is of 3 or more days.

		<u>Balance</u>	<u>Average Balance</u>	<u>Balance</u>	<u>Average Balance</u>	<u>Var. %</u>
Rights:						
On foreign currency	U\$	368,0	494,8	4.503,1	658,0	-92,2%
On interest rate		<u>165.817,7</u>	<u>237.813,2</u>	<u>250.781,0</u>	<u>351.638,2</u>	<u>-37,0%</u>
		<u>166.185,7</u>	<u>238.307,9</u>	<u>255.284,1</u>	<u>352.296,2</u>	<u>-38,0%</u>
Obligations						
On foreign currency		(323,8)	(434,0)	(4.459,4)	(668,3)	-93,1%
On interest rate		<u>(183.963,1)</u>	<u>(256.244,6)</u>	<u>(252.316,0)</u>	<u>(360.258,1)</u>	<u>-30,5%</u>
	U\$	<u>(184.286,9)</u>	<u>(256.678,6)</u>	<u>(256.775,4)</u>	<u>(360.926,4)</u>	<u>-31,6%</u>
Total Swaps	U\$	<u>(18.101,2)</u>	<u>(18.370,6)</u>	<u>(1.491,3)</u>	<u>(8.630,2)</u>	<u>1056,7%</u>

Options

The term defined is of 3 or more days.

		<u>Balance</u>	<u>Average Balance</u>	<u>Balance</u>	<u>Average Balance</u>	<u>Var. %</u>
Call on foreign currency	U\$	(33,8)	(228,0)	(279,0)	(188,4)	-88,5%
Put on foreign currency		<u>(187,3)</u>	<u>(127,3)</u>	<u>(114,9)</u>	<u>(64,6)</u>	<u>55,3%</u>
		<u>(221,1)</u>	<u>(355,3)</u>	<u>(393,9)</u>	<u>(252,9)</u>	<u>-46,5%</u>
Total acceptances, cash operations and derivatives	U\$	<u>(8.881,7)</u>	<u>(4.170,0)</u>	<u>25.258,9</u>	<u>(4.723,2)</u>	<u>-133,5%</u>



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The following is the detail of the held maturity and the derivatives:

		<u>December 31</u>		
		From 0 to 1	From 1 to 5	<u>Total</u>
		<u>year</u>	<u>years</u>	
Cash Operations	U\$	14,8	0,0	14,8
Forward Agreements		8.559,0	30,8	8.589,8
Swaps* banking book		43,2	(18.144,5)	(18.101,2)
Opcf		(229,9)	0,0	(229,9)
Options		<u>(221,1)</u>	<u>0,0</u>	<u>(221,1)</u>
	U\$	<u>8.166,1</u>	<u>(18.113,7)</u>	<u>(9.947,6)</u>

		<u>June 30</u>		
		From 0 to 1 year	From 1 to 5	<u>Total</u>
		<u>year</u>	<u>years</u>	
Cash Operations	U\$	(13,7)	0,0	(13,7)
Forward Agreements		25.487,5	0,0	25.487,5
Swaps* banking book		(3.019,3)	1.528,0	(1.491,3)
Opcf		509,2	0,0	509,2
Options		<u>(393,9)</u>	<u>0,0</u>	<u>(393,9)</u>
	U\$	<u>22.569,8</u>	<u>1.528,0</u>	<u>24.097,8</u>

**Hedging operations – Swaps**

The swaps in force on December 31, 2009 which were produced in the second half of 2007 with the purchase of Granbanco SA in 2007 and in order to cover the exchange risk inherent in dollar liabilities contracted by the Bank (issue of ancillary bonds - note 17) are presented below:

<u>Oper</u>	<u>Counterparty</u>	<u>Term</u> <u>(years)</u>	<u>Beginning</u> <u>Period</u>	<u>Ending</u> <u>Period</u>	<u>Value</u> <u>USD</u>	<u>Liabilities</u>
1	Deutsche Bank	7	Feb.07.07	Feb.07.14	85.000	Bond
2	The Royal Bank of Scotland	7	Feb.07.07	Feb.07.14	80.000	Bond
					<u>165.000</u>	

On December 21, 2009, netting was carried out for the 3rd. repayment of the syndicated loan, generating cash outflow of U\$ 6,019.8 and these of the Capitalizadora Bolívar, Compañía Seguros Bolívar and Seguros Bolivar were written off.

Due to the revaluation of the exchange rate, some hedging transactions have undergone a process known as “Reset” or “Recouping” in which conditions should be re-established. In this process, the involved parties agreed upon reducing the credit exposure through the payment of a sum equivalent to the market value of the operation when the foregoing exceeds a specific limit, in consideration of modifying the debt interest and the hedged exchange rate. At the contract level, a maximum amount is stipulated, this amount could be whether a fixed value or a percentage over the nominal value. The periodicity of reviews when the transaction goes to “Reset” is established as well. With the execution of the



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“Reset”, the variables exchange rate and interest rate are modified so that the market value returns to zero.

During the second half of 2009 there were no Reset agreements.

During the first half of 2009, the following Reset agreements of the coverage swap operation of the Granbanco operation generating cash outflows for U\$52.828.6:

<u>Operation</u>	<u>Counterparty</u>	<u>Date</u>	<u>Payment Amount USD</u>	<u>Exchange Rate agreed</u>	<u>Payment Amount \$</u>
2	The Royal Bank of Scotland	May.07.09	USD 18,923.9	2,208.59	\$ 41,795.3
3	Cía. de Seguros Bolívar	Jun.03.09	5,729.3	2,109.42	12,085.7
4	Capitalizadora Bolívar	Jun.03.09	5,729.3	2,109.42	12,085.7
5	Seguros Ciales. Bolívar	Jun.03.09	1,562.5	2,109.42	3,296.1
1	Deutsche Bank	Jun.09.09	<u>21,360.0</u>	2,063.00	<u>44,065.7</u>
			USD <u>53,305.3</u>		\$ <u>113,328.5</u>

\* The interest rate agreed does not Exchange. It is adjusted by the exchange rate.

Following are the current Reset agreements of swap operation of Granbanco coverage operation which generated cash income for U\$19.397.6 during the first half of 2009:

<u>Operation</u>	<u>Counterparty</u>	<u>Date</u>		<u>Received Amount USD</u>	<u>Exchange Rate agreed</u>	<u>Received Amount (COP) \$</u>
8	The Royal Bank of Scotland	Feb.19.09	USD	6,873.2	2,547.63	\$ 17,510.6
9	The Royal Bank of Scotland	Feb.19.09		3,436.6	2,547.63	8,755.3
3	Cía. de Seguros Bolívar	Feb.24.09		2,625.0	2,572.30	6,752.3
4	Capitalizadora Bolívar	Feb.24.09		2,625.0	2,572.30	6,752.3
5	Seguros Comerciales Bolívar	Feb.24.09		<u>715.9</u>	2,572.30	<u>1,841.5</u>
			USD	<u>16,275.8</u>		\$ <u>41,612.0</u>



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To December 31, 2009, the following net calculations were performed for the concept of the 4<sup>th</sup> coupon generating disbursements for U\$14,629.6.

<u>Operation</u>	<u>Counterparty</u>	<u>Date</u>		<u>Received Amount USD</u>	<u>Exchange Rate agreed</u>	<u>Received Amount (COP) \$</u>
1	Deutsche Bank	Jan.15.09	USD	2,642.0	2,226.87	\$ 5,883.4
2	The Royal Bank of Scotland	Jan.15.09		3,069.4	2,226.87	6,835.3
3	Cía. de Seguros Bolívar	Feb.02.09		1,105.6	2,386.58	2,638.6
4	Capitalizadora Bolívar	Feb.02.09		1,105.6	2,386.58	2,638.6
5	Seguros Comerciales Bolívar	Feb.02.09		301.5	2,386.58	719.6
6	Deutsche Bank	Feb.02.09		1,278.2	2,386.58	3,050.6
7	Deutsche Bank	Feb.02.09		1,567.5	2,386.58	3,741.2
8	The Royal Bank of Scotland	Feb.02.09		1,228.7	2,386.58	2,932.6
9	The Royal Bank of Scotland	Feb.02.09		<u>614.3</u>	2,386.58	<u>1,466.3</u>
			USD	<u>12,913.1</u>		\$ <u>29,906.2</u>

On June 18, 2009, net calculations were performed for the 2<sup>nd</sup> amortization of the Syndicated credit (note 15), generating disbursements for U\$2,619.7.

<u>Operation</u>	<u>Counterparty</u>	<u>Date</u>		<u>Payment Amount USD\$</u>	<u>Exchange Rate agreed</u>	<u>Payment Amount (COP) \$</u>
3	Cía. de Seguros Bolívar	Jun.18.09	USD	12.1	2,074.72	\$ 5.3
4	Capitalizadora Bolívar	Jun.18.09		12.1	2,074.72	25.3
5	Seguros Comerciales Bolívar	Jun.18.09		3.3	2,074.72	6.9
6	Deutsche Bank	Jun.18.09		(2,591.0)	2,074.72	(5,375.8)
7	Deutsche Bank	Jun.18.09		(553.9)	2,074.72	(1,149.2)
8	The Royal Bank of Scotland	Jun.18.09		3,798.9	2,074.72	7,881.8
9	The Royal Bank of Scotland	Jun.18.09		<u>1,899.4</u>	2,074.72	<u>3,940.9</u>
			USD	<u>2,581.2</u>		\$ <u>5,355.2</u>

**Transition Scheme**

According to the provisions of the Superintendencia Financiera de Colombia by means of communication 2007066775-000-000 of November 6, 2007, for the purpose of accounting records in foreign currency contracted for the acquisition of Granbanco S.A., and while modifications are made to Capitulo XVIII that will enable the new PUC accounts, all daily variations in the fair exchange amounts, as well as the first positions covered (without the part that corresponds to the margin) as well as coverage "swaps" must be transitionally recorded in the statement of income accounts.



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Consequently, the accounting of proposed coverage operations, as well as primary coverage positions such as the positions in the “swaps” used for coverage, were done in the following PUC accounts:

Financial Statements	Accounts PUC for derivatives transactions	Accounts PUC For elementary positions	
	Coverage Swaps	Credits in foreign currency	Bonds in foreign currency
Balance sheet	151710 y 151725	249595	261595
Statement of income	412950 ó 512950	419595 or 519095	

The effect over results due to the valuation of the syndicated loan and subsidiary bonds was the following:

	<u>December 31</u>	<u>June 30</u>
Income (note 25)	U\$ 12,286.5	6,015.1



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**8) Accounts Receivable**

The following is the detail of interest and other accounts receivable:

		<u>December 31</u>	<u>June 30</u>
Interests:			
Investments	U\$	6,8	16,5
Credit Portfolio (note 6 b.)		90.998,7	95.045,1
Others		<u>16,2</u>	<u>583,4</u>
		<u>91.021,7</u>	<u>95.645,1</u>
Leasing Operations Financial Component			
Leasing (nota 6 b.)		<u>3.251,3</u>	<u>2.639,9</u>
Commissions and fees		<u>751,9</u>	<u>1.182,7</u>
Canons of goods given on leasing		102,3	<u>420,7</u>
Payments of costumers:			
Housing		7.443,2	7.851,2
Consumption		8.269,5	7.916,2
Micro-credit		132,8	73,4
Commercial		<u>4.780,6</u>	<u>3.810,3</u>
		<u>20.626,2</u>	<u>19.651,1</u>
Others:			
Dividends and participations		0,0	601,3
Sale of goods and services		355,9	327,8
Payments of customers		2.765,2	3.527,6
Promising sellers		9.055,7	11.182,3
Advance of contracts and suppliers		16.167,6	10.752,7
Advances to personnel		117,3	77,2
Affiliated companies		942,1	495,4
Direction of National Treasury		9.370,0	8.598,4
Insurance and commissions Titularizadora		1.342,3	1.426,0
Universalities CCV, CCVII y CCVIII		936,6	671,7
Handling and other charges of consumption portfolio		5.524,2	4.604,9
Government relieves		8.272,7	7.880,8
Business collaboration contract		603,8	543,7
Credit card advances pending of processing		3.895,2	850,7
Credits pending of liquidation		1.246,9	3.809,5
Forward Operations		541,3	1.262,4
Credit card purchases pending for implement		10.785,2	0,0
Tips Returns		3.309,5	3.534,5
Diners payment to members		1.185,3	738,7
Process pending certificate		4,4	95,5
Loans to employees		670,5	448,3
Insurance companies claims		1.950,3	318,3
Cash and Exchange shortages		568,9	420,4
Miscellaneous (*)		<u>19.186,1</u>	<u>9.397,0</u>
		<u>98.796,9</u>	<u>71.565,1</u>
Total Accounts Receivable		<u>214.550,1</u>	<u>191.104,6</u>
Less Allowance		<u>(39.298,6)</u>	<u>(40.257,5)</u>
Total Accounts Receivable – Net	U\$	<u>175.251,6</u>	<u>150.847,1</u>





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(\*) Composed of outstanding foreign currency transactions to be processed of U\$1,432, portfolio disbursements and receipts of U\$516, transactions pending processing of U\$526, ministry of transport collection U\$498, fulfillment, purchase and sale of foreign currency transactions U\$663, edifice sale Fiducafé 73rd Street U\$6.163 and U\$2.972 correspond to insurances, contract retains and personal advances.

**Allowance for Accounts Receivable**

The detail of allowance for accounts receivable is as follows:

		<u>December 31</u>	<u>June 30</u>
Portfolio interests (note 6)	U\$	13.174,6	16.813,8
Payment of clients		10.362,1	10.605,4
Government relieves		7.226,0	6.883,5
Credit card		700,4	667,4
Miscellaneous		<u>7.835,5</u>	<u>5.287,2</u>
	U\$	<u>39.298,6</u>	<u>40.257,4</u>

The movement of the allowance for accounts receivable is as follows:

<u>December 31</u>		<u>Commercial</u>	<u>Consumption</u>	<u>Micro-credit</u>	<u>Mortgage</u>	<u>Others</u>	<u>Total</u>
Beginning balance (market representative exchange rate Col\$2.145,21 June, 2009)	U\$	12.478,6	8.930,9	166,4	5.610,7	13.070,8	40.257,4
Beginning balance (market representative exchange rate Col\$2.044,23 December, 2009)		13.095,1	9.372,0	174,6	5.887,9	13.716,5	42.246,1
Plus:							
Allowance charged to operating expenses		5.300,4	5.209,5	815,9	3.322,0	4.749,5	19.397,3
Reclassifications		(2,2)	2,2	0,0	411,0	333,1	744,1
Less:							
Write down loans		2.344,1	3.945,2	45,6	153,8	2.153,0	8.641,6
Reimbursement		<u>6.202,9</u>	<u>3.920,8</u>	<u>895,2</u>	<u>2.472,5</u>	<u>956,0</u>	<u>14.447,3</u>
Ending balance	U\$	<u>9.846,4</u>	<u>6.717,7</u>	<u>49,8</u>	<u>6.994,6</u>	<u>15.690,1</u>	<u>39.298,6</u>
 <u>June 30</u>							
Beginning balance	U\$	10.243,0	8.991,6	203,2	5.885,8	15.647,6	40.971,2
Plus:							
Allowance charged to operating expenses		9.792,6	7.272,2	64,6	2.840,0	2.353,8	22.323,2
Reclassifications		(73,0)	0,0	0,0	0,0	0,0	(73,0)
Less:							
Write down loans		3.119,2	4.661,2	59,3	133,9	1.933,7	9.907,3
Reimbursement		<u>4.364,8</u>	<u>2.671,8</u>	<u>42,0</u>	<u>2.981,2</u>	<u>2.997,0</u>	<u>13.056,7</u>
Ending balance	U\$	<u>12.478,6</u>	<u>8.930,9</u>	<u>166,4</u>	<u>5.610,7</u>	<u>13.070,8</u>	<u>40.257,4</u>



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**9) Foreclosed Assets**

The detail of realizable goods, goods received as payment and goods returned, is as follows:

	<u>December 31</u>	<u>June 30</u>
<u>Assets received in payment:</u>		
Destined to housing:		
Real States	U\$ 3.025,6	1.893,5
Assets received in auction	748,2	540,3
Inflation adjustments	0,1	0,1
Total destined to housing	<u>3.773,9</u>	<u>2.433,8</u>
<u>Different from housing</u>		
Real States	6.466,4	8.253,7
Assets received in auction	90,9	117,5
Inflation adjustments	<u>115,0</u>	<u>1.019,3</u>
Adjustment cost	6.672,3	9.390,6
Real States (1)		
Rights and Securities	538,9	1.365,0
Real States	<u>1.714,1</u>	<u>511,2</u>
	<u>2.253,1</u>	<u>1.876,2</u>
Total different from housing	<u>8.925,4</u>	<u>11.266,8</u>
<u>Assets restored from housing leasing contracts</u>		
Housing	810,7	414,8
Financial	<u>7,2</u>	<u>0,0</u>
	<u>818,0</u>	<u>414,8</u>
<u>Assets not used in the Company's purpose</u>		
Lands	9.946,7	9.521,2
Buildings	16.219,6	15.640,1
Depreciation	<u>(2.991,5)</u>	<u>(2.537,9)</u>
	<u>23.174,8</u>	<u>22.623,4</u>
<u>Less:</u>		
Allowance assets destined to housing	(1.161,1)	(1.077,0)
Allowance assets different from housing	(5.247,6)	(8.447,3)
Allowance Real States	(920,8)	(724,0)
Allowance assets restored from leasing contracts	(186,7)	(103,5)
Allowance assets not used in the Company's purpose	<u>(1.650,2)</u>	<u>(784,5)</u>
	<u>(9.166,4)</u>	<u>(11.136,4)</u>
	U\$ <u>27.525,7</u>	<u>25.602,4</u>



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(1) The detail of goods received as payment, is as follows:

		<u>December 31</u>		<u>June 30</u>	
		<u>Balance</u>	<u>Allowance</u>	<u>Balance</u>	<u>Allowance</u>
Rights and Securities					
Shares	U\$	13,4	13,4	12,7	12,7
Zuana Rights-timeshare		<u>525,6</u>	<u>507,1</u>	<u>482,2</u>	<u>482,2</u>
		<u>538,9</u>	<u>520,5</u>	<u>4.949,2</u>	<u>4.949,2</u>
Personal property					
Vehicles	U\$	1.683,6	369,8	1.352,2	200,0
Machinery		26,2	26,2	24,9	24,9
Art goods		<u>4,4</u>	<u>4,4</u>	<u>4,1</u>	<u>4,1</u>
		<u>1.714,1</u>	<u>400,3</u>	<u>1.381,3</u>	<u>229,1</u>
	U\$	<u>2.253,1</u>	<u>920,8</u>	<u>1.876,2</u>	<u>724,0</u>

The detail of goods received as payment, goods returned and goods not used in the corporate object, according to the time of permanence, is as follows:

		<u>Less than 1 year</u>	<u>Between 1 &amp; 3 years</u>	<u>Between 3 &amp; 5 years</u>	<u>More than 5 years</u>	<u>Total</u>	<u>Allowance</u>
<u>December 31</u>							
Housing	U\$	2.131,1	1.077,4	153,7	411,7	3.773,9	1.161,1
Different from housing		1.378,9	502,9	509,4	4.281,1	6.672,3	5.247,6
Real States		1.452,6	231,2	75,8	493,5	2.253,1	920,8
Returned Goods		779,3	10,0	0,0	28,7	818,1	186,8
Assets not used		<u>16.451,6</u>	<u>6.559,8</u>	<u>0,0</u>	<u>163,4</u>	<u>23.174,8</u>	<u>1.650,2</u>
	U\$	<u>22.193,5</u>	<u>8.381,3</u>	<u>738,9</u>	<u>5.378,3</u>	<u>36.692,1</u>	<u>9.166,4</u>
<u>June 30</u>							
Housing	U\$	1.483,1	231,0	274,7	445,0	2.433,7	1.077,0
Different from housing		591,6	713,5	3.000,9	5.084,5	9.390,6	8.447,3
Real States		1.163,0	187,8	55,1	470,3	1.876,2	724,0
Returned Goods		370,0	17,5	0,0	27,3	414,8	103,5
Assets not used		<u>16.216,7</u>	<u>6.251,1</u>	<u>0,0</u>	<u>155,7</u>	<u>22.623,5</u>	<u>784,5</u>
	U\$	<u>19.824,4</u>	<u>7.400,9</u>	<u>3.330,7</u>	<u>6.182,8</u>	<u>36.738,8</u>	<u>11.136,4</u>

During the second and first semester of 2009, appraisals were made of the goods received as payment intended as housing, generating a revaluation effect of U\$829.4 and U\$687.1, respectively. Those revaluation are registered in memorandum account (note 23)

During the second and first half of 2009, the Bank has undertaken various strategies in the sale of the goods received in payment, such as:



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	<u>December 31</u>		<u>June 30</u>	
	Amount	Value	Amount	Value
Goods Received as Payment	166	U\$ 6.216,6	231	U\$ 4.563,7
Assets not used	<u>2</u>	<u>240,1</u>	<u>3</u>	465,2
Total Sales	<u>168</u>	6.456,7	<u>234</u>	5.028,9
Profit on sale		350,5		629,6
Profit deferred amortization		<u>392,4</u>		<u>620,6</u>
Effect on results (note 28)		U\$ <u>742,9</u>		U\$ <u>1.250,2</u>

During the second and first semester of 2009, losses for sale of goods in lieu of payment, were recorded, for real estate U\$2.350.8 and U\$474.9, respectively. For movable property, the losses got up to U\$152.7 and U\$240.3, respectively.

**Allowance for Foreclosed Assets and Returned Goods**

The movement of the allowance for goods received as payment is as follows:

	<u>December 31</u>	<u>June 30</u>
Beginning balance (market representative exchange rate Col\$2.145,21 June, 2009)	U\$ 11.136,4	
Beginning balance (market representative exchange rate Col\$2.044,23 December, 2009)		11.585,8
Plus:		
Allowance charged to operating expenses	1.969,8	1.410,9
Reclassifications	(41,9)	9,0
Less:		
Write down	0,0	0,0
Refund revenue – recoveries	<u>4.448,0</u>	<u>1.869,3</u>
Ending balance	U\$ <u>9.166,4</u>	<u>11.136,4</u>

As of December 31 and June 30, 2009, the Bank has Goods Received as Payment provisioned at 100% is as follows:

<u>December 31</u>		<u>June 30</u>	
<u>Amount</u>	<u>Allowance</u>	<u>Amount</u>	<u>Allowance</u>
170	U\$ 4.004,3	173	U\$ 6.918,9

In the universality processes, the Bank purchases from the CCV, CCVII, and CCVIII universality some of the assets received in payment which will be placed as the Bank's leasing portfolio.

The Bank acquired real estate properties from the securitizations of portfolio written off CCVI, II, III for U\$53.8 and U\$26.1 as of December 31 and June 30, 2009, respectively and granted housing leasing credits.

As of December 31 and June 30, 2009, there are insurance policies that cover risks of theft, fire, earthquake, riots, civil commotions, explosion, volcanic eruption, low tension, premises, loss or damages to offices and vehicles.



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**10) Property, Equipment and goods given on operating lease**

A detail of properties, Equipment and goods given on lease, is as follows:

	<u>December 31</u>			<u>June 30</u>		
	<u>Cost</u>	<u>Adjustment inflation</u>	<u>Cost Adjusted</u>	<u>Cost</u>	<u>Adjustment inflation</u>	<u>Cost Adjusted</u>
Lands, building & construction						
in progress	U\$ 168.888,0	18.416,0	187.304,0	157.283,9	18.051,3	175.335,2
Equipment, vehicles, office						
furniture and supplies	55.814,5	5.900,1	61.714,5	51.689,7	5.628,4	57.318,1
Computer equipment	116.857,1	13.626,5	130.483,6	105.542,0	12.985,1	118.527,1
Goods given on lease	<u>5.488,9</u>	<u>0,0</u>	<u>5.488,9</u>	<u>5.000,6</u>	<u>0,0</u>	<u>5.000,6</u>
	<u>347.048,5</u>	<u>37.942,6</u>	<u>384.991,1</u>	<u>319.516,2</u>	<u>36.664,9</u>	<u>356.181,1</u>
Less: accumulated depreciation	(183.905,5)	(13.350,5)	(197.256,0)	(169.620,3)	(12.747,5)	(182.367,8)
Less: allowance	<u>(3.837,6)</u>	<u>0,0</u>	<u>(3.837,6)</u>	<u>(1.191,3)</u>	<u>0,0</u>	<u>(1.191,3)</u>
	U\$ <u>159.305,3</u>	<u>24.592,1</u>	<u>183.897,5</u>	<u>148.704,6</u>	<u>23.917,4</u>	<u>172.622,0</u>

As of December 31 and June 30, 2009, there are insurance policies that cover risks of theft, fire, earthquake, riots, civil commotions, explosion, volcanic eruption, low tension, premises, loss or damages to offices and vehicles.

In the second semester of 2009 appraisals were made to the existing real estate to Bank, with an effect for Revaluation of assets of U\$26,622.3 and allowances for U\$2.591.8.

Below you will find the details of the valuations of properties and equipment as at December 31 and June 30, 2009:

	<u>December 31</u>	<u>June 30</u>
Appreciation of buildings used for the social objective	U\$ 171.274,0	143.301,3
Appreciation of buildings not used for the social objective	<u>17.810,6</u>	<u>13.124,8</u>
	U\$ <u>191.406,6</u>	<u>156.426,1</u>

There are no mortgages or retention of title on same and they have not been transferred under a pledge guarantee.

The depreciation charged to expenses in the semesters ending on December 31 and June 30, 2009, was U\$9,247.9 and U\$8,676.9, respectively.

At December 2005 the Bank acquired the building Bancolombia conavi of street 26 for a value U\$9.591,7, which was conducted by two (2) Financial Leasing contracts to 60 months with Leasing Colombia at a rate of DTF TA + 3.2 and leasing credit at a rate of DTF TA + 3.3 with an option to purchase 10%. As established by the legal rules applicable to such contracts, the bank records properties and equipment in the value of the Land for U\$1.370.2.

At December 31 and June 30, 2009, expenditures for payments of fees for leasing the Bank, amounts to U\$995.0 and U\$1,015.9, respectively.



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**Provision of Properties and equipment, Goods given on operating lease**

The movement of the allowance of properties and equipment during the semesters ended on December 31 and June 30, 2009, is as follows:

		<u>December 31</u>	<u>June 30</u>
Beginning balance	U\$	1.250,1	2.051,3
Plus:			
Allowance charged to operating expenses		2.942,3	508,4
Less:			
Reclassifications		(4,4)	(33,7)
Refund to revenue - recoveries		350,4	1.402,1
Goods discharged		<u>0,0</u>	<u>0,0</u>
Ending balance	U\$	<u>3.837,6</u>	<u>1.191,3</u>

**11) Other assets**

a) Permanent contributions

At December 31 and June 30, 2009, permanent contributions (memberships) were held in social clubs for a value of U\$130.8.

b) Expenses paid, Intangible assets in Advance and Deferred Charges

The detail of expenses paid in advance and deferred charges with closing as of December 31 and June 30, 2009 and is as follows:

		<u>December 31</u>	<u>June 30</u>
Expenses paid in advance::			
Interests	U\$	1,0	2,3
Leases		20,7	20,2
Equipment maintenance		258,6	214,3
Insurance		1.690,6	4.041,8
Others		<u>3,0</u>	<u>278,7</u>
	U\$	<u>1.974,0</u>	<u>4.557,4</u>
Deferred charges and intangible Assets			
Mercantile Credit		661.973,2	652.512,9
Remodeling		17.276,8	10.304,4
Computer software		408,4	738,8
Deferred income tax "debit" for temporary differences		7.984,0	2.105,2
Contributions and affiliations		10,3	195,6
Commissions and advisories		2.871,8	3.892,0
Endowments		0,0	2.193,9
Investment cost in excess on book value		10.673,4	12.824,3
Others		<u>117,4</u>	<u>56,0</u>
		<u>701.315,4</u>	<u>684.823,1</u>
Expenses in advance and deferred charges and intangible Assets	U\$	<u>703.289,4</u>	<u>689.380,5</u>



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The movement of the expenses, intangible assets and deferred charges during the six months ended December 31, 2009 is as follows.

		<u>Balance June 30</u>	<u>Charges</u>	<u>Amortizations</u>	<u>Balance December 31</u>
Advance expenses	U\$	4.782,49	15.149,03	17.957,62	1.974,00
Intangible Assets		684.745,50	59.743,03	82.515,32	661.973,26
Deferred charges		<u>33.906,21</u>	<u>72.501,77</u>	<u>67.065,84</u>	<u>39.342,10</u>
	U\$	<u>723.434,3</u>	<u>147.393,8</u>	<u>167.538,8</u>	<u>703.289,4</u>

The movement of the expenses, intangible assets and deferred charges to be amortized as of December 31 and June 30, 2009:

		<u>Less than 1 year</u>	<u>Between 1 &amp; 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
<u>December 31</u>					
Advance expenses					
Interests	U\$	1,0	0,0	0,0	1,0
Leases		20,7	0,0	0,0	20,7
Equipment maintenance		251,5	7,0	0,0	258,6
Insurance		1.673,2	17,4	0,0	1.690,6
Others		<u>3,0</u>	<u>0,0</u>	<u>0,0</u>	<u>3,0</u>
		<u>1.949,5</u>	<u>24,5</u>	<u>0,0</u>	<u>1.974,0</u>
Intangible Assets					
Mercantile Credit		<u>0,0</u>	<u>0,0</u>	<u>661.973,3</u>	<u>661.973,3</u>
Deferred charges					
Remodeling		5.767,1	11.509,7	0,0	17.276,8
Computer Software		381,5	27,0	0,0	408,4
Deferred income tax "debit" for temporary differences		7.977,4	6,7	0,0	7.984,0
Commissions and advisories		0,4	2.871,4	0,0	2.871,8
Endowments		0,0	0,0	0,0	0,0
Investment cost in excess		0,0	0,0	10.673,3	10.673,3
Others		<u>127,7</u>	<u>0,0</u>	<u>0,0</u>	<u>127,7</u>
		<u>14.254,1</u>	<u>14.414,7</u>	<u>10.673,3</u>	<u>39.342,1</u>
	U\$	<u>16.203,6</u>	<u>14.439,2</u>	<u>672.646,6</u>	<u>703.289,4</u>



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<u>June 30</u>	<u>Less than 1 year</u>	<u>Between 1 &amp; 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Advance expenses				
Interests	U\$ 2,3	0,0	0,0	2,3
Leases	43,4	20,2	0,0	0,0
Insurance	4.019,9	21,9	0,0	4.041,8
Equipment Maintenance	459,8	0,0	214,3	0,0
Others	<u>278,7</u>	<u>0,0</u>	<u>0,0</u>	<u>326,6</u>
	U\$ <u>4.535,5</u>	<u>21,9</u>	<u>0,0</u>	<u>4.557,4</u>
Intangible Assets				
Mercantile Credit	U\$ <u>0,0</u>	<u>69.622,4</u>	<u>582.890,6</u>	<u>652.512,9</u>
Deferred charges				
Remodeling	U\$ 4.930,2	5.374,2	0,0	10.304,4
Computer Software	602,2	136,6	0,0	738,8
Deferred income tax "debit" for temporary differences	2.100,3	4,9	0,0	2.105,2
Contributions and affiliations	195,6	0,0	0,0	195,6
Commissions and advisories	483,9	3.408,1	0,0	3.892,0
Endowments	2.193,9	0,0	0,0	2.193,9
Investment cost in excess	<u>0,0</u>	<u>0,0</u>	<u>12.824,3</u>	<u>12.824,3</u>
Others	<u>56,1</u>	<u>0,0</u>	<u>0,0</u>	<u>56,1</u>
	U\$ <u>10.562,3</u>	<u>8.923,8</u>	<u>12.824,3</u>	<u>32.310,2</u>
	U\$ <u>15.097,6</u>	<u>78.568,1</u>	<u>595.714,9</u>	<u>689.380,5</u>

**Intangible Assets**

The mercantile loan acquired by credit establishments, is recorded in the account "Intangible assets". As of December 31 and June 30, 2009, it reaches U\$671,287.7 and U\$669,254.0, respectively.

Following is a detail of the commercial credit:

**Bansuperior S.A. Commercial Credit:**

A mercantile credit totaling U\$152,251.7 was registered with regard to the purchase of Bansuperior completed in September 2005. This mercantile credit is redeemed in seventy-two (72) monthly rates, according to the 200503346-55 communication dated August 8, 2005 issued by the Superintendencia Financiera de Colombia.

The following is the detail of the commercial credit amortization generated in the merger process with Bansuperior S.A.:

Amount generated in September, 2005	U\$ 152.251,65
Amortization accumulated at December 31, 2005	(7.797,26)
Merge effect value in May, 2006	3.044,13
Amortization at December, 2009	<u>(105.323,47)</u>
Amount to be amortized at December 31, 2009	U\$ 42.175,05





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**Granbanco S.A. – Bancafe Commercial Credit:**

The commercial credit resulted from the acquisition of ninety-nine point zero six two five eight six seven and four percent 99.06258674% of the shares of Granbanco S.A. – Bancafe: operation authorized by means of Resolution 0139 of January 31, 2007 from the Superintendencia Financiera de Colombia.

According to the provisions of External Memorandum Letter 034 of 2006, the commercial credit must be valued by an expert, who must be an independent professional without any conflict of interest with the Bank and with accredited experience on the subject. In this case, said expert was the Firm PricewaterhouseCoopers Asesores Gerenciales Ltda. The valorization must be performed each year.

Likewise, according to the provisions of External Memorandum Letter 034 of 2006, the amortization of the commercial credit will be made at twenty (20) years, exponentially according to the following table:

<u>Lines of Business</u>								Value to
Year	% amortiz.	Consumption	Commercial	Pyme	Credit Card	Housing	Affiliates	amortized per year
1	2,47	3.529,4	7.260,2	1.150,2	2.687,1	1.850,5	105,7	16.583,1
2	5,10	3.760,3	7.735,1	1.225,4	2.862,9	1.971,5	112,6	17.667,9
3	7,92	4.024,2	8.278,0	1.311,4	3.063,8	2.109,9	120,4	18.907,8
4	10,94	4.321,0	8.888,6	1.408,2	3.289,8	2.265,5	129,3	20.302,6
5	14,17	4.617,9	9.499,3	1.505,0	3.515,9	2.421,2	138,2	21.697,5
6	17,61	4.914,8	10.110,0	1.601,7	3.741,9	2.576,8	147,1	23.092,2
7	21,28	5.244,6	10.788,5	1.709,2	3.993,0	2.749,8	157,0	24.642,1
8	25,21	5.607,4	11.534,9	1.827,4	4.269,3	2.940,0	167,8	26.346,8
9	29,41	6.003,3	2.349,1	1.956,4	4.570,7	3.147,5	179,7	28.206,7
10	33,91	6.432,1	13.231,2	2.096,2	4.897,1	3.372,4	192,5	30.221,6
11	38,71	6.860,9	14.113,2	2.236,0	5.223,6	3.597,2	205,4	32.236,2
12	43,86	7.355,7	15.131,0	2.397,2	5.600,3	3.856,6	220,2	34.561,0
13	49,35	7.850,4	16.148,8	2.558,4	5.977,0	4.116,0	235,0	36.885,7
14	55,22	8.378,2	17.234,5	2.730,4	6.378,8	4.392,7	250,8	39.365,4
15	61,50	8.971,9	18.455,8	2.923,9	6.830,9	4.704,0	268,6	42.155,1
16	68,21	9.598,7	19.745,0	3.128,2	7.308,0	5.032,6	287,3	45.099,8
17	75,39	10.258,4	21.102,0	3.343,2	7.810,3	5.378,5	307,1	48.199,4
18	83,06	10.951,1	22.526,9	3.568,9	8.337,7	5.741,7	327,8	51.454,0
19	91,25	11.709,7	24.087,5	3.816,2	8.915,3	6.139,4	350,5	55.018,6
20	100,00	<u>12.501,4</u>	<u>25.715,9</u>	<u>4.074,2</u>	<u>9.518,0</u>	<u>6.554,4</u>	<u>374,1</u>	<u>58.737,9</u>
	U\$	<u>142.891,5</u>	<u>293.935,6</u>	<u>46.567,7</u>	<u>108.791,6</u>	<u>74.918,2</u>	<u>4.276,9</u>	<u>671.381,4</u>



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The following are the major characteristics considered in the evaluation of the commercial credit:

- The definition and determination of lines of business was a process carried out jointly with the directors of Davivienda and Granbanco S.A., whereby the two entities identified the independent cash flow sources of groups of assets.
- According to the foregoing, the merger of the lines of business of Davivienda and Granbanco S.A. was made, taking into account the synergies that could be found. In this manner, the value of the commercial credit was assigned in the following six (6) lines of business with valuation at market prices and based on the figures as of the closing of December 31, 2006 for Davivienda and January 31, 2007 for Granbanco S.A.: consumption, commercial, SME, credit card, housing and affiliates (Panamá, Miami and Fiducafé).
- The general criteria to define the above lines of business were: characteristics proper of the lines of business (average placement rates, average balance by customer/product, customers profile, growth of portfolio and allocation of expenses); feasibility of independent valuation and international accounting rules.
- Upon definition of the lines of business and identification of their corresponding assets, based on the global the balance sheet and statement of income and the different information system of each of the entities, the statements of income and balance sheets were determined for each line of business, for a projected period of 10 years.

Following is a description of each one of the lines of business:

**Consumption Line:** It corresponds to all credit granting businesses to individuals not included in the Credit Card line, to finance the acquisition of consumption goods or the payment of services for non commercial or business purposes.

**Commercial Line:** Banking business of granting credits, which is made with business legal persons, from the official and cooperative sectors, excepting the businesses with small and medium size enterprises –SMEs (contained in the SME line) which object is to finance commercial or entrepreneurial activities.

**SME Line:** Credit granting line to small and medium size companies not included in the commercial line, to finance economic activities of that customer segment.

**Credit card line:** It corresponds to the banking business of granting consumption credits for acquisition of goods and services, specifically through the use of the payment means called credit card.

**Housing Line:** Line of credit granted to individuals directed to financing the purchase of new or used home or the construction of a home unit and that the same is given in guarantee.

**Subsidiaries Line:** It includes the total businesses carried out by the Panamá, Miami and Fiducafé Subsidiaries.



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**Valuation methodology**

The valuation of lines of business was made using the methodology of flow of dividends, discounted at the stockholder's cost, which according to experts is the most appropriate to value financial institutions and is wide used by first level banks. Said methodology consists in forecasting the flow of dividends available during 10 years plus a terminal value and discounting them at a proper rate.

The methodology of flows of dividends discounted, permits to divide the total flow to be valued in several flows, and value each independently. The sums of these valuations is equal in terms of value, to the valuation of the total flow, assuming the same discount rate.

Following is a detail of the book value and commercial credit calculated for each line of business on the date of acquisition of Granbanco (February 16, 2007):

<u>Business line</u>		<u>Book Value</u>	<u>Commercial Credit Calculated</u>
Consumption	U\$	33.641,0	187.377,2
Commercial		207.058,4	385.445,4
SMEs		49.418,1	61.065,5
Credit card		10.742,4	142.661,5
Housing		21.461,9	98.241,9
Subsidiaries		<u>90.029,5</u>	<u>5.608,5</u>
Total	U\$	<u>412.351,3</u>	<u>880.400,0</u>

A summary of the assignment of commercial credit determined by each line of business, of the accumulated amortization and the balance as of December 31, 2009, is the following:

<u>Business line</u>	<u>Participation</u>	<u>Commercial credit recorded</u>	<u>Accumulated Amortization</u>	<u>Balance</u>
Consumption	21.3%	U\$ 142.891,5	10.978,6	131.912,9
Commercial	43.8%	293.935,6	22.583,6	271.352,0
SMEs	6.9%	46.567,7	3.577,9	42.989,8
Credit Card	16.2%	108.791,6	8.358,6	100.432,9
Housing	11.2%	74.918,2	5.756,1	69.162,1
Subsidiaries	<u>0.6%</u>	<u>4.276,9</u>	<u>328,5</u>	<u>3.948,4</u>
Total	<u>100.0%</u>	U\$ <u>671.381,4</u>	<u>51.583,3</u>	<u>619.798,1</u>

The result of the update revaluation at June 30, 2009 made by the firm PricewaterhouseCoopers Managers Advisors Ltda. July 15, 2009, in base of the audited financial statements of Bank at December 31, 2008, the business lines did not generated lost for impairment.



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c) Other Assets - Other

The detail of other assets – other is as follows:

		<u>December 31</u>	<u>June 30</u>
Letters of credit of deferred payment	U\$	1.425,6	1.530,9
Loans to employees (1)		73.850,9	61.114,8
Deposits in future contracts - (Opcf)		15.927,4	5.043,4
Other Deposits		890,9	752,1
Art and culture assets		909,4	854,4
Rights in trust (2)		9.052,7	8.454,6
Income tax advance		1.150,3	9.582,1
Surplus tax		247,2	10.307,3
Consortiums or Joint Ventures		2.071,6	1.709,9
Surplus income		35.315,1	5.751,8
Miscellaneous:			
Industry and commerce tax advances		78,5	432,2
Others		<u>62,4</u>	<u>2.084,4</u>
	U\$	<u>140.981,8</u>	<u>107.617,8</u>

(1) Loans to employees and ex-employees

The Bank evaluated one hundred percent (100%) of credits to employees. The results of the rating as of December 31 and June 30, 2009 are as follows:

<u>December 31</u>		<u>Housing</u>	<u>Consumption</u>	<u>Total</u>	<u>Admissible Guarantee</u>	<u>Allowance</u>
A -Normal	U\$	49.386,6	22.887,2	72.273,9	57.661,1	1.349,0
B –Acceptable		239,1	624,7	863,8	422,5	79,4
C –Deficient		39,4	209,5	248,9	104,0	42,9
D -Difficult collection		33,4	191,8	225,2	82,1	152,8
E –Irrecoverable		<u>0,0</u>	<u>239,1</u>	<u>239,1</u>	<u>133,0</u>	<u>166,4</u>
	U\$	<u>49.698,5</u>	<u>24.152,4</u>	<u>73.850,9</u>	<u>58.402,7</u>	<u>1.790,5</u>
<u>June 30</u>		<u>Housing</u>	<u>Consumption</u>	<u>Total</u>	<u>Admissible Guarantee</u>	<u>Allowance</u>
A –Normal	U\$	41.330,6	17.490,7	58.821,4	138.815,9	1.046,8
B –Acceptable		237,9	1.028,1	1.266,0	2.786,3	139,6
C –Deficient		59,6	452,5	512,1	564,6	99,6
D -Difficult collection		0,0	162,1	162,1	415,2	120,8
E –Irrecoverable		<u>0,0</u>	<u>353,2</u>	<u>353,2</u>	<u>658,7</u>	<u>287,2</u>
	U\$	<u>41.628,1</u>	<u>19.486,6</u>	<u>61.114,8</u>	<u>143.240,6</u>	<u>1.694,0</u>

Loans granted to employees for housing and vehicle purchases are secured with admissible guarantee.



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(2) Rights in trust

At December 31 and June 30, 2009, under the heading rights in trust, in which are recorded the following goods received as payment:

	U\$	December 31		June 30	
		Balance	Allowance	Balance	Allowance
Ingenio el Papayal	U\$	0,0	0,0	582,3	582,3
Lloreda S.A.		0,0	0,0	38,6	38,6
Copescol S.A.		480,8	480,8	458,1	458,1
Agropecuaria Molina Vivas		18,1	18,1	17,2	17,2
Textiles Omnes S.A.		227,8	227,8	217,0	217,0
Fiduciaria Superior		1.161,2	0,0	0,0	0,0
H&L Barú		7.143,1	7.143,1	7.141,2	7.141,2
Fideicomiso Fondo Titul Inmobil		21,7	0,0	0,0	0,0
	U\$	<u>9.052,7</u>	<u>7.869,8</u>	<u>8.454,6</u>	<u>8.454,6</u>

d) Allowance for other assets

The movement of the allowance for other assets, is as follows:

	December 31	June 30
Beginning balance (market representative exchange rate Col\$2.145,21 June, 2009)	U\$ 10.689,8	
Beginning balance (market representative exchange rate Col\$2.044,23 December, 2009)	11.217,8	10.678,5
Plus:		
Reclassifications	29,5	
Allowance charged to operating expenses	813,2	838,1
Less:		
Reclassifications	(712,8)	435,6
Write downs	54,2	44,5
Refunding to income – Recoveries	<u>1.068,8</u>	<u>346,7</u>
Ending balance	U\$ <u>10.224,6</u>	<u>10.689,8</u>

e) Excess of Investment Cost on book value

The excess of investment of Confinanciera cost on book value as of December 31 and June 30, 2009, is U\$10,673.4 and U\$12,824.3 respectively.

The amortization of excess of investment of Confinanciera cost on book value as of December 31 and June 30, 2009, is U\$2,784.3.



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**12) Deposits and callabilities**

The following is the detail of deposits and callabilities:

	Maximum annual interest rate		<u>December 31</u>	<u>June 30</u>
Deposits in current account	0.0%	U\$	1.342.069,6	1.048.654,6
Certificates in pesos				
Lower than 6 months	5.30% - 11.7%		1.133.669,5	1.164.053,8
Equal to 6 and lower than 12 months	5.50% - 12.5%		849.710,8	914.844,0
Equal to 12 and lower than 18 months	5.65% - 12.5%		425.564,4	347.707,0
Equal or higher than 18 months	6.80% - 14.0%		<u>920.957,2</u>	<u>812.171,0</u>
			<u>3.329.901,9</u>	<u>3.238.775,8</u>
Savings deposits				
Common savings deposits	0.0% - 5.0%		4.138.281,0	3.391.870,2
Special savings accounts			<u>20.518,2</u>	<u>16.593,7</u>
			<u>4.158.799,2</u>	<u>3.408.463,8</u>
Other deposits and callabilities				
Banks and intermediaries			34.745,1	1.634,5
Special deposits			1,4	1,4
Callabilities per banking services			106.909,1	59.689,4
Affiliated establishments			<u>207,9</u>	<u>1.413,6</u>
			<u>141.863,5</u>	<u>62.738,9</u>
		U\$	<u>8.972.634,3</u>	<u>7.758.633,2</u>

The following is a detail of the interest expense during the biannual periods ended on December 31 and June 30, 2009:

<u>Modality</u>		<u>December 31</u>	<u>June 30</u>
Deposits and callabilities interests:			
Common deposits	U\$	56.902,8	58.414,5
Term savings certificates		531,3	1.033,6
Certificates in pesos		101.562,0	135.849,4
Deposits in current account		<u>238,1</u>	<u>366,3</u>
		<u>159.234,3</u>	<u>195.663,8</u>
Other interests:			
Bank credits and other financial obligations		14.955,8	20.780,9
Inter-bank funds		239,9	804,0
Bonds		35.136,7	31.053,3
Commitments and simultaneous transfer repos		775,4	2.656,8
Leasing (nota 10)		995,0	1.015,9
Others		<u>1,2</u>	<u>322,9</u>
		<u>52.103,9</u>	<u>56.633,7</u>
	U\$	<u>211.338,2</u>	<u>252.297,5</u>





**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

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Entity	Amount in dollars	Rate	Date of		Market Value	TRM (Pesos)
			Initiation	Cancellation		
<u>June 30</u>						
<u>Foreign currency</u>						
Overnight Foreign Banks:						
Bancolombia	USD 10,000	0.40%	Jun.25.09	Jul.02.09	U\$ 10,000	\$ 2,145.21
Banco de Bogotá	<u>10,000</u>	0.35%	Jun.25.09	Jul.02.09	<u>10,000</u>	2,145.21
	USD <u>20,000</u>				U\$ <u>20,000</u>	
<u>Legal currency</u>						
Interbanking:						
Banks						
Helm Financial Service		4.340%	Jun.23.09	Jul.01.09	U\$ 13,984.6	
Occidente		4.350%	Jun.30.09	Jul.02.09	9,323.1	
Caja Social Colmena		4.340%	Jun.23.09	Jul.02.09	9,323.1	
Caja Social Colmena		4.340%	Jun.24.09	Jul.01.09	13,000.0	
Financial corporations						
JP. Morgan		4.340%	Jun.30.09	Jul.02.09	<u>18,646.2</u>	
					U\$ <u>68,261.7</u>	
Repo Liabilities:						
Banks:						
Banco de la República		4.402%	Jun.30.09	Jul.01.09	U\$ 58,269.4	
Others Financial Entities						
Superfondo - Santander		4.300%	Jun.30.09	Jul.01.09	699.2	
Trust Companies						
Santander		4.300%	Jun.30.09	Jul.01.09	9,323.1	
Public Sector Entities						
Federación de Cafeteros		3.920%	Jun.26.09	Jul.02.09	1,938.4	
Federación de Cafeteros		3.000%	Jun.30.09	Jul.01.09	3,380.6	
EPM Telecomunicaciones		1.750%	Jun.30.09	Jul.01.09	3,263.1	
Funds Management Companies						
Cesantías ING		4.300%	Jun.30.09	Jul.01.09	1,398.5	
Others						
Real sector		2.000%	Jun.30.09	Jul.01.09	5,593.9	
Real sector		2.600%	Jun.30.09	Jul.02.09	13,616.4	
Real sector		2.300%	Jun.30.09	Jul.02.09	239.1	
Real sector		2.500%	Jun.26.09	Jul.01.09	208.3	
Real sector		2.500%	Jun.30.09	Jul.01.09	322.6	
Real sector		2.500%	Jun.30.09	Jul.02.09	<u>72.3</u>	
					U\$ <u>98,324.9</u>	
Total Passive Positions in Monetary Market Operations and those Related						U\$ <u>183,586.6</u>

For the second and first semester of 2009, the balance and the monthly average yields for these liability positions were U\$17.702.0 and U\$125.8, respectively, and for the first semester were U\$75.988.2 and U\$740.5, respectively.

There are no restrictions on these funds.





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**14) Banks Acceptances Outstanding**

As of December 31 and June 30, 2009, the Bank records bank and Subsidiaries acceptances for U\$1.065.9 and U\$1.161.2, respectively.

The terms for these operations range from 27 to 180 days.

**15) Banking Credits and Other Financial Obligations**

The following is the detail in local currency and foreign currency translated to legal currency:

<u>Entity</u>		Interests <u>payable</u>	<u>December 31</u>			Total <u>Capital</u>
			<u>Short term</u> <u>(1-3 years)</u>	<u>Medium Term</u> <u>(1-3 years)</u>	<u>Long Term</u> <u>(+3 years)</u>	
<b>Other entities in the country:</b>						
<b>Legal currency</b>						
Bancoldex	U\$	224,5	3.929,4	7.012,0	21.255,8	32.197,2
Finagro		824,1	10.356,8	2.871,4	45.945,3	59.173,5
Findeter		<u>1.575,6</u>	<u>13.643,5</u>	<u>76.591,8</u>	<u>236.300,8</u>	<u>326.536,1</u>
		<u>2.624,2</u>	<u>27.929,7</u>	<u>86.475,2</u>	<u>303.501,8</u>	<u>417.906,7</u>
<b>Foreign currency</b>						
Bancoldex		<u>34,5</u>	<u>18.696,8</u>	<u>1.303,4</u>	<u>2.716,0</u>	<u>22.716,2</u>
<b>Other banks and financial entities:</b>						
Overdrafts in current account		<u>0,0</u>	<u>1.402,0</u>	<u>0,0</u>	<u>0,0</u>	<u>1.402,0</u>
		<u>2.658,7</u>	<u>48.028,5</u>	<u>87.778,6</u>	<u>306.217,8</u>	<u>442.024,9</u>
<b>Foreign entities::</b>						
Banco Mercantil		28,7	15.000,0	0,0	0,0	15.000,0
Citibank New York		185,4	59.491,0	0,0	0,0	59.491,0
Bladex Panamá		15,3	0,0	0,0	0,0	0,0
Standard Chartered Bank		146,0	60.623,6	0,0	0,0	60.623,6
Bank of New York		32,3	6.161,7	0,0	0,0	6.161,7
The Bank of Nova Escocia		8,9	5.000,0	0,0	0,0	5.000,0
JP Morgan		38,4	0,0	0,0	0,0	0,0
Corporación Andina de Fomento		414,6	41.434,3	0,0	6.999,9	48.434,3
First Union Bank		79,2	0,0	0,0	0,0	0,0
Toronto Dominion Bank		4,9	0,0	0,0	0,0	0,0
Wachovia Bank N.A.		<u>147,6</u>	<u>48.000,0</u>	<u>0,0</u>	<u>0,0</u>	<u>48.000,0</u>
		<u>1.101,3</u>	<u>235.710,6</u>	<u>0,0</u>	<u>6.999,9</u>	<u>242.710,6</u>
	U\$	<u>3.760,0</u>	<u>283.739,1</u>	<u>87.778,6</u>	<u>313.217,7</u>	<u>684.735,5</u>



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June 30

<u>Entity</u>	<u>Interests payable</u>	<u>Short term (-1 years)</u>	<u>Medium Term (1-3 years)</u>	<u>Long Term (+3 years)</u>	<u>Total Capital</u>
<b>Other entities in the country</b>					
<b>Legal currency</b>					
Bancoldex	US\$ 249,8	3.328,8	3.740,3	18.372,5	25.441,6
Finagro	1.514,3	2.929,0	22.415,3	31.336,1	56.680,5
Findeter	<u>2.706,1</u>	<u>311,7</u>	<u>3.258,0</u>	<u>240.310,6</u>	<u>243.880,2</u>
	<u>4.470,2</u>	<u>6.569,6</u>	<u>29.413,6</u>	<u>290.019,1</u>	<u>326.002,3</u>
<b>Foreign Currency</b>					
Bancoldex	<u>23,9</u>	<u>6.338,4</u>	<u>3.576,6</u>	<u>4.132,1</u>	<u>14.047,1</u>
<b>Other banks and financial entities:</b>					
Overdrafts in current account	<u>0,0</u>	<u>113,5</u>	<u>0,0</u>	<u>0,0</u>	<u>113,5</u>
	US\$ <u>4.494,1</u>	<u>13.021,4</u>	<u>32.990,2</u>	<u>294.151,2</u>	<u>340.162,8</u>
<b>Foreign entities</b>					
Bank of New York	US\$ 100,0	17.830,2	0,0	0,0	17.830,2
Bladex Panamá	15,2	0,0	0,0	0,0	0,0
Banco Mercantil	36,5	10.000,0	0,0	0,0	10.000,0
Citibank New York	347,2	17.820,3	0,0	0,0	17.820,3
Banco Español de Credito	22,3	5.500,0	0,0	0,0	5.500,0
Bac Florida Bank	45,9	8.000,0	0,0	0,0	8.000,0
Bank of Montreal	19,3	5.000,0	0,0	0,0	5.000,0
Corporación Andina de Fomento	861,9	36.000,0	8.737,7	0,0	44.737,7
Dresdner Bank	407,3	10.000,0	0,0	0,0	10.000,0
First Union Bank	79,2	0,0	0,0	0,0	0,0
Standard Chartered Bank	347,8	47.185,8	318,0	0,0	47.503,8
The Bank of Nova Escocia	59,4	10.000,0	0,0	0,0	10.000,0
Toronto Dominion Bank	43,6	10.000,0	0,0	0,0	10.000,0
JP Morgan (1)	0,0	85.301,7	0,0	0,0	85.301,7
JP Morgan	38,4	0,0	0,0	0,0	0,0
Wachovia Bank N.A.	<u>480,6</u>	<u>52.000,0</u>	<u>0,0</u>	<u>0,0</u>	<u>52.000,0</u>
	US\$ <u>2.904,8</u>	<u>314.638,0</u>	<u>9.055,8</u>	<u>0,0</u>	<u>323.693,7</u>
	US\$ <u>7.398,8</u>	<u>327.659,4</u>	<u>42.045,9</u>	<u>294.151,2</u>	<u>663.856,5</u>

**(1) Syndicated Credit**

On occasion of the purchase of Granbanco S.A., the Bank entered into the following credit agreement in which Credit Suisse, Wachovia and JP Morgan Banks act as leaders:

<u>Administrative Agent</u>	<u>Rate first year</u>	<u>Term (years)</u>	<u>Starting period</u>	<u>Ending period</u>	<u>Value USD</u>
JP Morgan Chase Bank	Libor6+0,875%	3	Feb.2.07	Feb.2.10	250.000



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The interest is paid semiannually in arrears taking Libor six months.

The rate for the second and third year will be of Libor6+ 1% and Libor6+ 1.125%, respectively.

In order to cover the risk inherent to this U.S. dollar liability, the Bank established an investment of seven (7) Cross Currency Swap in pesos for U\$272.686.0 which permits it to change the exposure of the Libor and U.S. dollar rate (notes 7 and 32).

Pursuant to provisions established by the Superintendencia Financiera de Colombia by means of communication dated November 6, 2007 (note 7), the valuation of this obligation was modified from TIR to market value, employing the future implied rates obtained from the zero coupon rates of the libor-dollar swap curve for the respective terms. To calculate the present value of such cash flows the Bank used as a discount rate the same zero coupon interest rates used for the valuation of the point in dollars of the respective swap.

That portion of this credit that is not covered by the flow coverage that is proposed with the swaps, which corresponds to the agreed margin on the variable rate must not be valued at fair exchange value, but instead must follow the lineal causation methodology.

To continue we present the face value of the syndicated credit at June 30, 2009:

		<u>June 30</u>
Capital Stock	U\$	83,333.3
Revaluation (note 7)		1,215.7
Margin Uncovered causation (note 7)		<u>752.6</u>
	U\$	<u>85,301.6</u>

The syndicated loan was canceled on December 21, 2009 with the last payment made for the value of USD 83,333.34.



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**16) Accounts Payable**

The following is the detail of interests payable and accounts payable – other:

Interests:	<u>December 31</u>	<u>June 30</u>
Deposits and callabilities	U\$ 64.621,9	69.472,9
Interbank funds purchased	23,0	29,8
Banking credits and other financial obligations (note 15)	3.760,0	7.464,3
Investment securities outstanding	<u>20.316,5</u>	<u>18.587,6</u>
	<u>78.343,4</u>	<u>85.631,6</u>
Commissions and fees	<u>187,3</u>	<u>307,0</u>
Dividends and surplus	<u>596,4</u>	<u>565,5</u>
Others:		
Taxes	3.994,6	5.097,7
Sales tax payable	2.162,5	1.946,8
Tax on financial transactions	4.214,7	4.507,3
Promising purchasers	4.711,3	3.580,0
Suppliers	56.733,1	24.735,4
Contributions and affiliations	0,0	9,3
Labor withholdings and obligations	22.923,4	20.041,8
Insurance premiums	1.279,0	2.465,5
Drafts	14.610,7	10.497,5
Financial Institutions' Funds of Guaranties	0,0	219,9
Sundry creditors	10.359,2	5.883,1
Integral health policy	0,0	552,7
Treasury payment orders	2.080,0	2.698,5
Certificates (note 8)	0,0	28,6
Balance for	3.984,1	3.386,6
Checks drawn uncollected	5.040,7	5.487,8
Accounts payable Nation Law 546 of 1999	18.714,4	20.246,7
Income societies collection	37.211,6	54.321,1
Real state and vehicles tax collection	2.399,1	9.726,6
Portfolio universal collections	1.583,4	3.011,0
Other collections	2.724,6	1.961,9
Business Letters	5.578,0	1.584,2
Peace Bonds	9.958,3	9.819,9
Corporate recovery	339,3	355,8
Honorary legal costs	30,9	69,2
Balance in favor of forward operations	334,8	3.203,8
Prepaid cards	2.211,9	2.119,5
Collection costs Beta	678,2	1.547,1
Miscellaneous (1)	<u>9.480,7</u>	<u>10.395,6</u>
	U\$ <u>223.338,3</u>	<u>209.500,8</u>

(1) Comprised of resources received by Sebra U\$4,273, credit balances of U\$1,580 settled by AS400, diners and credibanco visa interbank clearing U\$2,887, U\$733 diners Incentives project.



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**17) Long term – debt**

As of December 31 and June 30, 2009, the Bank records investment securities outstanding for U\$1.067.727.8 and U\$819.302.1 respectively, corresponding to issuances of common and mortgage bonds and Subsidiaries.

The following provides details of the bonds for each of the issues current on December 31, 2009:

<u>Issuance Kind</u>	<u>Date</u>	<u>Offer Amount</u>	<u>Serie</u>	<u>Term (Months)</u>	<u>Yield</u>	<u>Cancellation</u>	<u>Market Value</u>	<u>Guaranty</u>
First Issuance Mortgage Bonds	03-Dec-04	U\$ 9.352,2	G	84	UVR – 0,3	03-Dec-11	U\$ 1.737,2	Mortgages credit Rat. A and option prepayment for issuer c/3 months
First Issuance of VIS Structured Mortgage Bonds Sector 1	23-Jun-06	29.435,8	G	84	UVR + 0,75	23-Jun-13	10.715,2	Mortgages credit Rat. A and option prepayment for issuer c/3 months
First Issuance Subsidiaryd IFC Bonds – In U.S. dollars	07-Feb-07	180.332,5	G	84	Libor6 + 2,75	07-Feb-14	165.000,0	Mortgages credit rat. A and option prepayment for issuer c/3 months
					Revaluation Adjustment (note 8)		814,9	
					Accrual margin not covered (note 8)		<u>2.130,1</u>	
							U\$ <u>167.945,0</u>	
First Issuance of Bonds IPC Serie C7	19-Feb-08	72.289,8	C	84	IPC + 6,65	19-Feb-15	72.289,8	Do not have
First Issuance Bonds R.V.U Serie D7	19-Feb-08	74.184,9	D	84	UVR + 6,65	19-Feb-15	81.267,5	Do not have
Second Issuance Bonds IPC	05-Aug-08	83.439,7	G	60	IPC + 6,24	05-Aug-13	83.439,7	Mortgages credit. Rating A
Primera Bonos DTF Tramo 1	05-Aug-08	29.581,6	E	18	DTF + 2,29	05-Feb-10	U\$ 29.581,6	Do not have
	05-Aug-08	24.728,1	E	24	DTF + 2,39	05-Aug-10	24.728,1	
	05-Aug-08	72.056,5	E	36	DTF + 2,59	05-Aug-11	72.056,5	
							U\$ <u>126.366,2</u>	
First Issuance Bonds DTF Sector 1	05-Aug-08	34.785,0	F	18	TF 11,75%	05-Feb-10	34.785,0	Do not have
Second Issuance Bonds DTF Sector 1	05-Feb-09	32.919,9	E1	18	DTF + 1,1	05-Aug-10	U\$ 32.919,9	Do not have
	05-Feb-09	38.973,7	E2	24	DTF + 1,2	05-Feb-11	38.973,7	
	05-Feb-09	72.056,5	E3	36	DTF + 1,35	05-Feb-12	<u>43.928,5</u>	
							U\$ <u>115.822,1</u>	
Second Issuance Bonds Fixed Rate Sector 1	05-Feb-09	59.582,3	F5	60	TF 10,40%	05-Feb-14	59.582,3	Do not have
First Issuance common Bonds IPC	05-Feb-09	60.381,2	G	84	IPC + 5,50	05-Feb-16	60.381,2	Do not have
First Issuance common Bonds IBR	05-Feb-09	33.264,4	G	18	IBR + 1,48	05-Aug-10	33.264,4	Do not have
Second Issuance Bonds DTF Sector 2	16-Jul-09	35.221,1	E2	24	DTF + 1,38	16-Jul-11	35.221,1	Do not have
Second Issuance Bonds Fixed Rate Sector 2	16-Jul-09	35.710,3	E3	36	TF 7,89%	16-Jul-12	35.710,3	Do not have
First Issuance Common Bonds IPC Sector 2	16-Jul-09	105.174,1	G5	60	IPC + 4,79	16-Jul-14	105.174,1	Do not have
First Common Bonds IBR Sector 2	16-Jul-09	44.026,4	I1	18	IBR + 1,44	16-Jan-11	<u>44.026,4</u>	Do not have
							Total current bonds on December 31, 2009	
							U\$ <u>1.067.727,8</u>	



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(\*) Pursuant to provisions established by the Superintendencia Financiera de Colombia by means of communication dated November 6, 2007 (note 7), the valuation of this obligation was modified from TIR to market value, employing the future implied rates obtained from the zero coupon rates of the libor- swap dollar curve for the respective terms. To calculate the present value of such cash flows the Bank used as a discount rate the same zero coupon interest rates used for the valuation of the point in dollars of the respective swap.

That portion of those bonds that is not covered by the flow coverage that is proposed with the swaps, which corresponds to the agreed margin on the variable rate must not be valued at fair exchange value, but instead must follow the lineal accrual methodology.

The interest payments are half-year period in arrears taking six months Libor.

To cover the risk inherent in these liabilities in dollars, the Bank provided an investment of two (2) Cross Currency Swap in pesos per U\$ 180.300.4 that lets to change the exposure of the libor rate and the dollar. (note 7)

The bonds are distributed in accordance with the interest rate as follows:

<u>Rate</u>		<u>December 31</u>	<u>June 30</u>
DTF + 1.10	U\$	32.919,9	31.370,3
DTF + 1.20		38.973,7	37.139,1
DTF + 1.35		43.928,5	41.860,7
DTF + 1.38		35.221,1	0,0
DTF + 2.29		29.581,6	28.189,1
DTF + 2.39		24.728,1	23.564,1
DTF + 2.59		72.056,5	68.664,6
IPC + 4.19		105.174,1	0,0
IPC + 6.65		72.289,8	68.887,0
IPC + 6.24		83.439,7	79.512,0
IPC + 5.50		60.381,2	57.538,9
UVR - 0.30		1.737,7	2.344,5
UVR + 0.75		10.715,2	12.622,8
UVR + 6.65		81.267,5	77.699,1
Flat Rate 7.89%		35.710,3	0,0
Flat Rate 11.75%		34.785,0	33.147,6
Flat Rate 10.40%		59.582,3	56.777,7
IBR + 1.48 %		33.264,4	31.698,5
IBR + 1.44 %		44.026,4	0,0
Libor 6 + 2.75		<u>167.945,0</u>	<u>168.286,4</u>
	U\$	<u>1.067.727,8</u>	<u>819.302,3</u>



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Bonds for monetary unit:

	<u>Legal currency</u>	<u>Foreign currency</u>	<u>UVR</u>	<u>Total</u>
December 31	U\$ 806.062,4	167.945	93.720,4	1.067.727,8
June 30	558.349,5	168.286,4	92.666,4	819.302,3

Bonds for period of maturation

		<u>December 31</u>	<u>June 30</u>
From 0 to 1 years	U\$	161.882,9	151.117,0
From 1 to 5 years		523.961,2	295.773,8
From 5 to 10 years		<u>381.883,8</u>	<u>372.411,4</u>
	U\$	<u>1.067.727,8</u>	<u>819.302,3</u>

**18) Others Liabilities**

a) Labor obligations

The detail of the consolidated labor obligations is as follows:

		<u>December 31</u>	<u>June 30</u>
Consolidated severance payments	U\$	5.044,0	2.399,3
Severance payment interests		594,2	141,6
Consolidated vacations		6.081,7	5.597,6
Other social benefits		<u>2.941,0</u>	<u>2.898,9</u>
	U\$	<u>14.660,7</u>	<u>11.037,4</u>

The Bank applies a labor regime established by Law 50 of 1990 for the Subsidiaries in Colombia.

Bancafe International Corporation S.A., counts with a contribution of 401 (k) which consists of a retirement savings fund that covers all employees 18 years or older, which have been employed for at least one year. The employees covered may contribute between 1% and 15% of their annual salary, up to a maximum of U\$ 14,0. The Bank may, at its discretion, to contribute up to 3% of employees' annual salary. The total contribution charged to the subsidiary Bancafe International Corporation S.A., for the retirement plan is U\$16.7 and U\$18.2 for the periods ending December 31 and June 30, 2009, respectively.

b) Anticipated income movement

The movement of income in advance during the half-year periods ended on December 31 and June 30, 2009, is the following:



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		Balance at <u>June 30</u>	<u>Credits</u>	<u>Charges</u>	Balance at <u>December 31</u>
Interests	U\$	52,6	816,4	795,8	73,1
Credit & debit cards handling		0,0	3.002,6	3.002,6	0,0
Others		<u>317,5</u>	<u>505,7</u>	<u>521,3</u>	<u>301,9</u>
	U\$	<u>370,1</u>	<u>4.324,7</u>	<u>4.319,8</u>	<u>375,1</u>

c) Other liabilities movement – others

The movement of other liabilities – other during the half-year period ended on December 31, 2009, is as follows:

		Balance at <u>June 30</u>	<u>Credits</u>	<u>Charges</u>	Balance at <u>December 31</u>
Deferred credits	U\$	12.088,4	22.891,5	9.414,9	25.564,9
Letter of credit deferred payment		1.606,5	8.843,5	9.024,5	1.425,5
Deferred income tax		11.025,7	37.409,3	14.013,9	34.421,1
Accounts receivable credits to be applied		15.104,3	7.469.297,5	7.460.672,8	23.729,0
Surpluses in exchange		23,1	32.358,7	17.544,8	14.836,9
Surpluses in cash		1.491,1	26.246,8	26.309,8	1.428,2
Accounts cancelled		3.703,5	9.263,4	403,8	12.563,2
Others		<u>1.740,9</u>	<u>3.079,3</u>	<u>3.010,9</u>	<u>1.809,2</u>
	U\$	<u>44.581,5</u>	<u>7.609.390,5</u>	<u>7.540.395,7</u>	<u>115.778,5</u>

The detail of the deferred credits as at December 31 and June 30, 2009, is the following:

		<u>December 31</u>	<u>June 30</u>
Credit Portfolio expressed in UVR	U\$	0,0	888,6
Amortized of deferred restructured credits		9.210,9	7.529,5
Default investment cost over book value		1.843,6	0,0
Profit on foreclosed assets sale		1.857,8	2.022,3
Profit on assets sale		10.785,2	0,0
Others		<u>1.867,4</u>	<u>1.079,1</u>
	U\$	<u>10.400,3</u>	<u>11.519,4</u>

In September 2006, Bancafé Panamá S.A. carried out a sale by installments worth U\$ 4,304.8 and to date is waiting to recover U\$ 1,239.9

Below you will find the deferred credits to be redeemed in installments, which limit date is December 31 and June 30, 2009:



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		<u>December 31</u>	<u>June 30</u>
From 0 to 1 years	U\$	11.472,5	240,8
From 1 to 5 years		2.599,1	710,8
From 5 to 10 years		17,6	2.022,3
More than 10 years		<u>11.475,8</u>	<u>8.545,5</u>
	U\$	<u>25.565,0</u>	<u>11.519,3</u>

**19) Estimated Liabilities and Allowances**

The following is the detail of estimated liabilities and allowances:

		<u>December 31</u>	<u>June 30</u>
Labor liabilities	U\$	1.502,2	<u>2.205,2</u>
Taxes			
Income tax 2009		249,5	22.552,2
Industry and commerce		<u>5.121,5</u>	<u>3.265,8</u>
		<u>5.371,1</u>	<u>25.818,0</u>
Others:			
Tes interests Law 546, 1999		293,0	174,1
Interests savings		504,4	574,5
Contributions and affiliations		3,1	
Penalties and sanctions Superfinanciera		200,6	13,9
Penalties and sanctions, litigations, indemnifications and lawsuits		40.517,5	191,1
Others Estimated Liabilities		0,0	500,7
Others Allowance		<u>2.932,9</u>	<u>4.648,9</u>
		<u>44.451,4</u>	<u>44.538,8</u>
Minority Interest		<u>13.471,3</u>	<u>10.811,9</u>
	U\$	<u>64.796,0</u>	<u>83.374,0</u>

The income tax returns presented for 2007 and 2008 are pending for review by the Administración de Impuestos y Aduanas Nacionales [National Tax and Customs Administration] (DIAN).

**Fines and Sanctions from Legal Actions**

The other processes that generate contingent liability to the Bank and its Subsidiaries are detailed below:

**STOCK EXCHANGE**

Are those processes of Granbanco S.A., that existed as of January 31, 2007 and are in force as of December 31, 2009, expressly secured by Fogafin.



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### FOGAFIN FURTHERS

They are the Granbanco S.A. processes, that generate a contingent liability, notified after February 16, 2007, originated by events occurred previous to that same date, which should be expressly secured by Fogafin.

### BANK'S LAWSUITS

They are the other processes that generate contingent liability to the Bank, not covered by Fogafin.

Following is a summary of the process, cut to December 31 and June 30, 2009:

#### December 31

<u>Class of process</u>	<u>Quantity processes</u>	<u>Allowance value</u>	<u>Claims Value</u>
Litigation covered by contract			
FOGAFIN	808	U\$ 7.897,2	42.189,1
Banks			
Penalties and sanctions others administrative	14	25.590,7	25.590,5
Labor Demands	41	276,2	595,6
Common Process	<u>1.278</u>	<u>6.753,4</u>	<u>28.638,0</u>
	<u>2.141</u>	<u>U\$ 40.517,5</u>	<u>97.013,2</u>

#### June 30

<u>Class of process</u>	<u>Quantity processes</u>	<u>Allowance value</u>	<u>Claims Value</u>
Litigation covered by contract			
FOGAFIN	810	U\$ 7.858,7	40.203,2
Banks			
Penalties and sanctions others administrative	14	24.385,9	24.385,9
Labor Demands	33	254,7	567,6
Common Process	<u>1.164</u>	<u>5.936,4</u>	<u>27.289,9</u>
	<u>2.021</u>	<u>U\$ 38.435,6</u>	<u>92.446,6</u>

For processes that are covered by the Fogafin guarantees contract is provided a provision for 15% taking into account the warranty coverage on the value of the respective contingency according to its ratings and only for regular and special processes. For industrial processes, it is 10%.

Pursuant to the provisions of Decree 2649 of 1993 which regulates accounting in general and contains the principles and regulations that are generally accepted in Colombia, the classification of the possible result of legal actions initiated against the Bank for the purposes of allowance is performed according to a contingency that is catalogued as probable, eventual or remote and according to this classification the percentages have been defined in the following manner:



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Contingency likely	100%
Contingency possible until	50%
Contingency remote	0%

Processes initiated by the Bank and its Subsidiaries could be:

Criminal

In the case of a criminal proceeding linked to the Bank as Civilly Responsible Third Party – As of December 31 and June 30, 2009 there were 5 processes of this type, whose claims rose to U\$152.5.

Ordinary civil, special and labor

As of December 31 and June 30, 2009 there were 2.108 and 2.016 processes with claims amounting to U\$118.380.9 and U\$92.446,7, respectively.

This type of process generates passive contingency for the Bank, regardless of the process that causes it, in general terms because of its eventual contractual or extracontractual civil responsibility and equally because of fines or sanctions imposed by the governing entities in the course of carrying out their duties. Each one of these processes has its corresponding classification and allowance, as necessary.

The most important processes are detailed below:

**Tax processes:**

Income tax taxable year 2003:

The Bank took all the legal steps required by the DIAN by presenting a reconsideration appeal against the legal administrative act that utilized an official revision liquidation referring to the rental tax levied during 2003, that was then confirmed by the DIAN in February 2007 by issuing a negative answer to the appeal presented by the company, and for this reason a legal action was presented to invalidate same and to reestablish the right to present a suit before the administrative court. The claims under discussion total U\$1.290.9 plus their appropriate interest and sanctions, if they apply.

In the question regarding the initials that do in fact become a passive contingency, it has to be considered that it is now qualified as eventual and is also protected by Fogatin, and this is the reason why the Bank provision is responsible for 15% which is equivalent to U\$155.1. Regarding this same subject, there are two additional procedures being processed, one of them is in the legal process due to an annulment procedure presented by the Bank against an administrative claim issued by the DIAN, prior to the one in reference, and that looks to the refund in the amount the Bank paid for rental taxes for the year 2003; however, this document is not a passive contingency for the Bank. The third claim is also an administrative one: a lawsuit was presented for annulment and reestablishment of rights, and has to do with the revision of liquidation of rental tax for the year 2003 and requires the Bank pay U\$1,865.7 - the amount that, according to the DIAN, was returned to the Bank.

The Bank presented a motion to nullify and reestablish against Resolution No. 684-000007 of June 23, 2006 and against Resolution No. 608-1163 of August 4, 2005 by which the tax



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administration rejects the return of the larger balance in favor in an amount of U\$1,490.0. On November 16, 2007 an Interlocutory Action (Auto interlocutorio) was handed down suspending the pretrial process. This process shall be renewed and finalized once a definite sentence has been issued within process No. 2007-139.

Income tax taxable year 2000 favorable decision in first instance:

On May 9, 2005 the Bank filed a nullity and reestablishment of the law action against the Resolution that modified the Income Tax assessed for taxable year 2000 by U\$2,118.2. On May 9, 2007, affixed in an edict of the 25 of the same month, the Court issued a ruling favorable to the Bank, with a contingent tax of U\$ 40,0.

Rental Taxes for the Year 2004

Revision settlement dated December 28, 2007, which the Tax Administration Office claims they know nothing about the deductions for portfolio reserves, help from the Government, losses due to accidents or investments in productive fixed real assets. They imposed a sanction for inaccuracy in the amount of 160%. Amount under discussion totaled U\$7.325,5 which includes the greater tax of U\$6.751.8 and the sanction for imprecision for U\$10.300.1. On February 28, 2008, the Bank presented a reconsideration claim against said liquidation.

By means of Resolution No. 310662008000023, of October 7, 2008, from which we notified on November 7, 2008, the Dirección de Impuestos y Aduanas Nacionales - DIAN, pronounces on the appeal filed on February 8, 2008. In said verdict, it confirms the Official Liquidation Revision No. 310642007000138. With such act, the government instance was exhausted.

On March 4, 2009 the Bank lodged with the Tribunal Administrativo de Cundinamarca (Administrative Court of the province of Cundinamarca), the nullity action and reinstatement of the right against Resolution No. 310662008000023 dated December 7, 2008 and of which we were notified on November 7, 2008.

Equity Tax Taxable Year 2004

Special requirement No. 900003 of February 21, 2007, proposes to modify the Equity Tax to include in the base a penalty for assets as of December 31, 1995. It assesses a higher tax plus penalty for U\$96.5.

Taxes on the 4 x 1000 Financial Movement during 2005

Revision liquidation dated January 19, 2007, henceforward called weeks 01 to 52 proposes modifying the Tax with charges and collection of sanctions due to inaccuracies, including charges made on operations in the checking account. Amount under discussion U\$7,325.5, which includes the greater tax of U\$2,817.5 and the sanction for imprecision for U\$4,508.0.

In respect to weeks 3, 4 and 9 the governmental option has been exhausted. On March 27, 2009 the Bank placed an annulment and restitution of right action before the Tribunal Administrativo de Cundinamarca [Administrative Tribunal of Cundinamarca]. On May 6, 2009, the Tribunal issued judgment against the Bank's interests and the pleas of the suit were denied and on May 19, 2009 the Bank presented a writ before the Administrative Tribunal of Cundinamarca in which it supported the appeal against the judgment of first instance.



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By means of Resolutions of September, October, November and December, 2008, as well Resolutions of January, April and May, 2009, the Dirección de Impuestos y Aduanas Nacionales - DIAN pronounces on the appeal the Bank filed for the 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 46, 47, 48, 49, 50, 51, and 52 weeks. With such decision, the Tax Administration confirms those weeks Official Liquidations Revision and in turn, with this act, the government instance was exhausted.

In January, February, and June 2009, the Bank placed an annulment and restitution of right action before the Administrative Tribunal of Cundinamarca against Resolutions No. 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 46 and 49. The demand by the Administrative Tribunal of Cundinamarca was submitted on 2 October 2009, which brings the action to nullify and restore the rights in weeks 43, 44, 45, 47, 48, 50, 51 and 52.

Income tax on fiscal year – Banco Davivienda S.A.

Prior to the list of accusations, the National Tax and Customs Directorate DIAN issued Resolution No. 9000012 of May 4, 2009 through which it imposes sanction for non-proceeding devolution and/or compensation, consisting in 50% of the overdue interests liquidated for an amount of U\$149.6, amount accepted in the transaction of mutual agreement, as is established in Minute No. 000035 of June 26, 2007, signed by the Special Committee of Conciliation and Termination of the Fiscal Administration.

On July 6, 2009 the Bank presented resource of reconsideration against Resolution 900012 before the Fiscal Administration to request reversal of the Resolution.

**Contract for Guarantee of Passive Contingencies executed with Fogafin**

Due to Granbanco S.A. privatization process, on October 12, 2006, a contingent liabilities guarantees contract was signed with Fogafin, which became effective of February 16, 2007.

By virtue of said contract Fogafin, under the terms of the contract, guarantees to Bank the payment of certain passive contingencies that are expressly determined in that document. The coverage is 85% and exceptionally 90% with respect to labor and pension obligations of Banco Cafetero S.A. in Liquidation, according to the terms and conditions.

Such contract envisaged the existence of an account for contingencies composed of the various provisions that Granbanco S.A and its Subsidiaries had incorporated previously as at January 31, 2007, which amounted to U\$10,305.6. Any condemnation or concept guaranteed by Fogafin should be previously deducted from these accounts until using up such amounts. Having done this, Fogafin is compelled to reimburse the corresponding economic net effect to the Bank within the terms of the referred contract.

As of December 31 and June 30, 2009, the processes covered by Fogafin are 782 and 789 with a provision of U\$7.359.1 and U\$7.324.8 and pretended amounts of U\$43.083.5 and U\$40.203.2, respectively.

According to the above mentioned, the Bank structured several accounting accounts, that reflect not only the reality of its contingent liabilities, secured by the contract entered into with Fogafin, but others, that include the issues that are not secured by Fogafin, and therefore should be totally assumed by the Bank.



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**Processes that Generate Important Passive Contingencies:**

1. Through a class action, the Bank was sued by Alberto Botero Castro, who considers that the Bank overcharged the Nation through relief provisions of Act 546 of 1999, in favor of holders of obligations for house purchase mortgages agreed in UPAC (Unit of Constant Purchasing Power) in force on 31 December 1999, and as a result of this order the repayment of public funds for amounts collected in excess. The process is in the preliminary examination stage. Although the demand does not specify the precise amount, it is of high economic value. The risk was described as remote, since it is not feasible to support the claims made by the actor with evidence, also the overpricing alluded to by the actor obeyed the factors authorized by law, as the interest capitalization at that moment would be in compliance with the existing requirements.
2. The Bank was sued by Mr. Guillermo Alfonso Trujillo, based on his claim that Bancafé, without consulting him, had paid a FINAGRO credit that had been approved in his name in the amount of U\$186.9 and had applied it in an unauthorized manner to pay other credits, also in his name, that were coming due. His argument was that this Bank action was to his detriment which he quantifies in the amount of U\$1,956.7. The process is taking place in Civil Court No. 29 in Bogotá, and at the moment is close the trial stage, pending for transferred to be postponed to plead conclusion. The contingency has been qualified as temporary or casual, due to the fact that there are trial items that will eventually determine the Banks civil responsibility.
3. Finally, within this group of important cases and for being major the contingencies, we must mention the class actions currently pending, taking into account that each of these litigation types can cover a large number of applicants who are within the parameters determined by the demand, the amounts of the claims would increase by large amounts.
  - An action group initiated by Mr. Alvaro Bocarejo Romero and other Concasa debtors, where they consider that the Corporación de Ahorro y Vivienda Concasa, from which the bank is successor, unduly collected interests on home loans to clients of that Corporation, this actions is in progress in Bogota Civil Court 37, which was notified to the Bank, which filed an appeal, against the decision of acceptance of lawsuit, which was solve, rejecting the lawsuit and sending it to the competency of administrative judges. The Administrative Court in charge of the issue was declared incompetent and this generated a negative jurisdiction conflict that the Supreme Judicial Council has not resolved. The plaintiffs are 142 individuals and there is not clear elements to establish the intended amounts, nor there is any recorded provision, as the contingency is considered not feasible, taking into account that theBank fulfilled the parameters of Law 546, for the reliquidation of loans granted in the Upac system.
  - Mr. Oscar Zambrano Parada and other parties brought a lawsuit before the 31st Civil Court of Bogotá Circuit seeking for acknowledgment of damages for the alleged unlawful charging of commissions for financial and bank services. The Bank answered the lawsuit within the legal terms and the lawsuit is currently under the period allowed for producing evidence. There are not objective parameters to calculate the amount of the claims, a reason why there is no allowance for the contingency until establishing a risk during the course of the proceedings. The contingency was treated as eventual. These proceedings are under the period for producing evidence.
  - Mrs. Rosmery Roa Sarmiento brought a class action before the 20th Civil Court of Bogotá Circuit, for the alleged unlawful charging of financial services provided by the



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Bank. With the data currently on record under the proceedings it has not been possible to determine the amount of the claims. Evidence ordered by the Court are being produced at this time. In accordance to the case law on similar cases against other banks, the judges have rejected lawsuits for lacking of legal support and therefore this contingency has been treated as remote. There is a similar proceedings brought by José Guillermo T Roa at the 5th Civil Court of Bogotá Circuit currently under the period allowed for producing evidence, on which the same considerations apply.

- Mrs. Aida Acero and other parties brought a class action before the 7th Civil Court of Bogotá Circuit for excess charging of Upac in housing mortgage credits granted by that time on which they argue inappropriate collection. Still pending are decided on exemptions proposed by the Bank. There are no objective elements of judgment to quantify the lawsuit and integration of the group. The contingency has been treated as remote, and therefore no allowance has been created.
- Mrs. Silvana Heredia and other parties brought a class action before the 9<sup>th</sup> Civil Court of Barranquilla seeking relocation to houses of similar conditions to the persons who purchased Social Interest Housing (Viviendas de Interés Social) in a sector of that city which has experienced problems with foundations. The Bank is involved as one of the defendants for having granted the mortgage credits on those houses. These proceedings are under the period for producing evidence, and there are still no objective criteria to quantify the claims. For the time being, this contingency has been treated as remote.
- Ms. Ana Rocio Murcia Gomez and other parties sued the Bank and other persons, for geological faults in the lands where the houses of “Parques del Sol” Condominium located in the municipality of Soacha were built. The lawsuit being reviewed at 29th Administrative Court of Bogotá is currently under the period for producing evidences, pending issuance of addition and clarification of the testimony judgment of Ingeominas. The linkage of the Bank is due to the fact of having granted mortgage credit on these properties. It is a matter of undetermined amount and the process has been classified as eventual.
- Mr. Henderson Sepúlveda and other parties brought a class action at the 5th Civil Court of the Bogotá Circuit against the Bank for excessive charging of rates of interest on credit card transactions. This proceeding is currently under the period for producing evidence, there is no valid fundamental data to calculate the amount of the claims and the contingency has been treated as remote.
- Mrs. Clara Cecilia Murcia and other parties brought a class action at the 5th Administrative Court of Bogotá, against the courts which did not meet the provisions of Law 546 on termination of the corresponding executive’s proceedings. Among the petitions of the lawsuit are ordering these courts to terminate such matters at the National level. The bank has been linked as a third party under these proceedings for having filed executory proceedings, is pending the processing of an amendment to the lawsuit filed by the actors. The process has been described as far-off. The process has been qualified as unlikely.
- Mr. Cornelio Villada Rubio and others, placed a group action suit before the 7<sup>th</sup> Administrative Court of the Ibagué Circuit, seeking compensation for damages and losses derived by having been reported to the risk central without their authorization, and additionally that reports have been made which have lasted for over 10 years. The



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law suit was answered on June 9, 2009 but we await that Judge 8 Administrator of Ibaguè assumes the knowledge of the process as Court 7 is prevented. The amount of the claim is undetermined, though the risk is classified as remote.

- Mrs. Martha Luz Sanz Borja presented a group action suit against the Bank and other entities in order to be compensated for damages and losses caused by the fissures and affectations which their dwellings located in the Altos del Campos Housing Project suffered by defects of the terrain. The bank only financed a few dwellings. The suit was answered on June 10, 2009. The topic of prior exceptions is pending decision.
- Mr. Fredy Alarcon along with others sued in a class action claiming for compensation for alleged overcharging of the holders of mortgages given through UPAC. The process is being pursued in the Civil Circuit Court 31 of Bogota which has yet to resolve an administrative appeal that was filed against the order which granted the application. The risk was described as remote.
- Through a class action Mr. Pedro Antonio Chaustre and Mrs. Claudia Patricia Vasquez sued the Bank and Promociones y Cobranzas Beta S.A. on the grounds that Davivienda charges its Diners card users preliminary recovery costs in an abusive and inconsiderate manner. The process is being pursued in the Civil Circuit Court 30 of Bogota, an answer to the complaint is being prepared. The risk is considered remote given that the contracts for opening credit states that collection fees are charged to the debtor and additionally, a preliminary recovery was made to the people that now comprise the applicant group for being in arrears.

**Bancafé Panamá S.A., Fiduciaria Davivienda S.A., Confinanciera S.A. and Fiduciaria Cafetera S.A.**

Having analyzed the lawsuits involving the Subsidiaries Bancafé Panamá S.A., Fiduciaria Davivienda S.A., Confinanciera S.A. and Fiduciaria Cafetera S.A., it can be stated that currently none of said lawsuits represents a significant risk to the patrimony.

**Fiduciaria Cafetera S.A.**

The Fiduciaria Cafetera has been sued in various lawsuits from long ago and more recently at the December 31, 2009 cut-off, of which the most significant amounts are listed below.

It is important to note beforehand that some of these processes are guaranteed by reason of the sale of FOGAFIN shares by the defunct bank Granbanco S.A. Bancafé to Davivienda Bank S.A, depending on the date on which the events giving rise to them occurred. Under the terms of this warranty the entity referred to covers 85% of the amount of any penalty, as well as concepts relating to legal expenses and attorneys fees.

Such processes are:

- 1 The Fiduciaria Cafetera was sued by César Augusto Restrepo Alzate, who states that Fiduciaria breached guarantee commercial trust contract contained in deed 2039 of December 7, 2004 by maintaining valid guarantee certificates that had expired. He states that these actions caused him damages he quantifies in the amount of U\$4.139.0. The process takes place at Judicial Court 37 of the Civil Circuit of Bogotá and is in its evidentiary stage. The contingency has been qualified as temporary given that there exists an arbitration award in which evidence was





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provided on the Fiduciary's non-compliance due to reasons similar to those alleged by the plaintiff, combined with the fact that several bond certificates have expired and some covered obligations were judicially declared as prescribed.

- 2 Contractual Action– The Arbitration Court from the Ministry of Social Protection against Fisalud Consortium. The claims are based on the fact that Fiduciaria Bancolombia, Fiducaf  and Fiduprevisora, members of Fisalud consortium partially breached trust management agreement 255 of 2000, reason why they must render accounts, that said accounts are declared rendered and in accordance to such, the balance owed by the consortium members is determined. The plaintiff quantifies the claims of the demand to the sum of U\$85,117,6. On 20 April 2009 by joint request of both parties arbitration was suspended for six months in order to establish and verify the reality of the inconsistencies contained in the claim for the number and amount. On 18 December 2009 the parties reached a settlement agreement with the approval of the Attorney General's Office, by virtue of which the consortium of fiduciary defendants recognized the facts of the demand for the sum of U\$2,905,4, of which, based on participation of Fiducaf  in the consortium agreed to account for 17% of that amount, i.e. the amount of U\$493,9. With this agreement the process was completed. It is practicable to note that this process is guaranteed not only by FOGAFIN, but also by insurance company global policy.
- 3 Direct Reparation promoted by Saludcoop, Cafesalud and Cruz Blanca against the Nation - Ministry of Social Protection and Fidufosyga, The claims are based on the fact that the defendants stopped paying hundred per cent (100%) of the reimbursement requests' amount originated in medicines and procedures not included in the mandatory health plan (POS for its initials in Spanish) ordered by legal case and/or approved by the Comit  T cnicos Cient ficos (Technical Scientific Committee) and consequently the restitution of moneys that they have had to defray to provide said items, be ordered. The amount corresponds to U\$10.274.8. The process currently takes place at Cundinamarca Administrative court, Third Section Sub-section "A". The lawsuit was answered by the consortium on March 13, 2009. It is currently in evidentiary phase. It is a remote contingency for the Fiduciary given that in similar cases that took place with the occasion of proceedings of the same EPS, one was able to establish that said EPS did not follow strictly the procedure established for the reimbursement of medicines and services not included in the POS, being worth mentioning, in any case that, should there be a sentence, this shall be fulfilled exclusively with FOSYGA's resources and not with the consortium member's own patrimony. Finally, it has to be said that Fiducaf 's participation in said consortium is of 9,86%.
- 4 Direct Reparation promoted by Saludcoop, Cafesalud and Cruz Blanca against the Nation- Ministry of Social Protection and Fidufosyga based on the claims that the Nation and/or the Fiduciaries that constitute the Fosyga 2005 consortium have stopped paying to the plaintiffs the resources corresponding to the Capitation Payment Unit (UPC for its initials in Spanish) that they are owed as a contractual obligation for the provision of health services to their affiliates and as a consequence thereof immediate restitution of said items is ordered. The amount corresponds to U\$45.438.6. The process currently takes place at the Cundinamarca Administrative Court, Third Section, Sub-section "A". The lawsuit has been answered on April 14 2009. The process is now in the evidentiary phase. The contingency has been qualified as remote for the Fiduciary, taking into account that the lawsuit's essential foundation rests on the questioning of statutory Decree 3260 of 2007 between the topic of compensation proceedings, an aspect that as a whole is alien to Fidufosyga 2005 consortium who for the case did not interfere in the issuance of aforementioned regulations.

Additionally, since the claim underlies the reproach of a legal regulation, the instituted action should have been one of nullity and not one of direct reparation, which allows one to confirm the issuance of a favorable verdict. Lastly, one has to indicate that Fiducaf 's participation in the consortium amounts to 9,86%.



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5. Direct Reparation promoted by Saludcoop, Cafesalud and Cruz Blanca against the Nation-Ministry of Social Protection and Fidufosyga, Based on the claims that the defendants are liable for the damages caused to the acting party due to their not having reimbursed the amounts that said party defrayed for medicines and procedures not covered by the POS, and they are sentenced to payment of mentioned damages which are quantified in the amount of U\$20.332.4. Lawsuit was answered on May 5 2009. The tests have not yet been decreed in the process. The contingency has been qualified as remote since it would not affect the Consortium's patrimony. Should a different verdict been issued, payments would be charged to Fondo de Solidaridad y Garantía's (Solidarity and Guarantee Fund) resources, an account attached to the Ministry of Social Protection, who once it receives certification of the packages containing reimbursements for non-POS medicines or protection rulings, (Compensation or Solidarity, according to the case), or ECAT claims, shall process verification and budget proceedings and shall issue the expenditure order and draft authorization, and once the Consortium has receive it, they shall proceed to pay.
6. Direct Reparation promoted by Saludcoop, Cafesalud and Cruz Blanca against the Nation-Ministry of Social Protection and Fidufosyga, based on the claims that the defendants are responsible for the damages caused to the acting party due to their not having reimbursed the amounts that said party defrayed for medicines and procedures not covered by the POS, and they are sentenced to payment of mentioned damages which are quantified in the amount of U\$5.277.8. The process currently takes place at Cundinamarca Administrative Court, Section Third Sub-section "B", said process is currently in the evidence provision stage. The contingency is remote, among other reasons, because the case has been reiterated in which the same EPS group has formulated claims for non-POS services, without complying with the regulatory provisions that govern mentioned proceedings, an aspect that impedes attending to the money claims charged to Fosyga for the often mentioned concept. Additionally, should a sentence be imposed, the corresponding amounts should be paid with resources from aforementioned Fondo de Solidaridad y Garantías, but not with the consortium members' patrimony. Lastly, it is important to highlight that Fiducaf 's participation in the Fidufosyga Consortium of 9,86%
7. Direct Reparation promoted by Saludcoop, Cafesalud and Cruz Blanca against the Nation-Ministry of Social Protection and Fidufosyga, alleging that the defendants are responsible for the damages caused to the acting party due to their not having reimbursed the amounts that said party defrayed for medicines and procedures not covered by the POS, and sentence is issued for payment of mentioned damages which amount to U\$8.435.0. Currently notification of all defendants is being completed. The contingency is remote, among other reasons, because the case has been reiterated in which the same EPS group has formulated claims for non-POS services, not complying with the regulatory provisions that govern mentioned proceedings, an aspect that impedes attending to the money claims charged to Fosyga for the often mentioned concept. Additionally, should a sentence be issued, the corresponding amount should be paid with resources from aforementioned Fondo de Solidaridad y Garant 'as, but not with the consortium members' patrimony. Lastly, it is important to indicate that Fiducaf 's participation in the Fidufosyga Consortium 9,86%.
8. Similarly the Fidufosyga consortium has been notified of 17 Direct Compensation claims, which also claim against the National Ministry of Social Protection for amounts ranging from U\$489.2 to U\$1.956.7. As has been stated for the previous cases, these demands are remote to Fiducaf ' since the consortium is a mere administrator of the resources of the Solidarity and Guarantees Fund under the responsibility of that Ministry. Likewise it is made clear that participation in the aforementioned Fiducaf ' consortium is 9.86%.
9. Ordinary Civil proceedings brought by the Cooperativa Nacional de Caficultores de Calarc ' (National Coffee Growers Cooperative of Calarc ') against Fiducaf '. The applicant seeks a



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declaration that the fiduciary is responsible for damage caused by an excessive embargo within the executive process that was brought against the applicant. The claim amounts to the sum of U\$1.418.6. and the process ruling has to be announced in the first instance. This process is guaranteed with the FOGAFIN assurance.

**Processes that generate a positive contingency where the Bank acts as plaintiff.**

On December 31, 2009, the Bank had 54 processes where they are presented as plaintiffs, with a total amount due them in the order of U\$46.637.3. Within these contingencies, the most representative are as follow:

1. Several processes have been presented by the Bank against two insurance companies AIG Colombia Seguros Generales S.A. and Liberty Seguros S.A. which details the existence of the Global Banking Policy No. 1976 dated March 3, 2005, in effect until March 2006, as well as the existence of the insured loss and the non-compliance of the contract by the defendants for denial of payment of said loss with the credits disbursements within the program called Fondo Ganadero del Caquetá. As per the above, it is hoped that the defendants will indemnify the company, in the amount of U\$12,965.8, for the disbursements made by the appropriate Bank with regards to the irregular operations made by the individuals criminally involved in said actions. These proceedings are under the period for producing evidence. On July 15, 2009, statements were taken.
2. The Bank placed an executory process against the DIAN in February 2009 seeking payment of the interests ordered in the judgment of the Council of State which defined the topic of fiscal stability in favor of Bancafé. The amount of the litigation is of U\$14,250.4. The Tribunal of Cundinamarca denied the order of payment. The appeal that the bank placed against this decision is pending processing before the Council of State.
3. Taking into account, that the State Council's decision, which granted the Tax Stability to Bancafé S.A., established that the Bank has the right to request the reimbursement of the paid indexed amounts, previous to the sentence, with the corresponding expected interests for tax purposes, we had requested to the Tax Administration, the payment of U\$17,184.3 as interests. On December 2, 2008, by means of Resolution No. 09036, the Tax Administration decided to recognize U\$3,478.4.
4. With this understanding, and due to the process of consolidation operations between Granbanco S.A. and Banco Davivienda S.A., this company, Davivienda, became the holder of the tributary tax contract and on the 10 of June 2008, the Bank requested the repayment of U\$6.405.8 and U\$4.758.8, as payments of what was not due in patrimony tax and liens on the financial movements mentioned above, which were paid for during the taxable year of 2007.

On July 23, 2008, the Bank received the Tax Administration Resolutions, in which it decide to reimburse, as equity tax, the amount of U\$2,194.0 and on December 18, 2008, by means of Resolution No. 608-1795, The Tax Administration, decided to reimburse the amount of U\$129.1, as Levy on Financial Transactions.

In reference to the request of reimbursement of tax on capital, the Bank placed a reconsideration resource and on June 16, 2009, through Resolutions No. 1007 and 1008, the Fiscal Administration confirmed the official liquidations of revision, denying the reimbursement for an amount of U\$4,211.9, exhausting thus the governmental option. Due to the previously mentioned, the Bank will proceed to request an action annulment and restitution of right before the Administrative Tribunal of Cundinamarca.



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**20) Minority Interest**

It is constituted as part of net assets (equity) and the result of the Subsidiaries, attributable to capital rights whose owners are different from those of the consolidated entity group.

By requests from the Superintendencia Financiera de Colombia, by means of communication reference No. 2008018728-001-000 dated June 19, 2008, it is established that the minority interest calculation for Confinanciera S.A., Fiduciaria Superior S.A., Davivalores S.A. and Fiduciaria Davivienda S.A. must exclude values determined by participation from entities owned by Banco Davivienda S.A. and its Subsidiaries.

This effect as of December 31 and June 30, 2009 totaled U\$13.471.3 and U\$10.811.9, respectively and was recorded in account 289595 "Other estimated liabilities and provisions - Others".

Minority participation is determined by taking equity from the support of it as of the date of consolidation as a basis, before any elimination of reciprocal operations or adjustments for consolidation effects, affecting the corresponding portion of each of the equity accounts.

The following is the detail of the minority interest, at December 31 and June 30, 2009:

<u>December 31</u>		<u>Equity</u>	<u>% Minority Interest</u>	<u>Minority Interest</u>
Fiduciaria Davivienda S.A.	U\$	22.466,8	40,00%	8.986,8
Davivalores S.A.		4.767,0	21,00%	1.001,1
Confinanciera S.A.		29.374,4	5,10%	1.498,1
Bancaf� Panam� S.A.		53.906,9	0,00%	0,5
Fiduciaria Cafetera S.A.		33.141,3	5,99%	<u>1.985,0</u>
				<u>13.471,3</u>

June 30

Fiduciaria Davivienda S.A.	U\$	18.166,6	40,00%	7.266,7
Davivalores S.A.		4.022,5	21,00%	844,7
Confinanciera S.A.		27.602,2	5,10%	1.407,7
Bancaf� Panam� S.A.		47.362,8	0,00%	0,3
Fiduciaria Cafetera S.A.		25.607,0	5,04%	<u>1.292,6</u>
				<u>10.811,9</u>

**21) Capital Stock**

As of December 31 and June 30, 2009, the Bank's authorized capital was U\$24.459,1 and the capital subscribed and paid was U\$22.262,2, represented on 50.000.000 and 47,757,122 shares respectively, each with face value of \$1,000 (pesos), according to the following detail:

		<u>December 31</u>	<u>June 30</u>
Authorized shares	U\$	24.459,1	23.307,7
Subscribed and paid shares:			
Common with a face value of \$1.000 Colombian pesos		23.361,9	20.130,1
Subscription of shares		<u>0,0</u>	<u>2.132,1</u>
Total subscribed and paid shares	U\$	<u>23.362,2</u>	<u>22.262,2</u>



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There are no preferred shares or share repurchase transactions.

Similarly, on March, 9 2009 by way of act No. 101, The General Shareholders Meeting approved increase of authorized capital in U\$2.445.9, for a total of U\$24.459.1.

The share capital generated by the patrimony revaluation until May 31, 2006 was of U\$123.364.4.

**Intrinsic Value per share**

For the semesters ending December 31 and June 30, 2009 the intrinsic value of Banco Davivienda S.A. shares with valuation was \$56.921.33 (in pesos) and \$51.930.34 (in pesos), respectively. Without said appreciation the intrinsic value was of \$46.450.46 and \$42.881.69 (in pesos), respectively.

**22) Reserves**

The detail of reserves as of December 31 and June 30, 2009, is as follows:

	<u>December 31</u>	<u>June 30</u>
Legal reserve:		
For profit appropriation	U\$ 11.546,1	11.510,7
For premium on the placement of common shares	<u>552.822,2</u>	<u>526.416,6</u>
	<u>564.368,2</u>	<u>537.927,3</u>
Statutory and occasional reserves:		
To dispose General Shareholders Meeting	384.974,0	281.384,4
For charities and donations	688,3	617,1
For fiscal allowances	7.857,7	12.236,8
Others	<u>6.442,7</u>	<u>7.353,1</u>
	<u>399.962,6</u>	<u>306.253,0</u>
	U\$ <u>964.330,9</u>	<u>844.180,2</u>

As of December 31 and June 30, 2009, Banco Davivienda S.A. made donations for U\$937.7 and U\$378.8, respectively, charging the occasional reserves for that purpose authorized by the Shareholders Meeting.



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**23) Contingent Accounts**

A detail of contingent accounts is as follows:

	<u>December 31</u>	<u>June 30</u>
Creditors:		
Bank guaranties	U\$ 252.775,7	180.029,7
Letters of credit	47.848,2	29.737,1
Approved and not disbursed credits	936.423,9	795.485,1
Credit card opening	2.830.678,6	2.427.430,2
Obligations in options	78.758,4	43.965,6
Accounts payable to the Nation, Law 546/99	11.273,5	10.742,8
Leasing contract purchase property street 26	3.113,7	3.747,8
Litigation (Note 19)	118.533,3	92.446,5
Receiving payment order money	931,7	1.098,0
Others	<u>3.032,0</u>	<u>2.595,1</u>
	<u>4.283.369,5</u>	<u>3.587.278,4</u>
Debtors:		
Values gave during repo and simultaneous operations	70.947,5	98.324,9
Credit portfolio interests	21.578,9	23.306,8
Housing leasing portfolio interests	1.175,1	1.241,7
Financial leasing portfolio interests	804,2	683,8
Rights in options	79.108,5	43.646,4
Housing portfolio relieves Law 546/99	11.594,6	10.862,7
Canons to be received	17.278,2	14.167,3
Purchase options to be received	345,9	302,8
Monetary correction of credits portfolio and financial	4.423,0	13.619,1
Written down restructured portfolio (1)	19.798,7	18.731,2
Rights contract certificated	8.410,5	8.014,6
Litigation	66.185,2	54.897,2
Other debtor contingencies	<u>348.965,9</u>	<u>338.457,5</u>
	U\$ <u>650.616,8</u>	<u>626.256,3</u>

(1) The restructured bad debt portfolio amount corresponds to the business restructuration agreement signed on February 3, 2005, between Promotora La Alborada and its creditors; as a result of this agreement Davivienda received an instrument of 21.121.632.105 shares for an amount of U\$10.332.3. The remaining balance corresponds to a loan for 101.988.429.81 UVR calculated to December 31 2009 for U\$9.324.2, which shall be paid in one installment on January 30, 2012.

In the second semester of 2008, these rights were sold on credit; however, in June 2009 the promisors made the decision of abandoning the deal, which generated an expense to the bank for the return of U\$1.146.1 for advancements made in the previous period.



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**24) Memorandum Accounts**

The following is the detail of the Memorandum Accounts:

	December 31	June 30
Debtors:		
Assets and securities delivered in custody	U\$ 1.899.810,8	1.433.741,4
Assets and securities delivered in guaranty	91.256,7	127.010,9
Revaluation assets received as payment	3.147,6	2.917,4
Remittance and sent to other recovery	2.633,9	3.356,5
Unpaid traded checks	824,5	1.465,7
Assets punished	644.561,7	712.564,3
Unused credits	19.688,0	18.761,6
Assets inflation adjustment	29.531,9	28.500,9
Credits to stockholders and related parties	6.910,5	11.534,2
Agricultural portfolio new loans	455.690,1	315.771,3
Property and equipment fully depreciated	90.335,8	83.785,6
Fiscal value of non-monetary assets	10.702.438,9	10.190.366,6
Allowance people in concordat situation	19.125,9	18.319,0
Investment negotiable in debt securities	1.648.103,7	1.160.076,6
Investment to be maintained up to their maturity	221.084,4	189.741,0
Investment available for sale - debt securities	4.300,5	4.802,1
Reciprocal operations with Parent Companies and Subsidiaries	191.993,3	164.062,9
Reciprocal operations that affect expenses and costs with Parent Companies	12.342,2	9.002,5
Capital, interest and insurance securitized portfolio	561.005,8	540.179,5
Capital, interest, Daviplan and insurance universality and portfolio	53.547,6	53.285,5
Universalities assets, expenses and contingencies	258.232,0	253.855,6
Interest, UVR and guaranties punished	682.697,3	167.258,7
Mortgage bonds housing portfolio	26.360,4	26.888,3
Base tax on VAT (value added tax) for purchases	250.860,5	194.972,0
Special litigation processes	47.752,5	44.401,2
Swaps rights on foreign currency US dollars	165.813,6	250.781,0
Depreciation Housing Leasing	46.556,6	44.365,2
Lineal causation syndicate credit and bonds	2.876,4	5.046,1
DCV indirect deposits	217.574,3	228.839,6
Other debtor memorandum accounts	<u>95.997,0</u>	<u>76.981,9</u>
	U\$ <u>18.453.054,5</u>	<u>16.362.635,1</u>



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	December 31	June 30
Creditor:		
Assets and securities received in custody	U\$ 125.813,9	127.289,8
Assets and securities received in guarantee for future credits	3.073.055,6	2.984.689,6
Guarantees outstanding to cancel	1.035.233,1	725.004,5
Assets and securities received in guaranty	7.537.908,1	6.311.736,9
Goods and securities received in other guarantees	526.610,9	412.251,0
Assets and securities received in administration	202.905,5	198.786,0
Inflation adjustment to stockholders' equity	135.292,0	128.923,5
Fiscal monetary correction	(529,8)	(504,9)
Capitalization for stockholders' equity revaluation	134.478,0	128.147,8
Fixed income negotiable investment yields	107.431,3	59.223,0
Stockholders' equity fiscal value	1.161.192,7	1.086.281,2
Capital, interest and other commercial portfolio	5.038.726,7	4.512.874,5
Capital, interest and other consumption portfolio	2.981.462,6	2.589.256,9
Capital, interest and other micro-credit portfolio	24.206,9	19.996,8
Capital, interest and other housing portfolio	986.840,4	844.806,9
Lease contracts capital – commercial	4.394,3	4.610,8
Reciprocal operations Liabilities with parent company and subsidiary	72.354,4	40.158,0
Reciprocal operations that affect stockholders' equity with parent company	93.470,0	64.586,0
Reciprocal operations that affect income with parent Company	21.163,4	9.407,7
Guarantees, Liabilities and universalities Income	127.928,4	132.081,3
Guarantees Portfolio-backed securities	2.516.137,6	2.399.522,8
Guarantees write down credits	0,0	62.536,6
Syndicated credit	0,0	88.588,1
Subsidiaryd bonds	165.000,0	165.000,0
Self-withholding base - Decree 700 – Investment	150.455,9	52.665,2
Other debtors' contingencies Fiduciaria Cafetera	2.959.527,1	2.209.469,0
Other debtor contingencies	<u>413.136,6</u>	<u>398.533,3</u>
	U\$ <u>29.594.195,7</u>	<u>25.755.922,7</u>

### 25) Fiduciary Accounts

In accordance to what is established by External Memorandum 047 of September 2008, issued by the Superintendencia Financiera de Colombia, as of January 1, 2009, the Bank updated and homologated the instructions concerning the determination and accounting of said entitlement process.

The General Balance and the balance transmitted to the Superintendencia Financiera de Colombia differ from the official accounting books of the Bank in the accounting of the fiduciary accounts, due to the fact that they are not enabled for transmission.

#### Housing Write Down Portfolio Universality

In December 31 and June 30, 2009, universalities of Financial Statements CCV, CCVII and CCVIII, are recorded Trust Memorandum Accounts.

These universalities were constituted through penalties approved by the General Shareholders' Assembly held on December 16, 2003; May 11 and November 9, 2004 respectively. It was then decide to retrieve the balance of the Bank, a set of housing credits,





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that due to their particular risk situation had been totally provisioned and at the same time perform an issuance of titles.

The portfolio of written off accounts receivable for CCV, CCVII, and CCVIII housing was separated from the capital and the Balance of the Bank, in accordance to what is established in article 12 of Law 546 of 1999, regulated by Resolution 775 of 2001 of the Superintendencia Financiera de Colombia through the conformation of the Universalities denominated Universalidad Titulos CCV, CCVII, and CCVIII the exclusive ends of which is to serve as instrument for the structuring of the issuance of titles of the entitlement of the mortgage accounts receivable CCV, CCVII, and CCVIII constituted on December 29, 2003; May 25, and December 22, 2004 respectively.

In accordance to Resolution No. 775 of 2001 issued by the Superintendencia Financiera de Colombia, the Titles CCV, CCVII, and CCVIII were inscribed in the Registro Nacional de Valores e Intermediarios [National Registry of Titles and intermediaries], and their public offer authorized by having presented before the mentioned Registry the entirety of the documentation established in article 3 of the mentioned Resolution.

**Housing Write Down Portfolio Universality - CCVIII**

The following corresponds to the detail of the universality operation entered into on November 9, 2004:

Capital	U\$	45.130,0
Interests		1.042,7
Insurance		1.338,9
Other Assets		1.882,4
Deferred		(1.561,2)
Housing RVU Contingency		6.288,6
Housing Interest Contingency		<u>11.659,5</u>
Total Universality	U\$	<u>65.781,0</u>

The portfolio was constituted by 4.641 credits with a U.V.R. + 11.99% weighted rate. 54% corresponds to VIS portfolio and the remaining 46% to non-VIS portfolio.

The CCVIII mortgage instruments are issued and administered by the Bank with an exclusive support in the CCVIII Universality (Housing Write Down Portfolio III) and without guaranty from their own stockholders' equity.

The custody and administration of the issuance is made by DECEVAL in accordance with the terms of the issuance deposit and administration contract entered into between the Bank and DECEVAL.

In December 3, 2008, these securities were classified CCC by the Colombia's Classification Company Duff and Phelps S.A according to their risks conditions.

Some stockholders of the Bank acquired all these CCVIII mortgage instruments.

The characteristics of the CCVIII mortgage instruments are the following:



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<u>From</u>	<u>To</u>	<u>Series</u>	<u>Term (Months)</u>	<u>Yields</u>	<u>Issued Face Value</u>
22-Dec-04	22-Dec-12	I	96	Uncertain	U\$ <u>3.423.8</u>

- Designation: the name of the instruments will be CCVIII Mortgage Instruments.
- Denomination: the CCVIII instruments will be expressed in RVU Units.
- Number of instruments in this issuance: 4.800
- Face value: 10.000 RVU
- Outstanding Law: The CCVIII instruments are freely negotiable in the second market and they have the character of bearer instruments.
- Minimum Investment: equivalent to 200.000 RVU.
- Minimum negotiation amount in the secondary market: 10.000 RVU.
- System: They have the character and the prerogatives of the securities and also those belonging to the Mortgage Instruments. They are subject to the regulations provided in the Law 546/99.
- Profitability: Uncertain, derived from the collections achieved from the write down portfolio that is the basis of the process, net of expenses, and during the term of the instruments.
- Payment of yields: The CCVIII instruments yields will be paid quarterly, at the end of the quarter, in accordance with the allowances in payment priority.
- Amortization: The CCVIII instruments confer to their holders the right of receiving, with Universality funds and subject to the payment priority, the capital refunding in successive quarterly quotas on the payment dates of the 23 to 32 quarters of the issuance term. The capital payments that can not be made in any payment date will accumulate for being made in the following payment date, without exceeding the payment date corresponding to the 32 quarter of the issuance term.
- Placement: The CCVIII instruments were placed in the secondary market through the DAVIVALORES S.A. stock market commissioner, through the entering into of an "Underwriting" Agreement to the "Best Effort".
- Underwriting Price: Equivalent to the face value of each instrument, added with the premium that was defined in the offer announcement.

**Housing Write Down Portfolio Universality - CCVII**

The following corresponds to the detail of the universality operation entered into on May 11, 2004:

Capital	U\$	61.778,1
Interests		2.029,5
Insurance		3.989,6
Other Assets		897,8
Deferred		(1.461,5)
Housing RVU Contingency		26.815,5
Housing Interest Contingency		<u>36.220,6</u>
Total Universality	U\$	<u>130.269,6</u>

The portfolio was constituted by 5.866 credits with U.V.R. + 12.10% weighted rate. 45% corresponds to VIS portfolio, and the remaining 55% to Non-VIS portfolio.



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The CCVII mortgage instruments are issued and administered by the Bank with the exclusive support on the CCV II (Housing Write Down Portfolio II) Universality and without any guaranty from their own stockholders' equity.

The custody and administration of the issuance is made by DECEVAL according to the issuance deposit and administration contract entered into between the Bank and DECEVAL.

In May 12, 2009, these securities were classified CCC by the Colombia's Classification Company Duff and Phelps S.A. according to their risks conditions.

Some of the Bank stockholders acquired all these CCVII mortgage instruments.

The characteristics of the CCVII mortgage instruments are the following:

<u>From</u>	<u>To</u>	<u>Series</u>	<u>Term (Months)</u>	<u>Yields</u>	<u>Issued Face Value</u>
26-May-04	26-May-12	I	96	Uncertain	US\$ 4,912.4

- Designation: the name of the instruments will be CCVII Mortgage Instruments.
- Denomination: The CCVII instruments will be expressed in RVU Units.
- Number of instruments constituting the issuance: 7.000
- Face Value: 10.000 RVU
- Outstanding Law: The CCVII instruments are freely negotiable in the secondary market and they have the character of bearer instruments.
- Minimum Investment: Equivalent to 200.000 RVU.
- Minimum negotiation amount in the secondary market: 200.000 RVU.
- System: They have the character and the prerogatives of the securities and also of those corresponding to the Mortgage Instruments. They are subject to the regulations provided in the Law 546/99.
- Profitability: Uncertain and derived from the collections achieved from the write down portfolio that is the basis of this process, net of expenses, during the term of the instruments.
- Payment of the yields: the yields from the CCVII instruments will be paid quarterly, at the end of the quarter, in accordance with the allowances in the payment priorities.
- Amortization: The CCVII instruments confer to their holders the right of receiving, with Universality funds and subject to the payment priority, the capital refunding in successive quarterly quotas on the payment dates of the 22 to 32 quarters of the issuance term. The capital payments that can not be made in any payment date will accumulate for being made in the following payment date, without exceeding the payment date corresponding to the 32 quarter of the issuance term.
- Placement: The CCVII instruments were placed in the secondary market through the DAVIVALORES S.A. stock market commissioner, through the entering into of an "Underwriting" Agreement to the "Best Effort".
- Underwriting Price: Equivalent to the face value of each instrument, added with the premium that was defined in the offer announcement.

**Housing Write Down Portfolio Universality - CCV**

The following corresponds to the detail of the universality operation entered into on December 16, 2003:



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Capital	U\$	75.910,7
Interests		3.580,3
Other Assets		4.893,4
Deferred		<u>(2.981,7)</u>
Total Universality	U\$	<u>81.402,7</u>

The portfolio was constituted by 7.811 credits, with RVU + 11.98% weighted rate. The 53% corresponds to VIS portfolio and the remaining 47% to non-VIS portfolio.

The CCV mortgage instruments are issued and administered by the Bank with the exclusive support on the CCV Universality (Housing Write Down Portfolio) and without any guaranty from their own stockholders' equity.

The custody and administration of the issuance is made by DECEVAL according to the issuance deposit and administration contract entered into between the Bank and DECEVAL.

At December 3, 2008, these instruments were rated CCC by the rating company Duff and Phelps de Colombia S.A., in accordance with their risk condition.

Some stockholders of the Bank acquired all these CCV mortgage instruments.

The characteristics of the CCV mortgage instruments are the following:

<u>From</u>	<u>To</u>	<u>Series</u>	<u>Term (Months)</u>	<u>Yields</u>	<u>Issued Face Value</u>
29-Dic-03	29-Dic-11	I	96	Uncertain	U\$ <u>6,837.5</u>

- Designation: the name of the instruments will be CCV Mortgage Instruments.
- Denomination: The CCV instruments will be expressed in RVU Units.
- Number of instruments constituting the issuance: 10.140
- Face Value: 10.000 RVU
- Outstanding Law: The CCV instruments are freely negotiable in the secondary market and they have the character of bearer instruments.
- Minimum Investment: Equivalent to 200.000 RVU.
- Minimum negotiation amount in the secondary market: 200.000 RVU.
- System: They have the character and the prerogatives of the securities and also of those corresponding to the Mortgage Instruments. They are subject to the regulations provided in the Law.
- Profitability: Uncertain and derived from the collections achieved from the write down portfolio that is the basis of this process, net of expenses, during the term of the instruments.
- Payment of the yields: the yields from the CCV instruments will be paid quarterly, at the end of the quarter, in accordance with the allowances in the payment priorities.
- Amortization: The CCV instruments confer to their holders the right of receiving, with Universality funds and subject to the payment priority, the capital refunding in successive quarterly quotas on the payment dates of the 25 to 32 quarters of the issuance term. The capital payments that can not be made in any payment date will accumulate for being made in the following payment date, without exceeding the payment date corresponding to the 32 quarter of the issuance term.



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- Placement: The CCV instruments were placed in the secondary market through the DAVIVALORES S.A. stock market commissioner, through the entering into of an "Underwriting" Agreement to the "Best Effort".
- Underwriting Price: Equivalent to the face value of each instrument, added with the premium that was defined in the offer announcement.

The detail of the fiduciary accounts, with closing on December 31 and June 30, 2009 are presented below:

<u>December 31</u>		<u>CCV</u>	<u>CCVII</u>	<u>CCVIII</u>	<u>Total</u>
<u>Balance</u>					
	Cash and cash equivalents	U\$ 1.222,2	256,4	211,8	1.690,4
	Credit portfolio	9.239,7	6.378,5	4.373,8	19.992,0
	Debtor	<u>62,7</u>	<u>117,9</u>	<u>93,8</u>	<u>274,5</u>
	Assets total	<u>10.524,6</u>	<u>6.752,8</u>	<u>4.679,5</u>	<u>21.956,9</u>
	Interests	650,8	91,2	286,3	1.028,3
	Accounts payable	(101,4)	111,7	(22,3)	(12,0)
	Creditors	735,6	171,4	41,6	948,6
	Long term-debt	<u>9.239,7</u>	<u>6.378,5</u>	<u>4.373,9</u>	<u>19.992,1</u>
	Liabilities total	U\$ <u>10.524,6</u>	<u>6.752,8</u>	<u>4.679,5</u>	<u>21.956,9</u>
 <u>Results</u>					
	Operating Income	U\$ 0,8	0,5	0,5	1,8
	Readjustment to real value unit – R.V.U.	(30,7)	(21,2)	(14,5)	(66,4)
	Portfolio Recovery	2.080,2	1.204,8	1.681,7	4.966,7
	Real estate trusts	<u>455,4</u>	<u>549,3</u>	<u>322,7</u>	<u>1.327,4</u>
	Operating income total	<u>2.505,8</u>	<u>1.733,4</u>	<u>1.990,3</u>	<u>6.229,5</u>
	Other interests	1.270,7	921,9	1.544,6	3.737,2
	Commissions	94,8	73,9	71,6	240,2
	Fees	25,8	27,0	44,3	97,1
	Insurance	716,8	383,0	205,6	1.305,5
	Miscellaneous	<u>397,7</u>	<u>327,5</u>	<u>124,3</u>	<u>849,5</u>
	Operating expenses total	U\$ <u>2.505,8</u>	<u>1.733,4</u>	<u>1.990,3</u>	<u>6.229,5</u>



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<u>June 30</u>		<u>CCV</u>	<u>CCVII</u>	<u>CCVIII</u>	<u>Total</u>
<u>Balance</u>					
Cash and cash equivalents	U\$	876,8	230,5	0,1	1.107,4
Credit portfolio		8.834,0	6.098,4	4.181,8	19.114,2
Debtor		<u>181,7</u>	<u>605,4</u>	<u>226,7</u>	<u>1.013,7</u>
Assets total		<u>9.892,5</u>	<u>6.934,3</u>	<u>4.408,6</u>	<u>21.235,4</u>
Interests		704,2	554,4	173,3	1.431,9
Accounts payable		0,0	149,1	3,0	152,1
Creditors		354,2	132,4	50,6	537,2
Long term-debt		<u>8.834,0</u>	<u>6.098,4</u>	<u>4.181,8</u>	<u>19.114,2</u>
Liabilities total	U\$	<u>9.892,5</u>	<u>6.934,3</u>	<u>4.408,6</u>	<u>21.235,4</u>
<u>Results</u>					
Operating Income	U\$	0,7	0,4	0,7	1,9
Readjustment to real value unit - R.V.U.		245,9	169,7	116,4	531,9
Portfolio Recovery		1.522,7	1.382,4	1.947,6	4.852,7
Real estate trusts		<u>701,0</u>	<u>953,1</u>	<u>350,4</u>	<u>2.004,5</u>
Operating income total		<u>2.470,3</u>	<u>2.505,7</u>	<u>2.415,0</u>	<u>7.391,0</u>
Other interests		1.344,1	1.746,4	1.935,5	5.026,0
Commissions		74,3	69,8	75,0	219,0
Fees		31,9	31,9	26,9	90,8
Insurance		745,6	416,0	231,0	1.392,5
Miscellaneous		<u>274,5</u>	<u>241,5</u>	<u>146,6</u>	<u>662,6</u>
Operating expenses total	U\$	<u>2.470,3</u>	<u>2.505,7</u>	<u>2.415,0</u>	<u>7.391,0</u>

The following is the detail of the trusted assets:

		<u>December 31</u>	<u>June 30</u>
Real state trusts	U\$	267.260,0	209.796,2
Management trusts		3.126.883,1	496.582,2
Pension trusts		416.553,5	4.399.808,3
Collective portfolio		229.897,3	599.739,4
Warranty trusts		<u>80.016,1</u>	<u>102.470,5</u>
	U\$	<u>4.120.609,9</u>	<u>5.808.396,7</u>



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**26) Operating Income – Others**

The detail of the operating income – others is as follows:

	<u>December 31</u>	<u>June 30</u>
Traveler withdrawal	U\$ 7.520,8	6.671,5
Servibanca collection	2.382,7	2.745,4
ACH Colombia S.A.	4.572,5	4.694,1
Stub books	712,1	643,2
Red Telephone	1.768,1	2.169,3
Entrepreneurial service collection	8.015,1	5.957,7
Transactions income	610,4	798,3
Check book sale	6.708,4	5.838,3
Accounts receivable allowance refunding	14.447,3	13.056,7
Credit portfolio allowance refunding	220.330,3	164.842,6
Leasing allowance refunding	4.274,5	2.691,9
Individuals' portfolio	13.980,4	15.432,1
Credit card refusals	619,7	468,0
Bar code collection	1.272,9	959,2
Ratings syndicate credit and Subsidiaryd bonds (Note 7)	12.286,5	6.015,1
Consortiums or joint ventures operational income	3.719,3	3.691,9
Profits in simultaneous short-term and open repo operations and temporary	88,6	225,4
Others	<u>4.620,1</u>	<u>3.931,3</u>
	U\$ <u>307.929,7</u>	<u>240.832,0</u>



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**27) Operating Expenses – Others**

The detail of the operating expenses – others is as follows:

	<u>December 31</u>	<u>June 30</u>
Fees	U\$ 29.737,9	15.470,6
Losses in simultaneous short-term and open, operations and temporary security transferences	288,2	1.103,1
Taxes	9.410,6	10.359,9
Leases	12.101,8	10.136,8
Contributions and affiliations	12.037,7	8.903,7
Insurance	19.024,3	15.227,1
Maintenance and repairs	8.734,9	6.811,6
Suitability offices	4.216,6	2.382,3
Services toilet and surveillance	7.368,3	5.647,6
Temporary services	808,0	739,9
Advertising and propaganda	18.302,1	10.299,6
Public relations	353,2	400,2
Public services	11.961,0	10.148,2
Electronic data processing	13.455,6	9.118,4
Travel expenses	3.908,8	1.915,6
Transportation	11.503,2	10.123,6
Tools & stationery	3.610,7	3.132,7
Consortiums or joint ventures operational expenses	1.145,4	891,9
Commission exchange and cash	1.485,9	691,1
Commissions network	101,2	45,0
Others	<u>4.711,1</u>	<u>4.882,0</u>
	U\$ <u>174.266,4</u>	<u>128.430,8</u>

**28) Allowances – Others**

The following is the detail of other allowances:

	<u>December 31</u>	<u>June 30</u>
Cash	U\$ 295,0	83,2
Assets received in payment	1.969,8	1.410,9
Other assets	813,2	838,1
Other estimated liabilities	106,4	51,6
Others	<u>706,1</u>	<u>511,0</u>
	U\$ <u>3.890,6</u>	<u>2.894,7</u>





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**29) Non-Operating Income**

The following is the detail of the non-operating income:

	<u>December 31</u>	<u>June 30</u>
Gross profit on sale of:		
Assets received in payment	U\$ 784,8	1.282,6
Properties & equipment	<u>5.098,0</u>	<u>3.605,2</u>
Recoveries:		
Portfolio and property written off	23.979,0	26.190,3
Refund allowances properties and equipment	350,4	1.402,1
Refund allowances goods received as payment	4.448,0	1.869,3
Refund allowances investments	1.475,1	249,6
Refund allowances other assets	1.068,8	346,7
Refund other allowances	9.170,2	1.549,0
Recoveries by sinister	613,6	18,6
Refund security deposit	0,0	2.891,0
Deduction previous years	23,8	1.889,0
Refund estimated liabilities current year	114,2	0,0
Refund estimated liabilities prior periods	3.400,5	3.872,1
Other recoveries	<u>2.288,1</u>	<u>2.307,7</u>
	<u>46.931,7</u>	<u>42.585,5</u>
Business collaboration contract (1)	3.741,9	3.105,7
Membership rights Franquicia Visa Inc. (2)	0,0	7.758,7
Cancellation of contract Fiducia Mercantil Promotora de Inversiones Arroba	0,0	1.329,7
Leases	448,8	358,2
Miscellaneous	<u>4.593,9</u>	<u>3.406,8</u>
	<u>8.784,7</u>	<u>15.959,0</u>
	U\$ <u>61.599,2</u>	<u>63.432,4</u>

(1) Through business cooperation contract concluded between the bank and the Fiduciaria Davivienda S.A. which is extended every year, with the purpose of promotion business trust, it was agreed to distribute the income the proceeds in equal parts between the trustee and the Bank

(2) In February 2009 the income for the membership fee of 258,938 shares of Visa International for U\$8,141.9 was recorded, which had been acquired in June 2008. These shares were sold on June 3, 2009 to Citibank NA residing in New York.



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**30) Non-Operating Expenses**

The following is the detail of the non-operating expenses:

	<u>December 31</u>	<u>June 30</u>
Loss on sale of assets received in payment	U\$ 2.512,4	723,5
Loss on sale of properties and equipment	31,3	59,5
Damage loss	2.422,9	3.075,9
Penalties and sanctions	2.617,6	1.854,6
Expenses assets received in payment	565,0	406,3
No value recovered dation in payment Consortia or joint venture	390,8	66,6
Amortization of excess investment cost on book value	16.102,9	2.653,3
Minority interest	2.583,7	1.569,4
Other assets losses	219,6	224,8
Client recognition	1.177,1	684,4
Housing relieves return	1.095,0	1.241,0
Interest on arrears imporenta 2006	0,1	996,5
Frauds	6.051,6	5.488,0
Portfolio fees	154,0	597,5
Others	<u>2.476,3</u>	<u>3.204,1</u>
	U\$ <u>38.400,2</u>	<u>22.845,2</u>

**31) Income Tax**

The presentation of consolidated information in the income tax returns is not allowed by Colombian tax standards; therefore, fiscal losses of one consolidated Subsidiary cannot be used to compensate the taxable income of another consolidated Subsidiary.

According to Law 863 of 2003, the consolidating entity is subject to a Price Transfer Scheme, for operations connected with affiliates abroad. No additional taxes are foreseen as a result of the study on transfer prices.

**32) Related Parties Transactions**

They are considered as related parties the main stockholders, members of the Board of Directors and the companies in which the Bank possesses investments higher than ten percent (10%) or where economic, administrative or financial interests exist.

Likewise, the companies in which the stockholders or members of the Board of Directors have a participation higher than ten percent (10%).

In addition, and in accordance with the provisions in the Article 29 in the Law 222, 1995 and taking into account that the Banco Davivienda S.A. is a company controlled by the Grupo Empresarial Bolivar, we present herein below the most important direct or indirect operations, compared with closing at December 31 and June 30, 2009:



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**Operations with related companies**

**Fiduciaria Superior S.A.- En liquidación**

	<u>December 31</u>	<u>June 30</u>
Assets		
Investments available for sale in equity securities (Note 5f.)	U\$ 0,0	1.177,2
Appraisals and investments available for sale in equity securities (Note 5f.)	0,0	33,3

**Seguros Comerciales Bolívar S.A.**

Assets		
Credits	31,3	34,4
Swaps	0,0	88,7
Account receivable	70,2	37,7
Liabilities		
Deposits and callabilities	10.548,7	1.129,9
Accounts payable	270,8	380,3
Operating Income		
Insurance policies collection commissions	1.643,7	1.261,8
Various - Commission banking services	122,2	269,1
Interest and discount amortized credit card	1,1	0,0
Non-operating Income		
Leases Assets own	9,6	9,2
Various – Fees	5,1	0,0
Operating Expenses		
Insurance	0,0	1.411,9
Financial cost and restatement – Swap	(526,0)	1.292,8
Non-operating Expenses		
Leases locals and offices	28,2	5,3



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<b><u>Compañía de Seguros Bolívar S.A.</u></b>	<u>December 31</u>	<u>June 30</u>
Assets		
Swaps	U\$ 0,0	325,4
Credits	126,8	93,1
Account receivable	2,6	4,1
Liabilities		
Deposit and callabilities	6.625,7	4.634,0
Accounts payable	65,5	110,9
Operating Income		
Interest and discount amortized credit card	1,4	0,5
Insurance policies collection commissions	5.016,1	4.634,0
Banking services commission	1.008,5	883,3
Non-operating Income		
Various – insurance reimbursement	293,1	0,0
Operating Expenses		
Financial cost and restatement – Swap	935,6	2.011,1
Insurance	141,6	1.313,8
 <b><u>Capitalizadora Bolívar S.A.</u></b>		
Assets		
Credits	U\$ 1,3	1,7
Swaps	0,0	325,4
Liabilities		
Deposits and callabilities	2.107,0	837,7
Operating Income		
Insurance policies collection commissions	888,4	785,0
Various - Banking services commissions	374,5	321,2
Non-operating Income		
Various – insurance reimbursement	102,2	0,0
Operating Expenses		
Interest deposits and callabilities	0,0	0,1
Financial cost and restatement – Swap	935,6	2.011,1
 <b><u>Leasing Bolívar S.A.</u></b>		
Assets		
Accounts receivable	U\$ 88,1	49,0
Liabilities		
Deposits and callabilities	11.142,2	11.466,6
Operating Income		
Various	102,8	175,4
Operating Expenses		
Interest deposits and callabilities	603,4	0,9



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

	<u>December 31</u>	<u>June 30</u>
<b><u>Sociedades Bolívar S.A.</u></b>		
Liabilities		
Deposit and callabilities	U\$ 1.001,5	363,6
Operating Income		
Various	0,0	0,5
Operating Expenses		
Interest deposits and callabilities	0,0	60,4
<b><u>Constructora Bolívar Bogotá S.A.</u></b>		
Assets		
Credits	U\$ 8.148,5	10.575,9
Account receivable	11,5	41,7
Liabilities		
Deposit and callabilities	1.785,8	818,1
Operating Income		
Interest and discount on credits	62,9	60,6
Non-operating Expenses		
Various expenses goods received in payment	0,0	7,8
<b><u>Constructora Bolívar Cali S.A.</u></b>		
Assets		
Credits	U\$ 3.916,5	3.259,4
Account receivable	10,5	5,0
Liabilities		
Deposit and callabilities	315,5	208,3
Operating Income		
Interest and discount on credits	0,4	0,0
<b><u>Constructora Bolívar Medellín S.A.</u></b>		
Liabilities		
Deposits and callabilities	U\$ 0,0	4,7
<b><u>Seguridad Cía. Adm. de Fondos de inversión S.A.</u></b>		
Liabilities		
Deposits and callabilities	U\$ 1.145,3	2,2
Investment securities outstanding	1.822,4	1.742,4
Operating Income		
Various	6,2	0,5
Operating Expenses		
Interests deposits and callabilities	0,9	0,6
Various	0,0	48,5



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

	<u>December 31</u>	<u>June 30</u>
<b><u>Cusezar S.A.</u></b>		
Assets		
Credits	U\$ 197,6	4.632,0
Accounts receivable	0,0	0,0
Liabilities		
Deposits and callabilities	1.312,4	734,6
<b><u>Urbe Capital S.A.</u></b>		
Assets		
Credits	U\$ 6.514,8	6.230,8
Accounts receivable	0,0	23,8
Liabilities		
Deposits and callabilities	3.373,2	3.486,5
Operating Income		
Interest and discount amortized credit card	118,1	42,2
Operating Expenses		
Interests deposits and callabilities	0,5	0,0
<b><u>Inversiones Zárate Gutierrez y Cia. S.C.S.</u></b>		
Assets		
Credits	U\$ 530,0	519,5
Liabilities		
Deposits and callabilities	2,4	2,3
Operating Income		
Interest and discount amortized credit card	46,9	46,4
<b><u>International Finance Corporation (I.F.C.)</u></b>		
Assets		
Other expenses amortized	U\$ 110,3	539,6
Liabilities		
Accounts payable	3,3	3,2
Subsidiaries bonds	167.945,0	168.286,4
Operating Income		
Revaluation Subsidiaries bonds (note 7)	7.586,5	1.745,7
Non-operating Income		
Reimbursements estimated Liabilities previous year	1,3	0,4
Operating Expenses		
Commissions	0,0	36,5
Fees	6,7	5,8
Financial advice	0,0	13,4



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

	<u>December 31</u>	<u>June 30</u>
<b><u>Promociones y cobranzas Beta S.A.</u></b>		
Assets		
Accounts receivable	U\$ 2,7	2,6
Liabilities		
Deposits and callabilities	1.083,9	1.281,4
Fees	354,8	386,5
Accounts payable	383,4	470,5
Operating Income		
Miscellaneous – commissions banking services	0,0	5,8
Non-operating Income		
Leases	17,6	9,6
Other recoveries	38,4	226,1
Operating Expenses		
Fees	4.034,1	2.219,9
Legal expenses	5,2	0,1
Personal aid	14,1	0,0
Non-operating Expenses		
Various - collection fees	27,9	160,5

**Ediciones Gamma S.A.**

Assets		
Accounts receivable	U\$ 1,4	1,3
Allowance Accounts receivable	(1,4)	(1,3)
Liabilities		
Deposits and callabilities	282,7	49,1
Accounts payable	0,1	0,1
Operating Income		
Various	0,0	1,5
Non-operating Income		
Leases	17,1	19,4
Various	1,1	0,0
Operating Expenses		
Allowance Accounts receivable	0,0	1,3
Propaganda and advertising	357,2	96,7
Public relations	0,0	90,4

The balance of the credits with economically related parties, is the following:

	<u>Interest Annual Rate</u>		<u>December 31</u>	<u>June 30</u>
<b>Stockholders</b>				
Commercial	0.01% and 25.78%	U\$	126.885,6	74.591,3
Consumption	0% and 25.78%		7.291,8	7.100,2
Housing	0% and 18.43%		<u>502,1</u>	<u>580,4</u>
		U\$	<u>134.679,6</u>	<u>82.271,9</u>



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

	<u>Interest Annual Rate</u>		<u>December 31</u>	<u>June 30</u>
<b>Board of Directors</b>				
Commercial	0.2% and 14.50%	U\$	91,3	28,1
Consumption	0.00% and 25.78%		168,0	72,1
Housing	7.50% and 12.50%		<u>101,3</u>	<u>95,8</u>
		U\$	<u>360,6</u>	<u>195,9</u>
<b>Administrators</b>				
Commercial	0% and 14.75%	U\$	836,8	1.048,1
Consumption	0% and 25.78%		369,9	544,0
Housing	0% and 18.15%		<u>687,9</u>	<u>1.027,2</u>
		U\$	<u>1.894,6</u>	<u>2.535,4</u>
<b>Other related Parties</b>				
Commercial	0.01% and 25.78%	U\$	<u>12.076,4</u>	<u>14.090,1</u>
		U\$	<u>149.011,1</u>	<u>99.177,2</u>

On December 31 and June 30, 2009, active operations of credit held with shareholders - owners of the partners, 5% or more of registered capital in accounts receivable of order, are U\$6.910.5 and U\$11.534.2, respectively. (Note 23).

The balance of the deposits and callabilities with related parties is the following:

	<u>Interest Annual Rate</u>		<u>December 31</u>	<u>June 30</u>
<b>Stockholders</b>				
Saving Accounts	0.3%	U\$	39.950,3	24.530,0
Certificates pesos	Between 2.00% and 12.64%		2.439,0	3.106,6
Certificates CPI	IPC + 0.23% and IPC + 0.84%		12,4	2,9
Checking accounts	0.0%		<u>37.615,6</u>	<u>27.307,5</u>
			<u>80.017,3</u>	<u>54.947,0</u>
<b>Board of Directors</b>				
Saving Accounts	0.3% and 0.5%		97,1	138,8
Checking accounts	0.0%		<u>17,1</u>	<u>17,1</u>
			<u>114,1</u>	<u>155,9</u>
<b>Board of Directors' Advisors</b>				
Saving Accounts	0.3% - 0.5%		226,4	70,5
Certificates pesos	Between 3.95% and 9.9%		678,4	0,0
Checking Accounts	0.0%		<u>139,5</u>	<u>140,8</u>
			<u>697,7</u>	<u>211,3</u>
<b>Administrator</b>				
Saving Accounts	0.3% - 0.5%		216,2	98,2
Certificates pesos	Between 4.4% and 4.15%		11,3	10,3
Checking Accounts	0.0%		<u>6,6</u>	<u>139,0</u>
		U\$	<u>234,0</u>	<u>247,4</u>





**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

			<u>December 31</u>	<u>June 30</u>
<b>Other related Parties</b>				
Saving Accounts	0.3%	U\$	81.633,9	42.770,0
Certificates pesos	Between 3.8% and 4.8%		20,7	16,7
Checking Accounts	0.0%		<u>14.163,8</u>	<u>27.697,6</u>
			<u>95.818,4</u>	<u>70.484,3</u>
		U\$	<u>176.881,6</u>	<u>126.046,0</u>

**Fees**

As of December 31 and June 30, 2009, for Bank's Board of Directors and Subsidiaries attendance to meetings, some fees were paid, as follows:

		<u>December 31</u>	<u>June 30</u>
Board of Directors	U\$	68,5	53,6
Board of Directors' Advisors		<u>31,5</u>	<u>20,2</u>
	U\$	<u>100,0</u>	<u>73,8</u>

**Others Payments**

As of June 30, 2009, other payments for fees and commissions were paid to members and advisors of the Board of Directors from Banco Davivienda S.A., for U\$58.4.

**33) Risk Management**

The Administration and Risk Management in the Bolivar Group companies, is performed through a synergy strategy among companies, consolidating a Risk Area for all companies, which optimizes technological resources and the assumed risks. This area depends on the Banco Davivienda, Financial and Risk Control, supervised by Financial Executive Vice-presidency and Bolivar Group Risk.

On the other hand, Grupo Bolívar's Financial Risks and Investment Committee analyzes and evaluates the different operation and investment alternatives according to the philosophy of each institution, recommending their approval or refusal at the corresponding Board of Directors Meeting.

The Bolivar Group Financial Risk Administration Manual (MARF), consolidates the aspects related to management and administration of treasury financial risks and liquidity in Bolivar Group companies; this document states the regulation and procedures to carry out an optimal and adequate administration of the different risks associated to treasury, identifying, measuring, and monitoring the risk of allowed operations, taking into account the profits-risk criteria, inside the parameters of global and regulatory strategic planning. The MARF covers the Sistema de Administración de Riesgo de Mercado (Market Risk Administration System) (SARM), Sistema de Administración de Riesgo de Liquidez (Liquidity Risk Administration System) (SARL), Manual de Derivados (Derivates Manual) and Circular Setter 021 of the Autorregulador del Mercado de Valores (Self-regulations in Securities Market).



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

The Financial Risk Department is in charge of measuring and analyzing risks; of reviewing and evaluating periodically the appraisal methodologies of financial instruments and verifying compliance of policies and boundaries set forth by the applicable regulation, Comité de Riesgos Financieros e Inversiones (Financial Risk and Investment Committee) (CRFeI), Comité de Carteras Colectivas (Collective Portfolio Committee), Comité de Gestión de Activos y Pasivos (Assets and Liabilities Management Committee) (GAP) and the respective Boards of Directors.

**Investments Loan Risk**

The definition of the entities authorized to operate with Bolivar Group companies and in which investments can be done, is performed using a model that assess the financial performance of the counterpart, by means of Representative Financial Indicators score and taking into account qualitative considerations and expert criterion.

The new markets and products incursion is carried out once the corresponding impact and risk profile have been approved by the corresponding entity's Board of Directors, according to the procedure established for such purpose.

**Market risk**

The Financial and Investment Risk Committee (CRFeI) and the Board of Directors of each group's entity, are agencies in charge of defining institutional policies in relation to the market different risk exposure, always taking into account that such policies, are coherent with the financial and operating structure of each of the entities, as well as its corporate strategy and objectives.

The companies have a robust structure of exposure limits to control the different portfolios and activities performed, to carry out the management of same. Investment and counterpart limits, trader limits, position limits, modified duration limits and, VaR limit, as well as early alert to control treasury operation, are defined for each of the companies.

**Portfolio Composition Consolidated (Thousands of United States Dollars)**

The Banco Davivienda S.A. and its Subsidiaries consolidated investment portfolio in legal tender, as of December 31, 2009, is comprised by trading Investments (U\$1,749.363,0), available for sale (U\$287.309,7) and investments until maturity (U\$221.438,0)



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

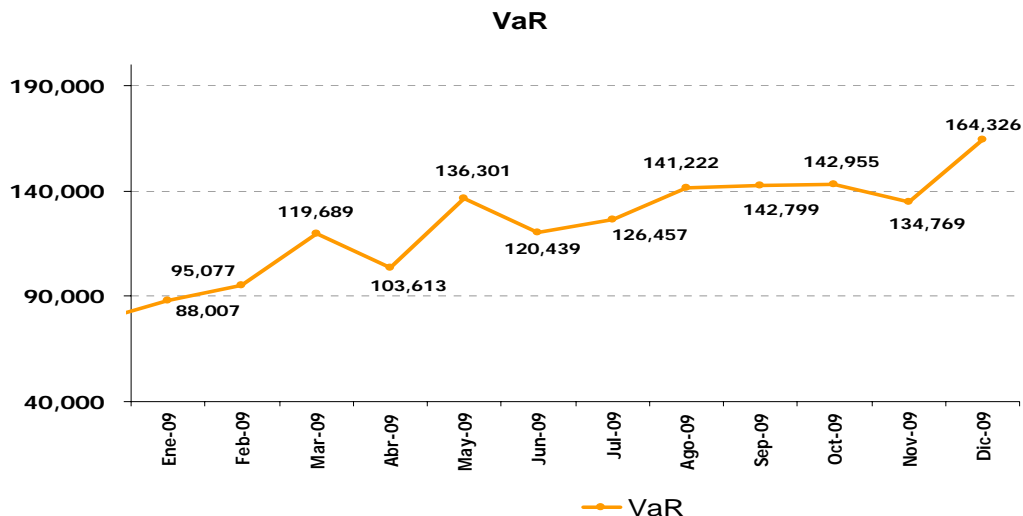
Classification	TRADING		AVAILABLE FOR SALE		MATURITY		Total
	VALUE	%	VALUE	%	VALUE	%	
BONDS_\$	U\$ 122.685,9	7%	-	0%	2.109,9	1%	124.795,8
BONDS_USD	12.845,5	1%	198.580,7	69%	1,9	0%	211.428,2
CDTS_\$	40.925,4	2%	-	0%	1.897,9	1%	42.823,3
FCO_\$	802,4	0%	-	0%	-	0%	802,4
FOGAFIN_\$	60.262,3	3%	-	0%	-	0%	60.262,3
NOTAS ESTRUCT	-	0%	30.864,3	11%	-	0%	30.864,3
OTROS_\$	1.731,5	0%	-	0%	-	0%	1.731,5
TDAS_\$	120.200,3	7%	-	0%	39.771,9	18%	159.972,3
TES_\$	872.001,1	50%	-	0%	1.738,8	1%	873.739,9
TES_IPC_\$	5.054,0	0%	-	0%	-	0%	5.054,0
TES_LEY_UVR	15.274,1	1%	-	0%	-	0%	15.274,1
TES_S	-	0%	-	0%	1.447,5	1%	1.447,5
TES_TCO_\$	5.528,7	0%	-	0%	-	0%	5.528,7
TES_UVR	31.170,1	2%	-	0%	-	0%	31.170,1
TIPS_\$	330.807,6	19%	108,2	0%	11.435,8	5%	342.351,5
TIPS_UVR	94.855,3	5%	4.394,9	2%	5.180,7	2%	104.430,9
TITULOS PART	10,1	0%	53.361,7	19%	-	0%	53.371,8
TRDS_UVR	14.492,8	1%	-	0%	157.853,5	71%	172.346,3
TIME_DEPO	20.715,9	1%	-	0%	-	0%	20.715,9
<b>TOTAL</b>	<b>U\$ 1.749.363,0</b>	<b>100%</b>	<b>287.309,7</b>	<b>100%</b>	<b>221.438,0</b>	<b>100%</b>	<b>2.258.110,8</b>

**Amount at risk**

The consolidated Value at Risk calculation “VaR” of Banco Davivienda S.A. and its Subsidiaries was made following the methodology described in chapter XXI, annex I of the Circular Básica Contable y Financiera 100 (Accounting and Financial Basic Circular Letter) of Superintendencia Financiera de Colombia.

The estimated Amount at Risk, as of December 31, 2009, was: \$164,326. (Millions of pesos)

Year 2009 Consolidated VaR Evolution





**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

Included: Banco Davivienda S.A., Bancafé International Corporation S.A., Bancafé Panamá S.A., Fiduciaria Davivienda S.A., Fiduciaria Cafetera S.A., Davivalores Sociedad Comisionista de Bolsa y Confinanciera S.A.

### **Liquidity Risk**

The Banco Davivienda S.A. and its Subsidiaries liquidity, is an indispensable element to guarantee the sustainability of its operations, therefore, it constitutes one of the fundamental pillars in the administration of financial activity, developed by each of the entities. It is in the best interest of the companies, to guarantee client's resources availability, at the time they are required by them, as well as to count with the necessary resources to fulfill the acquired liabilities with vendors, creditors, shareholders and those with which the companies developed their activities needed to fulfill their corporate objective.

The liquidity risk administration system has been designed, in order to identify, measure, quantify and control liquidity risk of Group Bolívar's entities. The MARF- RL document covers the Liquidity Risk Administration System (SARL) that the institutions supervised by Superintendencia Financiera de Colombia (SFC) should adopt pursuant to current regulations, which includes aspects pertaining to Liquidity Risk Management and Administration of the Group's companies. This document records the regulations and procedures required to exercise and optimal and adequate administration of the different liquidity risks derived from the financial activity exercised by the companies through identification, measurement, control and monitoring of the assumed risks, taking into account the profitability-risk criteria within the global strategic planning parameters and regulatory parameters.

The GAP committee, or who replaces it, and the Board of Directors of each Group's entity, are the agencies in charge of defining the institutional policies, related to the liquidity risk exposure, always taking into account that such policies, are coherent with the financial and operating structure of each of the entities, as well as with their corporate strategy and objectives. This definition can be supported in the cases required in the concept that for such purpose the Financial and Investment Risk Committee (CRFeI) issues, as an agency in whose responsibility lies the management and administration of treasury financial risks of the different companies.

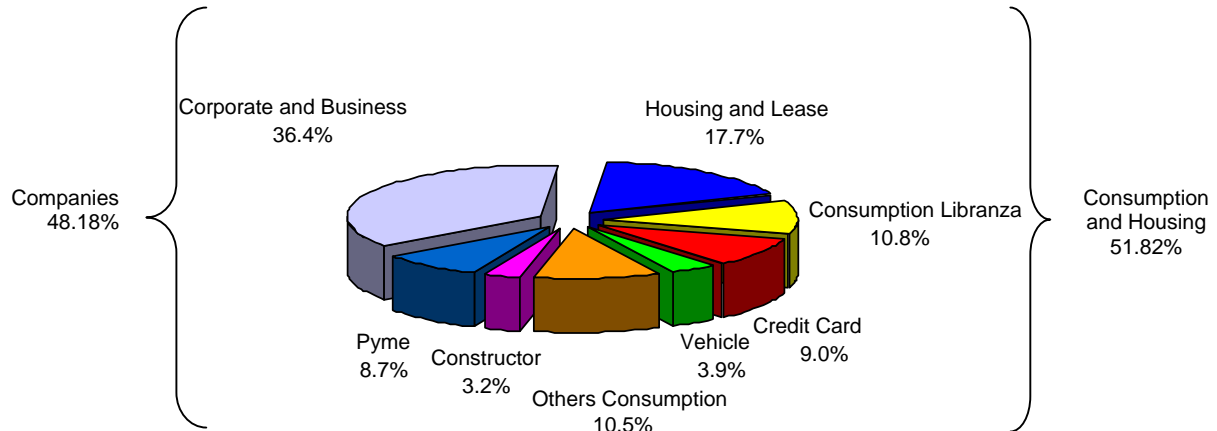
### **2. Credit Risk – Credit Products:**

The composition of the Banco Davivienda's portfolio at December 31, 2009 is the following:



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

**Portfolio Composition December, 2009**



**2.1 Reference Models published by the Superintendencia Financiera de Colombia**

The Bank implemented as of July, 2007, under its credits risk metrics policy the Business Reference Model (Modelo de Referencia Comercial MRC), complying with the guidelines of External Memorandum Letter 035 of 2006.

Likewise, starting July, 2008, the Bank adopted the Consumption Reference Model (MRCO), according to the definitions of Annex 5 of Chapter II or External Bulletin 022 of 2008, this model generated an impact in the risk qualification up until June 2009, however, following recommendations made by the Superintendencia Financiera de Colombia in which it was felt that some of the Bank's interpretations in terms of benchmark definitions may be overestimating the level of debtors risk, a series of technological adjustments in the application of concepts were carried out this semester, aimed at a more lenient application of the definitions in current regulations.

Notwithstanding these adjustments in the quality indicators of portfolio risk rating, the Bank made no reduction in the provisions of the portfolio, increasing coverage levels of portfolio risk.

These reference models as well as the existing standards such as housing are the basis for calculating said provisions.

**2.2 Portfolio Mass**

These portfolios include mainly personal credits for housing and consumer goods.

For this class of portfolio the Bank has been developing its own models to estimate losses which are being continuously calibrated. The use of these models is internal, being a tool used in financial management processes and risk control and is based on cash flow



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

projections in accordance with the historical behavior of arrears through transition matrices, historical recovery data and behavioral parameters of the portfolio.

The historic information used dates from January 2002, in the most recent case.

The Credit card and Housing models are estimated based on annual losses given the difference between the duration of the portfolio and the period of one (1) year and for the other products we estimate the expected loss on an actual value for the total period of the portfolio.

Below we describe the main balances per type of portfolio and the results of the provisions compared to the results of the internal models for large portfolios.

(figures millions of dollars)		<b>Balance</b>	<b>% C, D, E</b>	<b>Allowance</b>	<b>Coverage C,D,E</b>	<b>Supply model</b>	
<b>PORTFOLIO MASS</b>	<b>Housing and Lease</b>						
		Jun-09	U\$ 1.240.3	3.0%	U\$ 57.9	153.3%	U\$ 54.7
		Dec-09	1.494.9	2.5%	65.9	175.5%	46.1
	<b>Credit Card</b>						
		Jun-09	676.6	7.0%	40.5	86.1%	68.9
		Dec-09	759.9	4.8%	40.9	111.7%	44.8
	<b>Other Consumption</b>						
		Jun-09	829.5	21.5%	149.0	83.7%	98.5
		Dec-09	886.3	12.5%	138.0	125.1%	218.3
	<b>Consumption Libranza</b>						
		Jun-09	700.0	7.3%	49.9	97.5%	20.0
		Dec-09	909.0	4.2%	47.6	126.1%	25.3
	<b>Vehicle</b>						
		Jun-09	298.0	11.0%	26.2	80.3%	15.1
	Dec-09	331.9	9.3%	25.2	81.9%	17.9	
<b>Total</b>							
	Jun-09	3.744.4	9.3%	323.6	93.3%	257.1	
	Dec-09	4.381.8	5.8%	317.8	125.5%	352.4	

\*Theses models are found in the calibration process.

### 2.3 Non-Mass portfolios

We mainly include business portfolios for small businesses and corporations, for purposes of measuring risk, the Bank has developed its own assessment models that seek to manage the proper administration of credit risk.

The risk model for Corporative Credit uses quantitative as well as qualitative factors. The indicators have been developed based on financial statements and characteristics of each company.

The first model for a construction credit evaluates the financial and commercial viability of the project, the experience of the construction company and the advances made on the job. The risk qualification of this segment is detailed as follows:



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

(figures in millions of dollars)		June, 2009	December, 2009
<b>Constructor</b>			
A	Normal	U\$ 245.2	238.6
B	Acceptable	2.1	17.1
C	Deficient	0.7	0.2
D	Difficult collector	15.7	10.0
E	Irrecoverable	-	0.6
<b>Total</b>		<b>U\$ 263.8</b>	<b>266.6</b>

The model of this expected loss for SME's, assesses the probability of failing in function of the historical arrears behaviors per loan and the loss due to failing, according to the guarantees associated to each liability. The value of the expected losses is detailed as follows:

(Figures in millions of dollars)		Balance	% C, D, E	Allowance	Coverage C, D, E	Internal Model Provision
<b>Pyme</b>						
	Jun-09	U\$ 626.4	10.79%	U\$ 62.7	92.9%	U\$ 34.2
	Dec-09	732.1	7.98%	65.6	112.3%	38.6

## 2.4 Subsidiaries

### 2.4.1 Confinanciera S.A.

Confinanciera within its credit risk measuring policies implemented the commercial reference model (MRC for its initials in Spanish) as of July 2007 and the consumption reference model (MRCO) as of July 2008.

As in the portfolio mass, the risk for the internal model for Confinanciera, is based of cash flow estimation, according to arrears historical behavior through transition matrix; the parameters used to model the Confinanciera portfolio are based on historical information.

(Figures in thousand of millions)			Balance	% C, D, E	Allowance	Coverage C,D,E	Internal model allowance
<b>PORTFOLIO CONFINANCIERA</b>	<b>Commercial</b>						
		Jun-09	U\$ 125.0	18,3%	U\$ 8.8	38.4%	U\$ 13.6
		Dec-09	121.7	14,3%	14.2	81.4%	17.2
	<b>Consumption</b>						
		Jun-09	35.7	12.0%	1.8	41.7%	4.9
		Dec-09	42.1	11.0%	3.7	80.6%	4.2
	<b>Micro-credit</b>						
		Jun-09	18.3	5.1%	0.7	82.5%	1.9
		Dec-09	23.6	4.8%	1.3	110.3%	1.8
	<b>Total</b>						
	Jun-09	U\$ 179.1	15.7%	U\$ 16.4	58.4%	U\$ 20.4	
	Dec-09	187.4	12.4%	19.2	82.6%	23.1	



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

**2.4.2 Panamá and Miami**

Panamá within its credit risk measuring policies avails agreements 6-2000 of June 28, 2000 and agreement 2-2008 dated February 2008 issued by the Board of Directors from the Bank Superintendence of the Republic of Panamá, which sets forth the provision incorporation policies and the general concepts to estimate the loss.

This quantification is performed every 3 months and is based on cash flows, execution amounts of bonds and historical behavior through the portfolio's maturity profile.

Miami, within its credit risk measuring policies and specifically in the incorporation of provisions, it avails the financial standards (FAS 114 and FAS 5).

The loss estimation methodology consists in segmenting portfolios of important balances, type of bond, concentration of placements in a defined sector and cash flows.

**3. Prevention of Money Laundering and Financing of Terrorism**

**Risk Administration system for laundering of assets and the Financing of Terrorism (SARLAFT)**

Banco Davivienda S.A. and its Subsidiaries have adopted and implemented a money laundering and terrorist financing risk management system, SARLAFT, based on the premise that Risk management includes knowing the customer and their transactions with the entity, market sector definition, customers, products, distribution channels and Jurisdictions, transaction monitoring, and reports of operations to the relevant authorities in order to avoid being used to give the appearance of legality to assets derived from illegal activities and in accordance with that expressed in the external circular 026 of June 2008 of the Superintendencia Financiera de Colombia.

This system is supported by an organizational culture, policies, controls and procedures that are of knowledge and application throughout the organization and that recognize the complete Colombian regulatory framework as well as recommendations and best international practices in this field, mainly those of the Financial Action Task Force "FATF".

The procedures and rules of conduct on the implementation of all control mechanisms and tools are integrated into the SARLAFT manual and code of conduct, which is of knowledge and access to all staff off each entity.

Banco Davivienda S.A. and its Subsidiaries carry out periodic training programs for its functionaries, seeking to create awareness and commitment in each of them.

Reviews of the control mechanisms designed and implemented in the Compliance Unit and other areas of the entity within the processes of the Statutory Auditor's Office and Internal Audit are also included.

In compliance with the rules The Board of Directors appointed a Compliance Officer and deputy who are duly sworn before the Superintendencia Financiera de Colombia.





**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

**4. Operating Risk Management System (SARO)**

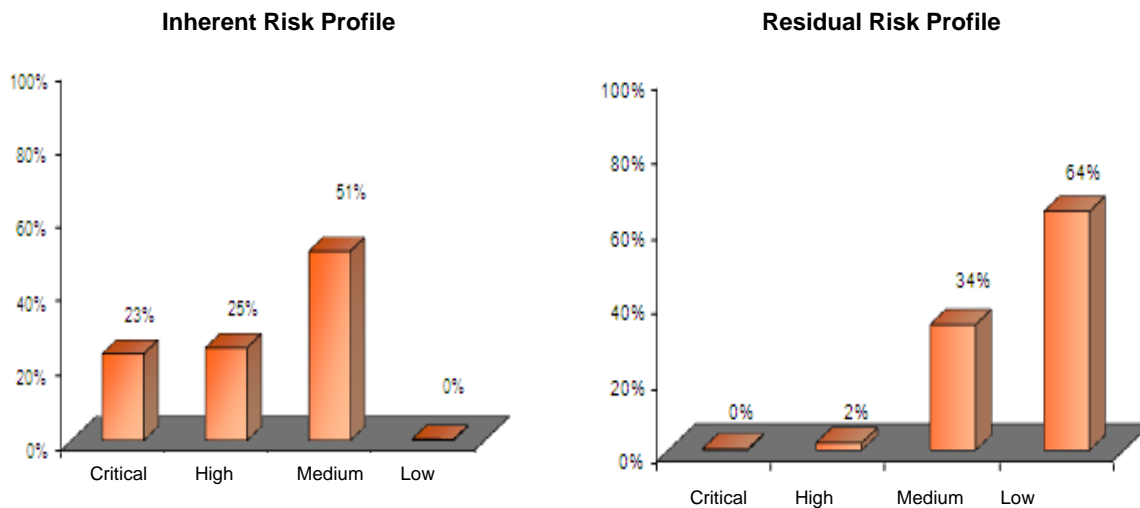
**Evaluation of the Operative risk administration system**

In accordance with the provisions of the External Circular 041 of 2007 issued by the Superintendencia Financiera de Colombia, the Bank has implemented an Operational Risk Management system (SARO).

This system identifies the risks in each process that takes place in the Bank to evaluate their level of criticality, evaluate quality and effectiveness of the controls and ensure through action plans that the risk profile and possible exposure of the Bank to losses is properly controlled.

As can be seen in the graph our residual risk profile enables us to ensure effective control of the inherent risks rated as critical and high, and thus have adequately mitigated the operational risks most representative of the Bank.

**CONSOLIDATED RISK PROFILE**  
**Davivienda**



In line with the Operational Risk management system, the Bank directs and establishes SARO (Operational Risk) guidelines for their Subsidiaries for Policies, procedures, event management, technology platform, information dissemination, training and other actions that are considered relevant, applying them effectively and timely.

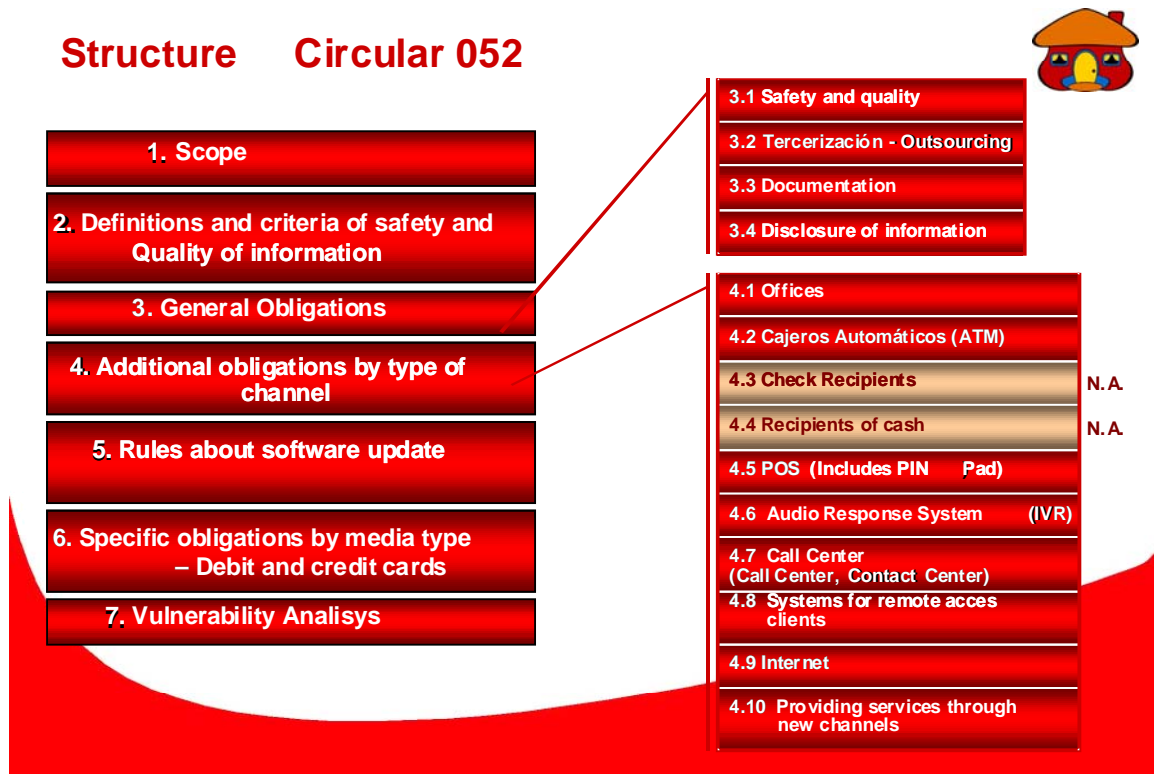


**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

**34) Information Security Strategies – External Circular 052 de 2007**

As part of the Bank’s and its Subsidiaries safety strategy and in order to comply with integration or adaption of the minimum requirements for Safety and Quality demanded by External Memorandum 052 of 2007 of the Superintendencia Financiera de Colombia, the Information Security and Organization and Methods are of the Bank, leading the implementation of phase III, in reference to management of projects. The use and maintenance of the other requirements that were implemented in phases I and II have also has prioritized.

Since the Bank has been using international guidelines and standards to implement and develop its Safety of Information strategy, a high level of alignment with said External Bulletin 052, which comprises the following structure:



All the processes and controls implemented for the compliance of phases I and II are being maintained.



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

For phase III important definitions have been accomplished early with requirements such as offering the management of different passwords for each channel, process definitions is now working with this scheme. Within the bank's channel policies, caring for people with disabilities while maintaining a high level of protection for their information has been established.

Among the topics defined within the strategic planning that is aligned with this Circular was the project oriented to the implementation of the CHIP card, which offers benefits for our customers from the security point of view and which serves as the beginning of a new stage in payment methods. We are confident that we will remain at the forefront of changes that occur in this field and those who use the payment methods and are currently focused on mobile banking. The project starts with a segment of customers using a strategy that will serve to measure the impact on the customer segment at the security level and also at business level, in order to broaden its scope.

For the technology acquired in PINPADs and ATMs, there are clear policies regarding the compliance of these devices that can read chip cards.

An interdisciplinary group was allocated to evaluate solutions that might interact with the platform currently used focused on strengthening it for video recording and image storage of customer service areas, and images that are associated with transactions in the case of ATMs. A solution plan was arrived at and an implementation determined at the level of Offices and ATMs.

Work was done with the Banking Association and other banks in strategic initiatives designed to mitigate risk by phishing, which is listed as one of the main types of fraud attacks on the Internet channel. Security mechanisms were strengthened and investment is planned to complete the security according to the mechanisms that hackers commonly use.

The security scheme used to share or exchange information with others and within areas of the Bank and its Subsidiaries was strengthened.

The development of activities aimed at strengthening and maintaining security management continues through the dissemination of information protection mechanisms, examples, rules and messages about the proper use of Bank information.

For the maintenance of the phases that support the objectives of the External Circular 052, the Bank and its Subsidiaries continue to develop initiatives, projects and investments needed to maintain appropriate mechanisms, processes, procedures and tools in addition to advances in research and updates on security issues which could be implemented to mitigate further risks.

**35) Corporate Government**

Davivienda S.A. Board of Directors adopted the Board of Directors Regulation in accordance to the standards in the Better Corporate Practices Code – Country Code – based on principles of transparency, respect of shareholders rights, revelation of information, due diligence and loyalty to the consultants and managers and also determined the standards for social organizations management to promote participation of all shareholders.



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
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During the General Shareholders adopted the Standards for General Meeting Shareholders and implemented the mechanisms for disseminating information regarding the convening and developing of meetings on-line through the web page.

The Bank has also strengthened the information channels for the shareholders and investors to include financial and non-financial information on the web page where they can consult documents that comprise the Corporate Government System, among them, the statutes, the shareholders rights and obligations guide, good government corporate code, the regulations of the Board of Directors and General Shareholders Meeting, as well as information related to the financial performance, administrative management, consultants, control institutes, shares, etc. At the same time, through the Corporate Government Code, the Bank has defined its policy for complete disclosure of information to the shareholders and the investors, to guarantee appropriate and truthful delivery of information.

Through the Corporate Good Government Code, the Bank details its policies with regards to:

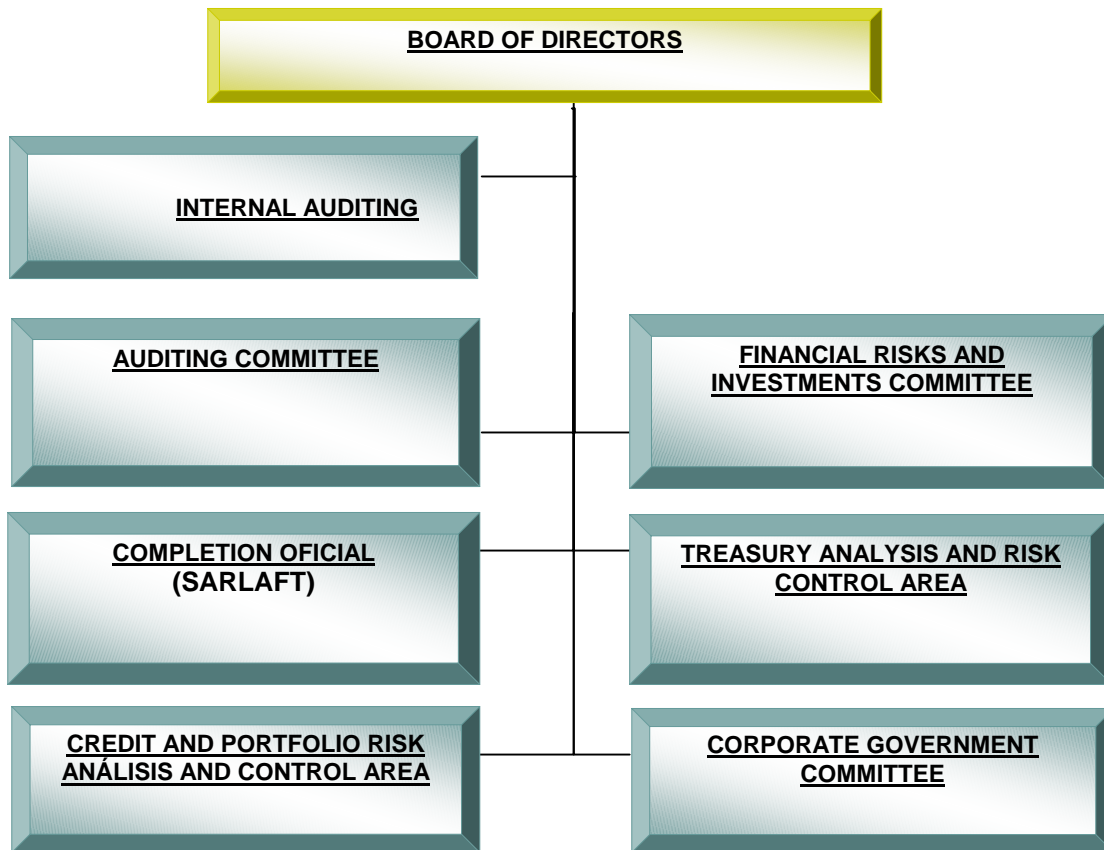
- Evaluation and control of activity of the administrators, principal executives and the directors.
- Disclosure of information to shareholders and investors in subjects regarding the institutional policies of the Bank, government structure and its shareholders composition, handling conflicts of interest, risks to which the Bank may be exposed to in the handling of its operations, detection of relevant findings made by the General Accountant, financial information and increase of said relevant findings.
- Internal Control System

Regarding the government structures and the handling of risks, the Board of Director has created the committees required by law as well as others, that although they are not necessarily required by law do support the management of the Board of Directors and keeps them informed of situations regarding processes, structure and handling of risks in each business line, allowing for adequate monitoring and follow-through. Under this plan, the Board of Directors and Top Management are aware of the positions of risk of the Bank and they may actively intervene in the handling of these same risks, defining the measuring methodologies of the Bank that would identify their exposure per product, policies, profiles and limits among others. Also, the Board of Directors determines the strategy and orientation of Banco Davivienda and supervises placement and follow-through of same.

The next diagram illustrates the principal support organs of the Board of Directors for the development of their functions:



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements



**Functions of Commitees:**

a) Internal Auditing

The Internal Auditing covers the analysis and follow-through of the internal control System of the Bank and its Subsidiaries, providing each one of the audited as well as the Auditing Committee and the Board of Directors, recommendations for strengthening the internal control system to fulfill the needs of the Bank.

b) Audit Committee:

It supervises the internal control structure, verifies that transactions are being adequately authorized and recorded, supervises the functions of the internal audit, watches for the transparence of the financial information, as well as for its adequate disclosure, evaluates the internal control report s prepared by the Internal Auditor and the Statutory Auditor and verifies that the administration has followed its suggestions and recommendations, confirms and objects the notion that the Statutory Auditor issues in respect to the sufficiency and appropriateness of the internal control measures of the entity. Establish policies, criteria and practices used by the Bank in the construction, disclosure and dissemination of the



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

financial information as well as the mechanisms to consolidate the information of control areas for final presentation to the Board of Directors.

c) Financial Risks and Investments Committee

The Financial Risks and Investment Committee is the entity in charge of analyzing, evaluating and authorizing the different operative and investment alternatives for each one of the Grupo Bolivar companies, recommending their ratification to the Board of Directors for the appropriate company.

d) Compliance Officer:

He watches for the adoption of all specific procedures to prevent money laundering and financing of terrorism in the entity, verifying that all necessary mechanisms have been implemented to obtain an adequate knowledge of customers and the market, as well as those that permit to detect suspicious and unusual operations and control cash operations and, especially, to promote the development of training programs for all officers of the Bank in order to instruct them on the compliance with the regulations in effect on the subject of prevention of money laundering.

e) Treasury Analysis and Risk Control Area:

Identifies, estimates, manages and controls the credit risks and/or counterparty, market and liquidity inherent to the treasury business, establishes limits and maximum levels of exposure to the different risks making efforts to obtain that these will be consistent with the equity position of the entity and, specifically, with the capital assigned to each business.

f) Credit and Portfolio Analysis and Risk Control Area:

It establishes, measures, administers and controls the risks generated on occasion of the efforts of evaluation, granting, administration and collection of the different lines of credit that the Bank and its Subsidiaries offers in order to estimate foreseeable and unforeseeable losses.

g) Corporate Government Committee

The Committee's main function is to support the Board of Directors in the implementation of good corporate government practices and the fulfillment of established policies of the Bank and Subsidiaries in this regard.

In reference to the Internal Control System, the adjustment of which has been required by External Memorandum 014 of 2009 issued by the Superintendencia Financiera de Colombia, the Bank and Subsidiaries currently counts on a control system integrated by the principles mentioned in the memorandum, relative to auto-control, auto-regulation, and auto-management and identifies the internal control system elements in the organization structure. Nevertheless, it has initiated a strengthening and articulation process of the sketch in which it has identified a series of activities which it will carry out during 2009 and 2010 to incorporate standards based in widely and internationally accepted models.

Moreover, in respect to the report and disclosure mechanisms established, in order that the Board of Directors and Top Management will be duly informed regarding the entity's risks position, it is considered that the above presented structure affirms that the entity has



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

mechanisms that guarantee the adequate flow of information to provide it support, monitoring and follow up.

The methodology and results of the management of measuring risks is detailed in Note 32 of the Risk Management Manual where the methodologies are presented to allow for identification of different types of risks as well as their measuring systems

The members of the risk areas are qualified and prepared persons and with experience subject to the entity's selection process. It seeks, especially, that the members will be people who comply with the principles and values of the institution, which guarantees a qualified human resource at a personal, family, moral and professional levels.

The Risk Area is comprised of a technical infrastructure, tools and systems that are required to guarantee the efficient, effective and appropriate handling of the Treasury Risk Management department, provides technical support in accordance with the size, nature, complexity and volume of operations, as well as the processes that allow for effective control and monitoring of policies and established limitations.

The Internal Audit area in Bank and Subsidiaries carries out verification tasks to the operations in a random manner, risk analysis, to determine if the processes, limits and controls, are in agreement with the policies and responsibilities set forth in the manuals. In addition, it participates in the projects that are being performed to advise the users on the definition of controls in order that they will be knowledgeable about the applications. As a result of this, Auditing facilitates to the Administration, analysis and recommendations to strengthen the Internal Control. Likewise, it promotes the self-control culture among the officers at all levels of the organization, emphasizing on the security of the information and the compliance of rules and procedures.

The Board of Directors determined the separation of functions into Front, Middle and Back Office as independent areas to prevent conflicts of interest. The Front Office is handled by the Treasury Vice-President and is directly in charge of the negotiation of the client relationships and the business aspects surrounding them. The Middle Office is in charge of, among other functions, the measuring of risks, verification of policy fulfillment and establishing limitations as well as the analysis of risks. This area falls under the responsibility of the Planning and Risk Vice-President of the Grupo Bolivar. Finally, the Back Office is the area in charge of finalizing the operative aspects of the negotiations such as closure, registration and final authorization of the operations and handled by the Operations Vice-President.

The information of the credit and investment portfolio used for the management of risks is found in solid platforms and applications that permit their management for the generation of reports. Likewise, they meet the information security policies and the capacity sufficient for the size of the data bases of the different business types.

Additionally to the models, the adequate organizational and technological structure, there are documented and audited administrative and operational processes. In respect to the prevention of money laundering and financing of terrorism, the subjects related to the knowledge of the customer, change operations, civil liability of the compliance officer and personal liability of the members of the Board have been strengthened, as provided by the new regulations.

As far as the information to third parties and minority stockholders, the Bank is an entity



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

subject to an annual rating. Likewise, its financial statements are made public at each biannual closing as well as the report to the General Stockholders' Meeting.

**36) Controls of Law**

During the periods ended on December 31 and June 30, 2009, the Bank complied with the requirements of mandatory reserves, foreign exchange position, minimum capital, solvency ratio and mandatory investment.

Proper Position

Below, we present the main amounts (in foreign currency) that allow us to calculate the proper position to December 31 and June 30, 2009. (Amounts in USD)

		<u>December 31</u>	<u>June 30</u>
Assets	U\$	358,164.0	303,515.5
Liabilities		342,511.2	309,436.7
Contingent Assets		1,179,864.7	1,397,061.7
Contingent Liabilities		1,202,853.4	1,392,477.6
Technical equity basis for the calculation		1,328,671.6	1,180,744.6
Proper Position (PP)		(7.335.9)	(4,143.3)
Proper Position in cash (PPC)		15,652.7	11,638.4)
Gross leverage position (GLP)	U\$	2,375,725.8	2,781,472.4
Limits			
Maximum value – Proper position (20% PT)	U\$	265,734.3	236,148.9
Maximum value – Proper position in cash (50% PT)		664,335.8	590,372.3
Maximum value – Gross leverage position (550% PT)		7,307,694.1	6,494,095.4
Minimum value – Proper position (-5% PT)	U\$	(66,433.5)	(59,037.2)

Solvency Reference

The following is the Consolidated Technical Patrimony of Bank and its Subsidiaries at December 31 and June 30, 2009:

		<u>December 31</u>	<u>June 30</u>
Basic Stockholders equity (Primary Capital)	U\$	938.786,8	807.017,4
Additional Stockholders equity (Secondary Capital)		<u>409.035,0</u>	<u>380.894,1</u>
Technical stockholders equity	U\$	<u>1.347.821,9</u>	<u>1.187.911,6</u>
Risk market value		77.153,1	55.402,8
Weighted assets per risk levels	U\$	10.326.794,7	9.116.046,5
Solvency index (PT/(APNR+((100/9)*VeR))		12,05%	12,21%
Solvency index (Without market risk)		13,04%	13,03%





**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements

According to data defined in Article 2° of the Decree 1720 de 2001, the Technical Patrimony may not be less than 9% of the assets in national and foreign currency weighed by level of risk.

The classification of the risk assets in each category is done applying the percentages specified by the Superintendencia Financiera de Colombia on each one of the asset amounts, contingency account, business and fiduciary matters established in the Single Account Plan.

Individual fulfillment is verified each month by non-consolidated financial statements and in June and December of each year in a consolidated statement to include the Subsidiaries.

**37) Other points of interest**

For the December 2009 cut-off, the bank presented no material facts affecting the financial situation.

**38) Subsequent events**

Adjustments made - Broadcast 10 March 2010

The effects of the adjustments made to the Consolidated Financial Statements in accordance with comments made by the Superintendencia Financiera de Colombia are presented below:

		<u>Prior</u>	<u>Current</u>	<u>Effect</u>
Assets	U\$	12.802.174,2	12.796.441,9	(5.732,3)
Liabilities		11.476.207,0	11.476.767,4	609,4
Equity		1.325.967,3	1.319.674,4	(6.292,8)
Net income for the period		113.318,3	107.133,1	(6.292,8)

The adjustments relate to the approval of portfolio provisions for the external Subsidiaries of U\$5.732.3 and less income for sale of foreclosed assets of U\$452.9, with a U\$6.185.2 effect on results.

ANNEX 1  
Worksheet Consolidated Financial Statements



**BANCO DAVIVIENDA S.A. AND SUBSIDIARIES**

**Balances Sheets and Statement of Income**

At December 31, 2009

(Thousands of United States Dollars)

(Market Representative Exchange Rate Col\$2.044.23 December, 2009 and Col\$2.145.21 June, 2009)

BALANCES SHEETS		Davivienda	Fiduciaria Davivienda	Fiduciaria Cafetera	Davivalores	Confinanciera	Bancafé Panamá	Bancafé Internacional	Eliminations	Consolidate
<b>Assets</b>										
Cash and cash equivalents	US\$	714.155,3	1.153,4	6.734,6	1.652,8	30.281,2	45.545,7	6.877,2	(48.810,4)	757.589,8
Active Money market operations and related		1.725,0	0,0	0,0	0,0	0,0	12.164,7	25.935,2	(12.800,0)	27.024,9
Investments, net		2.029.307,5	22.378,8	20.501,0	1.963,4	13.632,2	205.027,5	46.362,8	(100.835,1)	2.238.338,0
Acceptances and derivatives		(9.873,5)	0,0	0,0	0,0	0,0	762,0	19,3	210,5	(8.881,7)
Credit portfolio and financial leasing, net		7.938.890,7	0,0	0,0	0,0	167.996,1	224.028,8	21.991,2	(210,5)	8.352.696,4
Accounts receivable, net		160.709,7	235,5	7.036,6	56,1	4.643,9	3.115,3	188,3	(733,9)	175.251,6
Foreclosed Assets		27.074,1	0,0	0,0	0,0	451,6	2.046,5	0,0	(2.046,5)	27.525,7
Properties and equipment and Goods given on operating lease		175.505,2	298,8	181,5	13,4	5.516,9	(1.169,6)	1.657,2	1.894,3	183.897,6
Other Assets		1.078.769,5	835,9	2.600,6	1.400,8	2.146,0	168,7	346,3	(43.267,9)	1.042.999,8
<b>Total assets</b>		<b>12.116.263,4</b>	<b>24.902,4</b>	<b>37.054,3</b>	<b>5.086,5</b>	<b>224.667,8</b>	<b>491.689,5</b>	<b>103.377,5</b>	<b>(206.599,6)</b>	<b>12.796.441,9</b>
<b>Liability and Stockholders' Equity</b>										
Deposits and callabilities	US\$	8.326.477,9	0,0	0,0	0,0	180.916,2	425.454,5	88.840,7	(49.055,0)	8.972.634,3
Passive Money market operations and related		253.228,2	0,0	0,0	0,0	0,0	10.000,0	2.100,0	(12.800,0)	252.528,2
Bank acceptances outstanding		299,3	0,0	0,0	0,0	0,0	747,3	19,3	0,0	1.065,9
Banking Credits and other financial obligations		679.487,5	0,0	0,0	0,0	5.247,9	0,0	0,0	0,0	684.735,5
Accounts payable		286.831,5	2.332,0	1.891,0	293,3	8.216,4	3.352,9	275,7	(727,4)	302.465,4
Long term-debt		1.067.727,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1.067.727,8
Other liabilities		125.046,5	103,6	1.038,3	26,2	844,3	1.911,7	15,2	1.828,4	130.814,2
Estimated liabilities and allowances		47.373,4	0,0	983,7	0,0	68,5	2.899,2	0,0	13.471,2	64.796,0
<b>Total Liability</b>		<b>10.786.472,2</b>	<b>2.435,6</b>	<b>3.913,0</b>	<b>319,5</b>	<b>195.293,4</b>	<b>444.365,6</b>	<b>91.250,9</b>	<b>(47.282,7)</b>	<b>11.476.767,4</b>
Stockholders' Equity		1.329.791,2	22.466,8	33.141,3	4.767,0	29.374,4	47.323,9	12.126,6	(159.316,9)	1.319.674,4
<b>Total Liability and Stockholders' Equity</b>		<b>12.116.263,4</b>	<b>24.902,4</b>	<b>37.054,3</b>	<b>5.086,5</b>	<b>224.667,8</b>	<b>491.689,5</b>	<b>103.377,5</b>	<b>(206.599,6)</b>	<b>12.796.441,9</b>
<b>ESTATEMENT OF INCOME</b>										
Operating Income	US\$	917.310,2	6.175,6	4.732,9	49,6	17.650,3	13.897,1	2.328,0	9.761,0	971.904,7
Operating Expenses		481.633,8	173,8	190,6	34,3	9.384,5	6.870,0	630,2	(566,9)	498.350,3
<b>OPERATING INCOME</b>		<b>435.676,4</b>	<b>6.001,8</b>	<b>4.542,3</b>	<b>15,3</b>	<b>8.265,8</b>	<b>7.027,1</b>	<b>1.697,8</b>	<b>10.327,9</b>	<b>473.554,4</b>
Other Operating Income		341.660,5	0,0	4.075,3	818,5	2.077,4	3.515,4	1.023,0	(24.965,5)	328.204,7
Other Operating Expenses		239.347,5	1.907,9	4.059,1	401,6	3.897,5	1.432,6	1.545,5	(563,8)	252.028,0
<b>OTHER OPERATING INCOMES &amp; EXPENSES - NET</b>		<b>102.313,0</b>	<b>(1.907,9)</b>	<b>16,2</b>	<b>416,9</b>	<b>(1.820,1)</b>	<b>2.082,7</b>	<b>(522,5)</b>	<b>(24.401,7)</b>	<b>76.176,7</b>
<b>ALLOWANCES</b>		<b>409.125,4</b>	<b>3,1</b>	<b>305,2</b>	<b>0,0</b>	<b>6.865,9</b>	<b>10.303,0</b>	<b>455,9</b>	<b>0,0</b>	<b>427.058,5</b>
<b>DEPRECIATIONS - PROPERTIES AND EQUIPMENT</b>		<b>8.319,7</b>	<b>19,5</b>	<b>122,7</b>	<b>0,6</b>	<b>107,7</b>	<b>74,2</b>	<b>26,7</b>	<b>(0,0)</b>	<b>8.671,1</b>
<b>AMORTIZATIONS</b>		<b>34.963,4</b>	<b>0,0</b>	<b>41,9</b>	<b>0,0</b>	<b>38,0</b>	<b>187,5</b>	<b>80,3</b>	<b>(15.307,4)</b>	<b>20.003,6</b>
<b>OPERATING INCOME - NET</b>		<b>85.580,9</b>	<b>4.071,3</b>	<b>4.088,6</b>	<b>431,7</b>	<b>(565,9)</b>	<b>(1.454,7)</b>	<b>612,4</b>	<b>1.233,5</b>	<b>93.997,8</b>
Non-Operating Income, net		52.974,1	527,2	4.829,4	62,4	1.472,3	2.164,1	7,0	(437,4)	61.599,2
Non-operating Expenses, net		18.610,7	5,3	440,9	0,2	36,0	620,4	0,0	18.686,6	38.400,2
<b>NON-OPERATING INCOME - NET</b>		<b>34.363,4</b>	<b>521,9</b>	<b>4.388,5</b>	<b>62,2</b>	<b>1.436,3</b>	<b>1.543,8</b>	<b>7,0</b>	<b>(19.124,0)</b>	<b>23.199,0</b>
Income Tax		6.359,4	1.195,8	1.096,7	173,1	467,2	905,1	0,0	(133,6)	10.063,7
<b>Income Net</b>	<b>US\$</b>	<b>113.584,9</b>	<b>3.397,4</b>	<b>7.380,4</b>	<b>320,7</b>	<b>403,2</b>	<b>(816,1)</b>	<b>619,5</b>	<b>(17.756,9)</b>	<b>107.133,1</b>
<b>ROE (Rate E.A.)</b>		<b>38,8%</b>	<b>75,6%</b>	<b>123,5%</b>	<b>29,8%</b>	<b>5,6%</b>	<b>-6,7%</b>	<b>22,1%</b>		<b>36,6%</b>
<b>ROA (Rate E.A.)</b>		<b>3,8%</b>	<b>66,8%</b>	<b>106,8%</b>	<b>27,7%</b>	<b>0,7%</b>	<b>-0,7%</b>	<b>2,4%</b>		<b>3,4%</b>



## ANNEX 2

### BANCO DAVIVIENDA S.A.

#### The Financial Statements Homologation Effects Foreign Subsidiaries

At December 31, 2009

(Thousands of United States Dollars)

(Market Representative Exchange Rate Col\$2.044.23 December, 2009 and Col\$2.145.21 June, 2009)

BALANCE SHEET	Bancafé Panamá	Homologation Effects	Bancafé Panamá Homologation	Bancafé International	Efecto Homologation	Bancafé International Homologation
<b>Assets</b>						
Cash and cash equivalents	U\$ 46.920,6	(1.375,0)	45.545,6	6.877,2	0,0	6.877,2
Active Money market operations and related Investments, net	10.789,7	1.375,0	12.164,7	25.935,2	0,0	25.935,2
Acceptances and derivatives	207.708,4	(2.681,0)	205.027,5	46.610,6	(247,8)	46.362,8
Credit portfolio and financial leasing, net	(1.194,1)	1.956,1	762,1	19,3	0,0	19,3
Accounts receivable	235.395,2	(11.366,4)	224.028,8	22.337,8	(346,6)	21.991,2
Foreclosed Assets	3.184,9	(69,6)	3.115,2	189,8	(1,5)	188,3
Properties and equipment and Goods given on operating lease	2.046,5	0,0	2.046,5	0,0	0,0	0,0
Other Assets	576,8	(1.746,5)	(1.169,6)	1.657,2	0,0	1.657,2
<b>Total assets</b>	<b>512.862,8</b>	<b>(21.173,3)</b>	<b>491.689,5</b>	<b>103.973,3</b>	<b>(595,9)</b>	<b>103.377,5</b>
<b>Liability and Stockholders' Equity</b>						
Deposits and callabilities	U\$ 435.454,5	10.000,0	425.454,5	88.840,7	0,0	88.840,7
Passive Money market operations and related Bank acceptances outstanding	0,0	(10.000,0)	10.000,0	2.100,0	0,0	2.100,0
Banking Credits and other financial obligations	747,3	0,0	747,3	19,3	0,0	19,3
Accounts payable	0,0	0,0	0,0	0,0	0,0	0,0
Long term-debt	3.353,0	0,0	3.353,0	290,0	(14,3)	275,7
Other liabilities	0,0	0,0	0,0	0,0	0,0	0,0
Estimated liabilities and allowances	671,8	(1.239,9)	1.911,7	0,0	15,1	15,1
<b>Total Liability</b>	<b>443.125,7</b>	<b>(1.239,9)</b>	<b>444.365,6</b>	<b>91.250,0</b>	<b>0,9</b>	<b>91.250,8</b>
Stockholders' Equity	69.737,1	22.413,2	47.323,9	12.723,4	(596,8)	12.126,6
<b>Total Liability and Stockholders' Equity</b>	<b>512.862,8</b>	<b>21.173,3</b>	<b>491.689,5</b>	<b>103.973,3</b>	<b>(595,9)</b>	<b>103.377,5</b>
<b>ESTATEMENT OF INCOME</b>						
Operating Income	U\$ 13.897,1	0,0	13.897,1	2.328,0	0,0	2.328,0
Operating Expenses	6.870,0	0,0	6.870,0	514,6	115,6	630,2
<b>OPERATING INCOME</b>	<b>7.027,1</b>	<b>0,0</b>	<b>7.027,1</b>	<b>1.813,4</b>	<b>(115,6)</b>	<b>1.697,8</b>
Other Operating Income	0,0	3.515,3	3.515,3	0,0	1.023,0	1.023,0
Other Operating Expenses	1.432,6	0,0	1.432,6	1.415,4	130,1	1.545,5
<b>OTHER OPERATING INCOMES &amp; EXPENSES - NET ALLOWANCES</b>	<b>(1.432,6)</b>	<b>3.515,3</b>	<b>2.082,7</b>	<b>(1.415,4)</b>	<b>892,9</b>	<b>(522,5)</b>
<b>DEPRECIATIONS - PROPERTIES AND EQUIPMENT</b>	<b>179,2</b>	<b>10.123,7</b>	<b>10.303,0</b>	<b>31,9</b>	<b>423,9</b>	<b>455,9</b>
<b>AMORTIZATIONS</b>	<b>66,9</b>	<b>7,3</b>	<b>74,2</b>	<b>26,7</b>	<b>0,0</b>	<b>26,7</b>
<b>OPERATING INCOME - NET</b>	<b>187,5</b>	<b>0,0</b>	<b>187,5</b>	<b>80,3</b>	<b>0,0</b>	<b>80,3</b>
Non-Operating Income, net	5.160,9	(6.615,7)	(1.454,8)	259,0	353,4	612,4
Non-operating Expenses, net	1.161,5	1.002,6	2.164,2	7,0	0,0	7,0
<b>NON-OPERATING INCOME - NET</b>	<b>620,4</b>	<b>0,0</b>	<b>620,4</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Income Tax	541,2	1.002,6	1.543,8	7,0	-	7,0
<b>Income Net</b>	<b>U\$ 4.797,0</b>	<b>(5.613,1)</b>	<b>(816,1)</b>	<b>266,0</b>	<b>353,4</b>	<b>619,4</b>