

# FINANCIAL STATEMENTS

# GENERAL BALANCE SHEET

## AT JUNE 30, 2012 AND DECEMBER 31, 2011

(In Millions of Colombian Pesos)

Assets	June 30	December 31
<b>Cash and cash equivalents, net</b>	<b>\$ 4,433,657</b>	<b>\$ 3,488,259</b>
Cash (Notes 4 & 25)	4,253,327	2,823,022
Money market asset and similar positions (Note 5)	180,330	665,237
<b>Investments, net (Notes 6 &amp; 25)</b>	<b>10,755,222</b>	<b>10,725,567</b>
Debt securities	4,975,649	4,488,147
Trading	477,183	482,677
Available for sale	887,982	2,586,837
Held to maturity	1,450,605	1,363,204
Investment repurchase rights	2,159,879	55,429
Equity securities	5,780,280	6,238,189
Available for sale	5,780,280	6,238,189
Less: Provision	(707)	(769)
<b>Loans and leasing operations, net (Notes 7 &amp; 25)</b>	<b>27,796,967</b>	<b>26,002,171</b>
Commercial	21,822,180	20,714,007
Consumer	5,462,226	4,999,734
Micro-loans	242,475	240,657
Home Mortgages	36,303	20,201
Leasing	1,127,296	880,393
Less: Provision	(893,513)	(852,821)
<b>Bankers' acceptances and derivatives (Note 8)</b>	<b>264,672</b>	<b>253,125</b>
<b>Accounts receivable, net (Notes 9 &amp; 25)</b>	<b>745,822</b>	<b>651,567</b>
Interest	325,222	274,355
Financial component	6,362	4,282
Commissions and fees	17,760	17,356
Payment on behalf of clients	19,407	15,854
Others	455,411	410,421
Less: Provision	(78,340)	(70,701)
<b>Salable, foreclosed and returned assets and those not used in the corporate business, net (Note 10)</b>	<b>22,696</b>	<b>19,187</b>
Salable assets, net	13	13
Foreclosed and returned assets, net	22,683	19,097
Assets not used for the corporate business, net	0	77
<b>Property and equipment, net (Note 11)</b>	<b>309,640</b>	<b>320,523</b>
<b>Leased-out assets, net (Note 11)</b>	<b>860</b>	<b>0</b>
<b>Other assets, net (Notes 12 &amp; 25)</b>	<b>1,135,468</b>	<b>984,810</b>
Prepaid expenses and deferred charges	270,899	313,596
Assets to be leased out	45,167	67,434
Goodwill	500,290	510,799
Others	325,095	97,811
Less: Provision	(5,983)	(4,830)
<b>Valuation, net</b>	<b>942,271</b>	<b>819,645</b>
Investments available for sale, in equity securities (Notes 6 & 25)	393,101	277,765
Property and equipment	542,795	535,504
Others	6,375	6,376
<b>Total Assets</b>	<b>\$ 46,407,275</b>	<b>\$ 43,264,854</b>
<b>Total Contingent and Memorandum Accounts (Note 23 &amp; 24)</b>	<b>\$ 190,814,450</b>	<b>\$ 171,648,313</b>

(In Millions of Colombian Pesos)

Liabilities and Equity	June 30	December 31
<b>Liabilities</b>		
<b>Deposits and demand accounts (Notes 13 &amp; 25)</b>	<b>\$ 30,231,580</b>	<b>\$ 28,009,198</b>
Bank current account deposits	7,535,024	7,105,246
Time certificates of deposit	9,511,817	8,073,773
Savings deposits	12,952,629	12,432,818
Others	<u>232,110</u>	<u>397,361</u>
<b>Money market liability and similar positions (Note 14)</b>	<b>2,016,836</b>	<b>98,778</b>
<b>Bankers' acceptances and derivatives (Note 8)</b>	<b>201,103</b>	<b>282,095</b>
<b>Bank loans and other financial obligations (Note 15)</b>	<b>2,551,775</b>	<b>3,717,309</b>
<b>Accounts payable (Notes 16 &amp; 25)</b>	<b>1,060,064</b>	<b>1,029,773</b>
Interest	119,265	93,649
Commissions and fees	3,485	3,428
Taxes	171,431	205,723
Others	<u>765,883</u>	<u>726,973</u>
<b>Bonds, outstanding (Note 17)</b>	<b>1,491,598</b>	<b>1,582,124</b>
<b>Other liabilities (Notes 18 &amp; 25)</b>	<b>251,456</b>	<b>220,900</b>
Consolidated labor obligations	60,870	60,479
Prepaid interest and deferred credits	32,594	27,907
Retirement pensions	85,911	85,012
Others	<u>72,082</u>	<u>47,502</u>
<b>Estimated liabilities and provisions (Notes 19 &amp; 25)</b>	<b>251,827</b>	<b>224,376</b>
Labor obligations	8,359	8,776
Taxes	192,018	170,276
Others	<u>51,450</u>	<u>45,324</u>
<b>Total liabilities</b>	<b><u>38,056,240</u></b>	<b><u>35,164,553</u></b>
<b>Equity</b>		
<b>Capital stock (Note 20)</b>	<b>2,868</b>	<b>2,868</b>
<b>Reserves (Note 21)</b>	<b>5,310,678</b>	<b>4,975,308</b>
Legal reserve:		
Appropriation of profits	1,603,487	1,603,487
Additional paid-in capital	2,922,065	2,922,065
Statutory and voluntary reserves	<u>785,126</u>	<u>449,756</u>
<b>Surplus:</b>	<b>2,419,797</b>	<b>2,528,385</b>
Unrealized gains or loss on investments and derivatives (Notes 22 & 25)	1,477,526	1,708,740
Valuation, net	<u>942,271</u>	<u>819,645</u>
<b>Profit for the Period</b>	<b>617,692</b>	<b>593,740</b>
<b>Total Equity</b>	<b><u>8,351,035</u></b>	<b><u>8,100,301</u></b>
<b>Total Liabilities and Equity</b>	<b><u>\$ 46,407,275</u></b>	<b><u>\$ 43,264,854</u></b>
<b>Total Contingent and Memorandum Accounts (Notes 23 &amp; 24)</b>	<b><u>\$ 190,814,450</u></b>	<b><u>\$ 171,648,313</u></b>

See the notes to the financial statements.

ALEJANDRO FIGUEROA JARAMILLO  
Legal Representative

NÉSTOR ANTONIO PUPO BALLESTAS  
Accounting Director - PT. 43967-T

MARÍA LIGIA CIFUENTES ZAPATA  
Statutory Auditor- PT. 30070-T  
Miembro of KPMG Ltda.  
(See my report dated August 13, 2012)

# STATEMENT OF EARNINGS

Half-year Periods Ended June 30, 2012 and December 31, 2011  
(In Millions of Colombian Pesos, except the profit per share)

	Accounting Periods	
	January 1 to June 30, 2012	July 1 to December 31, 2011
<b>Interest Income (Note 25)</b>	\$ 1,683,157	\$ 1,408,841
Loan portfolio	1,432,931	1,227,937
Investment in debt securities	167,725	124,790
Interbank funds	30,998	21,486
Leasing	51,503	34,628
<b>Interest Expenditure (Note 25)</b>	657,906	512,780
Current account	42,267	22,577
Time certificates of deposit	251,827	176,163
Savings deposits	252,223	221,632
Interest on bank loans and other financial obligations	45,914	48,185
Interest on interbank funds	16,778	22,023
Interest and amortization on securities	48,897	22,200
<b>Interest income, net</b>	1,025,251	896,061
<b>Movement in provisions, net</b>	173,423	165,299
Loans and accounts receivable, net	165,536	162,692
Provisions for other assets, net (Note 27)	7,887	2,606
<b>Interest income after provisions, net</b>	851,828	730,762
<b>Income from commissions and other services (Note 25)</b>	321,863	333,248
Commissions	257,746	256,448
Office network service	14,477	23,467
Credit cards	27,806	29,626
Fees	19,619	21,240
Others	2,215	2,467
<b>Expenses for commissions and other services, net</b>	67,811	74,575
<b>Total income from commissions and other services, net</b>	254,052	258,673
<b>Other operating income (Note 25)</b>	358,547	398,467
Exchange, net	(121,304)	155,844
Profits in derivative operations	154,647	(119,572)
Dividends and ownership interest	323,854	360,656
Other operating income	1,350	1,539
<b>Operating expenses</b>	701,610	677,096
Personnel expenses	226,360	211,403
Bonuses	5,481	7,912
Severance pay	785	388
Other operating expenses (Note 26)	394,803	381,962
Deposit insurance	39,894	36,471
Donations	1,387	6,385
Depreciation (Note 1)	22,391	22,106
Amortization-goodwill	10,509	10,469
<b>Net operating income</b>	762,817	710,806
<b>Non-operating income (Notes 25 &amp; 26)</b>	67,948	61,892
<b>Non-operating expenses (Notes 25 &amp; 28)</b>	10,847	9,388
<b>Non-operating income, net</b>	57,101	52,504
<b>Profit before income tax</b>	819,918	763,310
<b>Income and complementary taxes</b>	202,226	169,570
<b>Profit for the period</b>	\$ 617,692	\$ 593,740
<b>Profit per share (in Colombian pesos)</b>	\$ 2,154	\$ 2,076

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# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Half-year Periods Ended at June 30, 2012 and December 31, 2011  
(In Millions of Colombian Pesos)

	Capital Stock	Legal Reserve			Surplus		Earnings for the Period	Total Shareholders Equity
		Appropriation of Profits	Additional Paid-in Capital	Statutory and Voluntary Reserves	Unrealized Gains (Losses)	Valuations, Net		
<b>Balance at June 30, 2011</b>	\$ 2,854	1,603,487	2,856,592	178,888	1,696,836	868,256	506,657	7,713,570
Increase in capital stock and additional paid-in capital through MCB conversion	14		65,473					65,487
Appropriation of voluntary reserves, first half of 2011				(178,886)			178,886	0
Establishment of voluntary reserves, first half of 2011				449,753			(449,753)	0
Donation to Banco de Bogotá Employee Fund							(10)	(10)
Dividends payable in cash between October 2011 and March 2012, at a rate of \$137.00 per share on 285,483,463 shares							(234,667)	(234,667)
Dividends payable in cash between October 2011 and March 2012, at a rate of \$137.00 per share on 1,352,978 shares to MCB holders							(1,112)	(1,112)
Movement during the period					11,904	(48,611)		(36,707)
Net profit, second half of 2011							593,740	593,740
<b>Balance at December 31, 2011</b>	<b>2,868</b>	<b>1,603,487</b>	<b>2,922,065</b>	<b>449,756</b>	<b>1,708,740</b>	<b>819,645</b>	<b>593,740</b>	<b>8,100,301</b>
Appropriation voluntary reserves, second half of 2011				(451,269)			451,269	0
Establishment of voluntary reserves, second half of 2011				785,126			(785,126)	0
Donation to Banco de Bogotá Employee Fund							(10)	(10)
Dividends payable in cash between April and September 2012, at \$151,00 per share on 286,836,113 shares							(259,873)	(259,873)
Surplus dividends payable to MCB holders, decreed from profits for second half of 2010 and first half of 2011 from non-conversion to shares				1,513				1,513
Movement in the period					(231,214)	122,626		(108,588)
Net profit, first half of 2012							617,692	617,692
<b>Balance at June 30, 2012</b>	<b>\$ 2,868</b>	<b>1,603,487</b>	<b>2,922,065</b>	<b>785,126</b>	<b>1,477,526</b>	<b>942,271</b>	<b>617,692</b>	<b>8,351,035</b>

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# CASH FLOW STATEMENTS

Half-year Periods Ended June 30, 2012 and December 31, 2011  
(In Millions of Colombian Pesos)

	June 30	December 31
<b>Cash flow from operating activities:</b>		
Profit for the period	\$ 617,692	593,740
Adjustment to reconcile net profit with net cash from operating activities:		
Provision for investment	36	91
Provision for loans and leasing operations	397,019	372,697
Provision for accounts receivable	30,931	31,753
Reversal of provision for foreclosed and returned assets and those not used in the corporate business	6,437	2,187
Provision for leased-out assets	9	0
Provision for other assets	1,374	209
Provision for severance pay	11,683	10,068
Provision for retirement pensions	5,626	3,330
Depreciation	22,390	22,106
Amortization	25,287	24,342
Profit on sale of investments, net	(3,645)	(1,055)
Profit on sale of foreclosed assets, net	(231)	(511)
Profit on sale of property and equipment, net	(223)	(509)
Reversal of provision for investments	(98)	(24)
Reversal of provision for loans and leasing operations	(250,896)	(226,777)
Reversal of provision for accounts receivable	(11,518)	(14,981)
Reversal of provision for foreclosed and returned assets and those not used in the corporate business	(282)	(8,166)
Reversal of provision for property and equipment	(10)	(13)
Reversal of provision for other assets	(221)	(160)
Reversal of other provisions	(4,548)	(2,734)
Profit on investment valuation	(135,687)	(114,016)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(113,669)	(197,448)
Increase in foreclosed assets	(10,969)	(9,305)
(Increase) Decrease in other assets	(208,791)	71,592
Decrease in deferred income tax	31,692	44,590
Decrease in accounts payable	18,666	104,026
Decrease (Increase) in other liabilities	29,269	(19,333)
Decrease (Increase) in labor obligations	5,930	(1,649)
Decrease in estimated liabilities and provisions	31,999	24,407
Payment of retirement pensions	(4,727)	(4,621)
Severance payment	(17,223)	(2,372)
Total adjustments	<u>(144,117)</u>	<u>107,724</u>
Net cash from operating activities	<u>473,575</u>	<u>701,464</u>
<b>Cash flows from investment activities:</b>		
(Increase) Decrease in investments	(121,475)	120,126
Increase in loans	(1,694,033)	(1,905,758)
Increase in leasing operations	(246,894)	(317,873)
(Increase) Decrease in bankers' acceptances and derivatives	(11,547)	35,920
Additions to property and equipment	(27,280)	(45,317)
Proceeds from sale of foreclosed assets	1,263	17,127
Proceeds from sale of property and equipment	15,145	126,701
Net cash used for investment activities:	<u>(2,084,821)</u>	<u>(1,969,074)</u>
<b>Cash flows from financing activities:</b>		
Increase in deposits and demand accounts	2,222,382	2,318,206
Increase (Decrease) in money market liability positions	1,918,058	(1,601,951)
Decrease (Increase) in bankers' acceptances and derivatives	(80,992)	87,476
Decrease in bank loans and other financial obligations	(1,165,533)	(247,095)
Decrease (Increase) in bonds, outstanding	(90,527)	1,167,798
Dividends paid	(246,735)	(232,277)
Donations	(10)	(10)
Decrease in MCB conversion into shares	0	(5)
Net cash from financing activities	<u>2,556,643</u>	<u>1,492,142</u>
Net increase in cash and cash equivalents	945,397	224,532
<b>Cash and cash equivalents at start of the half-year period</b>	<b><u>3,488,259</u></b>	<b><u>3,263,727</u></b>
<b>Cash and cash equivalents at end of the half-year period</b>	<b><u>\$ 4,433,656</u></b>	<b><u>3,488,259</u></b>

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