BANCO DAVIVIENDA S.A.

Financial Statements

At December 31, 2013 and 2012

(Whit the report of the auditor)

KPMG Ltda.
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AUDFINBOG-IES2014-10717

FREE ENGLISH LANGUAGE TRANSLATION
STATUTORY AUDITOR'S REPORT

To the Shareholders
Banco Davivienda S.A.:

I have audited the financial statements of Banco Davivienda S.A. which comprise the balances sheets at December 31 ,2013 and 2012 and the statements of earnings, changes in equity and cash flows for the years ended on those dates and their related notes, which include a summary of significant accounting policies and other explanatory information.

Management´s Bank is responsible for the preparation and fair presentation of these financial statements according to generally accepted accounting principles in Colombia, and instructions 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 audits. I obtained the necessary information and carried out my examinations in accordance with auditing standards generally accepted in Colombia. Such standards require that comply with the ethical requirements, plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of 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 statutory 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 assessing the accounting policies used, the reasonableness amount and estimates made by management, as well as evaluating the overall financial statements presentation. I consider that the evidence that I contained provided me with a reasonable basis for the opinion which I express below.

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, 2013 and 2012 the results of its operations and its cash flows for the years ended on that date, in conformity with generally accepted accounting principles in

Colombia, and instructions by the Financial Superintendence of Colombia, applied on a consistent basis.

Without qualifying my opinion, I draw attention to Note 27 to the Financial Statements, which states that according to the terms of Superintendency Circular 047/2008, as of January 1, 2009, the Bank recorded balances of its consolidated written-off loans ("universalities") in Trust Memorandum Accounts. However, on December 31, 2013 and 2012 the Superintendency has not authorized transmission and therefore the Balance Sheet transmitted to the Superintendency differs from the Bank´s official books in the recording of those account.

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 performances 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. It has been applied the rules and instructions by the Financial Superintendence of Colombia related to the management and accounting of the foreclosed assets received as payment and the implementation and impact in the balance sheet and in the statement of income of applicable Risk Management Systems.

f. The information contained in the documents supporting payments of Social Security contributions, in particular, those related to employees and their base salary for those contributions, has been taken from the records and the accounting supporting documents. 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.

I carried out monitoring to the answers about the recommendation letters addressed to the Bank's management and there are not issues of significant importance pending that can affect my opinion.

Original signed by
Jorge Enrique Peñaloza Porras
Statutory Auditor of Banco Davivienda S.A.
Registration No. 43402 - T
Member of KPMG Ltda.

February 11, 2014

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.
Balance Sheet
At December 31, 2013 and 2012
(Amounts in millions of Colombian pesos)

ASSETS		**2013**	**2012**
Cash and due from banks (Note 4)	$	2,974,254.7	2,559,765.9
Interbank and overnight funds (Note 5)		380,854.3	129,732.3
Investments (Note 6)		7,175,603.1	5,907,295.1
Trading in debt securities		2,363,054.6	3,501,864.3
Held to maturity		1,228,598.2	381,852.2
Available for sale in debt securities		1,280,833.4	737,358.1
Available for sale in equity securities		1,354,377.4	1,189,924.1
Transfer rights for trading investments		448,380.5	0.0
available for sale delivered in guarantee		215,853.5	112,440.3
Transfer rights for Investments available for sale		300,171.6	0.0
Less: Allowance		(15,666.1)	(16,143.9)
Loans and financial leases (Note 7)		32,605,952.9	27,321,524.5
Mortgage loans		4,143,671.7	2,935,678.4
Consumer loans		9,711,869.1	9,258,697.7
Micro loans		74,824.3	88,704.6
Commercial loans		20,028,277.2	16,316,567.2
Financial leases		140,524.3	131,568.7
Less: Allowance		(1,493,213.6)	(1,409,692.1)
Acceptances, spot operations and derivatives (Note 8)		75,509.3	125,331.6
Accounts receivable (Note 9)		390,270.7	422,764.1
Interest receivable		267,555.7	282,847.4
Commissions and fees		1,315.2	2,263.4
Leasepayments under operating leases		0.0	178.1
Payments for loan clients´ account		55,447.9	50,469.3
Other		126,923.1	158,002.6
Less: Allowance		(60,971.2)	(70,996.7)
Foreclosed assets , net (Note 10)		42,680.7	34,670.3
Property and equipment, net (Note 11)		384,984.7	396,220.9
Goods delivered on operating leases		3.1	3,491.4
Other assets (Note 13)		2,002,262.4	2,020,443.3
Prepaid expenses, deferred charges and Intangibles		1,784,161.2	1,875,400.4
Staff loans		120,927.1	121,587.9
Other		102,043.2	25,886.1
Less: Allowance		(4,869.1)	(2,431.1)
Repappraisals net		874,468.1	735,428.6
Investments (Note 6)		352,534.6	247,302.2
Property and equipment (Note 11)		518,319.7	484,512.6
Works of art and culture		3,613.8	3,613.8
TOTAL ASSETS	**$**	**46,906,844.0**	**39,656,668.0**
Contingent accounts creditor per contra (Note 25)	**$**	18,574,504.1	16,764,834.3
Contingent accounts debtor (Note 25)		1,880,633.5	784,154.8
Memorandum accounts debtor (Note 26)		63,163,164.0	56,123,177.5
Memorandum accounts creditor per contra (Note 26)		102,451,643.0	90,076,398.7
Total Contingent and Memorandum accounts	**$**	**186,069,944.6**	**163,748,565.3**
Trust accounts (Note 27)			
Assets	**$**	10,651.9	38,075.2
Contingent accounts debtor		605.5	352,608.7
Memorandum accounts debtor		0.0	45,785.8
Memorandum accounts creditor per contra		0.0	202,908.9

BANCO DAVIVIENDA S.A.
Balance Sheet(continued)
At December 31, 2013 and 2012
(Amounts in millions of Colombian pesos)

LIABILITIES AND EQUITY		**2013**	**2012**
Liabilities			
Deposits and demand accounts(Note 14)	$	28,791,992.1	24,010,497.2
Checking accounts		4,559,384.6	3,544,762.9
Term deposits		9,169,830.6	6,697,965.7
Savings accounts		14,676,547.4	13,467,832.1
Electronic cash deposits		75,690.2	6,144.5
Other deposits and demand accounta		310,539.3	293,792.0
Interbank and overnight funds (Note 15)		1,001,309.7	22,000.0
Bankers´acceptances and dereivatives (Note 16)		60,095.0	177,997.7
Speculative derivatives		58,663.3	153,510.5
Hedging derivatives		1,431.7	24,487.2
Borrowings from financial institutions (Note 17)		3,125,387.6	3,428,688.3
Other banks in Colombia		1,878,315.1	2,032,863.6
Banks abroad		1,247,072.5	1,395,824.7
Accounts payable (Note 18)		962,200.3	994,131.7
Interest		216,968.1	199,079.3
Commissions and fees		4,697.3	2,439.5
Tax collections		69,540.3	58,358.8
Suppliers		212,558.2	278,237.4
Other		458,436.4	456,016.7
Long term debt (Note 19)		6,398,155.7	5,123,384.1
Other liabilities (Note 20)		507,168.1	391,886.3
Long term benefits due to employees		43,132.7	38,381.2
Other		464,035.4	353,505.1
Accruals and provisions (Note 21)		63,312.0	91,849.7
Taxes		1.4	0.0
Other		63,310.6	91,849.7
TOTAL LIABILITIES	**$**	**40,909,620.5**	**34,240,435.0**

BANCO DAVIVIENDA S.A.
Balance Sheet(continued)
At December 31 , 2013 and 2012
(Amounts in millions of Colombian pesos)

Equity		**2013**	**2012**
Capital (Note 22)	$	62,190.0	55,526.8
Reserves (Note 23)		4,319,501.2	4,239,202.5
Legal (mandatory) reserve		3,752,374.1	2,277,051.9
Voluntary reserves		567,127.1	1,962,150.6
Surplus		885,852.3	778,677.3
Unrealized accumulated gains on investments available for sale		11,384.2	43,248.8
Repappraisals net		874,468.1	735,428.5
Profit for the period (Note 24)		729,680.0	342,826.4
TOTAL EQUITY		**5,997,223.5**	**5,416,233.0**
TOTAL LIABILTIES AND EQUITY	**$**	**46,906,844.0**	**39,656,668.0**
Contingent accounts creditor (Note 25)	**$**	18,574,504.1	16,764,834.3
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BANCO DAVIVENDA
Earnings statement
Years ended on December 31, 2013 and 2012
(Amounts in millions of Colombian pesos except profit per share information)

		2013	2012
Income from interest and valuations	$	3,885,160.4	3,814,224.5
Interest on loans		3,276,425.8	3,219,242.0
Investment portfolios		293,567.9	330,912.3
Interbank and overnight funds		15,213.2	41,179.3
Financial leases		299,953.5	222,890.9
Interest expense (Note 14)		1,217,813.5	1,230,685.2
Checking accounts		22,525.4	21,104.0
Time Deposits		398,631.8	367,029.8
Savings Deposits		289,031.5	360,147.3
Borrowings from financial institutions		136,880.9	144,427.6
Interbank and overnight funds		2,386.1	2,584.7
Yields on transfer ncommitments under repos and simultaneous operations		11,655.6	20,738.1
Bonds outstanding		356,702.2	314,653.7
Gross financial margin		**2,667,346.9**	**2,583,539.3**
Allowances and recoveries		766,289.2	776,252.2
Allowance against loans and other Accounts receivable		(1,588,400.7)	(1,923,561.5)
Operating recoveries, recoveries of assets written off		828,948.7	1,141,381.2
Allowance against foreclosed assets		(13,231.6)	(16,726.7)
Recovery of allowance against investments and foreclosed assets		6,394.4	22,654.8
Net financial margin		**1,901,057.7**	**1,807,287.1**
Operating income		**840,567.9**	**796,314.4**
Income from commissions and fees		609,559.2	576,110.2
Income from services		169,580.8	170,835.4
Income from dividends		61,427.9	49,368.8
Operating expenses		**1,877,422.3**	**1,777,016.4**
Payroll		663,463.7	648,906.2
Administrative and operating expenses (Note 28)		1,213,958.6	1,128,110.2
Other operating income and expenses, net (Note 29)		25,714.1	99,378.7
Exchange and derivatives net		25,714.1	99,378.7
Operating profit		**889,917.4**	**925,963.8**
Allowance against other assets		(5,376.9)	(1,490.1)
Non-operating income and expenses, net (Note 30)		31,478.9	(15,873.6)
Profit before income tax and CREE		**916,019.4**	**908,600.1**
Income tax and CREE (Note 31)		(186,339.4)	(197,656.2)
Net profit for the period	**$**	**729,680.0**	**710,943.9**
Profit per share (pesos)		1,642.63	1,601.18

BANCO DAVIVIENDA S.A.

Statement of changes in equity
Years ended on December 31, 2013 and 2012
(Amounts in millions of Colombian pesos except per share information)

		LEGAL RESERVE			SURPLUS			
	Capital Social	Appropriation of profits	Share premium	Voluntary reserves	Unrealized gain (loss) on investments	Reappraisal (net)	Profit for the period	Total equity
Balance at December 31, 2011	55,479.6	25,542.5	2,244,453.8	1,526,983.0	(2,559.1)	669,991.9	292,662.5	4,812,554.2
Donations				(10,266.8)				(10,266.8)
Payment of 29.886 Preference shares receivable	3.7		594.0					597.7
subscription of 347.609 shares- iexchange of minority interest .- Confinanciera merger	43.5		4,262.4					4,305.9
Distribution of profit net for July-December 2011:								
Legal reserve		2,197.3					(2,197.3)	0.0
Voluntary reserve at the disposal of the shareholders as untaxed reserves				171,150.4			(171,150.4)	0.0
Voluntary reserve at the disposal of the shareholder for future distribution				21,664.1			(21,664.1)	0.0
Cash dividend declared at $220 pesos per share on 443.866.625 shares, subscribed and paid. 15 March 2012							(97,650.7)	(97,650.7)
Net profit at 30 June 2012							368,117.5	368,117.5
Distribution of profit net January-June, 2012:								
Legal reserve		1.9					(1.9)	0.0
Voluntary reserve at the disposal of the shareholders as taxed reserves				141,370.2			(141,370.2)	0.0
Voluntary reserve at the disposal of the shareholders for future distribution				111,249.7			(111,249.7)	0.0
Cash dividend declared at $260 pesos per share on 444.214.234 shares, subscribed and paid. 27 September 2012							(115,495.7)	(115,495.7)
Reappraisal of assets						10,655.1		10,655.1
Reappraisal of equity investments						54,781.5		54,781.5
Unrealized gain (losss) on investments available for sale					45,807.9			45,807.9
profit net al December 31, 2012							342,826.4	342,826.4
Balance at December 31, 2012	55,526.8	27,741.7	2,249,310.2	1,962,150.6	43,248.8	735,428.5	342,826.4	5,416,233.0
Donations				(7,104.5)				(7,104.5)
Distribution of profit net July-December 2012:								
Legal reserve		165,905.7					(165,905.7)	0.0
Voluntary reserve from valuation of investments at market prices Decree 2336/1995				21,708.5			(21,708.5)	0.0
Voluntary reserve at the disposal of the shareholders for future distribution.				30,832.2			(30,832.2)	0.0
Cash dividend declared at $280 pesos per share on 414.214.234 shares, subscribed and paid. 20 March 2013							(124,380.0)	(124,380.0)
Transfer of taxed reserve at the disposal of shareholders		169,118.5		(169,118.5)				0.0
Dividends in shares at r$2.582 pesos per share increasing the par value by $15 and a share premium of $2.567 pesos.	6,663.2		1,140,298.0	(1,146,961.2)				0.0
Cash dividend declared at $280 pesos per share on 444.214.234 shares, subscribed and paid. 30 September 2013				(124,380.0)				(124,380.0)
Reappraisal of assets						33,807.2		33,807.2
Reappraisal of equity investments						105,232.4		105,232.4
Unrealized gain (loss) on incestments available for sale					(31,864.6)			(31,864.6)
Profit for the period							729,680.0	729,680.0
Balance at December 31, 2013	$ 62,190.0	362,765.9	3,389,608.2	567,127.1	11,384.2	874,468.1	729,680.0	5,997,223.5

BANCO DAVIVIENDA S.A.

Statement of cash flows

Years ended on December 31, 2013 y 2012

(Amounts in millions of Colombian pesos)

		2013	2012
Cash flows from operating activities			
Profit for the period	$	**729,680.0**	**710,943.9**
Reconciliation of profit with net cash used in operating activities			
Allowance against Investments		2.6	6,022.1
Allowance against loans and financial leases		1,516,721.2	1,824,537.4
Allowance against accounts receivable		71,679.3	98,548.8
Allowance against foreclosed assets		13,229.1	10,704.6
Allowance against property and equipment		1,250.0	469.4
Allowance against other assets		3,219.8	529.9
Allowance for severance		30,587.8	25,309.7
Other provisions		22.5	797.7
Depreciation		44,252.7	43,329.1
Depreciation of leased assets		471.3	2,640.5
Amortizations		97,141.2	89,627.0
Profit on sale of loans		(15,295.6)	(16,870.7)
Reappraisal of investments, net		(266,620.7)	(330,860.7)
Profit on sale of investments, net		(24,998.0)	(46,089.6)
Valuation and derivatives and spot operations , net		(46,659.6)	43,916.2
Profit on the sale of foreclosed assets, net		(2,530.0)	152.5
profit on sale of property and equipment and lewased equipment net		(3,615.3)	(6,200.9)
Recovery of allowance against Investments		(480.4)	(14,170.1)
Recovery of allowance against loans and leases		(662,714.0)	(951,424.3)
Recovery of allowance against accounts receivable		(38,103.3)	(52,757.2)
Recovery of allowance against foreclosed assets		(5,913.9)	(8,484.8)
Recovery of allowance against property and equipment		(1,859.6)	(1,492.5)
Recovery of allowance against other activos		(780.2)	(1,139.1)
Reexpression of property and equipment		(84.9)	1,007.9
Other recoveries of accruals		(8,116.5)	(3,524.5)
Increase in deferred income tax, net		111,377.1	33,748.0
Payment of wealth tax		45,734.7	45,201.1
Payment of severance		(13,133.1)	(11,425.0)
Effect of Onfinanciera merger			
Investments		0.0	(17,842.3)
Loans		0.0	(422,466.8)
Accounts receivable		0.0	(6,197.7)
Foreclosed assets		0.0	(159.4)
Property and equipment		0.0	(6,757.5)
Other assets (without reappraisals)		0.0	(11,409.5)
Depoisits and demand accounts		0.0	329,952.2
Borrowings from financial institutions		0.0	80,694.9
Accounts payable		0.0	11,800.5
Other liabilities		0.0	729.7
Accruals and provisions		0.0	8,157.1
Changes in operating assets and liabilities			
(Decrease) Increase in unrealized gain on Investments		(31,864.6)	45,808.0
Increase loans and financial leases		(6,486,812.8)	(3,966,767.2)
Increase in accounts receivable		(1,082.6)	(93,814.3)
Additions fto foreclosed assets		(31,864.5)	(26,894.9)
Proceeds of sale of foreclosed assets		18,780.1	21,666.6
Increase in other activos		(81,399.9)	(540,182.6)
Increase in deposits and demand accounts		4,781,494.9	1,973,762.3
´(Decrease) Increase in accounts payable		(77,559.1)	50,190.9
(Decrease) Increase in other liabilities		(13,965.5)	28,676.3
Decrease in accruals and provisions		(20,443.6)	(24,762.3)
Net cash used in operating activities	$	**(370,253.3)**	**(1,028,853.4)**

BANCO DAVIVIENDA S.A.

Statement of cash flows (continued)

Years ended on December 31, 2013 and 2012

(Amounts in millions of Colombian pesos)

		2013	2012
Cash flows from investment activities:			
Increase in Investments	$	(976,211.5)	(1,015,329.1)
Increase interbank asset positions		(12,635.5)	(1,237.7)
Decrease (Increase) in acceptances, spot operations and derivatives		96,481.9	(87,844.8)
Additions to property and equipment		(31,447.2)	(57,625.2)
Proceeds of sale of property and equipment		6,461.8	14,979.8
Net cash used in investment activities		**(917,350.6)**	**(1,147,057.0)**
Cash flows from financing activities			
Proceeds of sale of loans		363,672.8	549,513.2
Increase (Decrease) in interban k and overnight liability positions		979,309.7	(59,451.5)
Decrease (Increase) in derivatives		(117,902.7)	81,415.4
Decrease borrowings from financial institutions		(303,300.7)	(118,827.4)
Increase in bonds outstanding		1,274,771.6	1,422,395.7
Donations		(7,104.5)	(10,266.8)
Exchange of miority interest, Confinanciera merger		0.0	4,305.9
Payment of preference shares receivable		0.0	597.7
Payment of cash dividend		(248,867.0)	(212,881.9)
Net cash provided by financing activity		**1,940,579.2**	**1,656,800.3**
Net increase (decrease) in cash and cash equivalents		**652,975.3**	**(519,110.1)**
Cash and cash equivalents at the beginning of the year		**2,688,260.6**	**3,207,370.7**
Cash and cash equivalents at the end of the year	**$**	**3,341,235.9**	**2,688,260.6**

1. Reporting Entity

Banco Davivienda S.A. ("the Bank") is a private company incorporated by Public Deed 3892 of October 16, 1972 at Notary 14, Bogota; its registered offices are in Bogota. Financial Superintendency ("the Superintendency") Resolution 562 of June 10, 1997 granted its operating licence. The Bank´s statutes were established by Public Deed 5145 of October 2003 and expire on October 17, 2053, but the Bank may be dissolved or extended prior to that term. The Bank is part of the *Sociedades Bolivar* Group and its business is to engage in all operations and contracts legally permitted to commercial banks, subject to the requirements and limitations of Colombian Law.

The most important changes to articles have been:

- Superintendency Resolution 562 of June 10, 1997 approved the transformation from a Savings and Loan Corporation to a Commercial Bank.
- Public Deed. 4541 of August 28, 2000, Notary18 Bogotá, formalized Davivienda´s acquisition of 100% of Delta Bolivar S.A. shares. As a consequence, Delta Bolívar S.A. was dissolved (but not liquidated) and the company and its equity were absorbed by the Bank on September 1, 2000; with this Delta Bolivar S.A. was extinguished as a legal entity.
- Public Deed No. 2369 of April 27, 2006, Notary 1 Bogotá Circle, formalized the Bank´s absorption by merger of Bansuperior S.A. Consequently, Bansuperior S.A. was dissolved (but not liquidated). The company and its equity were absorbed by the Bank on May 2, 2006, and Bansuperior S.A. was extinguished as a legal entity.
- Public Deed No. 7019 of August 29, 2007, Notary 71, Bogotá, entered at the Bogotá Chamber of Commerce on September 3, 2007 formalized the Bank´s takeover through merger of Granbanco S.A. Granbanco S.A. was therefore dissolved (but not liquidated). The company and its equity were absorbed by the Bank on September 1, 2007, and Granbanco S.A. was extinguished as a legal entity.
- Public Deed No. 3202 of April 30, 2010 Notary 71, Bogota, entered at the Chamber of Commerce on May 4, 2010 formalized the Bank´s the of the par value of its share from $1000 to $125. The authorized capital remained unchanged 480,000,000 shares.
- Public Deed 9557 of July 31, 2012, Notary 29 Bogota, formalized the absorption by a merger of Confinanciera S.A., as a result of which Confinanciera dissolved without liquidating and the business and its equity were absorbed by Banco Davivienda S.S. on August 1, 2012; and Confinanciera disappeared as a corporate person.
- Public Deed 7356 of June 21, 2013, Notary 29 Bogotá,l entered at the Chamber of Commerce on June 26, 2013 increasing authorized capital from $60,000 to $72,800nm and the par value of the share from $125 (pesos) to $140 (pesos) each for a total of $520,000,000. An Extraordinary General Meeting of June 19, 2013 approved changes to Article 53 of the Bank´s statutes to close the books at 2013 each year with an inventory of assets and the production of accounts.

At December 31, 2013, the Bank operated with 11,497 employees in 577 offices and 21 branches and agencies in Colombia and 1 branch abroad, in Miami. The Bank owns 94.7% of the shares of Fiduciaria Davivienda SA,. 79% of shares of the stockbroker Comisionista de Bolsa Davivalores SA, 99.99% of Bancafé Panamá S.A., 100% of Grupo Istmo (Costa Rica) S.A , 96.122% of Inversiones Davivienda El Salvador S.A., 94.216% of Banco Davivienda Honduras S.A., 88.0642% of Seguros Bolivar (Honduras) S.A. and 94.9 % of Corredores Asociados (see details in Note 6.9).

The attached financial statements combine the assets, liabilities and results of offices. The consolidated financial statements are prepared separately.

<u>Merger with Confinanciera</u>

Extraordinary General´ Meetings of Banco Davivienda S.A. and Confinanciera were held on March 28, 2012 to approve the merger by absorption of the two companies, recorded in Minute 113 of Davivienda and Minute 85 of Confinanciera.

Superintendency Resolution 1013 0of July 3, 2012 declared No Objection to the merger by Banco Davivienda S.A. and Compañiia de Financiamiento Comercial S.A. – Confinanciera- in which the latter would dissolve and its assets, liabilities and equity would be absorbed by Banco Davivienda S.A. The merger became legally formalized on August 1, 2012.

The Bank absorbed all the assets, liabilities and results of Confinanciera as they stood at August 1, 2012:

ASSETS		
Cash and Banks	$	49,191.9
Investments		17,842.3
Loans (net)		422,466.8
Accounts Receivable (net)		6,197.7
Foreclosed and received assets (net))		159.4
Property and equipment (net)		6,757.5
Other assets		13,149.3
	$	515,764.9
LIABILITIIES		
Deposits and demand accounts		329,952.2
Bank loans and other financial obligations		80,694.9
Accounts payable		11,800.5
Other liabilities		729.7
Accruals and provisions		8,157.1
	$	431,334.5
EQUITY		
Capital	$	43,567.1
Reserves		26,125.9
Surplus		1,739.8
Results for the period		12,997.7
	$	84,430.5

Income	$	69.238.9
Expenses		56.241.2
Profit	$	12.997.7

3 Summary of Principal Accounting Policies

3.1 Basic Accounting Policy

The Accounting policies and the preparation of Bank´s financial statements follow accounting standards generally accepted in Colombia and the instructions by the Superintendency.

The Superintendency´s special accounting rules are in some cases not the same as accounting standards generally accepted in Colombia, as described below:

Property and Equipment

The generally-accepted accounting standards require that at the close the net value of any property, plant and equipment with an adjusted cost of more than 20 monthly minimum salaries (approximately US$6,000) must be adjusted to net market value or present value, recording the valuation gains and losses as appropriate. The special rules do not set such conditions for this type of asset.

Share premium
The special rules require the share premium to be recorded as part of the Legal (Mandatory) Reserve. The generally-accepted accounting rules place this item separately in the equity section.

Financial statements

Decree 2649/1993 (the generally accepted rules) makes the statement of changes in the financial position part of the basic financial statements. The Superintendency does not require it.

3.2 Statement of cash and cash equivalent flows

The cash flow statement reported is prepared using the indirect method. Asset positions in money market operations are considered as cash equivalents for the purposes of this statement.. For the npurposes mof this financial statement, money.market asset positions under 90 days are considerd to be “cash equivalent”.

3.3 Asset and Liability Positions in interbank and overnight operations

Includes all operations of interbank funds, repos, simultaneous operations and temporary transfers of securities.

Interbank Funds

These are operations agreed to a period not longer than 30 days They include overnight operations with banks abroad.

Interest income from the operation is recorded in the earnings statement.

Repo Operations

Asset Position: These are securities purchased in exchange for cash (at a discount or otherwise), assuming a commitment to retransfer ownership to the counterpart at a given date.

Liability Position: This is a sale of securities in exchange for cash, assuming a commitment to repurchase securities of the same type and characteristics from the counterpart on the same day or at a later date (but not more than 1 year ahead) at a predetermined price or amount.

The initial amount will be calculated at a discount to the market price of the securities involved. It may be agreed that in the course of the operation the securities originally delivered can be substituted by others, and restrictions may be agreed on the mobility of securities involved.

Simultaneous Operations

Asset Position: Securities are acquired at market price in exchange for cash and a commitment to retransfer ownership of securities of the same type and characteristics to the counterpart on the same day or at a later date (but not more than 1 year ahead) at a predetermined price.

Liability Position: The ownership of securities is transferred in exchange for cash and a commitment to repurchase securities of the same type and characteristics from the counterparty on the same day or at a later date (but not more than |1 years ahead), at a predetermined price or amount.

The initial amount may not be calculated with a discount on the market price for the securities; it may not be agreed the securities originally delivered may be substituted by others in the course of the operation, and no restrictions may be placed on the mobility of the securities..

Accounting and valuation of repos and simultaneous operations

The seller, originator or the recipient, as applicable, reclassifies the balance sheet values for a repo, simultaneously operation or temporary transfer of securities; and in addition, records them in Memorandum Accounts in order to confirm delivery.

The purchaser, recipient or originator, as the case may be, must record the receipt of the securities in Memorandum Accounts.

All participants in repo or simultaneous operations and temporary transfers of securities must register the cash from these operations within their respective balances sheets as an obligation or a right, depending on the position involved.

When the purchaser, originator or recipient is in a short position, a financial obligation must be recorded in the balance sheet in favour of the initial disposer, originator or recipient at a fair price of exchange for the securities involved.

Yields on repos or simultaneous operations will accrue exponentially for the parties during the term of the operation, and will be income of expense for each of them, as appropriate.

3.4 Investments

This account records investments purchased to maintain secondary liquidity reserve, to acquire direct or indirect control of any financial sector or service company, to, meet legal or regulatory provisions or simply in order to eliminate or reduce the market risk to which assets, liabilities or other balance sheet items are exposed.

The valuation of investments is basically intended to calculate, record and disclose the fair market price at which a security may be traded on a given date, given its particular characteristics and prevailing market conditions on that date

Up to March 3, 2013 the valuation of investments was effected on the basis of information from Inforval, a system that reports rates or prices for the valuation of BVC-registered portfolios

As of March 4, 2013, with the introduction of Chapter XVI of Title I of the Financial Superintendency (SFC) Legal Circular in relation to the suppliers of prices and valuation of investments, the Bank was required to contract on official price supplier to value each market segment for a minimum period of one year. The supplier is required to supply information for the valuation of investments in that segment (prices, rates, curves, margins, etc.) observing parameters set in Chapter I of SFC Accounting and Financial Circular. The Bank contracted Infovalmer S.A. to value all its investments.

Investments are classified, evaluated and recorded using Superintendency instructions. A summary of these instructions is as follows:

Clasificación	Term	Characteristics	Valuation	Recording
Trading	Short term	Any type of security acquired to make profits from short term price fluctuations.	Uses prices of the price supplier Infovalmer, the official supplier per Chapter XVI Title I of SFC Legal Circular	The difference between previous book and current market value is charged or credited to the value of the investment with a credit or charge to earnings. Changes are recorded daily.
			On days when no price for the security can be found or estimated, the valuation is made exponentially based on the internal rate of return. The fair market value or price is calculated as the NPV of future capital yield flows.	The procedure is followed daily. Investments are valued at market from the day of acquisition. The books therefore record changes between market value and acquisition cost as of the date of purchase. .
			For securities dealt abroad where the official price supplier for the segment has no method to value the investments, the alternative used is the dirty bid price published by a supplier platform at 4 p.m. Colombian time	

Clasificación	Term	Characteristics	Valuation	Recording
			Valuations are made daily.	
Held to maturity	Until maturity	Any type of security that the Bank seriously, wishes to hold to maturity or redemption and has the legal, contractual and financial capacity to do so. The securities may not be the object of liquidity operations, repos or simultaneous operations, ort temporary transfers, mandatory investments or obligations underwritten in the primary market and the counterpart is Banco de la República, the national Treasury or Superintendency – supervised institutions Likewise, they may be delivered in guarantee at a Counterpart Risk Clearing House to support completion of operations accepted by it for clearing and settlement	Exponentially based on the IRR calculated at the time of purchase. Valuations are made daily	Present value is calculated as an increase to the value of the investment and the difference with the previous value is recording in the earnings statement. This procedure is followed daily.
Debt securities available for sale	6 months (as of the effective date of SFC Circular 035 amending instructions in SFC Circular 033	Any kind of security that the Bank has the intention and legal, financial, operational and contractual capacity to hold these investments for six months from being	Using prices set by the official price supplier Infovalmer under Chapter XIV Title I of SFC Legal Circular. For securities dealt abroad where the official	Changes to the value of low/minimum turnover or unquoted securities are recorded as follows:: The difference between present value on valuation date and the existing book value is recorded as an increase to the value of the investment, which is credited to earnings.

Clasificación	Term	Characteristics	Valuation	Recording
	of September 22, 2013. Relteed to the transuition regime for investments classified as available mfor sale	classified in this category After 6 months, can be reclassified into trading or held to maturity. If not reclassified on that date, it is held as available for sale Investments classified in this category may be used as a guarantee in a central risk clearing house to back compliance with settlement obligations., These investments may also be used in liquidity operations, including repos, simultaneous operations or temporary transfers of securities.	price supplier for the segment has no method to value the investments, the alternative used is the dirty bid price published by a supplier platform at 4 p.m. Colombian time On days when a fair price cannot be found or estimated, these securities are valued exponentially based on their IRR. The fair market value or price is calculated as the NPV of future capital yield flows. Valuations are made daily	The difference between market value and present value is recorded as an unrealized accumulated gain or loss in the equity section. This procedure is followed daily
Equity investments available for sale	None	Investments made by the Bank as a co-owner of the issuer Low/minimum turnover or unquoted, held by the Bank as parent or controlling interest form part of this group.	These securities are valued depending on whether or not they are quoted on an exchange. Securities on the National Securities and issuers register RNVE RNVE and exchange-listed securities are valued at the price published by agents authorized by the Superintendency and selected by the bank. Unit funds are valued per unit calculated by the management company on the day before valuation date,	Low/minimum turnover or unquoted - The difference between market or investment value and book value is recorded as follows: If the new market value is higher, the difference is used to reduce any allowance or downward adjustment made until it is exhausted, and any excess is then recorded as a revaluation surplus If the new market value is lower, any surplus is reduced until exhausted, and any excess is a downward adjustment. -If dividends or profits are distributed in kind, including those corresponding to the capitalization of the equity revaluation account, are recorded as income for the portion recorded as a revaluation surplus, charged to the investment and the surplus is reversed. If dividends or profits are distributed in cash, the amount recorded as valuation

Clasificación	Term	Characteristics	Valuation	Recording
			even if BVC-listed. Unit funds whose prices are marked on the secondary market and securities representing exchange fund units are excepted from this, and are valued at the price supplied by the official price supplier Equity investments quoted only on foreign exchanges Priced by SFC-authorized price suppliers. If no price is available, the exchange closing price on valuation date is used, or if none, the most recent closing price in the last five days or failing that a simple average of closing prices reported in the last 30 days. • Unlisted equities Valued at the price-supplier´s price. If the price supplier has no method to determine a price, the Bank may increase or reduce acquisition cost by the percentage share corresponding to the investor in subsequent equity variations of the issuer.	surplus is treated as income, reducing the surplus, and the amount of dividends that exceeds this is recorded as a reduction in the value of the investment. High-medium turnover Market values for high/medium turnover securities and securities quoted on internationally recognized exchanges abroad are updated with unrealized gains or losses accumulated in the equity section of the accounts, being credited or charged to the investment. The procedure is followed daily.

Reclassification of Investments

An investment may be reclassified at any time with appropriate Superintendency authorization as required by Chapter I Section 4 of the Circular; or at annual due dates for investments available for sale

In SFC Circular 033/2013, Chapter I Section 4.2 was changed to reclassify trading investments available for sale or held to maturity after six months´ classification as the former.

If the reclassification implies a gain, the gain may only be distributed with SFC prior approval.

Investment transfer rights

This account records debt or capital investments which the disposer, originator or recipient – as the case may be – has delivered in a repo, simultaneous operation or temporary securities transfer.

This refers to investments in restricted securities or debt or capital investments arising from the transfer of ownership against a cash payment or receipt of securities in support of a transfer operation (one security for another), thereby assuming the commitment to repurchase from the counterpart or acquire securities of the same kind and characteristics on the same day or at a later date at a predetermined price.

Credit Risk Allowances or Losses

The prices of debt securities and the securities and those of low/minimum turnover or unquoted capital investments are adjusted at each valuation date based on credit risk classification as follows:

- Securities that have one or more ratings from external rating agencies recognized by the Superintendency, and securities of rated issuers, may not be recorded for more than the percentage of their face value net of repayments made to the valuation date.

Long Term Rating	Short Term Rating	Maximum %
BB+, BB, BB-	3	90%
B+, B, B-	4	70%
CCC	5 and 6	50%
DD, EE	5 and 6	0%

- For securities not externally rated, debt securities with unrated issuers and capital investments, the amount of allowances is based an internally-developed method, which must be approved in advance by the Superintendency.

- Section 8.2 of Chapter I of Circular 100/1995 requires Banks that have no internal method approved to calculate allowance to use the following criteria

a. Category A – normal risk. Issues that comply with agreed terms and have adequate capacity to pay capital and interest, and issues of issuers whose financial statements and other available information reflect a suitable financial situation.
   No allowances need to be made against this category of investment

b. Category B – acceptable risk, high than normal- Issues that have factors of uncertainty that might affect their capacity to continue to service debt; and issuers of issues whose financial statements and other information available show weaknesses that might affect their financial situation.

In the case of debt securities, book value may not be higher than 80% of net face value at the valuation date.

For equity investments, book value after credit risk allowance (cost less allowance) may not be more 80% of acquisition cost.

c. Category C – Appreciable risk – issues with a medium/high probability of default in prompt payment of capital or interest; also, issues of issuers whose financial statements and other available information show deficiencies in the financial situation which compromise recovery of the investment.

Debt securities may not be valued at more than 60% of net face value at valuation date.

For equity investments, book value after credit risk allowance (cost less allowance) may not be more 60% of acquisition cost.

d. Category D – Significant risk – Issues in default of agreed terms and investments in issuers whose financial statements and other available information has accentuated deficiencies in the financial situation, so that the probability of recovery of the investment is highly doubtful

Debt securities may not be valued at more than 40% of net face value at valuation date.

For equity investments, book value after credit risk allowance (cost less allowance) may not be more 40% of acquisition cost.

e. Category E – Unrecoverable – Investment sin issuers whose financial statements and other available information suggest that the investment will not be recovered.

A full allowance must be made for all such accounts.

A bank is required to classify all investments in that issuer into this category unless it can show the SFC that there is valid reason for using a lower-risk classification.

Chapter I of SFC Circular 100/1995 states that the base value for calculations of debt security allowances is face value.

Internal and external public debt and issues made or endorsed by the State, Banco de la Republica or made or guaranteed by FOGAFIN are not subject to credit risk allowances (see Chapter I, SFC Circular 100/1995).

3.5 <u>Loans and financiar leases</u>

This account records Loans and financial leases, net in all permitted modes. Loans are funded from own resources, public deposits and other sources of external and internal financing

The following are not subject to loan risk rating of recorded for the value disbursed, excluding portfolio purchases which are recorded at cost. The interest rate does not affect the value for which loans are recorded.

Modes of loan

The structure of the loan portfolio includes the following types of loans:

- **Commercial**

Commercial loans are defined as those made to individuals or companies for organized economic activities, other than those made as microloans.

Residential Property Leasing

The Superintendency has ruled that Residential Property Leasing operations are to be classified as commercial loans.

Property involved in this type of operation is owned by the Bank, and is insured for fire and earthquake.

The account records the financed value of residential property leased against payment of regular installments over an agreed period. After that expires, the property is returned to the owner or transferred to the lessee if he exercises the purchase option and pays it.

Financial Leasing

Financial leasing operations are recorded for the amount to be financed for each asset in a contract that is delivered for the user to use and enjoy.

The amount to be financed in these operations is amortized upon payment of the regular payments, for the capital amount included in each payment.

For leasing operations, payments are credited first to the longest-outstanding overdue item. Arrears start to be counted from the moment that such payments fall due.

Contracts agreed with regular payments n in excess of the number of months required to suspend accruals may only accrue amounts for that number of months. The amounts remain current until the moment at which it becomes payable on demand

Consumer Loans

Consumer loans, regardless of amount, are made to individuals to finance the purchase of consumer goods or services for non-commercial or non-business purchases, other than those made as microcredit.

Mortgage loans

This account records loans, regardless of amount, made to individuals for the purchase of new or used property, or the building of individual housing units. Terms must be expressed in constant-value units (UVR), or local currency, and collateralized with a first mortgage on the property financed. Repayment is over 5-30 years.

All or part of one of these loans may be prepaid at any time without penalty. If there is a partial prepayment, the debtor is free to choose whether the amount paid decreases the amount of the installments or the term of the debt. These loans attract interest on the UVR or peso balance of the debt.

Interest should be charged in arrears and may not be capitalized. A loan may be made for up to 70% of the property´s value. This value will be the purchase price or professional valuation made within six months prior to the granting of the loan. Loans made to finance low-cost housing may be for up to 80% of the property´s value.

Properties financed must be insured against fire and earthquake.

Micro-credit

A microbusiness is defined as a rural or urban unit of economic exploitation managed by an individual or corporate person and engaged in entrepreneurial, agricultural, industrial, commercial or service with ten or fewer workers, assets of less than 500 Minimum Salaries (approx. US$160,0000) , as defined in Law 590 / 2000

The balance of indebtedness of the debtor may not be more than120 minimum legal monthly salaries (approximately US$35,000), at the time of approval of the loan operation. "Balance of indebtedness" means that the amount of current debt for account of the micro-enterprise as registered with credit database sources consulted, excluding mortgage loans but including the new loan applied for.

Restructured Loans

A "restructured loan" is one for which a legal agreement exists with the intention or effect to modify the terms of the credit, to enable the debtor to pay. Before restructuring is approved it must be established that there is a reasonable probability of recovery under the new conditions**.**

Restructurings do not include statutory credit relief such as that of Law 546/1999 for home mortgage loans.

Rules for recording restructured loans. In cases where the result of restructuring agreements or any other mode of agreement provides for the capitalization of interest recorded in Memorandum Accounts or loan balances written off, including capital, interest and other items, they will be recorded as deferred credits, and amortization to capital will be made in proportion to amounts effectively collected.

Rules for reclassification of restructured loans.
Where a loan is restructured, the classification held at the time of restructuring is retained, and after three normal payments, it will be considered to be current, and improves its classification to "A". If it again falls into arrears for more than 30 days, it will go back to its initial classification and remain there until up-to-date again, and may return to classification "A". If, after two years a restructured loan is up to date, it is transferred to A- Normal

The following methodology applies to consumer loans, using SR?ARC classifications prior to the process of alignment in the Consumer Reference Model (MRCO) as follows:

Classifications
AA
A
BB
B
C
D
E

The following criteria are applied to each client´s payment vectors

- The initial classification is kept for the first two months

As of the third month, the following criteria are applied:

- Two months payment on time improves the classification
- One month prompt and one in arrears keeps the classification of the preceding month
- Two months in arrears lowers the classification

The classification resulting from this methodology is compared with the MRCO score for each period.

If the MRCO score produces a higher risk than that obtained by the method explained above, the high risk will apply and as of that period only the MRCO result will be applied. This ensures that that result of the classification never produces a lower risk than MRCO.

If 13 months elapse from the moment of restructuring and the above method has not converged with MRCO, the above method will be dropped and only MRCO will be calculated.

Insolvency regime-Law 1116/2006.
The insolvency regime is intended to protect credit and recovery and preservation of the a business as an unit of economic exploitation and a source of employment, through processes of reorganization and judicial liquidation, always following criteria of added value.

Restructurings-Law 550
Law 550/1999 and Law 1116/2006 restructurings promote and facilitate business revival and the restructuring of regional agencies. When the negotiations for restructuring begin, interest accruals on outstanding loans are suspended, and the classification which they had at the beginning of the negotiations is maintained.

Flood disasters.
The Bank has restructured loans affected by the flood disasters, in the terms of Circular 051/2010, in which supervised entities are instructed on the situation of national disaster and economic, social and ecological emergency, as a result of a grave public calamity, declared by Decrees 4579/2010 and 4580/2010, respectively.

Suspension of interest accruals.

Interest accruals will not be charged interest accruals, monetary correction, exchange adjustment, lease payments and income from other items will not be accrued to not be charged to earnings when the loan is in arrears for the following ageing periods:

Mode	Arrears exceed
Commercial	3 months
Consumer	2 months
Home mortgage	2 months
Microcredit	1 month

Accruals are recorded in Contingent Accounts, and do not affect earnings until collection is effectively made.

For cases in which as a result of restructuring agreements or any other mode of agreement, it is agreed that interest recorded in memorandum accounts or the balances of loans written off, including capital, interest and other items will be capitalized, this income is recorded as a deferred credit, and is carried to earnings as and when effective collection is made.

Loans which are in arrears and which on a previous occasion have ceased to accrue interest, monetary correction, exchange adjustment, canons of goods given on leasing and income from other items will cease to accrue income from the first day of arrears. Accruals may resume when the loan is up to date again. Until connection is effective, this will be recorded in memorandum accounts.

Where the accrual of yields, monetary correction, exchange adjustment, lease payments and other items of income is suspended, an allowance must be made against all accruals not collected and corresponding to these items.

Rules for writing loans off

The writing-off of loans, accrued interest receivable on loans and financial leases and other assets is approved by the Board, taking account of SFC Circular 100/1995.

Following internal policies for writing off loans, this action is taken when loans in the different modes reached the following levels of arrears, and 100% allowances have been made against capital, interest and other items.

Loans		Arrears over/days
Commercial	Vehicles	360
	Other	570
	Over $500M	Depends on evaluation
Mortgage and residential leasing		540
Consumer	Vehicles	360
	Other	180
	Private brand credit cards	120
Microcredit		180

Likewise, specific write-offs may be made for small accounts with parameters defined by the Bank and with Board approval. The parameters may be changed at any time, to follow broad policy.

Loans of more than $500M in arrears for more than 540 days require individual evaluation.

A write-off does not relieve the Bank´s management from continuing to attempt collection as appropriate.
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Rules for guaranties.

A guaranty is an instrument which reduces the expected loss given default. A guaranty represents a right of the Bank if the debtor defaults on payment of his obligations.

Loan approvals must include the guaranty under which the operation is authorized. The guaranty must be formalized prior to disbursement.

The analysis of guaranties includes the following characteristics:

- Suitability. As defined by the law.
- Legality. Documents are duly formalized, offering legal support, which will make it possible to arrange for collection of loans granted.
- Value. Established that on the basis of technical objective criteria.
- Possibility of realization. A reasonably appropriate possibility that the guaranties can be realized.

For consumer and commercial loans the valuation process is completed but has no effect on allowances because the Bank treats these loans as having a LGD on an unsecured basis, except for commercial leasing operations and consumer payroll-installment and vehicle loans..

In the case of mortgage loans, there must be a first mortgages, and for an indeterminate amount in favour of the Bank, in respect of the property offered in support. Mortgages must be formalized by public deed before a Notary and registered in the Public Records Office.

The updating of the realization value of loan guaranties where the guaranty is a mortgage, is effected by taking the initial recorded value of the guaranty, adjusted by the annual changes to the house price indicators IVIUR and IVP, as the case may be

Criteria for evaluation the classification of credit risk.

The Bank adopted a credit risk management system (SARC), which brings together policies, processes, models and mechanisms to allow credit risk to be identified, measured and appropriately mitigated. This is so, not only from the point of view of coverage through a system of allowances, but also through management of the loan approvals process, and permanent follow-up.

The Bank evaluates and classifies customer loans regardless of the type of credit. There is a monthly update of loan performance, with regard to repayments, cancellations, write-offs and an ageing of accounts in arrears.

There are methods and analytical techniques available to measure the credit risk inherent in a loan operation and potential future changes in conditions of debt servicing for it. These methods and techniques are based on information related to the historical portfolios and loans. It also considers the particular characteristics of debtors and the loans, and guaranties given in support. The credit record of the debtor with other institutions and financial information about the debtor or alternative information which gives adequate knowledge of his financial situation are also examined; along with sector and macroeconomic variables that might affect the normal development of the loan.

In the evaluation of capacity to pay for regional government agencies, the Bank verifies compliance with the indicators of Law 617-Operating Expenses, Law 358-Solvency and Sustainability,-and Law 819, Primary Surplus.

The Bank makes its evaluations and reclassifies loans at least every May and November, and records changes by the end of the next month.

Rules of alignment

A monthly process of internal alignment is applied to each debtor, in which all operations under the same customer name are carried to the category of highest risk, unless there is good reason for a lower risk classification, as permitted by regulations.

For customers of Bank and its consolidating Subsidiaries, the same classification is given to loans of same mode to the same debtor, except where it can be shown that there is good reason to classify one or more in a lower risk category.

Classification of credit risk for reports.

For establishing equivalent risk classifications for the purpose of reports to the risk bureaus, indebtedness reports and recording the financial statements uses the following table:

Comerccial loans

Risk Type	Report Category	Group Category	Ageing (days)
Normal	AA	A	0-29
Acceptable	A	B	30-59
Acceptable	BB	B	60-89
Appreciable	B	C	90-119
Appreciable	CC	C	120-149
Default	D	D	150- 569
Unrecoverable	E	E	More than 569

A commercial loan is considered to be in default when it is more than it is 150 days or more in arrears, along with treasury loans in arrears.

Consumer loans

In order to determine classification of consumer loans, depending on segment, the reference model makes calculations on a points system, which is the product of particular characteristics of each debtor as laid down in Schedule 5, Chapter II, Superintendency Circular 100/1995:

Risk Type	Reporting Category	Group category	Vehicles Score	Others Score	Credit Card Score
Normal	AA	A	0.2484	0.3767	0.3735
Normal	A *	A	0.6842	0.8205	0.6703
Acceptable	A	B	0.6842	0.8205	0.6703
Acceptable	BB	B	0.81507	0.89	0.9382
Appreciable	B	C	0.94941	0.9971	0.9902
Appreciable	CC	C	1	1	1
Unpaid	D	D	1	1	1
Unrecoverable	E	E	1	1	1

A consumer loan is considered to be in default when it is in arrears 90 days or more.

*In order not to affect the indicators, the Superintendency defined an additional classification, in addition to the characteristics of the consumer reference model, for a range of arrears between 0 and 30 days, to be recorded in the books as Category A.

Mortgage and micro credit

The Bank analyzes mortgage loans and micro-credit, and classifies them into one of the following credit categories.

Category	Risk	Home mortgage	Micro-credit
		Months in arrears	
A	Normal	0 – 2	0 - 1
B	Acceptable	2 - 5	1-2
C	Appreciable	5 -12	2-3
D	Significant	12 – 18	3-4
E	Unrecoverable	Over 18	Over 4

3.6 Rules on loan allowances.

Allowances are charged to earnings as follows:

General allowance.

At December 31, 2013 and 2012 there was a general allowance for microcredit and mortgage loans equivalent to 1% of total gross loans.

Individual allowances using reference models

According to Superintendency instructions, the Commercial and Consumer Reference Models require individual allowances as the sum of two individual components: one is pro-cyclical and the other counter-cyclical.

The individual pro-cyclical component reflects the credit risk of each debtor today.

The individual counter-cyclical component reflects possible changes credit risk of a debtor over a time in which the deterioration of those assets increases. This portion is set aside in order to reduce the impact on earnings if the situation should arise.

The two components are calculated separately for capital and accrued interest receivable on loans and financial leases, for loans and leasing operations.

There is a monthly evaluation of the following indicators, made to determine the method of calculation to use as of the following month for individual allowances:

Indicators	Activation Threshhold
1. Increase of allowance in risk category B,C,D,E	>= 9%
2. Net allowance expensed as % of portfolio revenue	>= 17%
3. Net allowance expensed as % of Adjusted Gross Financial Margin	<= 0% or >= 42%
4. Real annual growth of Gross Loans	< 23%

If for three consecutive months the conditions of these indicators are all met together, the method for calculation to be applied during the following six months, will be that for the de-accumulative phrase phase.

Method of calculation for the accumulative phase

Individual procyclical component. For Commercial and Consumer loans, this is the expected loss is calculated with Matrix A, that is, the results obtained by multiplying the value of debtor exposure, the probability of default (PD) of matrix A, and the loss given default (LGD).

Individual counter cyclical component. This is the maximum value between the individual countercyclical component for the preceding period affected by exposure, and the difference between the expected loss calculated with Matrix B, and the expected loss calculated with Matrix A at the time of calculating the allowance.

The individual counter cyclical component may in no event be less than zero, and may not exceed the value of the expected loss calculated with Matrix B, and the sum of these two components may not exceed the value of exposure.

Every year, the Superintendency publishes the migration matrices to reply to the quantification of expected loss.

The countercyclical component will enable lenders to have a reserve (an individual countercyclical allowance), which they will use in times of deterioration in loan quality, in order to face the need for increased allowances, but without the need for a significant impact on profits generated in an unfavorable environment.

At 2013 and 2012, the Bank applied the method of the accumulative phase.

Individual allowances

In addition to the general allowance, individual allowances are calculated to protect loans classified in all risk categories, using the following parameters at December 31, 2013 and 2012:

Commercial loans.

The Bank adopted the Superintendency´s Commercial Reference Model (MRC) for making the allowances produced by its application.

To estimate the value of asset levels, the minimum salary for the preceding year was taken as the indexing factor.

The estimate of expected losses involves differentiated segments, by level of debtor assets, as follows:

Business size	Asset ranges
Large	Over 15.000 SMMLV
Medium	5.000 - 15.000 SMMLV
Small	under 5.000 SMMLV

The MRC model also has a category "individuals", which brings together all personal debts and loans.

Allowances against residential property leasing operations follow the loan policy for commercial loans to “individuals in business”

The estimated expected loss (allowances) is the result of the following formula:

Expected Loss= [Probability of default] x [Asset exposure at the time of default] x [Loss given default].

Where:

Probability of default (PD)

This is the probability that in a period of twelve (12) months, the debtor of a certain commercial loan portfolio will go into default.

Individual allowances are calculated using the percentages given in this matrix:

	Large company		medium-company		small business		Natural person	
Rating	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	1.53%	2.19%	1.51%	4.19%	4.18%	7.52%	5.27%	8.22%
A	2.24%	3.54%	2.40%	6.32%	5.30%	8.64%	6.39%	9.41%
BB	9.55%	14.13%	11.65%	18.49%	18.56%	20.26%	18.72%	22.36%
B	12.24%	15.22%	14.64%	21.45%	22.73%	24.15%	22.00%	25.81%
CC	19.77%	23.35%	23.09%	26.70%	32.50%	33.57%	32.21%	37.01%
Default	100%	100%	100%	100%	100%	100%	100%	100%

- Loss given default (LGD)

This is defined as the economic deterioration incurred is default should occur. LGD for borrowers in default will rise with the passage of time in default. The Bank applies two ranges, for “Unsecured” (*) and “Property leasing assets”, as follows:

Type of guaranty	LGD	Days´in arrears	New LGD.	Days in arrears	New LGD
Unsecured	55.00%	210	80.00%	420	100.00%
Goods given on real property lease	35.00%	540	70.00%	1.080	100.00%

The allowance is 100% over and above LGD for loans classed D and E and as of November this policy is maintained only for loans past-due over 360 days (In April, this excluded residential property leasing operations)

Past-due loans are evaluated monthly applying the MRC reference model, quality of security held, percentage cover of the debt and any other criteria required to make individual allowances.

- Exposed asset value

This is understood to be the exposed value of the asset on the balance sheet for capital, interest receivable and other items in the commercial loan portfolio.

Allowances for moratorium processes

Loans for account of borrowers in a moratorium process are immediately classified "E"; allowances are made, accruals are suspended for yields and other items.

If the recovery plan is agreed within one year following admission into moratorium proceedings, the loans may be reclassified to "D".

Consumer loans.

The Bank adopted the Superintendency Reference Model for Consumer loans (MRCO), which is used to make allowances.

It is based on differentiated segments, depending on product: Automobile-general, Other - General, and Credit Cards, in order to preserve the particular features of market niches and products.

Expected losses are calculated, and allowances are made in accordance with the following formula:

Expected Loss= [Probability of default] x [Asset exposure at the time of default] x [Loss given default].

Where:

- Probability of default (PD)
corresponds to the probability that within 12 months debtors in a given segment and loan classification will go into default.

The probability of default is defined by the following matrix.

Category	General Automobiles		General Other		Credit Card	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	0.97%	2.75%	2.10%	3.88%	1.58%	3.36%
A	3.12%	4.91%	3.88%	5.67%	5.35%	7.13%
BB	7.48%	16.53%	12.68%	21.72%	9.53%	18.57%
B	15.76%	24.80%	14.16%	23.20%	14.17%	23.21%
CC	31.01%	44.84%	22.57%	36.40%	17.06%	30.89%
Default	100%	100%	100%	100%	100%	100%

Loss given default (LGD)

This is defined as the economic deterioration suffered if a default situation arises. The LGD for debtors classed as “in default” will increase with the passage of time in default. The LGD applied by the Bank falls into three ranges of guaranties "unsecured", and "non-admissible guaranty", and “other collateral,”as described below:

Guaranty Type	LGD	Days arrears	New LGD	Days arrears	New LGD	Days arrears	New LGD
Non-admissible	60%	210	70%	420	100%		
Other – vehicles	50%	90	70%	150	85%	270	100%
Unsecured	75%>	30	85%	90	100%		

The descriptor “non-admissible guaranty” applies as of May 2012, for consumer loans granted with the non-admissible "payroll installment deduction" guaranty.

The type of guaranty "Other collateral" applies to the vehicle portfolio as of May 2013.

- Exposed asset value.

In the MRCO the exposed asset value is the outstanding capital balance, with interest, accrued interest receivable on loans and financial leases for interest and other items, in the consumer loan operations.

Home Mortgage loans.

Individual allowances for the protection of loans are made in all risk categories for at least the following percentages at December 31, 2013 and 2012.

For home mortgage loans calassed A and B, a percentage allowance is maintained at a higher level than required by regulations. On the unsecured portion, i.e. the difference between the nunpaid balance and 100% of the value of the collateral, the allowance will bne 100% for classifications of B and below.

Category	Regulatory mínimum %		% Bank´s minimum	
	Covered	Not covered Descubierta	Covered	Not covered Descubierta
A	1.00%	1.00%	1.00%	3.00%
B	3.20%	100.00%	4.00%	100.00%
C	10.00%	100.00%	10.00%	100.00%
D	20.00%	100.00%	30.00%	100.00%
E	30.00%	100.00%	100.00%	100.00%

An allowance must be kept over the secured portion of mortgage loans, as a percentage which corresponds to each Category. The allowance for the unsecured portion will be 100% as of the time of classification as "B"-acceptable.

If for two consecutive years ago remains in category "E", the percentage allowance of secured portion will rise to 60%. After another year in this same condition, the allowance on the secured portion will be 100%.

Microcredit

Individual allowances for the protection of loans classified in all risk categories must match the following at least the following percentages at December 31, 2013 and 2012.

Micro loans are subject to percentage allowances higher nthan that required by the regulations:

Category	Regulatory minimum%		Bank´s minimum%	
	Capital balance	Not covered	Capital balance	Not covered
A	1.00%	0.00%	1.60%	1.60%
B	2.20%	1.00%	4.00%	5.00%
C	0.00%	20.00%	0.00%	30.00%
D	0.00%	50.00%	0.00%	60.00%
E	0.00%	100.00%	0.00%	100.00%

Effect of admissible guaranties on individual allowances.

For the estimate of individual allowances , collateral only supports capital and therefore the balances to be amortized on loans collateralized with suitable security are subject to the percentage corresponding to their risk classification for the difference between the value of the outstanding balance and the value of the collateral

In the case of home mortgage loans, the unsecured portionis taken to be the difference between the balance unpaid and 100% ofn the value of collateral. For the secured portion, it applies to 100% of the balance iof the debt guaranteed.

3.7 Spot and derivative operations

3.7.1 Spot operations

Financial assets acquired through spot operations are recorded in the balance sheet on the settlement date and not the dealing date, unless the two coincide, as follows:

The seller records financial asset in his balance sheet until delivery affected, and meanwhile records the right to receive cash from the transaction as an asset, and the obligation to deliver the asset sold.

The buyer of the asset does not record the financial asset in his balance sheet and it is delivered, but records the right to receive the asset amount in his assets, with the obligation to deliver the cash agreed for the operation.

Changes in market value of instruments sold must be shown in the earnings statement as of the date of the trade, as appropriate.

If the operation is effectively completed, the buyer and seller of the asset will reverse the right and the obligation recorded at the time the trade took place.

3.7.2.Derivatives

Derivatives are recorded in the balance sheet, from the date of the trade, for a fair market price.

If the initial contract has a value of zero, that is, if no payment or physical delivery is made by the parties, the earnings statement is not affected.

In subsequent valuations, price the variations in the price must be recorded in the earnings statement or in equity accounts, depending on the classification of the derivative.

If the fair price of exchange is positive, i.e. favorable to the Bank, it is recorded as an asset, separating the value of the right from the value of the obligation. If the price is negative, i.e. adverse to the bank, it should be recorded as a liability, with the same separation.

If the fair price of exchange is zero either initially or on some subsequent date, it should be booked as an asset if it is a speculative financial derivative., However, if it is a hedging asset it should be book on whichever side of the balance sheet is appropriate – on the basis that it should be recorded on the other side to that of the primary position hedged.

Positive and negative balances in the balance sheet are not netted out where the derivatives are different financial instruments – or even if they are the same – and each must be in its asset or liability account.

Variations in the fair price if exchange of speculative financial derivatives should be recorded in the earnings statement, using the following rules.

Regardless of the accumulated variation in the price of a derivative for speculative purposes is positive (profit) or negative (loss), the portion of the variation recorded daily in the earnings statement should be booked to the appropriate income or expense account in which the derivative should be recorded, depending on whether it is an accumulated profit or an accumulated loss, depending on related accounting instructions.

The same procedure should be used for derivatives negotiated by the supervised institution.

For the recording of hedging financial assets, regardless of whether the accumulated variation in the price of a derivative for speculative purposes is positive (profit) or negative (loss), the valuation must be disclosed daily in the earnings statement in the relevant subaccount for revenues or expenses where the derivative is to be recorded, depending on whether there is an accumulated profit or an accumulated loss, following the relevant accounting instructions.

The portion of the accumulated price variation must be recorded daily in the equity account opened for this item, with a positive or negative sign, as appropriate.

3.7.3. Forwards

Speculative forwards will be booked in the balance sheet from the date of the trade, for the fair price of exchange.

Where the initial value of the contract is zero on that date, that is, there has been no payment or physical delivery of between the parties, the earnings statement is not affected.

In subsequent valuations, the variations in the prices must be recorded in the earnings statement, following the rules given below.

Forwards that have a positive fair price (i.e. favourable to the Bank) are recorded as assets , separating the right and the obligation. If the fair price is negative (i.e. unfavourable to the bank) the operation is recorded as a liability, with the same separation.

Where the price of the derivative is zero, either on the initial date or on some subsequent date, the books must show the asset entry if the derivative is for speculative purposes. But if it is a financial derivative for hedging purposes, the books in this case will show an asset or a liability, as appropriate on the opposite side to that of the primary position hedged.

The balance sheet accounts do not net out favourable and unfavourable balances of derivatives, even if they are of the same type, but it must be recorded as an asset or a liability, as appropriate.

3.7.4 Futures

Given that futures operations are settled daily, the fair price derivative is zero, and for this reason, it's the recorded in the accounts as an asset, since they are the derivative for speculative purposes.

3.7.5 Options

When the Bank buys call or put options -the premium paid and the variations in day to day valuation to the fair price must be made in the sub accounts for options, on the asset side.

When the Bank sells a call or put option, the premium received and day to day variations in the fair price are recorded in the subaccount for the appropriate option on the liability side (accounts on the cards are recorded in a single account).

Supervised institutions must report the face value agreed, multiplied by the fair price of exchange or the rate agreed by the parties in the Contingent or Memorandum Accounts opened for that purpose.

3.8 Swaps

3.8.1 Hedging swaps.

These are traded operations which are designed to reduce or remove a specific risk which may have an impact on earnings as a consequence in variations in the fair price or on cash flow, or on the exchange rate of one or more items in the "primary positions".

In compliance with current regulations, these derivatives traded for hedging purposes must be clearly identified. From the moment that the deal is struck, and authorized by the Superintendency.

The accounting of the derivatives for hedging purposes depends on specific type of hedging involved, in our case, the hedging operations correspond to the fair market price.

The hedging of the flows of the fair price must be accounted as follows:

a) Derivatives for hedging purposes: all gains or losses which arise from a valuation of derivatives taken for hedging purposes, must be immediately recorded in the earnings statement, using the standard PUC accounts for hedging instruments.

b) Primary positions. All profits or losses attributable to hedging must be recognized for their book value in the primary position, such that that value reflects the fair price of exchange. The matching entries for variations are recorded in the relevant sub account in earnings, including operations in which there is a primary position covered, valued at cost.

If a firm commitment is made to acquire an asset or take up a liability which is in a primary position, within hedging of a fair price, the initial book value of the asset or liability which arises from the commit the firm commitment must be adjusted to include accumulated variations in the fair price of a commitment which is attributable to the risk hedged and shown in the balance sheet.

Derivatives which show a positive fair price (i.e. favourable to the Bank) must record this in the assets, separating the value of the right and the value of the obligation. If the fair price is negative (i.e. unfavourable to the Bank), it must be recorded as a liability, with the same separation. This accounting treatment must be applied both to speculative and to hedging derivatives.

3.8.2 Speculative swaps

These operations aim to obtain profits from some future market movement.

The book entry will isolate the effect of the valuation model used. Therefore, at the end of the day the swap (Day 0). The supervised institution, on the one hand, should not affect the earnings statement, and on the other, the resulting profit or loss due to the valuation of the right and the obligation, is recorded in a deferred account.

Between the day following the day the that the swap is made and the due date, the supervised institution will take account of the daily value corresponding to linear amortization of the deferred item, increasing or reducing the result of the daily valuation, as appropriate.

3.9. Accounts receivable

This account records amounts pending collection, such as yields derived from financial intermediation, service commissions, payments for account of customers, and sums produced by the sale of goods and services, rent, sale commitments, dividends and other capital yields, advances for contractors and suppliers, fees, and staff advances.

Allowances are made to protect accrued interest receivable on loans and financial leases with a negative classification, and are charged to earnings, where it is established that there are contingencies of probable and reasonably quantified contingencies of loss, or where the arrears are at more than 180 days.

3.10 Foreclosed assets

Marketable assets and assets received in payment.

This item includes the value of assets received in lieu of payment of unpaid loans due to the Bank.

Assets received in payment represented in real property are received on the basis of a professional commercial valuation, and movable assets, vehicles, shares and other interests, on the basis of a reasonable market value.

Assets are recorded taking account of the following conditions:

- The initial amount is that of the court award or as agreed with the debtor, recorded in a public deed and legalized in the Public Records Office.

- If the value for which the asset is received is lower than the balance sheet value, the difference is immediately charged to earnings, as an allowance.

- If the value for which the asset is received is in excess of the value of the loan repayable (i.e.in favour of the debtor) the difference is recorded as an account payable.

- These assets are received on a temporary basis, and must be sold within two years following receipt, unless the Bank's Board has ordered an extension of the term for sale, which may not be for longer than two years.
- Valuations used are not more than three years old at the closing date on which they apply. The result of the valuation is recognized as a valuation gain for foreclosed properties and recorded in Memorandum Accounts, or conversely, a valuation costs appear as an allowance charged to earnings.
- Profits generated as a consequence of the disposal of these assets through loan or term sale operations are deferred over the term agreed for the operation; amortization is charged to earnings, as and when collection is actually made.
- Where the sale is a spot sale, the profit on the operation is recorded as revenue in the earnings statement.

Restored Assets

This account records the value of assets restored to the bank from financial leasing operations, due to default against leasing agreements by the lessee, or the lessee´s failure to exercise the purchase option. These assets are not subject to depreciation.

For restored assets, the two-year rule for sales applies, except where the Bank's Board has ordered an extension of the time to make the sale.

Assets not used in the business

This item records assets which the Bank owns but has ceased to use for its business.

The assets are depreciated until sold, and are recorded as part of fixed assets for the purposes of limits established in Section 1.2, Chapter VII, Title I of the Superintendency´s Basic Legal Circular.

3.11 Allowance against marketable assets and assets received in payment.

Allowances against foreclosed assets are recorded as required by Chapter II of Superintendency Circular 034/2003 as follows:

Period	Real property	Movable
Year 1	30%	35%
Year 2	30%	35%
Total	**60%**	**70%**
2 years or more	40%	30%
Bank policy 2 years or more)	100%	100%

*The Bank makes an allowance for 100% of the valuation shortfall

3.12. Property and equipment.

This account records tangible assets purchased, constructed or in the process of importation, construction or assembly, for permanent use in the normal course of business, with a useful life of more than one year. This includes direct and indirect costs and expenses up to the moment in which the asset becomes fit for use.

With the exception established by Article 6 of Decree 3019, fixed assets, whose acquisition cost is 50 UVT (approx. US$700 equivalent) or less may be depreciated within the same year.

Additions, improvements and special repairs that significantly increase the useful life of assets are recorded as an increased value of the asset, and disbursements for maintenance and repairs made to conserve these assets are charged to expenses as and when they accrue.

Real property valuations are updated regularly, and professional specialist valuers are used to establish valuation gains or losses, as appropriate.

For assets acquired up to 2013, 2006, and for office equipment, furniture and fittings and computer equipment, the Bank calculates depreciation on a declining balance basis. Purchases made as of January 1, 2007 are depreciated on his straight-line basis, and their useful lives and annual depreciation rates are:

	Useful life	Annual rate
Buildings	20 years	5%
Office equipment, furniture and fittings	10 years	10%
Computer equipment and vehicles	4-5 years	20%

Straight-line method

This consists of dividing an asset´s value into its useful life. The result of annual depreciation is distributed into monthly installments.

Declining balance method.

This method allows accelerated depreciation of the asset. The same total time of depreciation is used, but there is a higher monthly expense in the early years. There must be a salvage value

Assets given under operating leases

Assets given under operating leases (vehicles) are recorded at acquisition cost. Their depreciation runs over 60 months on a straight line basis. Iand an allowance is charged of 1% of value after depreciation and amortizations.

3.13 Branches and agencies.

This account records the movement of operations between the Head Office, Branches and Agencies.

Balances are reconciled monthly, and pending items are regularized in not more than 30 days.

Net balances are reclassified at each close, reflecting subaccounts branches and agencies, and are assigned to the asset or liability accounts, or credited or charged to earnings.

3.14 Prepaid expenses, deferred charges and intangible assets.

Prepaid expenses correspond to amounts incurred by the Bank in the course of its activities, for which the benefit is received over several periods, but may be recovered, and supposes successive execution of services to be received.

Deferred charges correspond to goods and services received by the Bank, from which it is expected to receive a future economic benefit, and whose amount and nature allow it to be considered amortizable over a defined period of time.

Expenses for amounts equal to 210 UVT (approx. US$3,000) or less are not treated as deferred charges.

Amortization is recognized as of the date on which they contribute to the generation of income, on the following basis:

P**repaid expenses**

- Interest, during the period prepaid.
- Insurance, during the life of the policy.
- Other items, over a period of 12 months.

Deferred charges

- Remodelling on own property is amortized over not more than two years, and for leased premises, over the shorter of the life of the contract and probable useful life.
- Deferred income tax generated due to timing differences will be amortized over periods in which the timing differences which gave rise to them are reverted.
- The wealth tax created by Law 1370 of December 2009, accrued on the basis of net assets at January 1, 2011, is amortized over 48 months as of that month.
- Discount on securities placement over 5 years
- Professional consultancy fees over 6 months
- Rent over 10 years
- Computer programs, over not more than three years.
- Commissions and advisory services, over 60 months, where they correspond to major projects whose expectation of recovery is a long-term matter.
- Other items are amortized over the estimated recovery period of the expense, or the obtaining of expected benefits.

Intangibles

Goodwill is amortized monthly on a straight-line basis over seven years for Confinanciera S.A., by the exponential method at a term of 20 years for Granbanco S. A., Grupo del Istmo Costa Rica S.A., Inversiones Financieras Davivienda S.A.,Banco Davivienda Honduras S.A. and Seguros Bolívar Honduras S.A. and 5 years for Corredores Asociados

3.15 Reappraisals

Assets which are the object of gains:

– Equity investments available for sale.

Valuation gains and losses on capital investments available for sale are recorded on the basis of variations in the equity of the issue.

– Real property.

Valuation gains on real property correspond to the excess of the market valuation established by reputable professional independent valuers, over net book cost. The matching entry is a credit to earnings.

If there is a loss on valuation, for each individual property, an allowance is charged to earnings

- Assets received in payment.

Valuation gains on assets received in payment are recorded in Memorandum Accounts.

3.16 Deferred tax.

The Bank recognize the effect of tax timing differences generated between the valuation and market price and the straight-line calculation of the investment portfolio in derivatives, and in IFC bonds. Likewise, it recognizes the deferred tax on the turnover tax allowance and the higher value charged as tax allowable in goodwill. Deferred income tax generated by the effect of timing differences will be amortized over the period in which the timing differences which originated them revert.

3.17 Income received in advance and deferred liabilities.

In accordance with the regulations, the profit on sale of foreclosed assets sold at term is amortized in proportion to the amounts collected for capital; the purpose of this is to regularize income.

UVR adjustment

Law 546/1999, Article 3, created the UVR, as a unit of account, which reflects the purchasing power of the peso, based exclusively on the variation in the Colombian CPI, published by the statistical bureau DANE. The value is calculated in accordance with methods adopted by the Government.

In order to eliminate the distortion generated by seasonal variations in inflation in on operations agreed in UVR, the income from these items is standardized to a one-year period.

3.18. Accruals and provisions.

The Bank records provisions to cover accruals related to fines, litigation, sanctions and claims which may exist and which meet the following conditions.

a. There is a right acquired and in consequence, an obligation contracted.

b. The payment is probable, or the amount is payable on demand.

c. The provision is justifiable, quantifiable and verifiable.

d. Also, it records estimated values for taxes, contributions and affiliations.

e. Following principles and standards generally accepted in Colombia, the classification of the possible results of litigation against the Bank, for purposes of provisions, is effected appropriately to a contingency account which is catalogued as probable, eventual or remote, and, depending on that classification, the percentages of provision have been defined as follows:

Probable contingency	100%.
Eventual contingency,	50%.
Remote contingency	0%.

f. Estimated employment liabilities are recorded on the basis of allowances of law and collective agreements in force, estimated on the basis of calculations of amounts to be paid to employees.

g. To present the financial expense derived from customer strategies such as for example, subsidized rates in low-cost housing loans and points programs for credit cards and mortgage loans

3.19. Conversion of foreign currency transactions.

Operations and balances in foreign currency are converted to pesos at the market reference rate (TRM) at the relevant dates, as published by the Superintendency. At December 31, 2013 and , 2012, the rates were $1,926.83 and 1,768.23 per US$1, respectively.

3.20 Contingent accounts.

These accounts record operations in which the Bank acquires a right or assumes an obligation whose fulfillment is conditioned on the occurrence (or failure to occur) of some future event depending on future, eventual or remote factors. Among the debtor contingencies, financial yields are recorded from the moment in which accruals cease to be accrued on receivable.

Contingencies for fines and sanctions are analyzed by the Legal Department and their outside counsel. Estimates of the contingency for losses necessarily involves the exercise of judgment. There is an evaluation, amongst other things, of the merits of the claim, the jurisprudence of the courts on the point, and the current status of the case.

Judicial contingency by definition is a condition, situation or set of circumstances which exist and which imply doubts with regard to a possible gain or loss by the Bank in a court case, or in actions pursued against it, which generate a contingent liability. The doubt is finally resolved when one or more of the future events occurs or fails to occur.

3.21. Memorandum Accounts.

These accounts record the operations undertaken with third parties, whose nature does not affect the financial situation of the Bank. There are also fiscal memorandum accounts, which record figures for the preparation of tax filings, or the control of mandatory investments, internal control or management information, and loans by ageing of arrears.

3.22 Trust memorandum accounts.

This account records the trust accounts for operations in loan "universalities".

Following Superintendency Circular 047 of September, 2008, as of January 1, 2009, the Bank updated and established equivalents in the instructions regarding the determination and accounting of the process of securitization.

Since the Superintendency has not enabled the related accounts, the balance sheet transmitted to it differs from the official books of account of the Bank with respect to the bookkeeping of these accounts.

3.23 Net profit per share

In order to determine the net profit per share the Bank used the weighted average method at 2013, 2013 and 2012 applied to subscribed and paid shares for the time that they had been outstanding, that is,,$1,642.53 and $ 1,601.18 (pesos) respectively

3.24 Principal estimates in the balance sheet - Use of Estimates in the preparation of the financial statements.

In the preparation of the financial statements, management normally makes estimates and assumptions which affect the amounts reported for assets and liabilities, and for income and expenses. Superintendency regulations state that in the case of items for investments, loans and foreclosed assets, estimates of allowances may be made on the basis of the financial statements of customers, on market prices and on the basis of valuations of guaranties and foreclosed assets made by independent valuers.

In the case of judicial contingencies that imply a possible gain or loss for the Bank in court cases or actions against the Bank that generate a contingent liability, an evaluation is made (amongst other things) of the merits of the claim, jurisprudence available and the current state of the case.

4 Cash and due from Banks

The detail of cash and due from banks in local currency and foreign currency expressed in local currency, is the following:

		2013	2012
Local currency:			
Cash	$	908,948.0	836,835.3
Banco de la República		1,314,000.6	1,518,841.7
Banks and other financial institutions		9,130.1	6,040.5
Clearing		26,590.4	60,380.5
Remittances in transit		14.9	31.2
Allowance		(105.6)	(164.7)
		2,456,281.2	2,220,196.7
Foreignl currency expressed in local currency:			
Cash		1,341.6	1,365.6
Banco de la República		56.7	61.8
Banks and other financial institutions		338,162.1	635,240.8
Remittances in transitt		0.0	1,262.2
Allowance		(640.8)	(15.2)
		517,973.5	339,569.2
		$2,974,254.7	2,559,765.9

Local currency cash and balances at Banco de la República are counted as part of the mandatory cash reserve to be held against customer deposits. These deposits are not remunerated.
.

4.1 Reconciliation items

The following is the detail of reconciliation items at December 31, 2013:

Ítems over 30 days	No.		Amount
Statement debit Notes not in books	83	$	98.9
Statement credit notes not in books	97		(1,168.9)
	180	$	(1,070.0)

At December 31, 2013, there were 25 items under 30 days for a net amount of $(565.2). Items pending over 30 days have no significant impact and an allowance of $98.9 has been made.

The following is the detail of reconciliation items at December 31, 2012:

Ítems over 30 days	No		Amount
Statement debit Notes not in books	6	$	29.2
Statement credit notes not in books	76		(898.2)
Book debit notes not in statement	13		61.0
Book credit notes not in statement	1		(1.2)
	96	$	(809.2)

Al December 31, 2012,local bank reconciliations contained 51 items under 30 days for a net value of $(314.8), reconciliation items over 30 days have no significant impact. And an allowance of $90.2 has been made.

4.1 Reconciliation items in foreign currency

The following is the detail of reconciliation items December 31, 2013:

Over 30 days	No.	Amount US$000
Statement debit Notes not in books	75	292.5
Statement credit notes not in books	36	(107.1)
Book debit notes not in statement	7	40.1
Book credit notes not in statement	24	(1,041.1)
	142	(815.6)

The following is the detail of reconciliation items at December 31, 2012:

Ítems over 30 days	No.	Amount US$000
Statement debit notes not in books	7	5.3
Statement credit notes not in books	4	(20.4)
Book debit notes not in statements	4	3.3
Book credit notes not in statements	18	(51.0)
	33	(62.7)

There is a restriction on foreign currency cash at December 31, 2012 for US$4.200.000 equivalent to $7.426.6, to attend to regulatory cash requirements in the US branch.

4.2 Partidas conciliatorias Moneda Extranjera

El siguiente es el detalle de las partidas conciliatorias 31 de diciembre de 2013:

Partidas mayores de 30 días	Cantidad	Valor miles de USD
Notas débito en extracto no registradas en libros	75	292.5
Notas crédito en extracto no registradas en libros	36	(107.1)
ND contabilizadas en libros no registradas en extracto	7	40.1
NC contabilizadas en libros no registradas en extracto	24	(1,041.1)
	142	(815.6)

El siguiente es el detalle de las partidas conciliatorias 31 de diciembre de 2012:

Partidas mayores de 30 días	Cantidad	Valor miles de USD
Notas débito en extracto no registradas en libros	7	5.3
Notas crédito en extracto no registradas en libros	4	(20.4)
ND contabilizadas en libros no registradas en extracto	4	3.3
NC contabilizadas en libros no registradas en extracto	18	(51.0)
	33	(62.7)

Al 31 de diciembre de 2012, existía restricción sobre el disponible en moneda extranjera por US$4.200.000.0 equivalentes a $7.426.6, para atender los requerimientos regulatorios de liquidez de la sucursal en Estados Unidos.

4.3 Allowance against cash

The movement of the allowance against cash is the following:

		2013	2012
Opening balance	$	179.9	368.6
Plus:			
Allowance charged to operating expenses		158.0	308.6
Less:			
Recovery of allowance		519.1	318.1
Closing balance	$	746.4	179.9

4.4 Cash reserve

At December 31, 2013 and 2012, cash reserves were maintained on deposits and demand accounts held in Colombia, as required by Banco de la Republica Resolution 11 of October 2008 (Note 35).

The requirement and average balances in Davivienda, at December 31, 2013 and 2012, were:
:

	2013	2012
Average requirement	$2,210,349.0	1,962,046.9
Average reserve held	2,223,238.8	1,979,451.5

5 Interbank and overnight funds

The following is the detail of interbank and overnight funds:

2013

Name	USD		Rate Min/max	Date Opened	Date Due	Amount in pesos	MRR (Pesos)
Foreign currency							
Overnight Banks abroad:	USD	4,200,000.0	0.3%	Jun.27.2012	Apr.17.2014	$ 8,092.7	1,926.83
		3,000,000.0	0.3%	Jun.25.2013	Apr.21.2014	5,780.5	1,926.83
		699,402.7	0.210%	Jul.31.2013	Jan 27.2014	1,347.6	1,926.83
		504,985.1	1.000%	Feb.12.2013	Jan.12.2014	973.0	1,926.83
		1,500,000.0	0.120%	Sep.12.2013	Jan 09.2014	2,890.2	1,926.83
		5,000,000.0	0.400%	Sep.12.2013	Jan.09.2014	9,634.2	1,926.83
		5,000,000.0	0.270%	Sep.12.2013	Jan .09.2014	9,634.2	1,926.83
		19,904,387.8				$38,352.5	
Local currency							
Simultaneous							
Exchange brokers			3.50% -4.50%	Dec.26.13	Jan.02.14	10,202.9	
Banco de la República			3.25% - 3.35%	Dec.11.13	Jan.14.14	303,714.5	
Pension funds			3.35%	Dec.27.13	Jan.02.14	25,084.4	
						339,001.8	
Interbank							
Investment banks			3.25% -3.25%	Dec.26.13	Jan.02.14	3,500.0	
						342,501.8	
						$ 380,854.3	

Entities	US$	2012 Rate Min, Max.	Date of operation	Maturity	Amount pesos	TRM (Pesos)
Foreign Currency						
Overnight Banks abroad	USD$700.000.0	0.2% - 1.0%	Nov.30.2012	Nov.29.2013	$ 1,237.7	1,768.23
Local currency						
Simultaneous						
Banco República		4.75% - 4.8%	Dec.04.12	Jan.04.13	24,438.4	
Trust companies		4.4%	Dec.27.12	Jan.02.13	2,799.9	
Exchange brokers		4.5% - 6.0%	Dec.26.12	Jan.03.13	58,610.0	
Insurance companies		4.5%	Dec.27.12	Jan.02.13	31,110.2	
Capitalization companies		4.5%	Dec.27.12	Jan.02.13	3,536.1	
					120,494.6	
Interbank operations						
Banks		4.24%	Dec.28.12	Jan.01.13	8,000.0	
					128,494.6	
					$ 129,732.3	

At December 31, 2013 and 2012, the balance and monthly average of local and foreign currency positions were $380.854.3 and $15.862.6, and $129.732.3 and $6.894.4 respectively.

There was a restriction on interbank funds at December 31, 2013 for USD700.000 equivalent to $16,763.4 to attend to regulatory liquidity requirements in the US Branch.

6 **Investments**

The following is the detail of the investment portfolio at 2013 and December 31, 2012

2013		Cost	Allowance
Trading debt securities	$	3,501,864.3	13.4
Held to maturity securities		381,852.2	120.2
Available for sale debt securities		737,358.1	2,567.7
Available for sale equity securities		1,189,924.1	13,442.6
Inversiones Disponibles para la sale entregados en garantía		112,440.3	0.0
	$	5,923,439.0	16,143.9
2012			
Trading debt securities		3,501,864.3	13.4
Held to maturity securities		381,852.2	120.2
Available for sale debt securities		629,276.2	737,358.1
Available for sale equity securities		309,684.4	1,189,924.1
Trading debt securities transfer rights			
Debt securities available for sale delivered in guaranty of derivatives		112,440.3	0.0
	$	5,923,439.0	16,143.9

6.1 Portfolio of investments by class, type and credit rating

- Trading debt securities		2013	2012
TES	$	1,640,740.4	2,481,603.9
Peso Bonds		84,469.4	117,899.2
TDA Finagro (1)		148,018.7	9,859.4
CDT		169,070.6	186,316.9
TIPS		338,578.7	485,066.7
Debt securities		32,734.9	10,577.5
Foreign issues		33,427.5	32,073.1
Multilateral issues		6,836.4	7,834.1
Other investments US TRD, TIDIS, TDPIT*		7,153.4	5 2,157.1
	$	2,363,054.6	3,501,864.3

Held to maturity securities		2013	2012
TRD		186,202.3	263,304.7
TDA (1)		572,942.5	72,831.9
TIPS (residual rights (2)		141,109.3	0.0
TIPS		328,344.1	45,715.6
	$	1.228.598.2	381.852.2

* TDPIT is domestic public debt issued under Law 80/93 and Decree 2681/1998.

(1) Corresponds to mandatory investments under Resolution (14 / 2008)
(2) At the close of June 2013 the Bank recorded residual rights derived from securitization of mortgage portfolios as a contingent account

Following Chapter XV of the Credit Manual on Securitizations in the Accounting and Finance Circular, Section 2.4.2 on valuations and accounting treatment of residual rights derived from securitization in the name of holders (beneficiaries), this is recorded in the Fixed Yield portfolio as an Investment Held to Maturity to match the nature of the investment
The method of valuation used by the Bank specified the calculation of present value and the classification procedure and allowance for credit risk against residual rights. Based on the projection of Titularizadora Colombiana for different scenarios of arrears and levels of prepayment with a detailed analysis of the comportment of the portfolio supporting each issue and the projection of flows, updates are made monthly.

All as required by Chapters I and XV of SFC Circular 100/1995
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		2013	2012
- Debt securities available for sale		2013	2012
TES B		1,097,408.0	123,797.6
TIPS		160,132.9	589,045.8
TDA Finagro	$	0.0	2,957.1
Foreign issues		23,292.5	21,557.6
	$	1,280,833.4	737,358.1
- IEquity investments available for sale			
Low/minimum turnover (note 6.9)	$	1,354,377.4	1,189,924.1
- Invbestyments delivered in guarantee			
Trading investmjents iin debt securities			
TES	$	448,380.5	0.0
- Transfer rights, debt securities available for sale		300,171.6	0.0
TES			
- Debt securities available for sale delivered in guarantee of derivatives			
TES	$	215,853.5	112,440.3
- Allowance		(15,666.1)	(16,143.9)
Total net Investments	$	7,175,603.1	5,907,295.1

There are no other restrictions in the conditions of these operations in themselves, for securities delivered in guaranty against interbank liabilities, repos, simultaneous operations and futures.
There are restrictions on the Miami Branch portfolio at December 31 2013 and 2012 for US$29,293,010.8 equivalent to $50m652.2 and US$17.034.816.2, equivalent to $30,121.5, respectively in favor of the Florida OFR, required to meet regulatory liquidity limits.

A December 31, 2013and 2012, equity investments and debt securities were evaluated for credit risk as required by Superintendency Circular 100.The results are shown in Note5. 9. .

The effect of the implementation of the price supplier INFOVALMER S.A. on the Bank´s portfolio was a decrease in market value of $12,452.0 as follows: trading investments ($13,504, investments available for sale $956.0 and investments held to maturity $96.

6.2 Reclassification of investments

On November 19, 2013, and following Section 4.,2 (a) of Chapter I of the Accounting and Finance Circular, investments available for sale are reclassified as investments held to maturity after one year. TIPs with a market value of %$29,984 generated an effect on results of $3,813.0

On December 5, 2013, following Circular 35/2013, TES were reclassified from investments available for sale to trading investments for a total of $245,927,0 with an effect of $(2,417.0) and TIPS were reclassified from investments available for sale to investments held to maturity for $256,271.0 with an effect on results of $28,755.0

6.3 Investment classification

	2013	% held.	allowance	2012	% held.	allowance
Long-term classification						
AAA	$555,772.3	9.52%	$0.0	855,754.8	18.08%	0.0
AA+	76,999.9	1.32%	0.0	33,956.9	0.72%	0.0
AA	153,241.6	2.63%	0.0	170,708.3	3.61%	0.0
AA-	32,847.5	0.56%	0.0	41,579.6	0.88%	0.0
A+	57,543.1	0.99%	0.0	46,679.6	0.99%	0.0
A-	17,384.7	0.30%	0.0	9,078.1	0.19%	0.0
A	160,526.3	2.75%	0.0	127,555.6	2.69%	0.0
BBB+	57,425.5	0.98%	0.0	48,838.3	1.03%	0.0
BBB	64,392.1	1.10%	0.0	55,587.4	1.17%	0.0
BBB-	48,384.4	0.83%	0.0	58,395.7	1.23%	0.0
BB+	12,719.8	0.22%	2,221.5	1,770.9	0.04%	233.1
BB	0.0	0.00%	0.0	12,342.4	0.26%	2,468.2
Nación	3,929,896.5	67.33%	0.0	3,012,115.2	63.63%	0.0
	5,167,133.7	88.53%	2,221.5	4,474,362.8	94.53%	2,701.3
Short term classification						
1	18,034.3	0.31%	0.0	18,066.3	0.38%	0.0
1+	632,583.7	10.84%	0.0	225,804.9	4.78%	0.0
2	19,140.1	0.33%	0.0	15,280.9	0.32%	0.0
	669,758.1	11.48%	0.0	259,152.1	5.48%	0.0
	5,836,891.8	100.00%	2,221.5	4,733,514.9	100.01%	2,701.3
Equities						
A	1,311,219.2	96.81%	13,440.7	1,189,914.3	100.00%	13,440.7
B	0.0	0.00%	0.0	9.8	0.00%	1.9
C	9.8	0.00%	3.9	0.0	0.00%	0.0
AA+	43,148.4	3.19%	0.0	0.0	0.00%	0.0
	1,354,377.4	100.00%	13,444.6	1,189,924.1	100.00%	13,442.6
	$ 7,191,269.2	100.00%	15,666.1	5,923,439.0	100.00%	16,143.9

Allowances against unrated investments are made on the basis of an internal classification, following Chapter I of Superintendency Circular 100/1995.

6.4 Investments by issuer

		2013		2012	
Foreign currency					
Financial institutions	$	1,088,712.6	0.0	999,334.9	0.0
Banks abroad		48,006.2	0.0	48,801.0	0.0
Goverment		27,680.4	0.0	0.0	0.0
Multilaterals		9,900.5	0.0	7,193.9	0.0
Corporatie		8,429.9	0.0	6,184.2	0.0
Local currency					
Government		3,902,216.1	0.0	3,012,115.2	0.0
Regional / local authorities		669.3	0.0	2,176.4	0.0
Financial institutions		1,052,266.5	2,221.5	1,769,776.0	2,701.3
Corporate		70,659.7	13,444.6	77,857.4	13,442.6
Titularizadora		982,728.0	0.0	0.0	0.0
	$	7,191,269.2	15,666.1	5,923,439.0	16,143.9

6.5 Investment portfolio by currency

		2013	2012
Pesos	$	5,611,120.0	3,700,927.8
Dollars		1,206,215.9	1,061,513.9
UVR		373,933.3	1,160,997.3
	$	7,191,269.2	5,923,439.0

6.6 Investments by maturity

2013		0-1years	1-5 years	5-10 years	Over 10 years	Total
Trading investments	$	389,692.2	1,529,218.7	342,008.0	550,516.1	2,811,435.0
Available for sale debt securities		406,077.1	1,053,800.9	245,209.9	91,770.6	1,796,858.5
Held to maturity securities		654,309.9	112,377.4	116,937.2	344,973.8	1,228,598.3
	$	1,450,079.2	2,695,397.0	704,155.1	987,260.5	5,836,891.8

2012		0-1 years	1-5 years	5-10 years	Over 10 years	Total
Trading investments	$	872,153.7	1,248,254.0	371,829.2	1,009,627.4	3,501,864.3
Available for sale debt securities		127,286.0	132,746.7	299,334.6	290,431.2	849,798.5
Held to maturity investments		153,273.1	182,899.3	16,316.2	29,363.5	381,852.1
	$	1,152,712.8	1,563,900.0	687,480.0	1,329,422.1	4,733,514.9

(*)Fixed yield securities not included

6.7 Maximum, minimum and average values

The Maximum, minimum and average balances of the fixed-yield investment portfolio at December 31, 2013 and 2012 were:

2013	Minimum	Maximum	Average
Trading debt securities	2,318,594.5	4,794,550.3	3,452,021.0
Held to maturity	572,816.5	1,228,598.2	811,306.8
Debt securities available for sale	695,930.0	2,178,839.6	1,307,796.3
Equity investments available for sale	1,196,543.1	1,358,920.3	1,290,873.0
Available for sale delivered as guaranty	0.0	760,516.3	17,141.6
Trading investments delivered as guaranty	105,976.0	516,025.1	192,437.5

2012			
Trading debt securities	2,059,663.8	3,555,887.8	2,836,513.1
Held to maturity	52.311.6	395,078.6	280,286.9
Debt securities available for sale	737.358.1	775,661.7	758,451.6
Equity investments available for sale	303.253.0	2,182,463.0	1,158,699.9
Available for sale delivered as guaranty	108.917.2	112,440.3	110,767.5
Trading investments delivered as guaranty	0.0	926,950.8	192,160.0

6.8 Allowances against investments

The movement of allowances against investments is the following:

		2013	2012
Opening balance	$	16,143.9	24,291.9
Plus:			
Allowance charged to operating expenses		2,400.4	2.6
Less:			
Allowances recovered		11,028.5	480.4
Closing balance	$	15,666.1	16,143.9

6.9 Available for sale equity investments

The detail of available for sale equity securities, and their risk classification at December 31, 2013 and 2012 were as follows:

2013

Name	%- held.	Acquisition Cost	Adjusted Cost	Reappraisal Gain/loss	Allowance	Dividends Cash	Dividends Shares
International							
Banco Davivienda Panamá S.A.	99.999%	62,884.3	56,070.4	177,714.1	0.0		
Grupo del Itsmo Costa Rica S.A.	100.000%	330,292.8	344,532.1	8,334.2	0.0	1,921.2	
Inversiones Financieras Davivienda S.A.	96.122%	419,222.5	446,139.7	83,953.7	0.0	2,813.1	
Banco Davivienda Honduras S.A.	94.216%	167,040.1	173,056.2	9,392.8	0.0	858.1	
Seguros Bolívar Honduras S.A.	88.642%	52,591.2	54,485.3	5,888.0	0.0	364.8	
Corporación Andina de Fomento	0.004%	328.8	499.0	86.4	0.0		0.0
		1,032,359.7	1,074,782.7	285,369.2	0.0	5,957.2	0.0
Domestic Affiliates							
Corredores Asociados S.A.	94.900%	43,148.4	43,148.4	-99.0	0.0		
Davivalores S.A.	79.000%	2,405.7	7,046.2	6,873.0	0.0		4,064.9
Fiduciaria Davivienda S.A.	94.700%	381.0	100,305.5	16,869.0	0.0		28,469.9
		45,935.1	150,500.1	23,643.0	0.0		32,534.8
Other							
Finagro	12.670%	52,149.7	80,156.2	10,581.2	0.0		6,596.9
Compañía de Inv. del Café S.A. *	29.537%	13,440.7	13,440.7	0.0	13,440.7		
Cámara de Riesgo Central de Contraparte	4.639%	1,563.7	1,872.4	-465.0	0.0		
Almacafé	0.009%	9.8	9.8	0.0	3.9		
Titularizadora Colombiana S.A.	21.120%	17,499.8	14,563.2	14,178.3	0.0	5,440.8	
Redeban Multicolor S.A.	26.039%	8,229.8	8,229.9	10,586.3	0.0	7,458.3	
A.C.H. Colombia S.A.	18.418%	1,848.5	1,848.5	2,460.2	0.0	202.6	
Deceval S.A.	11.846%	4,488.9	4,930.1	2,645.5	0.0	3,108.1	
Cámara de Compensación Divisas de Colombia S.A.	6.375%	159.4	159.4	112.9	0.0	57.4	
Tecnibanca S.A.	0.941%	85.6	397.8	189.7	0.0		71.8
Cifin	9.170%	550.2	550.1	1,851.0			
Multiactivos	21.120%	2,548.9	2,936.5	1,382.3	0.0	0.0	0.0
		102,575.0	129,094.6	43,522.4	13,444.6	16,267.2	6,668.7
Total domestic		148,510.1	279,594.7	67,165.4	13,444.6	16,267.2	39,203.5
Total Investments	$	1,180,869.8	1,354,377.4	352,534.6	13,444.6	22,224.4	39,203.5

* Compañía de inversiones del Café S.A. in liquidation since May 2012

All investments are classified A except Almacafé, classed C

Acquisition of Corredores Asociados S.A.

On February 28, 2013 the Bank acquired 94.999% of this company from Fidudavivienda Sociedades Bolivar. SFC authorized the purchase on May 16, 2013 and it was formalized on September 25., when the first payment of $56,940 was made, and goodwill of $70,732.0 was booked. The second payment is agreed for the fifth anniversary of the purchase, September 25, 2018; but on December 27, 2013 n 70% advance payment was made to 20 sellers for $2,738.0 and the account payable was further reduced by a financial discount of $1,411.0 and the payment made by the Bank for account of sellers., in relation to a lawsuit in relation to Bank Transaction, conciliated with the tax authority DIAN for $2,475. The remaining balance of the account payable was $50, 316.0 at the close.

2012

Name	%i- held	Acquisition cost	Adjusted Cost	Reappraisal Gain/loss	Allowance	Dividends Cash	Shares
International							
Banco Davivienda Panamá S.A.	99.999%	62,884.3	51,455.1	148,263.1	0.0		
Grupo del Itsmo Costa Rica S.A.	100.000%	330,292.8	315,856.0	-9,635.7	0.0		
Inversiones Financieras Davivienda S.A.	96.122%	419,222.5	409,417.4	33,251.0	0.0		
Banco Davivienda Honduras S.A.	94.216%	167,040.1	163,862.2	463.5	0.0		
Seguros Bolívar Honduras S.A.	88.642%	52,591.2	51,590.7	356.4	0.0		
Corporación Andina de Fomento	0.004%	328.8	357.5	120.6	0.0		9.0
		1,032,359.7	992,538.9	172,818.9	0.0	0.0	9.0
Domestic							
Affiliates							
Confinanciera S.A.		0.0	0.0	0.0	0.0	10,517.1	11,339.0
Davivalores S.A.	79.000%	2,405.7	2,981.5	10,143.5	0.0	0.0	
Fiduciaria Davivienda S.A. **	94.700%	381.0	71,835.5	25,934.2	0.0	7,200.0	0.0
		2,786.7	74,817.0	36,077.7	0.0	17,717.1	11,339.0
Other							
Finagro	12.670%	52,149.7	73,559.3	7,397.4	0.0		5,574.5
Compañía de Inv. del Café S.A. *	29.537%	13,440.7	13,440.7	0.0	13,440.7	4,700.5	
Cámara de Riesgo Central						0.0	
de Contraparte	4.68%	1,563.7	1,872.4	-479.5	0.0		
Almacafé	0.009%	9.8	9.8	0.0	1.9	0.0	
Titularizadora Colombiana S.A.	21.120%	17,499.8	14,563.2	15,474.5	0.0	6,498.8	
Redeban Multicolor S.A.	26.039%	8,229.8	8,229.9	9,589.6	0.0	0.0	
A.C.H. Colombia S.A.	18.418%	1,848.5	1,848.5	1,816.6	0.0	368.4	
Deceval S.A.	11.846%	4,488.9	5,072.1	2,944.7	0.0	3,037.0	
Cámara de Compensación Divisas de Colombia S.A.	6.38%	159.4	159.4	97.0	0.0	23.9	
Tecnibanca S.A.	0.941%	85.6	326.1	171.7	0.0	100.6	
Cifin	9.170%	550.2	550.2	0.0		0.0	
Multiactivos	21.120%	2,548.9	2,936.6	1,393.6	0.0	0.0	
		102,575.0	122,568.2	38,405.6	13,442.6	14,729.2	5,574.5
Total domestic investments		105,361.7	197,385.2	74,483.3	13,442.6	32,446.3	16,913.5
Total Investments	$	1,137,721.4	1,189,924.1	247,302.2	13,442.6	32,446.3	16,922.5

* Compañía de inversiones del Café S.A. in liquidation since May 2012

** On September 14, 2012 Fiduciarias Davivienda S.A. and Fiducafé S.A.were merged, the latter being absorbed, Deed 5540 of December 11, 2012

All investments were classed A except Almacafé, classed “B”.

Confinanciera merger

The merger of Cenfinanciera was formalized in Deed 9557 of July 31, 2012 Davivienda held 79% of the company in 1,883,138 shares out of 2,383,719 outstanding ,. The investment and reappraisals recorded up to the merger date were $66,140.6 and $13,983.0 respectively for a total of $80,123.6

Acquisition of the HSBC Group in Costa Rica, Salvador and Honduras

The Bank acquired the HSBC operations in Honduras, El Salvador and Costa Rica, to cement its position as a multi-Latin bank. The Price was US$829,7 million of which US$29 million was represented in the valuation gains in company capital. Goodwill totalled $534,000 million, and a Price review clause was included in the contract, to be completed by April 2013..

7 Loans and financial leasing operations

7.1 Loans and financial leasing operations by mode

		2013	2012
Commercial			
Corporate and construction	$	11,290,233.3	9,155,812.9
Other commercial lines		4,359,402.5	4,134,729.4
Credit cards		317,257.0	312,233.8
Vehicles		233,110.6	1,900.4
Overdrafts		139,282.2	157,262.9
		16,471,415.2	13,980,192.1
Residential leases		3,556,862.0	2,336,375.1
		20,028,277.2	16,316,567.2
Mortgage loans		4,143,671.7	2,935,678.4
Consumer loans			
Credit cards		2,804,991.2	2,852,427.5
Other consumer lines		5,655,861.3	5,171,810.1
Vehicles		1,213,391.1	1,197,718.8
Overdrafts		36,741.3	37,625.5
		9,711,869.1	9,258,897.7
Microcredit		74,824.3	88,704.6
Financial leasing operaztions	$	140,524.3	131,568.8
Total gross loans		34.099,186.5	28,731,216.6
Less: individual allowances i		(1,451,018.1)	(1,379,434.4)
Sub-total	$	32,648,148.4	27,351,782.2
Less: General allowances		(42,195.5)	(30,257.7)
Total Net Loans	$	32,605,952.9	27,321,524.5

7.2 Low-cost housing

At December 31, 2013and 2012, the Bank placed $1.581.901.0: of which individual loans were $785.735.5 and construction loans were $795.165.5; and $1.004.043.1 of which individual loans were $616.572.8 and Construction loans were $387.470.3, respectively.

	2013		2012	
	No. Loans	Value	No. Loans	Value
Individual	108,660	$2,627,709.4	93,579	$2,089,286.1
Construction	178	549,338.9	117	217,334.8
	108,838	3,177,048.3	93,696	2,306,620.9

7.3 Subsidized-rate loans

Decree 1143/2009: Issued by the Government under “conditional cover”. The Bank implemented procedures to apply this mechanism for disbursements of mortgage loans and residential leasing operations for the acquisition of new housing.

This procedure provides for reduced interest rates for the first 7 years of each loan, within certain ranges:

The cover benefit ends if:

- The loan or leasing contract is prepaid,
- The debtor is in arrears more than 3 consecutive months,
- The debtor requests it,
- The loan is subrogated,
- The leasing contract is assigned, or
- Term is accelerated.

As of July 3, 2012 Decree 1190/2012came into effect, offering new interest rate cover for debtors of new mortgage loans and residential leasing operations for amounts not exceeding 135 SMMLV (approx US$40,000) in order to facilitate the financing of new low-cost housing for urban areas.

The benefit provides for cover during the first 7 years after disbursement of the loan or initiation of the residential leasing operation, reducing interest rates as follows:

Cover provided by the Bank

The Bank offered customers an additional stimulus as of installment 85 and for the next 8 years: the Bank will take up the amount formerly paid by the Government and on the same conditions. At December 31, 2013 and 2012 an estimated provision was made for $13,157.9 and $17,533.0 based on a model that calculates the real performance of these loans.

Decree 0701/2013.
The Government, following its countercyclical policy designed to facilitate the acquisition of new housing by improving debtor financial capacity and promoting the construction sector, provided FRECH funds on March 19,

2013 to focus on new housing and residential property leasing operations by credit establishments for the first 7 years from disbursement or initiation of the leasing contract.

The benefit is graduated depending on the value of the housing financed or leased.

Therefore, the Finance Ministry will define the number of cover operations available for loans and leasing operations in each housing segment to be open to the benefit and may at any time elect to expand, restrict, change or suspend the number of cover operations available.

As of May 6, 2013 debtors who have not previously been beneficiaries of cover under Decree 0701as known to and accepted by the client may have access to cover.

The Bank has so far disbursed cover for rates and as permitted by each Decree, as follows:

Decree	Property value in SMMLV*	Rate cover %	No. of loans	Amount disbursed	Balance of capital
1143/2009	up to 135	5%	33,933	$981,137.7	834.355.8
	>135 up to 235	4%	5,891	358,676.9	286.252.5
	>235 up to 335	3%	4,299	372.643.9	284.971.4
	Total		44,123	$1.712.458.5	1.405.579.7
1190/2012	up to 70	5%	7,453	$156,675.0	$152.909.0
	>70 up to 135	4%	15,502	608,036.9	593.591.4
	Total		22,955	$764,711.9	746.500.4
0701/2013	>135 SMMLV up to 235 SMMLV >235 SMMLV up to 235 SMMLV	2.5%	5,863	$553,866.2	543.531.9
	Total		72,941	$3.031.036.6	2.695.612.0

- SMMLV= minimum monthly salaries (approx USD300 equivalent)

Loans and leasing operations classified by risk and collateral

At December 31, 2013 and 2012, the Bank classified all loans and financial leases, interest and other items as required by Superintendency Circular 100/1995. The result of the classification is the following:

2013

	CAPITAL	INTEREST	OTHER	TOTAL	SECUREDA	ALLOWANCE	ALLOWANCES	
						CAPITAL	INTEREST	OTHER
*COMMERCIAL SECURED								
A - Normal	$ 7,058,076.7	47,740.5	4,313.0	7,110,130.2	25,757,452.5	136,592.0	1,230.0	220.3
B - Acceptable	183,801.5	273,100.5	4,981.9	539.3	278,621.7	671,712.0	35,394.1	440.9
C - Deficient	39,320.2	49,877.4	1,074.3	219.5	51,171.2	151,091.1	14,479.9	890.8
D - Doubtful	64,237.9	79,502.9	2,930.6	717.1	83,150.6	298,239.9	58,132.2	2,930.6
E - Unrecoverable	21,788.6	24,746.5	564.1	103.6	25,414.2	103,241.2	24,466.9	564.1
	7,485,304.0	57,291.4	5,892.5	7,548,487.9	26,981,736.7	269,065.1	6,056.4	1,397.4
*COMMERCIAL UNSECURED								
A - Normal	12,158,596.3	82,240.1	7,429.7	12,248,266.1	0.0	235,300.3	2,118.9	379.5
B - Acceptable	357,349.5	281,916.7	5,142.7	556.7	287,616.1	0.0	36,536.7	455.2
C - Deficient	34,082.6	55,297.1	1,191.0	243.3	56,731.4	0.0	16,053.3	987.6
D - Doubtful	87,213.7	133,478.7	4,920.2	1,204.0	139,602.9	0.0	97,599.0	4,920.2
E - Unrecoverable	27,706.6	42,372.0	965.9	177.4	43,515.3	0.0	41,893.4	965.9
	12,671,660.8	94,459.9	9,611.1	12,775,731.8	0.0	427,382.7	9,447.8	2,143.0
	$ 20,156,964.8	151,751.3	15,503.6	20,324,219.7	26,981,736.7	696,447.8	15,504.2	3,540.4
	12,158,596.3	82,240.1	7,429.7	12,248,266.1	0.0	235,300.3	2,118.9	379.5
*CONSUMER SECURED								
A - Normal	$ 1,092,737.5	9,805.4	3,031.5	1,105,574.4	2,541,907.7	33,003.6	376.1	136.4
B - Acceptable	38,790.9	32,227.4	572.5	113.6	32,913.5	71,990.7	4,054.0	163.4
C - Deficient	21,722.2	27,457.4	413.5	100.4	27,971.3	60,981.1	5,238.1	377.6
D - Doubtful	20,000.4	15,538.2	373.8	75.6	15,987.6	28,716.9	13,212.7	373.8
E - Unrecoverable	37,895.3	37,352.3	679.1	264.5	38,295.9	62,530.1	35,336.5	679.1
	1,205,312.8	11,844.3	3,585.6	1,220,742.7	2,766,126.5	90,844.9	1,970.0	617.0
*CONSUMER UNSECURED								
A - Normal	7,681,972.6	68,931.9	21,311.7	7,772,216.2	0.0	232,016.2	2,644.1	951.1
B - Acceptable	329,550.6	302,979.1	5,382.5	1,067.6	309,429.2	0.0	38,112.4	1,536.2
C - Deficient	175,302.7	196,139.6	2,954.1	717.4	199,811.1	0.0	37,417.9	2,697.5
D - Doubtful	265,476.9	206,371.9	4,964.5	1,003.9	212,340.3	0.0	175,485.3	4,964.5
E - Unrecoverable	158,724.4	129,873.6	2,361.2	919.6	133,154.4	0.0	122,864.5	2,361.2
	8,517,336.8	84,594.2	25,020.2	8,626,951.2	0.0	605,896.3	14,203.5	4,036.0
	$ 9,722,649.6	96,438.5	28,605.8	9,847,693.9	2,766,126.5	696,741.2	16,173.5	4,621.0

2013

	CAPITAL	INTEREST	OTHER	TOTAL	SECURED	ALLOWANCE CAPITAL	ALLOWANCES INTEREST	ALLOWANCES OTHER
*MICROCREDIT SECURED								
A - Normal	71,984.9	751.8	295.2	73,031.9	110,381.7	2,951.3	30.8	12.1
B - Acceptable	1,536.1	1,169.7	10.0	11.6	1,191.3	2,143.9	141.2	10.0
C - Deficient	575.8	333.1	2.6	5.6	341.3	318.8	143.4	2.6
D - Doubtful	432.9	411.6	2.3	12.6	426.5	866.4	411.6	2.3
E - Unrecoverable	1,055.8	876.8	9.3	43.2	929.3	1,141.1	876.6	9.3
A - Normal	74,776.1	776.0	368.2	75,920.3	114,851.9	4,524.1	55.0	85.1
*MICROCREDIT UNSECURED								
A - Normal	$996.5	9.0	0.0	1,005.5	0.0	40.9	0.4	0.0
B - Acceptable	118.1	45.0	0.7	0.0	45.7	0.0	45.0	0.7
C - Deficient	39.0	21.0	0.2	0.0	21.2	0.0	21.0	0.2
D - Doubtful	43.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
E - Unrecoverable	66.1	41.8	0.3	0.0	42.1	0.0	41.8	0.3
	1,104.3	10.2	0.0	1,114.5	0.0	148.7	1.6	0.0
Gen eral allowance						758.8		
	75,880.4	786.2	368.2	77,034.8	114,851.9	5,431.6	56.6	85.1
MORTGAGE LOANS								
A - Normal	3,985,306.8	17,638.0	8,807.6	4,011,752.4	10,150,874.4	40,679.3	1,260.3	1,732.8
B - Acceptable	97,070.3	106,998.6	239.6	1,070.2	108,308.4	304,962.6	4,321.3	239.6
C - Deficient	37,740.1	37,716.7	108.2	664.4	38,489.3	108,605.1	3,793.2	108.2
D - Doubtful	12,855.8	13,269.4	73.5	418.3	13,761.2	40,319.4	3,982.3	73.5
E - Unrecoverable	627.7	380.2	0.2	9.8	390.2	1,859.2	380.2	0.2
	4,143,671.7	18,059.5	10,970.3	4,172,701.5	10,606,620.7	53,156.3	1,681.8	3,895.5
Genrral allowance						41,436.7		
	$4,143,671.7	18,059.5	10,970.3	4,172,701.5	10,606,620.7	94,593.0	1,681.8	4,384.4
	$ 34,099,166.5	267,035.5	55,447.9	34,421,649.9	40,469,335.8	1,493,213.6	33,416.1	12,837.0

*Includes capital, interest and other items in financial leasing operations.

2012

	CAPITAL	INTEREST	OTHER	TOTAL	SECUREDA	ALLOWANCE CAPITAL	ALLOWANCES INTEREST	OTHER
*COMMERCIAL SECURED								
A - Normal	$ 4,698,113.4	42,834.0	3,139.1	4,744,086.5	19,766,602.0	91,381.6	1,037.6	355.7
B - Acceptable	183,801.5	2,920.0	336.9	187,058.4	552,926.9	22,209.3	254.0	154.1
C - Deficient	39,320.2	819.2	234.9	40,374.3	115,928.7	7,355.1	634.6	216.5
D - Doubtful	64,237.9	2,428.8	637.6	67,304.3	145,770.1	64,237.9	2,428.8	637.6
E - Unrecoverable	21,788.6	516.1	77.0	22,381.7	72,587.8	21,788.5	516.1	77.0
	5,007,261.6	49,518.1	4,425.5	5,061,205.2	20,653,815.5	206,972.4	4,871.1	1,440.9
*COMMERCIAL UNSECURED								
A - Normal	10,920,291.5	99,563.4	7,296.5	11,027,151.4	0.0	212,407.3	2,411.7	826.9
B - Acceptable	357,349.5	5,677.2	655.1	363,681.8	0.0	43,179.6	493.8	299.6
C - Deficient	34,082.6	710.1	203.6	34,996.3	0.0	6,375.4	550.1	187.6
D - Doubtful	87,213.7	3,297.6	865.7	91,377.0	0.0	87,213.7	3,297.6	865.7
E - Unrecoverable	27,706.6	656.2	97.9	28,460.7	0.0	27,706.6	656.2	97.9
	11,426,643.9	109,904.5	9,118.8	11,545,667.2	0.0	376,882.6	7,409.4	2,277.7
	$ 16,433,905.5	159,422.6	13,544.3	16,606,872.4	20,653,815.5	583,855.0	12,280.5	3,718.6
*CONSUMER SECURED								
A - Normal	$ 1,069,350.2	10,999.3	2,812.1	1,083,161.6	2,533,919.1	30,433.7	403.3	142.1
B - Acceptable	38,790.9	785.4	134.4	39,710.7	98,281.0	4,651.9	207.6	46.6
C - Deficient	21,722.2	423.1	75.0	22,220.3	55,869.5	4,167.5	379.8	69.7
D - Doubtful	20,000.4	532.7	83.4	20,616.5	39,158.8	17,214.3	532.7	83.4
E - Unrecoverable	37,895.3	775.5	243.2	38,914.0	65,571.4	36,222.3	775.5	243.2
	1,187,759.0	13,516.0	3,348.1	1,204,623.1	2,792,799.8	92,689.7	2,298.9	585.0
*CONSUMER UNSECURED								
A - Normal	7,154,726.8	73,593.2	18,815.2	7,247,135.2	0.0	203,623.6	2,698.3	951.1
B - Acceptable	329,550.6	6,672.5	1,142.2	337,365.3	0.0	39,520.2	1,763.4	396.1
C - Deficient	175,302.7	3,414.7	605.2	179,322.6	0.0	33,632.6	3,064.9	562.9
D - Doubtful	265,476.9	7,070.6	1,107.3	273,654.8	0.0	228,495.8	7,070.6	1,107.3
E - Unrecoverable	158,724.4	3,248.1	1,018.6	162,991.1	0.0	151,717.2	3,248.1	1,018.6
	8,083,781.4	93,999.1	22,688.5	8,200,469.0	0.0	656,989.4	17,845.3	4,036.0
	$ 9,271,540.4	107,515.1	26,036.6	9,405,092.1	2,792,799.8	749,679.1	20,144.2	4,621.0

BANCO DAVIVIENDA S.A.

Notes to the financial statements

2012

	CAPITAL	INTEREST	OTHER	TOTAL	SECURED	ALLOWANCE	ALLOWANCES	
						CAPITAL	INTEREST	OTHER
*MICROCREDIT SECURED								
A - Normal	79,157.7	950.6	389.5	80,497.8	139,478.9	3,245.5	39.0	16.0
B - Acceptable	1,536.1	16.1	17.8	1,570.1	2,575.7	121.4	16.1	17.8
C - Deficient	575.8	6.0	14.6	596.4	991.1	172.8	6.0	14.6
D - Doubtful	432.9	6.5	10.1	449.6	595.8	432.9	6.5	10.1
E - Unrecoverable	1,055.8	12.9	54.5	1,123.2	1,683.6	1,055.8	12.9	54.5
A - Normal	82,758.4	992.2	486.5	84,237.1	145,325.1	5,028.4	80.5	113.0
*MICROCREDIT UNSECURED								
A - Normal	$7,066.8	0.0	0.0	7,066.8	0.0	289.7	0.0	0.0
B - Acceptable	118.1	0.0	0.0	118.1	0.0	118.2	0.0	0.0
C - Deficient	39.0	0.0	0.0	39.0	0.0	39.0	0.0	0.0
D - Doubtful	43.8	0.0	0.0	43.8	0.0	43.8	0.0	0.0
E - Unrecoverable	66.1	0.0	0.0	66.1	0.0	66.1	0.0	0.0
	7,333.8	0.0	0.0	7,333.8	0.0	556.8	0.0	0.0
General Allolwance						900.9		
	90,092.3	992.2	486.5	91,571.0	145,325.1	6,486.1	80.5	113.0
MORTGAGE LOANS								
A - Normal	2,787,384.5	14,495.6	8,333.7	2,810,213.8	7,312,409.5	28,047.8	1,098.8	2,316.2
B - Acceptable	97,070.3	245.7	1,093.0	98,409.0	285,133.2	3,972.3	245.9	1,093.0
C - Deficient	37,740.1	99.3	641.9	38,481.3	112,073.6	3,805.3	99.3	641.9
D - Doubtful	12,855.8	61.1	315.3	13,232.2	39,993.8	3,862.1	61.1	315.3
E - Unrecoverable	627.7	1.8	18.3	647.8	2,396.2	627.6	1.9	18.0
	2,935,678.4	14,903.5	10,402.2	2,960,984.1	7,752,006.3	40,315.1	1,507.0	4,384.4
General allowance						29,356.8		
	$2,935,678.4	14,903.5	10,402.2	2,960,984.1	7,752,006.3	69,671.9	1,507.0	4,384.4
	$ 28,731,216.6	282,833.4	50,469.6	29,064,519.6	31,343,946.7	1,409,692.1	34,012.2	12,837.0

*Includes capital, interest and other items in financial leasing operations.

Loans and financial leases by economic sector

Sector	2013 Balance	share	2012 Balance	share
Families for acquisition of goods and services	$9,722,649.8	28.51%	9,271,540.4	32.27%
Family housing	7,700,533.8	22.58%	5,272,053.6	18.35%
Business services	1,875,917.3	5.50%	1,421,319.7	4.95%
Construction	3,099,651.9	9.09%	2,396,139.0	8.34%
Wholesale and retail trade	1,982,035.4	5.81%	1,728,052.2	6.01%
Transport and communications	2,318,352.6	6.80%	1,573,336.0	5.48%
Agriculture, forestry, animal husbandry, hunting, fishing	1,134,832.0	3.33%	1,045,543.7	3.64%
Food preparation	921,950.7	2.70%	613,598.4	2.14%
Health education, leisure and culture	348,701.3	1.02%	265,560.6	0.92%
Vehicles	292,114.0	0.86%	266,314.4	0.93%
Public administration, defence	457,847.7	1.34%	569,647.4	1.98%
Mfr of textiles, clothing, leather, leathergoods	269,943.9	0.79%	234,968.4	0.82%
Electricity gas and wáter supplies	982,974.0	2.88%	1,071,409.2	3.73%
Mfr of base metal and prepared products	225,449.4	0.66%	197,112.1	0.69%
Mfr of non-metal mineral products	243,442.7	0.71%	205,575.3	0.72%
Mfr of chemicals and rubber	661,923.6	1.94%	674,554.2	2.35%
Mfr of paper, paper products, printing and publishing	358,037.0	1.05%	247,917.8	0.86%
Mfr. Pf other manufactured products, incl.., wood	26,976.8	0.08%	22,182.3	0.08%
Mining, coal, crude oil, natural gas	448,572.0	1.32%	610,740.0	2.13%
Mfr of transport materials	56,499.1	0.17%	60,888.1	0.21%
Mfr of machinery and equipment	104,495.9	0.31%	136,156.9	0.47%
Hotels and restaurants	199,996.4	0.59%	172,350.0	0.60%
Extraction of metal and non-metal minerals	5,061.7	0.01%	7,985.6	0.03%
Mfr of oil and coal by-products	52,741.8	0.15%	201,755.4	0.70%
Mfr of beverages and tobacco	13,605.6	0.04%	9,941.7	0.03%
Other	594,860.1	1.76%	454,574.2	1.57%
	$ 34,099,166.5	100.00%	$ 28,731,216.6	100.00%

DANE Resolution No. 066 of January 31, 2012 provides a new classification of IIUC activities, taking effect as of February 1, 2012

Loans and leases by geographical zones

COMMERCIAL

2013

	CAPITAL	INTEREST	OTHER	TOTAL	COLLATERAL	ALLOWANCES CAPITAL	ALLOWANCES INTEREST	ALLOWANCES OTHER
Bogotá	$ 9,776,117.0	68,761.1	6,128.6	9,851,006.7	14,065,869.4	335,083.6	6,018.4	1,473.9
Antioquia	3,902,836.1	32,368.3	4,182.4	3,939,386.8	5,130,513.1	130,391.3	3,508.5	810.2
Nororiental	3,477,592.6	31,231.8	3,437.7	3,512,262.1	5,045,565.3	159,058.5	4,342.6	844.9
Suroccidental	2,525,735.6	17,548.3	1,754.9	2,545,038.8	2,738,887.8	65,861.8	1,610.7	411.4
Miami	474,683.5	1,841.8	0.0	476,525.3	901.1	6,052.6	24.0	0.0
	$ 20,156,964.8	151,751.3	15,503.6	20,324,219.7	26,981,736.7	696,447.8	15,504.2	3,540.4
CONSUMER								
Bogotá	4,700,780.5	47,098.7	14,648.3	4,762,527.5	1,413,191.6	350,683.2	8,273.9	2,413.2
Antioquia	1,706,818.0	15,374.7	4,340.3	1,726,533.0	522,900.0	101,794.8	2,205.0	594.7
Nororiental	2,031,309.9	21,430.3	5,981.4	2,058,721.6	529,700.5	156,565.5	3,675.6	1,061.9
Suroccidental	1,283,719.8	12,534.8	3,635.8	1,299,890.4	300,334.4	87,697.1	2,019.0	533.5
Miami	21.4	0.0	0.0	21.4	0.0	0.6	0.0	0.0
	9,722,649.6	96,438.5	28,605.8	9,847,693.9	2,766,126.5	696,741.2	16,173.5	4,603.3
MICRO								
Bogotá	75,880.4	786.2	368.2	77,034.8	114,851.9	5,431.6	56.6	85.1
	75,880.4	786.2	368.2	77,034.8	114,851.9	5,431.6	56.6	85.1
MORTGAGE								
Bogotá	2,883,505.8	12,393.2	7,561.2	2,903,460.2	7,331,651.6	37,406.6	1,183.9	2,748.4
Antioquia	383,170.4	1,702.8	1,027.2	385,900.4	1,092,389.5	4,694.6	145.0	287.0
Nororiental	477,767.1	2,175.3	1,523.5	481,465.9	1,223,510.2	6,085.9	212.1	569.7
Suroccidental	399,228.4	1,788.2	858.4	401,875.0	959,069.4	4,969.2	140.8	290.4
General allowance						41,436.7		
	4,143,671.7	18,059.5	10,970.3	4,172,701.5	10,606,620.7	94,593.0	1,681.8	3,895.5
	$ 34,099,166.5	267,035.5	55,447.9	34,421,649.9	40,469,335.8	1,493,213.6	33,416.1	12,124.3

COMMERCIAL

2012	CAPITAL	INTEREST	OTHER	TOTAL	SECURED	ALLOWANCE CAPITAL	ALLOWANCES INTEREST	OTHER
Bogotá	$ 8,283,899.9	75,274.8	5,433.9	8,364,608.6	11,376,970.9	250,128.1	4,295.9	1,777.2
Antioquia	3,047,590.3	35,515.3	3,661.8	3,086,767.4	3,698,860.2	123,908.3	3,734.3	640.8
Nororiental	2,853,670.4	30,891.6	3,014.9	2,887,576.9	3,941,523.8	151,526.7	3,322.1	954.4
Suroccidental	1,999,040.7	16,457.0	1,433.7	2,016,931.4	1,634,773.1	55,122.6	911.1	346.2
Miami	249,704.2	1,283.9	0.0	250,988.1	1,687.5	3,169.3	17.1	0.0
	$ 16,433,905.5	159,422.6	13,544.3	16,606,872.4	20,653,815.5	583,855.0	12,280.5	3,718.6
CONSUMER								
Bogotá	4,531,223.7	53,695.2	13,645.5	4,598,564.4	1,491,725.0	388,144.9	10,741.3	2,448.4
Antioquia	1,568,015.9	16,634.0	3,739.6	1,588,389.5	467,675.3	105,025.8	2,570.4	537.2
Nororiental	1,952,449.8	23,726.3	5,369.7	1,981,545.8	537,718.9	163,605.7	4,405.3	1,068.2
Suroccidental	1,219,851.0	13,459.6	3,281.8	1,236,592.4	295,680.6	92,902.7	2,427.2	567.2
	9,271,540.4	107,515.1	26,036.6	9,405,092.1	2,792,799.8	749,679.1	20,144.2	4,621.0
MICRO								
Bogotá	90,092.3	992.2	486.5	91,571.0	145,325.1	6,486.1	80.5	113.0
	90,092.3	992.2	486.5	91,571.0	145,325.1	6,486.1	80.5	113.0
MORTGAGE								
Bogotá	2,090,935.9	10,382.6	7,028.0	2,108,346.5	5,366,252.4	28,833.7	1,025.4	2,917.3
Antioquia	250,039.7	1,304.8	996.7	252,341.2	806,742.3	3,228.7	114.8	396.6
Nororiental	320,221.6	1,745.9	1,655.9	323,623.4	877,380.8	4,552.9	220.5	766.1
Suroccidental	274,481.2	1,470.2	721.6	276,673.0	701,630.8	3,699.8	146.3	304.4
	2,935,678.4	14,903.5	10,402.2	2,960,984.1	7,752,006.3	69,671.9	1,507.0	4,384.4
	$ 28,731,216.6	282,833.4	50,469.6	29,064,519.6	31,343,946.7	1,409,692.1	34,012.2	12,837.0

7.7 Loans and leasing operations by monetary unit

2013

ITEM	Local Currency	Foreign Currency	UVR	Total
Commercial	$ 15,849,631.6	2,722,497.3	1,584,835.9	20,156,964.8
Microcredit	75,880.4	0.0	0.0	75,880.4
Consumer	9,677,369.7	45,279.9	0.0	9,722,649.6
Mortgage	3,091,160.0	0.0	1,052,511.7	4,143,671.7
	28,694,041.7	2,767,777.2	2,637,347.6	34,099,166.5

2012

ITEM	Local Currency	Foreign Currency	UVR	Total
Commercial	$ 13,242,436.9	2,060,886.4	1,130,582.2	16,433,905.5
Microcredit	90,092.3	0.0	0.0	90,092.3
Consumer	9,242,127.2	29,413.2	0.0	9,271,540.4
Mortgage	2,064,549.4	0.0	871,129.0	2,935,678.4
	24,639,205.8	2,090,299.6	2,001,711.2	28,731,216.6

7.8 Loans and leasing operations by maturity bands

2013		0-1 years	1-5 years	5-10 years	Over 10 years	Total
Commercial	$	4,423,494.9	6,703,968.7	5,154,261.4	3,875,239.7	20,156,964.8
Consumer		1,851,785.3	6,247,310.5	1,517,634.5	105,919.2	9,722,649.6
Microcredit		5,270.0	67,466.4	3,144.0	0.0	75,880.4
Mortgage loans		21,290.8	168,491.4	643,473.2	3,310,416.3	4,143,671.7
	$	6,301,841.1	13,187,237.0	7,318,513.1	7,291,575.2	34,099,166.5

2012		0-1 years	1-5 years	5-10 years	Over 10 years	Total
Commercial	$	3,828,828.5	5,578,470.9	4,688,586.6	2,338,019.5	16,433,905.5
Consumer		1,873,412.6	6,083,743.1	1,189,701.5	124,683.2	9,271,540.4
Microcredit		6,094.7	83,124.6	873.0	0.0	90,092.3
Mortgage loans		29,643.5	135,687.8	469,529.6	2,300,817.5	2,935,678.4
	$	6,291,370.2	10,588,356.2	5,519,859.6	3,994,656.0	26,394,242.1

7.9 Details of restructured loans

2013	Ordinary restructurings	Allowances	Guaranty
Commercial	$ 273,722.1	83,888.2	444.664.0
Consumer	804,467.4	193,253.2	74.751.6
Microcredit	777.7	234.6	1.281.2
Mortgage loans	90,613.3	5,201.7	316.557.2
	$ 1,169,580.5	$ 282,577.7	$837.254.0

2012	Ordinary restructurings	Allowances	Guaranty
Commercial	$ 218,533.6	55,875.3	388,012.6
Consumer	858,195.5	227,953.5	78,297.8
Microcredit	833.2	336.1	1,393.1
Mortgage loans	86,825.9	5,694.1	293,788.7
	$ 1,164,388.2	$ 289,859.0	$ 761,492.2

Restructured loans by classification

2013	Commercial No. Loans	Commercial Amount	Consumer No. Loans	Consumer Amount	Microcredit No. Loans	Microcredit Amount	Mortgage loans No. Loans	Mortgage loans Amount
A - Normal	1,443	$81,250.9	26,751	460,537.0	18	397.0	2,591	49,333.7
B - Acceptable	498	98,412.5	4,723	89,392.2	10	165.8	823	16,416.4
C - Deficient	348	34,741.8	5,528	103,337.3	1	34.8	779	17,965.8
D - Doubtful	751	46,611.0	4,561	88,336.6	2	55.1	302	6,662.5
E - Unrecoverable	82	12,705.9	3,222	62,864.3	3	125.0	10	234.9
	3,122	$ 273,722.1	44,785	$ 804,467.4	34	$ 777.7	4,505	$ 90,613.3

2012	Commercial No. Loans	Commercial Amount	Consumer No. Loans	Consumer Amount	Microcredit No. Loans	Microcredit Amount	Mortgage loans No. Loans	Mortgage loans Amount
A - Normal	1,571	$108.085.7	29.474	493.547.9	25	488.5	2,452	41.776.3
B - Acceptable	517	36.262.4	4,626	86.047.3	2	6.9	877	18.416.4
C - Deficient	319	18.285.2	4.298	77.932.6	1	37.0	917	19.031.2
D - Doubtful	720	50.014.0	6.020	124.784.3	3	128.0	342	7.217.2
E - Unrecoverable	80	7.786.3	3,847	75.883.4	6	172.8	20	384.8
	3,207	$ 218.533.6	48.265	$ 858.195.5	37	$ 833.2	4,608	$ 86.825.9

Restructured loans by geographical area

2013

	Commercial	Consumer	Microcredit	Mortgage loans
Bogotá	$ 84,687.5	408,163.9	777.7	69,999.1
Antioquia	54,614.5	119,186.1	0.0	5,218.4
Nororiental	86,654.3	113,123.1	167,069.7	0.0
Suroccidental	20,610.7	21,297.0	110,047.7	0.0
	273,722.1	804,467.4	777.7	90,613.3

2012

	Commercial	Consumer	Microcredit	Mortgage loans
Bogotá	$ 58,793.1	445,088.6	833.2	68,330.2
Antioquia	52,475.5	116,202.4	0.0	4,486.8
Nororiental	86,654.3	177,620.0	0.0	7,958.6
Suroccidental	20,610.7	119,284.5	0.0	6,050.3
	218,533.6	858,195.5	833.2	86,825.9

7.10 Loans to shareholders and staff

Loans include the following items:

		2013	rates	2012	rates	Term
Sharehholders*	$	200,243.7	0.01% - 29.68%	200,334.8	0.01% - 31.21%	1-15 years
Staff, consumer and commercial		176,323.6	Entre 0.01% - 31.22%	146,647.3	0.01% - 31.22%	1-15 years
	$	376,567.3		346,982.0		

- Shareholders holding more tan 5%

Staff loans are made on market terms

7.11 Loan Securitizations

The securitization process for housing loans fall under the rules of Law 546/1999 and Decree 1719/2001. All underlying assets in the securitization were separated and isolated in terms of equity to form a collective assets ("universality") to operate as a source of payment of the securities.

Securities issued by Titularizadora Colombiana are privileged (TIPS A) awarded by auction; and the subordinated issues (TIPS B, C and Mz) are a safety mechanism for the privileged securities in which the originators of the securitized loans participate, valued in accordance with Chapter of the Basic Finance and Accounting Circular.

The following is the detail and conditions of sale of the loan securitizations made in 2013 and 2012 with Titularizadora Colombiana:

2013

Issue	Date	No.	Rate	Capital	Interest	Other *	total	profit	Proceeds of sale	Recovery of allowances
Pesos N-7	May-17-2013	3,350	12.96%	$303,605.0	1,756.2	267.8	305,629.0	15,295.6	322,100.6	6,195.0

*"Other" is net of deferred balances of loans which are part of the sale (prepayment)

2012

Issue	Date	No.	Rate	Capital	Interest	Other *	total	Profit	Proceeds of sale	Recovery of allowances
Pesos N-6	August-17-2012	1,661	12.5%	$155,867.0	877.2	147.2	156,891.4	5,715.6	163,210.3	1,301.1
Pesos N-5	May-04-2012	1,875	13.28	161,900.8	855.7	228.9	162,985.4	5,091.8	168,703.8	3,228.5
Pesos N-4	February-17-2012	2,123	13.21	185,875.4	1,141.4	212.6	187,229.4	6,063.3	193,965.8	4,694.5
		5,659		$503,643.2	2,874.3	588.7	507,106.2	16,870.7	525,879.9	9,224.1

* "Other" is net of deferred balances of loans which are part of the sale (prepayment)

7.12 Sale of loans written off

The following is the detail of sales of loans written off at December 31, 2013:

Date	No. Of loans	Capital	interest	Other ítems	Total	Sale price
March (1)	51,086	253,560.4	9,757.1	2,631.1	265,948.6	16,549.6
September (2)	40,429	188,264.5	7,670.6	2,167.4	198,102.5	11,339.6
	91,515	441,824.9	17,427.7	4,798.5	464,051.1	27,889.2

(1) AECSA for $12,530.0 term 8 months Grupo Consultor Andino $2,635.3 50% cash and 50% at 1 month and ACTIVABOGADOS $1,584.3 at 1 month
(2) AECSA for $8,258.6 at 8 moinths. Grupo Consultor Andino $3,487.5 at 2 months and REFINANCIA $1,593,3 cash.,

At the close of 2013, there are receivables for $3.495.0,to be paid in May 2014.

The following is the detail of loans written off at December 31, 2012:

Date	No of loans	Capital	Interest	Other ítems	Total	Sale price
November	42,487	$148,332.1	5,300.2	1,759.2	155,391.6	10,250.7
June	42,519	150,343.6	1,685.6	5,546.0	157,575.2	13,382.6
	85,006	$298,675.7	6,985.8	7,305.2	312,966.8	23,633.3

*Sold by auction

7.13 Loans written off

The following is the detail of loans written off:

	2013			
	Capital	Interest	Other items	Total
Commercial	$59,572.4	3,189.1	2,645.4	65,406.8
Consumer	694,132.3	23,580.5	5,597.5	723,310.2
Home Mortgage	15,842.0	85.6	1,296.1	17,223.7
Microcredit	988.5	11.5	69.3	1,069.3
Other receivables	0.0	0.0	0.0	7,126.6
	$ 770,535.2	26,866.7	16,734.8	814,136.7

	2012			
	Capital	Interest	Other items	Total
Commercial	$41,658.9	1,868.2	950.2	44,477.3
Consumer	680,312.3	25,046.5	5,061.6	710,420.5
Home Mortgage	13,979.9	76.5	940.5	14,996.9
Microcredit	413.4	6.0	42.5	461.9
Other receivables	0.0	0.0	0.0	57,492.7
	$ 736,364.5	26,997.2	64,487.4	827,849.2

The Bank did not undertake any collector operations.

7.14 Loan purchases

The following is the detail of collateralized vehicle loan purchases conducted in September, October and November 2013:

No. of loans	Capital	Interest	Total	Premium
820	$ 13,102.3	88.6	13,190.9	987.0

During 2013 the Bank sold and transferred loans to the Miami Branch under a participation agreement, for $201,514.2 and they are recporded proportionally in the transaction, and there is no effect on the earnings statement.

The details of these operations are:

Rate	Start date	Participation date	Branch participation	USD balance	Peso balance
3.2834%	2012-09-14	2012-09-25	62.50%	14,583,333.33	$28,099.6
3.0500%	2012-07-17	2012-11-30	100%	6,000,000.00	11,561.0
2.9965%	2013-01-24	2013-04-30	100%	6,000,000.00	11,561.0
2.3514%	2013-05-16	2013-05-16	100%	18,500,000.00	35,646.3
5.2381%	2013-09-19	2012-12-03	100%	9,187,500.00	17,702.8
4.5454%	2013-09-19	2012-12-14	66.67%	20,000,000.00	38,536.6
3.8459%	2013-11-26	2013-11-22	35.30%	30,312,451.70	58,406.9
				104,583,285.03	$201,514.2

7.15 Allowances against loans and financial leases

The movement of the allowances against loans is the following:

		2013				
		Commercial	Consumer	Micro	Mortgage	Total
Opening balance	$	583,855.0	749,679.1	6,486.1	69,671.9	1,409,692.1
Plus::						
Allowance charged to operating expenses		497,817.4	963,346.3	2,517.6	53,039.9	1,516,721.2
Reexpression foreign branch allowance		214.4	0.0	0.0	0.0	214.4
Less:						
Loans written off		59,572.4	694,132.3	988.5	15,842.0	770,535.2
Amounts not recovered from foreclosed assets		0.0	0.0	0.0	164.9	164.9
Written back to income		325,866.6	322,151.9	2,583.6	12,111.9	662,714.0
Closing balance	$	696,447.8	696,741.2	5,431.6	94,593.0	1,493,213.6

		2012				
		Commercial	Consumer	Micro	Mortgage	Total
Opening balance	$	488,206.3	680,132.2	2.7	80,750.2	1,249,091.4
Opening balance Confinanciera		18,066.2	5,264.6	6,900.6	0.0	30,231.4
Migration Confinanciera		(7,843.1)	2,977.2	5.1	0.0	(4,860.8)
Plus::						
Allowance charged to operating expenses		541,406.3	1,240,786.5	5,164.5	37,180.1	1,824,537.4
Reexpression of foreign branch allowance		(25.7)	0.0	0.0	0.0	(25.7)
Less:						
Loans written off		41,658.8	680,312.4	413.4	13,979.9	736,364.5
Loans written off Confinanciera		374.7	641.0	0.0	0.0	1,015.7
Amounts not recovered from foreclosed assets		0.0	0.0	0.0	325.4	325.4
Reclasificaciones		151.7	0.0	0.0	0.0	151.7
Written back to income		413,769.7	498,528.0	5,173.4	33,953.2	951,424.3
Closing balance	$	583,855.1	749,679.1	6,486.1	69,671.8	1,409,692.1

At December 31, 2013 and 2012, the amounts not recovered in foreclosures for $164.9 and $324.5, respectively, correspond to the difference between the lower value of the asset and the book balance of the debt, written off against the loan allowance account.

The Bank, as part of its policy, made additional loan allowances at December 31, 2013 and 2012 for $37,343.0 and $152.944.9 respectively.

Commercial loans allowances

As of April 20913, residential property leasing operations classed D and E were charged allowances applying the LGD in the MRC model for this type of collateral. This released allowances for $10,600.0

In November, the range of allowances for loans classed D and E was changed and 100% was charged against accounts past due more than 360 days, generating recoveries of allowances for $28,387.0

Consumer loans allowances

In May the Board approved an LGD table for vehicles (portion cove red) recognizing the collateral (other collateral) but without reducing percentages down to regulatory levels. This generated a release of $15,600.0 in allowances.

Also, in June, a new method of classifying restructured or regularized consumer loans was introduced in order to avoid volatility in classification and the effect on allowances. This released $10,000.0 of allowances-.

At December 31, 2013 and 2012 the countercyclical allowance was a follows:

Loans	2013	2012
Consumer	$165,119.3	167,852.6
Commercial	141,156.8	116,944.9
Total	$306,276.1	284,797.5

Superintendency Circular 026 of June 22, 2012

The Circular requires an additional individual allowance whose α parameter is greater than zero. α is the 6-month rolling average of the half-yearly variation in the real annual growth rate of past-due consumer loans. At June 30, 2013 was activated and as of July generated a provision of $30,155.0

8 Bankers´Acceptances, spot operations and derivatives

At December 31, 2013 and 2012, the Bank had not issued any bankers´ acceptances

The following is the detail of spot operations and derivatives by type of product:

Product		2013	2012
Forwards	$	51,968.4	118,337.6
Spot		3.0	(6.5)
Speculative swaps		6,484.4	3,035.2
Speculative options		13,167.1	3,965.3
Hedging swaps		3,886.4	0.0
	$	75,509.3	125,331.6

The following is the detail of spot operations:

Spot operations

		2013		2012	
		Right	Obligation	Right	Obligation
Currency purchases	$	10,270.0	(10,266.2)	19,142.4	(19,159.2)
Currency sales		1,145.8	(1,146.6)	14,222.7	(14,212.4)
		11,415.8	(11,412.8)	33,365.1	(33,371.6)
	$	3.0		(6.5)	

At December 31 2013 and 2012, the yield on spot operations was $421.8 and ($359.6), respectively.

The recording of rights and obligations of derivatives takes account of the result of the valuation at the fair price of exchange, as follows:

		Speculative derivatives				
2013		Forward	Futures	Swaps	Total	Options
Purchase of currency	Right	$ 1,599,135.3	230,106.6	0.0	1,829,241.9	0.0
	Obligation	(1,575,171.9)	(230,106.6)	0.0	(1,805,278.5)	0.0
Sale of currency	Right	3,833,030.1	893,583.9	0.0	4,726,614.0	0.0
	Obligation	(3,805,317.1)	(893,583.9)	0.0	(4,698,901.0)	0.0
Purchase of securities	Right	0.0	29,994.7	0.0	29,994.7	0.0
	Obligation	0.0	(29,994.7)	0.0	(29,994.7)	0.0
Sale of securities	Right	229,904.5	47,429.6	0.0	277,334.1	0.0
	Obligation	(229,612.5)	(47,429.6)	0.0	(277,042.1)	0.0
Interest rate	Right	0.0	0.0	71,660.3	71,660.3	0.0
	Obligation	0.0	0.0	(65,175.9)	(65,175.9)	0.0
Call options	Purchase	0.0	0.0	0.0	0.0	10,226.4
Put options	Purchase	0.0	0.0	0.0	0.0	2,940.7
Total Rights		5,662,069.9	1,201,114.8	71,660.3	6,934,845.0	13,167.1
Total Obligations		(5,610,101.5)	(1,201,114.8)	(65,175.9)	(6,876,392.2)	0.0
Net total		$ 51,968.4	0.0	6,484.4	58,452.8	13,167.1

2012		Speculative Derivatives Forward	Futures	Swaps	Total	Options
Purchase of currency	Right	$ 291,049.3	366,834.9	0.0	657,884.2	0.0
	Obligation	(290,333.6)	(366,834.9)	0.0	(657,168.5)	0.0
Sale of currency	Right	5,031,167.0	510,322.4	0.0	5,541,489.4	0.0
	Obligation	(4,915,068.2)	(510,322.4)	0.0	(5,425,390.6)	0.0
Purchase of securities	Right	85,223.7	10,990.5	0.0	96,214.2	0.0
	Obligation	(83,700.6)	(10,990.5)	0.0	(94,691.1)	0.0
Sale of securities	Right	0.0	19,950.5	0.0	19,950.5	0.0
	Obligation	0.0	(19,950.5)	0.0	(19,950.5)	0.0
Interest rate	Right	0.0	0.0	40,555.4	40,555.4	0.0
	Obligation	0.0	0.0	(37,520.2)	(37,520.2)	0.0
Call options	Purchase	0.0	0.0	0.0	0.0	184.2
Put options	Purchase	0.0	0.0	0.0	0.0	3,781.1
Total Rights		5,407,440.0	908,098.3	40,555.4	6,356,093.7	3,965.3
Total Obligations		(5,289,102.4)	(908,098.3)	(37,520.2)	(6,234,720.9)	0.0
Total Net		$ 118,337.6	0.0	3,035.2	121,372.8	3,965.3

The following are the details of derivative maturities:

2013		0-3 months	3-6 months	6-12 months	Over 12 months	Total
Spot	$	3.0	0.0	0.0	0.0	3.0
Forwards		27,036.0	22,460.1	2,429.5	42.8	51,968.4
Swaps (Speculative)		670.2	720.0	2,565.3	2,528.9	6,484.4
Hedging swaps		3,886.4	0.0	0.0	0.0	3,886.4
Options		1,060.9	6,298.9	5,807.3	0.0	13,167.1
	$	32,656.5	29,479.0	10,802.1	2,571.7	75,509.3

2012		0-3 months	3-6 months	6-12 months	Over 12 months	Total
Spot	$	(6.5)	0.0	0.0	0.0	(6.5)
Forwards		95,941.6	11,956.5	9,807.5	632.0	118,337.6
Swaps		599.1	1,133.4	583.4	719.3	3,035.2
Options		2,805.1	975.9	184.3	0.0	3,965.3
	$	99,339.3	14,065.8	10,575.2	1,351.3	125,331.6

9 Accounts Receivable

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

		2013	2012
Interest			
Interbank operations	$	1.5	2.7
Other		518.7	11.3
Loans (note 7. 4)			
Interest		249,854.6	268,781.5
Financial component of leasing operations		17,180.9	14,051.9
		267,035.5	282,833.4
		267,555.7	282,847.4
Commissions and fees		1,315.2	2,263.4
Leasing instalment payments		0.0	178.1
Payments for loan client account			
Home mortgage		10,970.3	10,402.0
Consumer		28,605.8	26,036.8
Commercial and Micro		15,871.8	14,030.8
Other:		55,447.9	50,469.6
Interest Accruals TES B and Tips MZ		4,780.1	2,600.0
Dividends and other capital yields		1,095.7	0.0
Indemnities and recoveries - frauds		0.0	15,961.2
Advances on local purchases		12,579.2	16,876.8
Advances to contractors/suppliers		15,879.9	20,970.2
Sundry			
Insurance claims		3,017.7	5,295.9
Colombian Treasury		21,356.2	20,862.0
Tax collections pending application		0.0	3,724.1
Treasury operations, general payments due		10,573.4	5,001.3
Receivable on sale of consumer loans (Nota 7.11)		3,494.9	0.0
Banco de la Republica – rate hedging		8,302.7	6,231.6
Managed portfolios		6,774.0	6,363.0
Daviplata commissions		5,644.6	0.0
Loan processes pending application		7,353.3	31,787.8
Sundry (under 5%)		26,071.4	22,328.4
	$	126,923.1	158,002.3
Total accounts receivable	$	451,241.9	493,760.8
Allowance		(60,971.2)	(70,996.7)
Total receivables, net	$	390,270.7	422,764.1

9.1 Allowances against receivables:

The detail of the allowance receivables is the following:

is the following:

		2013	2012
Loan interest (Note 7.6)	$	33,416.1	34,012.2
Payments on behalf of clients (Note 7.6)		12,837.0	12,124.3
Treasury debtors		4,374.8	2,403.3
Insurance claims		2,970.2	2,970.2
Loan accounts receivable		1,636.8	3,308.5
Card debtors		1,588.2	3,844.5
Accounts receivable, universalities		5,473.3	4,053.6
Sundry		807.2	6,147.7
		60,971.2	70,996.7

The movement of the allowance against accounts receivable is the following:

2013		Commercial	Consumer	Micro	Mortgage	Other	Total
Opening balance	$	15,999.1	24,765.1	193.4	5,891.3	24,147.8	70,996.7
Plus							
Allowances charged to operatinfg expenses		15,489.9	35,879.8	132.5	4,839.8	15,337.3	71,679.3
Less							
Loans written off		5,834.5	29,178.4	80.8	1,381.6	7,126.2	43,601.5
Recoveries		6,609.9	10,690.0	103.6	3,772.0	16,927.8	38,103.3
Closing balance	$	19,044.6	20,776.5	141.5	5,577.5	15,431.1	60,971.2

2012		Commercial	Consumer	Micro	Mortgage	Other	Total
Opening balancer	$	11,166.0	24,279.5	0.1	5,961.4	74,815.2	116,222.2
Opening balance Confinanciera		662.5	218.0	264.2	0.0	225.7	1,370.4
Plus							
Allowances charged to operating expenses		17,301.2	51,302.0	79.7	6,740.1	23,125.9	98,548.9
Migration Confinanciera		0.0	389.4	3.4	0.0	0.0	392.8
Less:							
Loans written off		2,818.4	30,108.1	48.4	1,017.1	57,447.6	91,439.6
Loans written off - Confinanciera		43.4	112.2	0.0	0.0	0.0	155.6
Recoveries- Confinanciera		0.0	0.0	0.0	0.0	42.4	42.4
Migration - Confinanciera		856.9	0.0	0.0	0.0	285.9	1,142.8
Recoveries		9,411.9	21,203.5	105.6	5,793.1	16,243.1	52,757.2
Closing balance	$	15,999.1	24,765.1	193.4	5,891.3	24,147.8	70,996.7

10 Foreclosed assets, net

The detail of marketable assets, assets received in payment and assets restored is the following:

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Notes to the financial statements

		2013		2012	
		Balance	Allowance	Balance	Allowance
For housing					
Real property	$	11,118.5	(4,918.5)	11,688.8	(3,082.6)
Received at auction		1,615.8	(599.8)	1,166.7	(263.7)
Total for housing		12,734.3	(5,518.3)	12,855.5	(3,346.3)
Foreclosed property:					
Other tan housing					
Real property	$	26,488.2	(11,689.6)	17,925.9	(8,344.8)
Received at auction		3,017.9	(383.0)	24.3	(14.0)
Inflation adjustment		0.0	0	0.1	0.0
Adjusted cost		29,506.1	(12,072.6)	17,950.3	(8,358.8)
Movable assets					
Rights and securities		1,379.7	(1,368.2)	1,379.8	(1,239.6)
Shares		27.3	(27.3)	27.3	(27.3)
Rights in time-sharing		1,352.4	(1,340.9)	1,352.5	(1,212.3)
Movable assets		1,864.9	(577.5)	2,054.2	(570.5)
Vehícles		1,864.9	(577.5)	2,052.1	(569.4)
Furniture		0.0	0.0	2.1	(1.1)
		3,244.6	(1,945.7)	3,434.0	(1,810.1)
Total other than housing		32,750.7	(14,018.3)	21,384.3	(10,168.9)
Total Foreclosed assets		45,485.0	(19,536.6)	34,239.8	(13,515.2)
Assets received from residential property leasing operations		9,229.7	(2,232.9)	3,713.1	(736.8)
Assets not used in the business					
Land		3,447.0	(904.9)	3,741.5	(1,149.6)
Buildings		14,297.7		15,475.3	
Vehicles		350.9		0.0	
Depreciation		(7,455.2)	0.0	(7,097.8)	0.0
		10,640.4	(904.9)	12,119.0	(1,149.6)
		65,355.1	(22,674.4)	50,071.9	(15,401.6)
		$42,680.7		34,670.3	

10.1 Allowance against assets received in payment and assets restored

The movement of the allowance against assets received in payment is the following:

		2013	2012
Opening balance	$	15,401.6	18,695.5
Allowance charged to operating expenses		6,332.7	13,229.1
Reclassifications		(879.5)	42.4
Less:			
Written off		0.0	4,634.2
Recoveries		3,029.9	5,913.9
Closing balance	$	22,674.4	15,401.6

At December 31, 2013 and 2012, the Bank held 128 and 101 foreclosed assets received in payment with 100% allowances :for $9.924.0 and $5.888.0 respectively.

The Bank did not purchase property from the securitizations of written off loans CCVI, CCVII and CCVIII in either period.

At December 31, 2013 and 2012, there is insurance cover for theft, fire, earthquake, civil disturbance, riot, explosion, volcanic eruption, power failure and loss or damage to property, offices and vehicles.

The detail of foreclosed assets, restored assets and assets not used in the business by length of time held is as follows

	Under 1 year	1-5 years	5-10 years	Over 10 years	Total	Allowance
2013						
Housing	$4,262.5	8,338.8	118.7	14.3	12,734.3	$5,518.3
Other than housing	16,355.7	12,846.6	298.8	5.0	29,506.1	12,072.6
Movable assets	1,406.8	705.7	1,113.4	18.7	3,244.6	1,945.7
Assets restored	6,898.9	2,330.8	0.0	0.0	9,229.7	2,232.9
Not used in business, net,	95.1	5.8	9,165.4	1,374.1	10,640.4	904.9
	$29,019.0	24,227.7	10,696.3	1,412.1	65,355.1	22,674.4
2012						
Housing	9,613.2	3,109.3	118.7	14.3	12,855.5	3,346.3
Other than housing	7,474.7	10,126.4	298.8	50.4	17,950.3	8,358.8
Movable assets	1,783.9	474.8	278.4	896.9	3,434.0	1,810.1
Assets restored	2,915.2	797.9	0.0	0.0	3,713.1	736.8
Not used in buainess, net	6,160.7	5,958.3	0.0	0.0	12,119.0	1,149.6
	$27,947.7	20,466.7	695.9	961.6	50,071.9	15,401.6

At December 31, 2013 and 2012 there are valuations of Property for Housing of $17.439.9 and $14.600.5, respectively. The valuation gains are recorded in Memorandum Accounts (Note 26)

At December 31, 2013 and 2012, the Bank has employed several strategies to sell foreclosed assets, with the following results

	2013		2012	
	No.	Value	No.	Value
Foreclosed assets	257	$ 15,011.0	106	8,130.0
Assets not used in business	6	1,979.9	0	0.0
Total Sales	263	16,990.9	106	8,130.0
Profit on sale		1,059.0		474.1
Amortization of deferred profit		626.3		1,046.8
Profit on sale of assets not used in business		2,195.6		766.3
Total profit on sales		3,880.9		2,287.2
Los son sales of foreclosed assets		1,270.0		0.0
Loss on donations		0.0		2,356.7
Los son sale of assets not used in business		80.9		83.0
Losses on sales		1,350.9		2,439.7
Net effect on results		$2,530.0		(152.5)

11 Property and Equipment

A detail of Property and Equipment is the following:

		Cost	2013 Inflation adjustment	Ajdjusted cost	Cost	2012 Inflation adjustment	Adjusted cost
Land, buildings, construction in progress	$	419,941.4	32,964.6	452,906.0	407,757.6	33,166.4	440,924.0
Office equipment, furniture, and fittings		76,295.2	4,588.6	80,883.8	95,910.5	9,375.4	105,285.9
Computer equipment		194,853.4	9,775.3	204,628.7	215,503.5	17,513.7	233,017.2
		691,090.0	47,328.5	738,418.5	719,171.6	60,055.5	779,227.1
Less: Accumulated depreciation		(332,260.7)	(14,167.2)	(346,427.9)	(355,062.4)	(19,911.5)	(374,973.9)
Less: Allowance		(7,005.9)	0.0	(7,005.9)	(8,032.3)	0.0	(8,032.3)
	$	351,823.4	33,161.3	384,984.7	356,076.9	40,144.0	396,220.9

Depreciation expensed at December 31, 2013 and 2012 was $44.252.6 and $43.329.1, respectively.

At December 31, 2013 and 2012, there are insurance policies to cover theft, fire, earthquake, riot, civil commotion, explosion, volcanic eruption, power failure, property and loss or damage to offices and vehicles.

11.1 Allowance against Property and Equipment

The movement of the allowance against Property and Equipment in the periods ended on December 31, 2013 and 2012, is the following:

		2013	2012
Opening balance	$	8,069.4	8,259.5
Opening balance Confinanciera			48.7
Plus::			
Reclassifications		337.9	784.3
Allowance charged to operating expenses		1,250.0	469.4
Less:			
Written back to income - recoveries		1,859.6	1,492.5
Assets withdrawn		791.8	0.0
Closing balance	$	7,005.9	8,069.4

The following is the detail of reappraisals of Property and Equipment at 2013and 2012:

		2013	2012
Reappraisal of buildings used in the business	$	500,216.2	466,251.5
Reappraisal of buildings not used in the business l		18,103.5	18,261.1
	$	518,319.7	484,512.6

There are no mortgages or restrictions of ownership on these properties and they have not been assigned under pledge.

12 Assets delivered on operating leases

The following is the detail of goods given on operating leases at December 31, 2013 and 2012.

Assets delivered on operating leasing			
Vehicles	$	132.9	11,220.4
Less: Accumulated depreciation		(129.8)	(7,691.9)
Less: Allowance		0.0	(37.1)
Net	$	3.1	3,491.4

Depreciation charged at December 31, 20013 and 2012 was $471.3 and $2,640.5 respectively

13 Other Assets

13.1 Prepaid expenses, deferred charges and intangibles

The detail of prepaid expenses, deferred charges and intangibles at December 31, 2013 and 2012, is the following:

		Under 1 year	1-5 years	54-10 years	Over 10 years	Total
2013						
Prepaid expenses:						
Interest	$	0.9	0.0	0.0	0.0	0.9
Insurance		24,958.0	0.0	0.0	0.0	24,958.0
Other		255.9	1,068.4	0.0	0.0	1,324.3
		25,214.8	1,068.4	0.0	0.0	26,283.2
Deferred charges:						
Discount on placement of securities		1,813.1	4,855.8	0.0	0.0	6,668.9
Remodelling		7,417.5	11,184.2	730.6	0.0	19,332.3
Software and licences		6,152.1	8,028.8	0.0	0.0	14,180.9
Deferred tax - timing differences		0.0	33,637.9	0.0	0.0	33,637.9
Wealth tax and surcharge		45,734.7	0.0	0.0	0.0	45,734.7
Commissions		449.6	0.0	0.0	0.0	449.6
Professional services and consultancies		1,903.1	5,709.4	0.0	0.0	7,612.5
Other		2,195.7	2,624.3	0.0	0.0	4,820.0
Rent		128.3	641.5	459.7	0.0	1,229.5
		65,794.1	66,681.9	1,190.3	0.0	133,666.3
Intangibles:						
Goodwill		78,974.4	374,075.4	640,564.3	530,597.6	1,624,211.7
	$	169,983.3	441,825.7	641,754.6	530,597.6	1,784,161.2

		Under 1 year	1-5 years	5-10 years	Over 10 years	Total
2012						
Prepaid expenses:						
Interest	$	1.4	0.0	0.0	0.0	1.4
Insurance		19,303.0	13.3	0.0	0.0	19,316.3
Other		120.4	195.2	0.0	0.0	315.6
		19,424.8	208.5	0.0	0.0	19,633.3
Deferred charges:						
Discount on placement of securities		573.6	2,486.4	1,648.3	0.0	4,708.3
Remodelling		8,576.8	13,130.5	0.0	0.0	21,707.3
Software and licences		7,907.5	4,855.5	0.0	0.0	12,763.0
Deferred tax - timing differences		0.0	35,035.5	0.0	0.0	35,035.5
Wealth tax and surcharge		6.9	91,469.4	0.0	0.0	91,476.3
Commissions		459.1	1,102.0	0.0	0.0	1,561.1
Uniformes		2,813.5	0.0	0.0	0.0	2,813.5
Professional services and consultancies		1,911.2	7,644.8	0.0	0.0	9,556.0
Other		120.4	0.0	0.0	0.0	120.4
Rent		122.0	576.7	576.6	0.0	1,275.3
		22,491.0	156,300.8	2,224.9	0.0	181,016.7
Intangibles:						
Goodwill		68,720.5	300,518.7	606,617.1	698,894.0	1,674,750.4
	$	110,636.3	457,028.0	608,842.0	698,894.0	1,875,400.4

Intangibles

Goodwill generated in acquisitions. At December 31, 2013 and 2012, goodwill totals 1.624.211.7 and $1.674.750.4, respectively, as follows

Goodwill Confinanciera S.A.

For the purchase of Confinanciera S.A. in 2006, goodwill was recorded for $56.918.8,to be amortized in 84 monthly installments as of December 2008 ending in October 2013.

Goodwill Granbanco S.A. - Bancafé

Goodwill on the purchase of Granbanco arose on February 16, 2007 for a total of $1.372.458.0.

Circular 034/2006 also requires that goodwill be written down exponentially over 20 years, as follows:

Year	% amortization.	Consumer	Commercial	SME	Credit cards	Housing	Affiliates	Amount of annual amortization
		Business lines						
1	2.47	$ 7,214.9	14,841.5	2,351.3	5,493.1	3,782.8	216.0	33,899.6
2	5.10	7,686.9	15,812.4	2,505.1	5,852.5	4,030.3	230.1	36,117.3
3	7.92	8,226.4	16,922.1	2,680.9	6,263.2	4,313.1	246.2	38,651.9
4	10.94	8,833.2	18,170.4	2,878.7	6,725.2	4,631.3	264.4	41,503.2
5	14.17	9,440.1	19,418.8	3,076.5	7,187.3	4,949.4	282.6	44,354.7
6	17.61	10,046.9	20,667.1	3,274.2	7,649.3	5,267.6	300.7	47,205.8
7	21.28	10,721.2	22,054.2	3,494.0	8,162.7	5,621.2	320.9	50,374.2
8	25.21	11,462.9	23,579.9	3,735.7	8,727.4	6,010.0	343.1	53,859.0
9	29.41	12,272.1	25,244.4	3,999.4	9,343.5	6,434.3	367.3	57,661.0
10	33.91	13,148.7	27,047.6	4,285.1	10,010.9	6,893.9	393.6	61,779.8
11	38.71	14,025.3	28,850.7	4,570.8	10,678.2	7,353.5	419.8	65,898.3
12	43.86	15,036.7	30,931.3	4,900.4	11,448.3	7,883.8	450.1	70,650.6
13	49.35	16,048.1	33,011.9	5,230.0	12,218.4	8,414.1	480.3	75,402.8
14	55.22	17,127.0	35,231.2	5,581.6	13,039.8	8,979.7	512.6	80,471.9
15	61.50	18,340.7	37,727.9	5,977.2	13,963.9	9,616.1	549.0	86,174.8
16	68.21	19,621.9	40,363.3	6,394.7	14,939.3	10,287.8	587.3	92,194.3
17	75.39	20,970.5	43,137.4	6,834.2	15,966.0	10,994.8	627.7	98,530.6
18	83.06	22,386.5	46,050.2	7,295.6	17,044.1	11,737.3	670.1	105,183.8
19	91.25	23,937.3	49,240.4	7,801.1	18,224.9	12,550.4	716.5	112,470.6
20	100.00	25,555.7	52,569.3	8,328.5	19,457.0	13,398.6	764.7	120,073.8
		$292,103.0	600,872.0	95,195.0	222,395.0	153,150.0	8,743.0	1,372,458.0

The following are the principal considerations in the evaluation of goodwill:

- The definition and determination of business lines takes account of synergies arising; goodwill was divided into six business lines with valuations at market prices based on the figures as of the close of 2013, 2006 for Davivienda and January 31, 2007 for Granbanco: consumer, commercial, SME, credit card, home mortgage and subsidiaries (Panamá, Miami and Fiducafé).

- The general criteria to define the business lines were: characteristics of the lines (average placement rates, average balance by customer/product, client profile, growth of portfolio and allocation of expenses); feasibility of independent valuation and international accounting rules.

- With the definition of the business lines and their related assets, based on the global balance sheet and earnings statement, and the different information systems of each of the entities, ten-year projections of the earnings statements and balance sheets were determined for each line of business.

- The valuation of the business lines was made using the dividend flows method, discounted at shareholder's cost, which according to experts is the most appropriate way to value financial institutions and is widely used by first-class banks. The method consists of a forecast of the flow of dividends during 10 years plus a final value, all discounted at an appropriate rate.

A summary of goodwill by business line and the balance at December 31, 2013, is the following:

Business line	Share	Goodwill recorded	Accumulated amortization	Balance
Consumer	21.3%	$ 292,103.0	61,276.3	230,826.7
Commercial	43.8%	600,872.0	126,048.7	474,823.3
SME	6.9%	95,195.0	19,969.7	75,225.3
Credit Card	16.2%	222,395.0	38,533.3	46,653.2
Mortgage loans	11.2%	153,150.0	32,127.2	121,022.8
Affiliates	0.6%	8,743.0	1,834.1	6,908.9
Total	100.0%	$ 1,372,458.0	287,909.2	1,084,548.8

The result of the valuation update Pricewaterhouse Coopers Asesores Gerenciales Ltda made at June 20, 2013, on the audited financial statements of the Bank at December 31, , 2011 shows that the business lines did not generate any loss due to deterioration.

Goodwill –Central América Operation

The Bank´s purchase of HSBC in Central America between November 23 and December 7, 2012 generated goodwill totalling $534.386.3.

	Purchase USD	Investment	Goodwilll
Costa Rica	300	330,293	274.363
Salvador	350	419,223	198.371
Honduras - Bank	117	167,040	46.310
Honduras – Insurance	34	52,591	14.580
Total	801	969,147	533.624

After the study and adjustment of prices of Goodwill, a reduction of $48,284.90 was made in October 2013, leaving a balance of $486,314.6

This goodwill will be amortized over 20 years exponentially, using the following table:

Year	Y	Y%	% accumulated amortization	Amount to be amortized in the year	Month
1	1.07	2.47	2.47	$12,011.9	1,001.0
2	1.14	2.63	5.10	12,797.8	1,066.5
3	1.22	2.82	7.92	13,695.8	1,141.3
4	1.31	3.02	10.94	14,706.2	1,225.5
5	1.40	3.23	14.17	15,716.5	1,309.7
6	1.49	3.44	17.61	16,726.9	1,393.9
7	1.59	3.67	21.28	17,849.5	1,487.5
8	1.70	3.92	25.21	19,084.4	1,590.4
9	1.82	4.20	29.41	20,431.5	1,702.6
10	1.95	4.50	33.91	21,890.9	1,824.2
11	2.08	4.80	38.71	23,350.3	1,945.9
12	2.23	5.15	43.86	25,034.2	2,086.2
13	2.38	5.49	49.35	26,718.1	2,226.5
14	2.54	5.86	55.22	28,514.3	2,376.2
15	2.72	6.28	61.50	30,535.0	2,544.6
16	2.91	6.72	68.21	32,667.9	2,722.3
17	3.11	7.18	75.39	34,913.2	2,909.4
18	3.32	7.66	83.06	37,270.6	3,105.9
19	3.55	8.19	91.25	39,852.7	3,321.1
20	3.79	8.75	100.00	42,546.9	3,545.6
	43.32	100.00		$486,314.6	

		Costa Rica Nov /12	Salvador Nov /12	Honduras Dec /12	Total
Initial goodwill	$	274,363.0	198,371.0	60,890.0	533,624.0
Adjustment and amortizatons		(73,357.2)	18,022.8	(4,927.6)	(60,262.0)
Accumulated balance at December 20, 2013	$	201,005.8	216,393.8	55,962.4	473,362.0

Goodwill - Corredores Asociados

Goodwill for the purchase of September 25, 2012 was $ 70,731.6, to be amortized over 5 years as follows

In December the purchase price was adjusted by $1,410.7 leaving a balance of $69,321.0

Year	Y	Y%	% Accumulated amortization	To be amortized in the year	Month
1	1.07	17.43	17.43	$12,080.4	1,006.7
2	1.14	18.57	35.99	12,870.7	1,072.6
3	1.22	19.87	55.86	13,773.9	1,147.8
4	1.31	21.34	77.20	14,789.9	1,232.5
5	1.40	22.80	100.0	15,806.1	1,317.1
	6.14	100.00		$69.321.0	

Amount originated in September 2013	$ 69.321.0
Amortization to September 2013	(3.020.1)
	66,300.9

Fort tax purposes the Bank applies Art. 143 of the Tax Code, to the effect that investments may be amortized over not less than 5 years. Amortization is over 7 years for Granbanco and 5 years for Corredores Asociados, using a straight-line calculation, dividing the total by the number of months proposed

The difference between book and fiscal amortization is recorded in deferred taxes payable.

13.2 Staff loans

The Bank evaluated all staff loans and the result of the evaluation at December 31, 2013 and 2012, is the following:
:

2013	Mortgage	Secured	Allowance
A -Normal	$ 120,915.1	425,517.0	1,211.7
B -Acceptable	231.6	11.9	270.2
	$ 120,927.1	425,787.2	1,212.5
2012			
A-Normal	$ 121,318.2	391,341.8	1,222.6
B-Acceptable	121.7	231.6	498.2
C-Deficient	25.0	38.1	165.7
	$ 121,587.9	392,005.7	1,239.3

Staff housing loans are secured

13.3 Other Assets - Other

The detail of other assets is the following

		2013	2012
Deferred payment letters of credit	$	14,884.2	6,654.2
Judicial deposits in guarantee		3,625.3	8,053.1
Assets delivered on loans-for-use		1,855.6	2,010.2
Works of art and culture		2,675.6	2,268.1
Trust rights (1)		1,564.4	1,572.5
Income tax surplus		77,063.6	2,902.7
Other (under 5%)		374.5	2,425.3
	$	102,043.2	25,886.1

(1) Trust rights

At December 31, 2013 and 2012, the following trust rights were held:

	2013		2012	
	Balance	Allowance	Balance	Allowance
Agropecuaria Molina Vivas	37.0	37.0	37.0	37.0
Textiles Omnes S.A.	465.6	465.6	465.6	465.6
Fiduciaria Superior (*)	1,017.5	0.0	1,025.7	0.0
Other	44.3	0.0	44.2	0.0
	1,564.4	502.6	1,572.5	502.6

* Corresponds to the remnants of the liquidation of Fiduciaria Superior S.A.of September 2009.

13.4 Allowance against other assets

The movement of the allowance against other assets, is the following:

		2013	2012
Opening balance	$	2,431.1	3,044.6
Plus:			
Allowance charged to operating expenses		3,219.8	529.9
Reclassifications		(1.6)	(4.3)
Less:			
Recoveries		780.2	1,139.1
Closing balance	$	4,869.1	2,431.1

14 Deposits and Demand Accounts

The following is The detail of Deposits and Demand Accounts:

	Interest rate Maximum-Mínimum	2013	2012
Checking accounts	0.0% - 0.73%	$ 4,559,384.6	3,544,762.9
Tim e deposits			
Under 6 months	3.1%-5.25%	1,946,585.4	1,513,603.6
6-12 months	3.20%-5.70%	2,235,498.4	2,183,022.0
12-18 months	3.25%-5.85%	1,596,897.1	1,096,076.5
18 months and over	3.35%-5.95%	3,390,849.7	1,905,263.6
		9,169,830.6	6,697,965.7
Savings deposits			
Ordinary savings	0.00% - 2.23%	14,627,992.1	13,426,431.6
Special savings		48,555.3	
		14,676,547.4	13,467,832.1
Electronic cash deposits		75,690.2	6,144.5
Other Deposits and Demand Accounts			
Banks and correspondents		1,449.0	1,234.2
Special deposits		2,678.3	9,605.8
Demand accounts for banking services		299,954.4	275,244.5
Affiliated establishments		6,457.6	7,707.5
		310,539.3	293,792.0
		$ 28,791,992.1	24,010,497.2

The following is a detail of the interest expense for the half-years ended on December 31, 2013 and 2012:

Mode		2013	2012
interest on Deposits and Demand Accounts:			
Ordinary deposits	$	288,981.4	360,096.9
Time deposits		50.1	50.4
Peso certificates		398,631.7	367,029.9
Checking accounts		10,484.6	22,525.4
		710,188.6	748,281.2
Other interest:			
Bank borrowings and other financial obligations		136,880.9	144,427.6
Interbank funds		2,386.1	2,584.7
Bonds		356,702.2	314,653.7
Repo and simultaneous transfer commitments		11,655.7	20,737.9
		507,624.9	482,404.0
	$	1,217,813.5	1,230,685.2

15 Interbank and overnight liability positions

The following is The detail of interbank and overnight liability positions:

2013

	Rate	Date of Operation	Date of Maturity	Market Value
Local currency				
Banks	2.75- 3.25%	Dec.27.13	Jan.03.14	$749,307.7
Interbank operations	3.22-3.24%	Dec 27.13	Jan 08.14	252,000,0
Total interbank and overnight liability positions				$1,001,309.7

2012

	Rate	Date of Operation	Date of Maturity	Market Value
Local currency				
Banks	4.24%	Dec.28.12	Jan.02.13	$22,000.0
Total interbank and overnight liability positions				$22,000.0

There are no foreign currency operations at the close.

At December 31, 2013 and 2012 the balance and average monthly yield for these liability positions in foreign and local currencies were $1.001,308.7 and $13,938.0, and %$22,000.0 and $3,081.0, respectively.

There are no restrictions on these funds.

16 Bankers´ Acceptances and Derivatives

The following is the detail:

Products	2013	2012
Forwards	$42,690.8	145,735.5
Speculative swaps	5,852.3	3,387.9
Speculative options	10,120.2	4,387.1
Hedging swaps	1,431.7	24,487.2
	$60,095.0	177,997.7

		Speculative derivatives					Hedging derivatives
2013		Forward	Futures	Swaps	Options	Total	Swaps
Currency purchases	Right	($ 3,620,524.9)	0.0	0.0	0.0	(3,620,524.9)	0.0
	Obligation	3,648,045.8	0.0	0.0	0.0	3,648,045.8	0.0
Currency sales	Right	(1,498,527.0)	0.0	0.0	0.0	(1,498,527.0)	0.0
	Obligation	1,513,696.9	0.0	0.0	0.0	1,513,696.9	0.0
Interest rates	Right	0.0	0.0	(64,904.4)	0.0	(64,904.4)	0.0
	Obligation	0.0	0.0	70,756.7	0.0	70,756.7	0.0
Interest rate CCS	Right	0.0	0.0	0.0	0.0	0.0	(164,114.9)
	Obligation	0.0	0.0	0.0	0.0	0.0	165,546.6
Call options	Venta	0.0	0.0	0.0	3,511.0	3,511.0	0.0
Put options	Venta	0.0	0.0	0.0	6,609.2	6,609.2	0.0
Total Rights		(5,119,051.9)	0.0	(64,904.4)	0.0	(5,183,956.3)	(164,114.9)
Total Obligations		5,161,742.7	0.0	70,756.7	10,120.2	5,242,619.6	165,546.6
Net Total		$ 42,690.8	0.0	5,852.3	10,120.2	58,663.3	1,431.7

Hedging derivativea

2012		Forward	Swaps	Options	Total	Swaps
Currency purchase	Right	($ 5,335,309.8)	0.0	0.0	(5,335,309.8)	0.0
	Obligation	5,479,809.7	0.0	0.0	5,479,809.7	0.0
Currency sales	Right	(220,534.7)	0.0	0.0	(220,534.7)	0.0
	Obligation	221,770.3	0.0	0.0	221,770.3	0.0
Interest rate	Right	0.0	(35,140.1)	0.0	(35,140.1)	0.0
	Obligation	0.0	38,528.0	0.0	38,528.0	0.0
Inrerest rate CCS	Right	0.0	0.0	0.0	0.0	(292,815.3)
	Obligation	0.0	0.0	0.0	0.0	317,302.5
Call optionsl	Sale	0.0	0.0	532.3	532.3	0.0
Put options	Purchase	0.0	0.0	0.0	0.0	0.0
Put options	Sale	0.0	0.0	3,854.8	3,854.8	0.0
Total Rights		(5,555,844.5)	(35,140.1)	0.0	(5,590,984.6)	(292,815.3)
Total Obligations		5,701,580.0	38,528.0	4,387.1	5,744,495.1	317,302.5
Net Total		$ 145,735.5	3,387.9	4,387.1	153,510.5	24,487.2

The following is the detail of maturity periods of derivatives at 2013and December 31, 2013:

2013

	0-3 months	3-6 months	6-12 months	over 12 months	Total
Forwards	$23,255.0	17,627.5	1,748.2	60.1	$42,690.8
Speculative swaps	685.3	1,127.4	1,616.1	2,423.5	5,852.3
Hedging swaps	1,431.7	0.0	0.0	0.0	1,431.7
Options	2,525.4	6,030.9	1,563.9	0.0	10,120.2
	$126,645.2	19,495.9	19,409.2	12,447.3	177,997.7

2012

	0-3 months	3-6 months	6-12 months	over 12 months	Total
Forwards	$124,169.0	11,093.3	10,473.2	0.0	$145,735.5
Speculative swaps	498.0	429.1	1,524.4	936.3	3,387.9
Hedging swaps	0.0	6,292.1	6,684.1	11,511.0	24,487.2
Options	1,978.2	1,681.4	727.5	0.0	4,387.1
	$126,645.2	19,495.9	19,409.2	12,447.3	177,997.7

16.1 Hedging operation- Purchase of Granbanco

At December 31, 2013, the Bank was engaged in an IRS swap (Currency Swaps), to hedge the issue of IFC for US$165,000,000 issued in February 2007, as follows:

					Values $		
Period	Item	Term (years)	Initial period	Final period	Right	Obligation	Net
Dec-12	Hedging swap IFC bonds	7	Feb.07.07	Feb.07.14	318,575.9	316,121.3	2,454.6
Dec-13	Hedging swap IFC bonds	7	Feb.07.07	Feb.07.14	292,815.4	317,302.5	(24,487.1)

The result of the valuation of the swap at December 31, 2013 was positive, and the operation was recorded as an asset; at December 31, 2012, is was negative and was therefore recorded as a liability (Note 17).

During 2013 payments were made on January 15 and July 15 for $11,537.4 equivalent to US$6,533.7 and $11,617.4 equivalent to US$6,104.75 to international counterparts.

On July 17, 2012, $11.361.5 was paid, equivalent to US$6.362.7, On January 17, 2012, $11.876.3 was paid, equivalent to US$6.454.8 to international counterparts

No reset payment was generated.

Hedging operations are recorded at the fair Price of exchange.

Cover at fair market price had the following effect on earnings due to the valuation of the syndicated loan and subordinated bonds:

		2013	2012
Effect of the CCS swap	$	14,114.1	(31,072.2)
Effect of the IFC bond		(36,447.9)	18,518.8
Net effect	$	(22,333.8)	(12,553.4)

17. Borrowings from financial institutions

The following is the detail in local currency y foreign currency expressed in local currency:

Name		2013 Interest payable	Under 1 years	1-5 years	5-10 years	Over 10 years	Total Capital
Other institutions inb Colombia							
Local currency							
Bancoldex	$	204.7	5,983.9	57,375.1	14,946.4	0.0	78,305.4
Finagro		2,105.8	9,780.9	124,161.6	43,027.8	31,874.5	208,844.9
Findeter		6,474.7	4,344.7	333,972.4	519,425.5	501,112.0	1,358,854.5
Overdrafts		0.0	8.8	0.0	0.0	0.0	8.8
		8,785.3	20,118.4	515,509.1	577,399.7	532,986.5	1,646,013.6
Foreign currency							
Bancoldex		559.1	4,142.4	42,317.3	77,599.3	0.0	124,059.1
Findeter		670.2	0.0	0.0	103,624.9	0.0	103,624.9
Overdrafts		0.0	4,617.5	0.0	0.0	0.0	4,617.5
		1,229.3	8,759.9	42,317.3	181,224.3	0.0	232,301.5
		10,014.6	28,878.3	557,826.4	758,623.9	532,986.5	1,878,315.1
Institutions outside Colombia							
		2,177.4	1,132,976.0	114,096.5	0.0	0.0	1,247,072.5
	$	12,192.0	1,161,854.3	671,922.9	758,623.9	532,986.5	3,125,387.6

Name		2012 interest payable	Under 1 yesar	E1-5 years	5-10 years	Over 10 years	Total Capital
Other institutions in Colombia:							
Local currency							
Bancoldex	$	204.4	4,502.2	26,047.8	18,350.5	0.0	48,900.5
Finagro		3,520.1	7,621.7	135,940.3	74,278.9	40,190.9	258,031.8
Findeter		10,476.7	651.4	346,085.6	788,765.4	356,228.6	1,491,731.1
Overdrafts		0.0	147.7	0.0	0.0	0.0	147.7
		14,201.2	12,923.0	508,073.7	881,394.8	396,419.6	1,798,811.0
Foreign currency							
Bancoldex		905.1	2,787.4	47,436.3	86,283.3	0.0	136,507.1
Findeter		428.4	0.0	0.0	97,394.1	0.0	97,394.1
Overdrafts		0.0	151.4	0.0	0.0	0.0	151.4
		1,333.5	2,938.8	47,436.3	183,677.4	0.0	234,052.6
		15,534.7	15,861.8	555,510.0	1,065,072.3	396,419.6	2,032,863.6
Institutions outside Colombia							
		4,451.6	959,264.8	436,559.9	0.0	0.0	1,395,824.7
	$	19,986.3	975,126.6	992,069.9	1,065,072.3	396,419.6	3,428,688.3

18 Accounts Payable

The following is the detail of Accounts Payable:

		2013	2012
Interest:			
Deposits and demand accounts	$	128,213.8	114,177.3
Money market and related operations		1,151.0	896.8
Bank borrowings and other financial debt (note 17)		12,192.0	19,986.3
Bonds outstanding		75,394.2	64,004.1
Other		17.1	14.8
		216,968.1	199,079.3
Commissions and fees		4,697.3	2,439.5
National and regional tax collections		69,540.3	58,358.8
Suppliers			
Payable to suppliers proveedores		89.6	77,502.2
ACH clearing		104,286.0	121,977.1
Credit card clearing		34,985.4	37,919.8
Payable for services rendered		45,095.0	30,026.3
Other		28,102.2	10,812.0
		212,558.2	278,237.4
Other:			
Taxes payable (1)		80,001.8	187,448.7
Dividends and surpluses		3,173.6	3,118.0
Bank transaction tax		25,045.7	18,519.5
Purchase commitments		14,911.9	7,289.1
Payroll witholdings and contributions		85,748.7	52,802.1
Remittancespayable		41,436.6	26,660.6
Checks drawn and not collected		8,668.8	8,288.8
Payable to the Treasury, Law 546/1999		30,285.1	29,102.6
Sundry works			
Commerce		1,642.9	2,239.9
Forwards			
Deposit insurance		21,156.9	17,152.5
Former stockholders Corredores Asociados		50,315.4	0.0
Universality creditor		7,477.8	307.9
FNG and FNA creditor		4,508.1	6.132.3
Bonos de Seguridad		20,246.6	20,205.7
VISA prepayment balances available		13,648.2	11,147.2
Collection management costs		1,717.1	3,173.1
Disbursements pending payment		3,864.5	21,789.9
Sundry (under 5%)		38,761.9	38.254.8
		458,436.4	456,016.7
	$	962,200.3	994,131.7

(1) Wealth tax

A tax reform in December 2009 (Law 1370) created a wealth tax, payable by certain individuals and corporate entities for 2011-2014. The tax accrues as of January 1, 2011 and is paid in 8 installments on dates set by the Government, the first being May 2011.

Regulatory Decree 514 of January 2010 subsequently determined the way in which the tax will be recorded, one possibility being an amortization of the equity surplus account for 2011-2014; and if the surplus account is exhausted, the tax is charged to earnings year by year.

The details of this account at December 31, 2013 are as follows:

Tax amount filed	$185.807.0
Amounts paid in 2011, 2012 and 2013	(140.072.3)
Balance pending amortization in deferred charges	$45.734.7

19 Long-.term debt

At December 31, 2013 and 2012, the Bank has investment securities outstanding for $6,398,155.7 and $5.123.384.1 respectively, corresponding to ordinary, mortgage and subordinated bond issues

The following is the detail of the bonds for each issue outstanding at December 31, 2013 and 2012:

Issue type	Date	A,ount	Term (months)	Yield	Maturity	Book value 2013	Book value 2012
Secured subordinated bonds							
First issue IFC – in US$ (1)							
Collateral: A-class mortgage paper and issuer option for prepayment every 3 months - Series G	07-Feb-07	$ 368,641.1	84	Libor6 + 2.75	07-Feb-14	$ 318,576.0	292,815.5
Unsecured subordinated bonds							
IPC							
First issue - Series C	19-Feb-08	147,777.0	84	IPC + 6.65	19-Feb-15	$ 147,777.0	147,777.0
Second iossue - Series C7	24-Feb-10	138,497.2	84	IPC + 5.25	24-Feb-17	138,497.2	138,497.2
Second issue first tranche - Series C	25-Apr-12	181,400.0	120	IPC + 4.37	25-Apr-22	181,400.0	181,400.0
Second issue first tranche - Series C	25-Apr-12	218,600.0	180	IPC + 4.56	25-Apr-27	218,600.0	218,600.0
						686,274.2	686,274.2
U.V.R.							
First issue - Series D	19-Feb-08	151,577.5	84	UVR + 6.65	19-Feb-15	$ 185,362.2	182,119.0
Second issue - Series U10	24-Feb-10	111,503.0	120	UVR + 5.50	24-Feb-20	124,079.3	121,908.4
						309,441.5	304,027.4
US$							
International bonds	09-Jul-12	$ 895,370.0	120	TF 5.875%	09-Jul-22	$ 963,415.0	884,115.0
					Total subordinmated bonds	$ 2,277,706.7	2,167,232.1
Unsecured ordinary bonds							
CPI							
Second issue - Series G	05-Aug-08	$ 170,570.0	60	IPC + 6.24	05-Ago-13	$ 0.0	170,570.0
First issue - Series G	05-Feb-09	123,433.0	84	IPC + 5.50	05-Feb-16	123,433.0	123,433.0
First issue Tranche 2 - Series G5	16-Jul-09	215,000.0	60	IPC + 4.79	16-Jul-14	215,000.0	215,000.0
Second issue Tranche 1 - Series C5	12-Feb-10	215,062.0	60	IPC + 3.98	12-Feb-15	215,062.0	215,062.0
Third issue Tranche 2 - Series C5	07-Oct-10	120,150.0	60	IPC + 3.14	07-Oct-15	120,150.0	120,150.0
						$ 673,645.0	844,215.0
Carried forward						$ 2,951,351.7	3,011,447.1

Issue type	Date	Amount	Term (months)	Yield	Maturity	Book value 2013	2012
Brought forward						$ 2,951,351.7	3,011,447.1
CPI							
Third issue Tranche 2 - Series C7	07-Oct-10	196,050.0	84	IPC + 3.63	07-Oct-17	196,050.0	196,050.0
Fourth issue - Series C39	10-Mar-11	86,482.0	39	IPC + 2.80	10-Jun-14	86,482.0	86,482.0
Fourth issue - Series C84	10-Mar-11	76,055.0	84	IPC + 3.88	10-Mar-18	76,055.0	76,055.0
Fourth issue - Series C120	10-Mar-11	193,252.0	120	IPC + 4.19	10-Mar-21	193,252.0	193,252.0
First issue - Tranche 2 - Series C120	10-Mar-11	90,000.0	48	IPC + 3.60	10-Mar-15	90,000.0	90,000.0
First issue - Tranche 2 - Series C120	10-Mar-11	159,230.0	90	IPC + 3.99	10-Sep-18	159,230.0	159,230.0
First issue - Tranche 2 - Series C120	10-Mar-11	160,770.0	126	IPC + 4.23	10-Sep-21	160,770.0	160,770.0
Third issue - Tranche 1 Series C	15-Aug-12	230,050.0	180	IPC +4.23%	15-Aug-27	230,050.0	230,050.0
Third issue - Tranche 1 Series C	15-Aug-12	174,147.0	120	IPC +4.07%	15-Ago-22	174,147.0	174,147.0
Fourth issue CPI bonds - Tranche 1 Series C	13-Feb-13	214,500.0	120	IPC +3.23%	13-Feb-23	214,500.0	0.0
Fourth issue CPI bonds - Tranche 1 Series C	13-Feb-13	184,521.0	180	IPC +3.47%	13-Feb-28	184,521.0	0.0
Fifth issue, Tranche 1 - serie C	10-Dec-13	83,935.0	84	IPC+4.29%	10-Dec-20	83,935.0	0.0
						2,522,637.0	2,210,251.0
IBR							
Second issue Tranche 1 - Series B3	12-Feb-10	101,837.0	36	IBR + 1.36	12-Feb-13	$ 0.0	101,837.0
Third issue Tranche 2 - Series B3	07-Oct-10	92,250.0	36	IBR + 1.31	07-Oct-13	0.0	92,250.0
First issue - Series B30	10-Mar-11	244,211.0	30	IBR + 1.35	03-Sep-13	0.0	244,211.0
First issue - Tranche 2 Series B27	10-Mar-11	90,000.0	27	IBR + 1.68	10-Jun-13	0.0	90,000.0
Fifth issue – First tranche - serie B	10-Dec-13	315,815.0	24	IBR+2.0%	10-Dec-15	315,815.0	0.0
						315,815.0	528,298.0
Fixed rate							
Second issue Tranche 1 - Series F5	05-Feb-09	121,800.0	60	TF 10.40%	05-Feb-14	$ 121,800.0	121,800.0
Second issue Tranche 2 - Series E3	15-Aug-12	95,803.0	36	TF % 6.5%	15-Aug-15	95,803.0	95,803.0
Fourth issue Fixed rate - Tranche 1 Series F	13-Feb-13	100,979.0	36	TF % 5.14%	16-Feb-13	100,979.0	0.0
						318,582.0	217,603.0
				Total ordinary bonds		$ 3,157,034.0	2,956,152.0
US$							
Debt	29-Jan-13	$ 889,920.0	60	TF 2.95%	29-Jan-18	$ 963,415.0	$ 0.0
				Total Bonds		$ 6,398,155.7	$ 5,123,384.1

(1) This issue is valued at market, using implied future rates obtained from the zero-coupon rate of the LIBOR dollar swap curve for the terms involved. The present values of the flows was obtained using the same zero-coupon rates for the discount, used to make the dollar valuation of the swap.

The portion of the bonds not covered by the flow hedging from the swaps – that is, that which corresponds to the margin agreed over the floating rate - should not be valued on a fair price basis but follow the linear accrual method.

Interest is paid six-monthly in arrears using the LIBOR 6-month rate.

In order to cover the inherent risk of this dollar debt, the Bank has set up a Cross Currency Swap in pesos for $368.575.5 to change the LIBOR and dollar exposure risk (note 17)

Bonds by monetary unit

		2013	2012
Local currency	$	4,806,723.2	3,642,426.2
Foreign currency		1,281,991.0	1,176,930.5
UVR		309,441.5	304,027.4
	$	6,398,155.7	5,123,384.1

Bonds by maturity

		2013	2012
Under 1 year	$	1.863.165.0	698,868.0
1-5 years		4.216.414.7	2,024,988.7
5 - 10 years		318.576.0	1,950,877.4
Over 10 years		0.0	448,650.0
	$	6.398.155.7	5.123.384.1

20 Other Liabilities

Other liabilities correspond to the following:

		2013	2012
Benefits due to employees	$	43,132.7	38,381.2
Income received in advance		10,225.8	6,151.1
Other		453,809.6	347,354.0
		507,168.1	391,886.3

The following is the detail of other liabilities:

20.1 Benefits due to employees

The detail of these long-term liabilities is the following:

		2013	2012
Severance accrual	$	13,468.5	13,008.3
interest on severance accrual		1,582.6	1,531.1
Holidays		19,071.1	16,072.5
Other employment benefits		9,010.5	7,769.3
	$	43,132.7	38,381.2

The Bank applies the employment regime of Law 50/1990.

The Bank has no pension liabilities.

Other liabilities – Other at December 31, 2013 and 2012 total $464,035.4 and $353,505.1 respectively

20.2 Income received in advance

The movement of income received in advance at December 31, 2013 and 2012, is the following:

		Balance 2012	Credits	Charges	Balance 2013
Interest	$	200.9	30,786.2	30,737.1	250.0
Administration charges, credit and debit cards					
Commissions		65.1	8,940.8	8,940.7	65.2
Other		5,851.6	78,461.2	74,424.3	9,888.5
Interest		33.5	329.9	341.3	22.1
	$	6,151.1	118,518.1	114,443.4	10,225.8

20.3 Other

The movement of other liabilities - other at December 31, 2013 and 2012 , is the following:

		Balance 2012	Credits	Charges	Balance 2013
Deferred credits (1)	$	33,345.5	148,798.1	146,422.7	35,720.9
Deferred payment letters of credit		6,654.2	58,413.0	50,183.0	14,884.2
Deferred income tax		212,007.5	123,415.1	13,435.6	321,987.0
Credits pending application		57,384.2	37,876,616.0	37,894,491.5	39,508.7
Clearing overages		335.1	691,690.1	691,956.7	68.5
cash overages		4,786.7	127,636.8	124,505.8	7,917.7
Cancelled accounts		32,604.5	6,599.8	5,529.7	33,674.6
Other		236.3	2,537,910.4	2,538,098.7	48.0
	$	347,354.0	41,571,079.3	41,464,623.7	453,809.6

(1) Corresponds mainly to deferrals under restructured loans with balances at December 31, 2013 and 2012 for $27,797.2 and $26.080.3 respectively.

The terms of amortization are:

		2013	2012
0-1 years	$	5,799.9	4,230.9
1-5 years		2,315.3	2,777.3
Over 10 years		27,605.7	26,337.3
		35,720.9	33,345.5

21 Accruals and provisions

The following is the detail of accruals and provisions:

		2013	2012
Taxes			
Other		1.4	0.0
		1.4	0.0
Other:			
Rate hedging cover		13,159.5	17,533.0
Fines litigation, indemnities and claims		34,438.8	56,849.7
Redemption of debit and credit card points		13,311.0	14,200.8
Other provisions (under 5%)		2,401.3	3,266.2
		63,310.6	91,849.7
	$	63,312.0	91,849.7

Fines, penalties and litigation

The cases that have generated contingent liabilities for the Bank are detailed as follows:

a. Cases for account of Fogafín

These are cases against Granbanco S.A. Fiduciaria Cafetera S.A, Bancafe Panamá S.A. and Bancafé International Corporation, existing before January 31, 2007 and others served after February 16, 2007 and up to February 16, 2010, still in process and expressly guaranteed by Fogafin.

Civil, administrative and special cases covered by the Fogafin contract are the object of a 15% provision, given that the contingency, according to Fogafin´s calculations only for ordinary and special cases. For employment cases, the provision is 10%.

b. Litigation against the Bank

These are other cases, which generate a contingency for the Bank

The following is a summary of cases pending December 31. 2013 and, 2012:

2013

Type of process	No of cases	Provision	Amount of claims
Cases covered by the Fogafin contract	160	10705.7	41,982.6
Bank:			
Fines, penalties and other- administrative authorities	11	2,021.0	2,921.0
Labour claims	54	3,198.0	5,770.2
Civil cases	844	17,614.1	104,878.83
	1,069	$ 34,438.8	$ 155,552.6

2012

Type of process	No of cases	Provision	Amount of claims
Cases covered by the Fogafin contract	237	14,261.9	55,193.7
Bank:			
Fines, penalties and other- administrative authorities	13	25,434.4	25,434.4
Labour claims	51	1,405.4	3,939.3
Civil cases	901	15,748.0	79,758.3
	1,202	$ 56,849.7	$ 164,325.7

Processes initiated by the Bank may be:

Criminal

Only if criminal proceedings implicate the Bank as a third party with civil liability. At December 31, 2013 and 2012 there was one such case, the amount involved is less than $70.0.

Civil, special, administrative and labor cases

This type of case generates a contingency for the Bank, regardless of the process that causes it. In general terms, because of its eventual contractual or general civil liability and equally penalties or due to sanctions imposed by the authorities. Each of these cases is classified and allowances are made as necessary.

The following are the court cases that may generate the most important economic impact on the Bank:

Tax cases

Wealth Tax 2007

The tax authority DIAN made a proportional rebate to the Bank in 2008 for $4,485 of the wealth tax that the Bank had paid for 2007. The argument for the rebated was the merger pof GRANCBACO S.A. BANCAFE and the Bank was therefore entitled to tax tability.

DIAN attacked its own resolutions in whioch it orderdf the rebate. There was no sanction attached, but penalty interest had to be paid if the case was unfgravourable to the Bank, and by June 30, 29012 this amounted to $6,056, giving a total liability of $10,541.0 This lked to two suits, one for each resolution that had granted the rebate. The two claims were accumulated in n May 2011. Then, DIAN requested the nullity of all the resolutions returning $4,485 to Davivienda and in a judgment of the first instance thre Administrative Disputes Court of Cundinamarca on January 19,. 2012 denied the nullity and orderd the return to DIAN of what had been rebated, plus interest. With this unfavourable result, the Bank appealed and is now before the Council of State for decision in the second instance.

In the opinion of the tax adviser, the contingency is probable and therefore the decision was taken to apply for the special payment conditions of Law 1607/2012,paying the tax plus 20% of the related interest|.

On August 16, 2013 the Bank paid $6,409.2 including the 20% interest of $1,924.6. While the case continues to go through the courts, this benefit is subject to the prompt payment of all national taxes, otherwise the benefit and the payment of the lower amount paid will be automatically lost.

Bank transaction tax, 2005

DIAN issued an assessment on January 19., 2007 in 52 weeks filed in 2005, proposing to change the tax payable. DIAN´s argument was that overdraft operations are subject to bank trsnacrtion ta¿. At present, the filing for 25 weeks has been exghausted in ordinary process and the claim is to increase the tax payable by $2,369.0 and charge a sanction for false declaration of 160%, or $3,789.0 plus penalty interest which, at June 30, 2012 totalled $5,815 nfoir a ntotal of $11,973.0

In Resolutions of September, November and December 2008 and then in January, April and May 2009, DIAN decided on the Bank´ps requests for reconsideration for weeks 31-52, cionfirming its decisions and exhausting ordinary process.

In January 2009 the review assessments for weeka 37-42, 2005 were challenged and the Cunsidnamarca Administrative Tribunal issued an unfavourable decision in May 2010. The Bank appealed and the case is before the Council of State for judgment, The Bank presented its final pleadings on March 11, 2011 for the appeal.

In February 2009, the reveiew asesesemnts for weeks 32, 33, 46, 49 of 2005 were challenged, and on February 9, 2011 the Cundinamarca Administrative Disputes Tribunal decision.annulled part of the acts challenged, confirmed the higher level of tax assessed and annulled the sanction, The next step is an appeal.

Later, in June 2009, the review assessments for weeks 31, 34, 35 and 36 2005 were challenged and the Cundinamarca Adminisdtratiuve Disputes Tribunal found against the Bank. The Bank appealed and on June 20. 2011 filed its final pleadings. Resolution 198592 of November 1, 2012, served in February 2013 decided in favour of DIAN for weeks 31, 34, 35 and 36 of 2005 and order payment of a sanction for false declaration

Finally in September 2010 ther Bank objected to the assessments for weeks 43, 44, 45, 47, 48, 50, 51 and 52 of 2005. On August 19, 2011 the Administrative Tribunal of Cundinamarca issued an order confirming the lowqer court´s rejection of the pleadings, The next step is an appeal.

In a decision of July 26, 2012 the Council of State el upheld the decisión of the Administrative Tribunal finding against the Bank for weeks 23, 4 and 9. This led to an order to pay the additional tax, interest and the fine, and on October 31, 2012 the Bank paid $ 405.421.0, which had been provided for in full.

Despite the foregoing, the Bank sued for proterction of the fundamental right to due process. On May 10, 2013 the Council of State rejected the plea on the grounds that no constitutional principle was at issue in this case.

For the issued pending judgment under appeal - the assessments for weeks 37, 38, 39, 40, 41 and 42 of 2005 - , the Bank´s counsel was of the opinion that jurisprudence suggested that the outcome might be negative for the Bank and conciliation was effected under Law 1607 of December 26, 2012, cancelling the entire contingency.

Aftyer making an analysis of these processes, on August 12, 2013 the Bank resorted to conciliation under Article 147 of Law 1607 of December 2012. It therefore paid the higher tax assessed and under discussion, for $1.857,7

Thus, on November 20, 2013 the Council of State issued judgment NI 18386 to approve the conciliation between the Bank and DIAN, closing the case.

The benefit is subject to the prompt payment of taxes due: failure to pay promptly automatically loses the benefit

a. Contingency guarantee contract with

On the occasion of the privatization of Granbanco S.A., on December 12, 2006, a contingent liability guarantee contract was signed with Fogafín, taking effect on February 15, 2007

Under this contract Fogafin undertook to pay specific contingent liabilities, covering 85% - or, in exceptional cases, 90% - on the employment and pension liabilities of Banco Cafetero S.A. in Liquidation in specific circumstances,.

The contrract provided that a contingency account would contain provisions made by Granbanco S.A. Bancafé at January 31, 2007 for a total of $20.050.0. Any court award or other ítem guaranteed by Fogafin was to be deducted from this account until exhausted. WHen the account is exhausted, Fogafin remains obliged to reimiburse the net economic effect to the Bank on the terms agreed. The existence of nthe account is matched by provisions already existing at the time, which means that the eventual individual losses in guaranteed court cases do not affect the Bank´s Statement of Earnings.

Income tax 2003:

The Bank filed its tax return on April 12, 2004 claiming a credit balance of $7,004.8. The tax authority DIAN rebated this amount.

Subsequently, the Bank corrected the income statement which increased the credit balance to $10.051.3 , claiming the rebate for the difference, i.e. $3,046.5.

DIAN considered that this was out of order and assessed a higher liability, of $ 2,638.8. It also imposed a fine for “falsification”, of 160% of that amount, that is, $4,222.0, giving a total of $6,860.8.

Thus, the balance claimed by the Bank for $10,051.3 was reduced to $3,190.5 after subtracting the higher liability and the fine.

Since DIAN had initially rebated $7,004.8 to the Bank, and which according to them, the credit balance was $3,190.5 after applying the higher tax and the fine, DIAN claimed the return of $3,814.3 plus interest.

In a decision 17180 of March 12, 2012 the Council of State confirmed the decision of April 2, 2008 of the Cundinamarca Administrative Tribunal, leaving the DIAN assessment in firm. The Bank in reply claimed denial of fundamental rights and on June 20., 2013 the Council of State confirmed the decision, finding for DIAN.

The appeal against the lower court (Section 4, Administrative Tribunal of Cundinamarca) confirmed DIAN´s decision to deny the rebate for 2003 income tax for $3,046.and the Council of State found against the Bank in decision 18849 of June 29, 2012.

The Bank sued for nullity and restoration of the law against the decision imposing a fine of $3,814.3 for improper claims for a rebate. In April 2012, the Administrative Tribunal of Cundinamarca found against the Bank and on June 29, 2012 the Bank filed and sustained an appeal to the Council of State, now awaiting admission.

With the Council of State´s decision of March 12, 2012 in favour of DSIAN in the case for a reduction of a credit balance, the contingency in this case for improper rebate claims of $3,814.3 is high and the Bank decided top conciliate under Law 1607 of December 26, 2012.

On August 9,, 2013 the Bank filed its application for conciliation at the Conciliation and Judicial Defence Committee of DIAN . Although the application met all the requirements of Art. 147 of Law 1607/2012, the Committee considered that the action was out of order in a decision of September 25, 2013, as reflected in Minute 243, served on the Bank on September 30, 2013

Therefore, in October 2013 the Bank requested revocation of the minute regarding conciliation of September 25, 2013, requesting the Committee to reconsider and in subsidiary, if denied that the Bank be permitted to apply the special condition of payment t under Art. 149 of Law 1607 of December 2012 and pay 20% of interest and fines.

On December 9,. 2013, this petition was denied in Decision 010665, and the decision was taken to file suit against the DIAN orders denying conciliation.

The possible contingency is high and a provision has been made for $14,282.0

At December 31, 2013 and 2012 cases cove red by Fogafin number 160 and 237, with provisions of $10,706.7 and $14,261.9 and claims of $41,982.6 and $55,193.7, respectively.

In the light of the foregoing, the Bank structured several book accounts that reflect not only the reality of its contingent liabilities guaranteed by the Fogafin contract but also include matters not guaranteed by Fogafin that therefore to be borne in full by the Bank

Major-impact contingent liabilities

Cases related directly to banking operations

1. The Bank was sued by Guillermo Alfonso Trujillo basing his claim in that Granbanco had, without consulting him, anticipated a disbursement of a Finagro-approved loan in his name for $382.0, and applied it improperly to settle other loans in his name. He argues that this act of the Bank caused him damages he rates at $4,000.0. The case is now before the Supreme Court, for cassation against the appeal decision in the Bank´s favour. The contingency is considered to be remote..

2. Before Civil Court 2, Barranquilla, Mr. Yuri Lora Escorcia initiated ordinary proceedings by which he seeks compensation for the alleged damages caused by improperly opening a current account at the Bank, based on which a check was drawn which could not be collected by the plaintiff and which ultimately caused him disciplinary and criminal problems. The case is currently in cassation, contesting the appeal decision in the Bank´s favour. The contingency of $3,500.0 is considered remote, given the favourable results of the appeal.

3. The customs agency Intergel S.A. S.I.A sued the Bank, DIAN and the Prosecution Service for civil liability in the Nariño Administrative Courts, claiming reparation for damages suffered from allegedly not being able to conduct its business. The argument was that Banco Cafetero had irregularly reported payment of taxes by the Company which subsequently caused penal and administrative problems. Their appeal against the rejection of the claim is currently in progress. The amount in question, some $5,000, is considered a remote contingency.
4. In a group 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 passing through Civil Court 30, Bogota, and the collection of evidence has begun. The amount was not defined in the claims. The risk is considered remote given that the contracts for opening credit states that collection costs are for account of the debtor. Further, an out-of-court recovery was made with respect to the people now forming the plaintiff group, for being in arrears.

Cases concerning the former UPAC system

1. Alberto Botero-Castro brought a class action against the Bank on the grounds that it had over-invoiced the State for Law 548/1999 relief for home mortgage UPAC loan debtors at 2013, 1999 and claiming that the difference should be returned to the treasury. The case is in the evidence-gathering stage. Although the claim does not mention any exact amount, estimates suggest that it would be a large one, in excess of $5,000. The contingency is classed as remote since there is no evidence of the alleged irregularities and inconsistencies that the Bank might have incurred in this process.

2. Mercedes López Rodríguez brought a class action alleging that the Bank and other financial institutions had not returned TES, in cases where under Law 546/1999, there was no reason to charge for them, or they should have reverted. The case is before Civil Court 4 Bogota pending decision on a request for revocation entered by the Bank against the order to admit the case. The contingency is classed as remote and at this point in the proceedings it is not possible to estimate the amount of the claims, the plaintiff estimates it to be in excess of $1.000.0.

3. Asociación Comité Nacional de Usuarios Upac – Uvr, a non-profit organization , joined in a class action with others against the Bank, claiming irregular reliquidationl of relief for mortgage debtors under Law 546 /1999. They also demanded the reimbursement to the Colombian Treasury of the TES which were the proceeds of the irregular liquidation and of the Bank´s refusal to revert relied when by law it should have done so.. The case is before the Cundinamarca Administrative Tribunal pending a decision on the request for revocation entered by the Bank against the order admitting the case. The claims mention no amount, and the case is classed as remote.

4 Class action brought by Mr. Alvaro Romero-Bocarejo and other Concasa debtors, in which the plaintiffs claim that Corporación de Ahorro y Home Mortgage Concasa, of which the Bank is the successor, improperly charged interest on housing loans. Currently an appeal is in progress against the advance judgment admitting the Bank´s exception of time-bar forfeiture The plaintiffs are 142 individuals and there are no clear elements to establish the amount of the claims, and no allowance has been made, since the contingency is rated as remote, given that the Bank complied with the parameters of Law 546 and Constitutional Court orders for the recalculation of UPAC loans.

5. In Civil Court 7, Bogotá, Aida Acero and others have brought a class action for excessive interest charged in the UPAC system for home mortgage loans, based on which they argue that they were charged something they did not owe.. The Bank awaits the Court´s decision on the preliminary objections it proposed. At present there is no objective evidence to enable the claim to be quantified and the members of the group. The contingency is classed as remote.

6. Mrs Clara Cecilia Murcia and others entered a class action in Administrative Court 5, Bogota against the courts that did not comply with the allowances of Law 546 on the termination of the mortgage enforcement cases. The application requests that all courts in Colombia be ordered to terminate these cases. The Bank is implicated as a third party for having filed enforcement claims at the time. The case is pending a decision of the Bank´s appeal against the order denying its preliminary exceptions.. The contingency has been described as remote.

7. Mr. Fredy Alarcón and others sued in a class action claiming for compensation for alleged overcharging of the holders of UPAC-indexed mortgage loans. The case is before Civil Circuit Court 31, Bogota which refused to admit it as a result of a request for revocation against admission, and is pending resolution of the letter of remedy provided by the plaintiff. The contingency is described as remote and the amount of the claims cannot at present be established

8. In Civil Court 5 Henderson Sepúlveda and another in a class action have sued for excessive interest charges on credit card operations. The case is in the evidence-gathering stage and there are no valid criteria to calculate the amount of the claims. Classed as remote..

Cases linked to charges for financial services.

1. Olga Irene Vega-Correa entered a class action against the Bank and other financial institutions on the grounds that they charge fees that are unconstitutional, illegal, unfair and exorbitant for the financial services they provide. The process is pending before the Administrative Court of Tolima, where evidence is being collected. The amounts claimed are cannot be determined. The contingency has been classed as remote as in similar cases the claims of the plaintiffs have been denied.

2. Mr. Oscar Zambrano-Parada and others sued before Civil Court 31, Bogotá seeking recognition of damages for allegedly unlawful charges of commissions for bank and financial services. The Bank contested the claims in time and the case is now in the evidence collection stage. There are no objective parameters to calculate the amount of the claims, and therefore no allowance has been made for the contingency until some possible risk can be identified the course of the proceedings. The contingency was treated as remote.

3. Mrs. Rosemary Roa-Sarmiento brought a class action before Civil Court 20, Bogotá, for allegedly unlawful charges for financial services provided by the Bank. The data currently available have not made it possible to determine an amount for the claims. Evidence ordered by the Court are being produced at this time. In similar cases against other Banks, the courts have rejected suits for lack of legal support. This contingency has therefore been treated as remote. There is a similar class action brought by José Guillermo T Roa in Civil Court 5, Bogotá Circuit currently also in the evidence-gathering stage, and the considerations of this case also apply to it.

Court actions derived from home mortgage loans where there has been structural deterioration.

1 Through an action for Direct Reparation, Martha Esperanza Suarez and others sued the Bank and others, who claimed that declaring that Davivienda and other defendants should pay compensation in damages allegedly incurred by the plaintiffs during the construction of urbanization "Parques del Sol II in Soacha", where the faults in the land made the houses uninhabitable. The process is currently in progress at Administrative Tribunal 38, Bogotá pending a decision on the Bank´s challenge against admission. The amount of the claim is estimated in $5,200.0 plus any interest; the contingency is rated as remote.

2 In Administrative Court 14, Barranquilla a class action was filed by Silvana Heredia and others, seeking to relocate persons who acquired low-cost housing in an area of the city, which have experienced foundation problems, in other homes of similar conditions,. The matter is currently pending the lower court´s decision. The Bank was implicated as a defendant because it has granted mortgages to buy those homes. The contingency is classed as remote.

3 Ms. Ana Rocio Murcia-Gómez and others sued the Bank and others, for geological faults in the lands on which the houses of the “Parques del Sol” Condominium, Soacha were built. The case is before Administrative Court 29, Bogota, in the evidence-gathering stage. The Bank is implicated because it made mortgage loans on these properties. The amount involved cannot be determined. The contingency is classed as remote.

4 Ms. Adriana Rocio Mantilla and others entered a class action in Administrative Court 2, Cúcuta against the Bank, claiming compensation for injuries suffered from the faults found in the residential properties located in the Vista Hermosa development. The Bank contested the claims on November 11, 2010. The amount of the claim cannot be determined. The case has been classified as a remote contingency.

Other cases

1. Grupo Empresarial Los Andes S.A. sued the Bank for damages caused by the claims for recovery of ownership that Luis Hernando Murcia-Castro made against Los Andes with regard to part of property (Ref. No. 206-33327) that Davivienda sold to CISA and CISA then sold to the Groupit. The case is before the Civil Court 2, Pitalito, in the process of collection of evidence ordered by the court. The claims are estimated at $9,000.0. The contingency is rated as remote

2. Mr. Cornelio Villada- Rubio and others entered a class action before the Administrative Court 7, Ibague, for payment of compensation for damages arising from a report to credit bureaus, without their permission, or for remaining reported for a term longer than the legally permitted. The claims were contested on June 9, 2009, but because of a challenge by one of the defendants, the suit was admitted again, and the Bank was served on December 13, 2010, and contested on January 7, 2011. ,The preliminary exceptions raised, are pending decision. The amount in dispute is not determined. The contingency is classed as remote.

Cases with asset contingencies in which the Bank is plaintiff

The Bank is plaintiff in a number of cases in defence of its rights. The most important of them in terms of amount are:

A. Tax cases

1. It was understood that for purposes of the merger of Granbanco S.A. and Banco Davivienda S.A., the latter becomes the holder of the Tax Stability Agreement, and on June 10, 2008 the Bank sought rebates of $13.095.0 and $9.728.0 as payment of Wealth Tax not due and Bank Transaction Tax (GMF) not due paid in 2007.

   The Bank received the DIAN decisions to rebate $4,485.0 of wealth tax on July 23, 2008and on December 18, 2008 DIAN Resolution No. 6081795 decided that a GMF rebate of $263.6 should be made.

   Regarding the application for refund of wealth Tax, the Bank filed an appeal for reconsideration on June 16, 2009 and DIAN Resolutions 1007 and 1008, confirmed the assessment, denying the refund in the amount of $8,610.0, and thus exhausted ordinary process. The Bank proceeded to present the claims:

   - Action for nullity and restoration of law (2009-210) to annul Resolutions 608-0887/2008 and 001007/ 2009 (reconsideration) in which DIAN denied the rebate $4.305.2 from $6.547.5 paid on account of the first installment of the Wealth Tax for 2007. The final decision was unfavorable to the Bank.
   - Action for nullity and restoration of law (2009-210) to annul Resolutions 608-0888/2008 and 001007/2009 (reconsideration). DIAN denied the rebate of $4.305.2 from $6.547.5 paid on account of the second installment of the Wealth Tax for 2007. The suit was filed with the Administrative Tribunal of Cundinamarca after other steps of procedure had been exhausted, and the Court found against the Bank. Davivienda´s appeal against this decision is now before the Council of State.

B. Other cases.

A civil suit was brought against Compañía Suramericana de Seguros to declare the existence of an insured loss under the Banker´s Blanket Bond # 1999040002 instrumenting a bank contract between Banco Cafetero S.A. y la Compañía Agrícola de Seguro. The loss cost GRANBANCO S.A. Bancafé, $ 5.531.0. While the case was under appeal, the Bank signed a settlement with the insurance company, and the latter paid the Bank $6,138.0 to put an end to the proceed**ings.**

C. Tax cases

Income Tax 2004

In December 2007 DIAN issued an assessment to additional tax, with a fine for inexactitude of 160% for a total of &¿$57.785.0 in relation to their 2004 tax return. Then in February 2008 the Bank requested reconsideration but in December 2008 DIAN denied the request and confirmed the assessment.

In March 2009 the Bank sued for nullity and restoration of the law before the Administrative Tribunal of Cundinamarca, but the Tribunal denied its claims. On appeal, the Council of State found against the Bank. As a result, the Bank filed for protection of fundamental rights on December 14, This application was denied on April 24, 2013, it being found that the action for protection of rights was out of order for the Bank. The matter is now under review in the Constitutional Court.

22 Capital

The authorized capital of the Bank is 520 million shares with a par value of 140 each.

At an Extraordinary General Meeting on June 19, 2013 the Bank´s Articles were amended to increase authorized capital to $72,800.0 and change the par value of the share from $125 to $140 (pesos) represented in 520 million ordinary and preference shares. Details of capital at December 31, 2013 and 2012 are as follows

		2013	2012
Ordinary shares paid		343,676,929	343,676,929
Preference shares paid		100,537,305	100,537,305
Shares outstanding		444,214,234	444,214,234
Weighted average of subscribed shares		444,214,234	444,155,669
Intrinsic value of reappraisals (in pesos)		13,500.75	12,192.84
Net profit per share (in pesos)	$	1,642.63	1,601.18

Capital generated by the equity surplus up to January 31, 2006 was $252.185.2.

Shares are nominative and may be (a)f ordinary, (b) privileged or (c) with non-voting preferential dividend. The preference shares may not represent over 50% of subscribed capital.

All Bank shares are dematerialized: there are no physical securities and ownership is recorded by Deceval.

Preference shares have the right to receive a minimum preferential dividend of 0.5% every six months, on the subscription price of the first issue in the program, that is, $80.65, which will be paid preferentially over and above the ordinary shares. The minimum preference dividend may not be accumulated.

If distributed profits are sufficient to pay holders of ordinary and preference shares a dividend higher than the preference minimum, profits will be distributed pro-rata between the ordinary and preference shares.

- Share issue.

On June 19, 2013 the Extraordinary General Meeting authorized an increase in the payment of dividends in shares at $2,582.0 (pesos per share)

23 Reserves

The detail of reserves is the following:

		2013	2012
Legal (mandatory) reserve			
Appropriation of profit	$	362,765.9	27,741.7
Ordinary share premium		2,264,988.0	1,124,690.0
Preference share premium		1,124,620.2	1,124,620.23
		3,752,374.1	2,277,051.9
Statutory and voluntary reserves			
For charity and donations at Board discretion		5,972.3	2,776.7
At the disposal of the Meeting		505,834,39	1,925,861.8
For tax regulations		55,220,5	33,512.1
		567,127.1	1,962,150.6
	$	4.319,501.2	4,239,202.5

At December 31, 2013 and 2012, donations were made for $7,104.4 and $10, 266.9 respectively, against the appropriate voluntary reserves, authorized by the General Meeting.

The General Meeting of March 8 2013, approved the payment of a dividend of $280 (pesos) per share for the second half of 2012 for a total of $124,379.9. At an Extraordinary General Meeting on June 19. 2013 it was agreed to release of part of the taxed reserves at the disposal of the Meeting to increase the Legal Reserve, for $169,118.6

At an Extraordinary General Meeting on June 19, 2013 it was agreed to release reserves untaxed if capitalized for $1.146.961.1 to pay dividends in shares at $2,582.0 (pesos) per share; and for this purpose the par value of the share was increased by $15 (pesos) and the difference of $2,567 represented the premium

At an Extraordinary General Meeting on September 23, 2013, with the change of accounting period for financial statements from half-yearly to yearly, it was agreed to release untaxed reserves at the disposal of the Meeting for $124,379.9 to pay the cash dividend at $280 (pesos) per share

24 Profit for the period

The Bank, with an amendment to its Articles duly approved by the Extraordinary General Meeting of June 19. 2013, changed its accounting period from half-yearly to yearly and therefore the profit figure for the year 2012 differ from the figure given in the balance sheet at December 31, 2012, being accumulated for 12 months, as follows

Profit for January-June 2012	$374.021.6
Profit for July – December 2012	321.844,2
Total profit for 2012	$695,865.8

25 Contingent Accounts

A detail of the contingent accounts is the following

		2013	2012
Creditor:			
Securities received in repo and simultaneous operation	$	339,160.6	121,101.8
Bank guaranties		2,367,605.4	2,383,301.4
Letters of credit		78,547.0	25,951.9
Loans approved and not disbursed		5,519,940.8	6,404,594.7
Credit cards opened		8,252,613.6	8,639,176.5
Obligations under options		214,339.5	502,217.1
Litigation (Note 20)		155,552.6	164,325.7
other (under 5%)		87,650.2	83,259.6
		18,574,504.1	16,764,834.3
Debtor:			
Securities delivered in repos and simultaneous operations		748,552.1	
Loan interest		64,517.9	62,304.1
Residential leasing interest		2,947.5	3,938.4
Rights under options		852,273.2	329,747.9
Purchase options receivable		3,999.3	3,089.9
Monetary correction on loans		2,742.3	3,864.5
Leasing payments receivable		171,904.1	155,064.5
Right sunder securitization contract		0.0	17,193.0
TIP's E-4 class C		0.0	9,297.8
Litigation		10,414.9	76,091.2
Residual value of securitizations		0.0	92,898.7
Other debtor contingencies (under 5%)		22,291.3	31,655.7
	$	1,880,633.5	784,154.8

- See note 6.2

26 Memorandum accounts

A detail of Memorandum Accounts, is the following

		2013	2012
Debtor			
Assets and securities given in custody	$	5,587,836.0	4,664,540.4
Assets and securities given in guarantee		964,405.6	112,440.3
Reappraisals of foreclosed real property		17,439.8	14,600.5
Reaopraisals of foreclosed movable assets		6,478.8	6,580.0
Remittances and other outward collections		9,812.6	10,407.9
Assets written off		1,623,381.5	1,470,557.7
Loans to shareholders and related parties		35,981.3	69,293.9
Loans to parent, affiliates and subsidiaries		200,000.0	200,000.0
New agricultural loans		1,075,835.6	887,380.5
Property and equipment fully depreciated		138,447.8	146,339.7
Fiscal value of non-monetary assets		38,268,988.7	34,591,822.5
Trading investments in debt securities		2,363,054.6	3,501,864.3
Investments held to maturity		1,087,488.8	381,852.2
Investments available for sale, debt securities		1,280,833.4	737,358.1
Reciprocal asset operations with parent/subsidiaries		1,714,529.8	1,326,817.9
Reciprocal operations affecting parent costs/expenses		42,100.6	24,203.5
Capital, interest and insurance on securitization loans		1,548,297.4	2,055,044.6
Assets, expenses and contingencies - universalities		23,352.2	251,425.9
Interest, UVR and guarantees, write-offs		1,104,622.1	943,396.2
Special litigation		67,508.8	80,083.7
DCV indirect depositors		2,074,356.2	2,209,338.6
Other (less than 5%)		3,928,412.4	2,437,829.1
	$	63,163,164.0	56,123,177.5

		2013	2012
Creditor:			
Assets and securities taken in custody	$	8,284.9	9,480.0
Assets and securities taken in guarantee		40,469,335.8	31,343,946.6
Assets and securities taken as other guarantees		19,121.8	41,422.5
Recovery of assets written off		145,059.2	65,557.7
Fiscal value of equity		4,512,435.0	4,211,166.7
Capital, interest and other items, commercial loans		20,336,195.4	16,621,321.1
Capital, interest and other items, consumer loans		9,836,788.0	9,392,046.2
Capital, interest and other items, home mortgage loans		4,181,355.6	2,968,945.5
Reciprocal liability operations with parents and subsidiaries		82,710.8	68,434.1
Reciprocal operations affecting parent income		124,171.0	42,932.8
Guarantees, liabilities and income of universalities		22,954.7	220,200.0
Guarantees on securitized loans		5,164,944.7	6,501,961.3
Subordinated bonds		318,397.1	292,782.4
Computable capital Oct. /2013-2012		5,186,814.8	6,446,075.6
Computable capital Nov. 2013-2012		5,207,171.8	6,437,976.8
Base for self-withholdings Decree 700 - Investments		2,012,170.9	1,333,782.3
Other (less tan 5%)		4,823,731.5	4,078,367.1
	$	102,451,643.0	90,076,398.7

27 Trust accounts

a. Universalities of mortgage loans written off (CCV)

At December 31, 2013 and 2012, the financial statements of the “universalities” CCV, CCVII and CCVIII were recorded in trust memorandum accounts.

The “universalities” are formed from accounts written off, as approved by the Shareholders´ General Meeting of December 16. 2003, May 11 and November 9, 2004 (Minutes 638, 646, 656). The decision was taken to withdraw a group of home mortgage loans from the balance sheet, due to the particular risks involved - full provision had been made against them – and simultaneously, to issue securities.

The portfolios of written-off home mortgage loans CCV, CCVII and CCVIII were removed from equity and the balance sheet under Article 12 of Law 546/ 1999, regulated by Superintendency Resolution 775/ 2001, forming the ”universalities” CCV, CCVII and CCVIII for the sole purpose of creating an instrument to structure the issue of securitized mortgage paper CCV, CCVII and CCVIII on December 29, 2003 and May 25 and December 22, 2004, respectively.

Following Superintendency Resolution 775/2001 CCV, CCVII and CCVIII were registered on the Securities and Intermediaries Register, and full documentation was supplied as required by Article 3 of that Resolution.

This universality fell due on December 30, 2011 and is currently being liquidated.

Current status of the universalities:

Following the terms of the unlversalities management agreement for CCV, VVII and CCVIII the securities matured and the universalities due for liquidation through a general meeting of holders of CCV securities according to the Minute 1 of the meeting of June 15, 2012, CCVII and CCVIII Minute 1 of the meeting of May 24, 2013 in which the representatives authorize the manager to start the liquidation process under the second option contained in Sections 1.5.b and 1.5.c of the management agreement.
b) Procedure: in the liquidation of the universality the general rules of the Commercial Code will be followed for the liquidation of companies. The issuer will make a detailed inventory of universality assets and liabilities and draw up a liquidation balance sheet. For this purpose, book value will be the value used for the loans. The valuation of temporary investments will be made at market. Liabilities will be paid off following the order of preference in the Issue Regulations. The Issuer will propose to the holders´ meeting that payments be made in kind for the obligations of the universality, including payments to investors. If the holders´ meeting does not accept, the issuer will then proceed to sell the assets of the Universality to pay debts, arranging block sales and the concurrence of a number of bidders to obtain the best possible price. The issuer will publish the invitation on its webpage for interested parties to come forward to assert their rights in liquidation. All the assets and liabilities in the Universality after payment of expenses and CCV securities will belong to the Issuer.

c) Decision-making. The Bank will adopt the decisions required to liquidate the Universality.

The Bank therefore, as manager of Universalities CCV, CCVII and CCVIII, made the offer and block sale of the portfolio of loans current at September 30, 2013. All three Universalities are now in the liquidation process.

Sale. CCV Universalities were auctioned, realizing $7,357,0 after the holders´ meeting had approved this operation the sale was effected in November 2013 with a base price of the balances of CCV loans at September 30, 2013.

Form of payment: According to agreements made with the purchasers, was 71$ or b$5,957.0 in cashier's checks on December 6, 2013, 6% or $300 30 days after approval date and the remaining 23% or $1,100 in two installments, one at sight for $427.0 and the other, $673.0, due on February 15, 2014.

The next steps in the process. Payments are to be made from collections and charges of expenses to purchasers under the award agreement, including foreclosed assets where applicable; the last payment to be received on February 15 and final liquidation of CCV then follows.

b. Universality CCVIII

The following is the detail of the operation of this "Universality" formed on November 9. 2004:

Capital	$	92,256.2
Interest		2,131.6
Insurance		2,737.1
Other assets		3,848.0
Deferred		(3,191.5)
Contingency – UVR housing		12,855.3
Contingency – interest, housing		23,834.7
Total	$	134,471.4

The portfolio contains 4,641 loans at a weighted average rate of UVR. + 11.99%; 54% of the loans are for low-cost housing and 46% are for other types of property.

The Bank issues and manages CCVIII paper with the sole backing of" "Universality" CCVIII" (Home-Mortgages Loans Written Off – Tranche 3) and other guarantees from its own portfolio.

DECEVAL holds and manages the issue under the deposit and issue administration agreement signed with the Bank.

On December 2, 2011 the Fitch Ratings Colombia SCV rated this paper C(Col) for its risk situation

Some Bank shareholders acquired all of these CCVII mortgage issues.

The characteristics of CCVIII mortgage paper are:

From	To	Series	Term (Months)	Yield	Issued Face value
22-Dec-04	22-Dec-12	I	96	Uncertain	$ 6,999.1

- Designation: Títulos Hipotecarios CCVIII.
- Denomination: CCVIII securities will be expressed in UVR.
- No. of securities in the issue: 4.800
- Face value: 10.000 UVR
- Regulatory:: CCVIII securities are freely traded on the secondary market. They are securities To Order.
- Minimum investment: equivalent of 200.000 UVR.
- Minimum trading volume on the secondary market: 10.000 UVR.
- Regime: classed as securities, with attendant privileges and those of mortgage paper, subject to rules of Law 546/1999.
- Profitability: uncertain, based on collections on written off loans, net of expenses, over the life of the securities.
- Yield payments: yields on CCVIII securities are paid quarterly in arrears following payment priority ranking.
- Amortization: CCVIII securities holders are entitled to receive from the Universality, subject to priority ranking, quarterly installments for 23 a 32 of issue term. Capital payments not made on a given payment date se will be rolled up for payment at the next payment date, without going beyond Q32 of the issue term.
- Placement: CCVIII securities were placed on the secondary market through the broker DAVIVALORES S.A., on the basis of best efforts underwriting
- Subscription price: Face value plus a premium set in the offer document.

Thus universality fell due on December 21, 2012 and went into liquidation.

c. "Universality" - CCVII

The following is the detail of the "universality" operation of May 11, 2004:

Capital	$	126,288.6
Interest		4,148.7
Insurance		8,155.7
Other assets		1,835.4
Deferred		(2,987.7)
UVR housing contingency		54,817.1
Interest housing contingency		74,043.3
Total "Universality"	$	266,301.1

The portfolio contains 5,866 loans at a weighted rate of UVR. + 12.10%. 45% of them are for low-cost housing and the rest for other types of property

The Bank issues and manages CCVIII paper with the sole backing of" "Universality" CCVIII" (Mortgage Loans Written Off – Tranche 2) and other guarantees from its own portfolio.

DECEVAL holds and manages the issue under the deposit and issue administration agreement signed with the Bank..

On May ,3 2011 Fitch Ratings Colombia SCV rated this paper C(Col) , to match their risk situation.

Some Bank shareholders acquired all the CCVII paper.

The characteristics of CCVII are:

From	To	Series	Term (Months)	Yield	issued Face value
26-May-04	26-May-12	I	96	Uncertain	$ 10,042.0

- Designation: Títulos Hipotecarios CCVII.
- Denomination: CCVII securities will be expressed in UVR.
- No. of securities in the issue: 7.000
- Face value: 10.000 UVR
- Regulatory: CCVII securities are freely traded on the secondary market. They are securities To Order.
- Minimum investment: equivalent of 200.000 UVR.
- Minimum trading volume on the secondary market: 200.000 UVR.
- Regime: classed as securities, with attendant privileges and those of mortgage paper, subject to rules of Law 546/1999.
- Profitability: uncertain, based on collections on written off loans, net of expenses, over the life of the securities.
- Yield payments: quarterly in arrears, subject to priority ranking.
- Amortization: CCVII securities holders are entitled to receive from the Universality, subject to priority ranking, quarterly installments for Q22-Q32 of issue term. Capital payments not made on a given payment date se will be rolled up for payment at the next payment date, without going beyond Q32 of the issue term.
- Placement: CCVII securities were placed on the secondary market through the broker DAVIVALORES S.A., on the basis of best efforts underwriting
- Subscription price: Face value plus a premium set in the offer document.
- As stated in Section1.5 Chapter IV, the duration and termination of the "Universality" will be equal to the maximum term of issue of CCVII securities ,that is, eight years or until the final redemption of CCVII securities which fell due on May 28, 2012. The liquidation process will therefore begin as stipulated in the management contract.

This universality fell due on May 26, 2012 and is in the process of liquidation-

b. Universality CCV

The following is the detail of the "universality" operation of December 16, 2003:

Capital	$	155,179.0
Interest		7,318.9
Other assets		10,003.3
Deferred		(6,095.3)
Total "Universality"	$	166,405.9

The portfolio contains 7,811 loans at a weighted average rate of UVR. + 11.98%. 53% of them are for low-cost housing, the remainder for other types of property.

The Bank issues and manages CCVIII paper with the sole backing of" "Universality" CCVIII" (Mortgage Loans Written Off – Tranche 3) and other guarantees from its own portfolio.

DECEVAL holds and manages the issue under the deposit and issue administration agreement signed with the Bank.

On December 26, 2003 Fitch Ratings Colombia SCV rated these securities D(Col), to match their risk situation.

Some Bank shareholders acquired all of these securities.

The characteristics of the CCV paper are the following:

From	To	Series	Term (Months)	Yield	Issued Face value
29-Dec-03	29-Dec-11	I	96	Uncertain	$ 13,977.4

- Designation: Títulos Hipotecarios CCV.
- Denominación: los títulos CCV will be expressed in UVR.
- No. of securities in the issue: 10.140
- Face value: 10.000 UVR
- Regulatory: The CCV securities are freely traded on the secondary market. They are securities To Order.
- Minimum investment: equivalent of 200.000 UVR.
- Minimum trading volume on the secondary market: 200.000 UVR.
- Regime: classed as securities, with attendant privileges; and mortgage paper is subject to other legal regulations.
- Profitability: uncertain, based on collections on written off loans, net of expenses, over the life of the securities.
- Yield payments: yields on CCV securities are paid quarterly in arrears following payment priority ranking.
- Amortization: CCV h securities holders are entitled to receive from the Universality, subject to priority ranking, quarterly installments for 25 a 32 of issue term. Capital payments not made on a given payment

date se will be rolled up for payment at the next payment date, without going beyond Q32 of the issue term.

- Placement: CCV securities were placed on the secondary market through the broker DAVIVALORES S.A., on the basis of best efforts underwriting
- Subscription price: Face value plus a premium set in the offer document.

The Shareholders´ Meeting of June 15, 2012, approved the liquidation of the "Universality" CCV, the realization of the asset, the donation of foreclosed assets of Parques del Sol; once the assets are realized, debts for account of "Universality" CCV will be paid, or failing that the investors will pay.

This universality fell due on December 30, 2011 and is currently in the process of liquidation

The following is the detail of trust accounts at December 31, 2013 and 2012:

		2013 CCV	CCVII	CCVIII	Total
Balance Sheet					
Cash and banks	$	0.0	1,330.9	3,115.1	4,446.0
Debtors		6,085.1	0.0	120.8	6,205.9
Total Assets		6,085.1	1,330.9	3,235.9	10,651.9
Accounts payable		3,629.4	0.4	0.0	3,629.8
Creditors		2,455.7	7.0	0.0	2,462.7
Sundry		0.0	1,323.5	3,235.9	4,559.4
Total Liabilities	$	6,085.1	1,330.9	3,235.9	10,651.9
Earnings					
Operating income		0.0	0.7	2.0	2.7
U.V.R adjustment.		311.4	158.4	77.3	547.1
Recoveries of loans		3,454.6	2,416.6	3,215.2	9,086.4
Recoveries on sale of foreclosed assets		1,340.7	1,022.7	303.3	2,666.7
Total operating income		5,106.7	3,598.4	3,597.8	12,302.9
OtherInterest		111.9	1,013.8	2,344.7	3,470.4
Commissions		479.2	272.7	200.4	952.3
Fees		174.6	162.3	134.4	471.3
Insurance		3,939.2	1,924.4	830.4	6,694.0
Sundry		401.8	225.2	87.9	714.9
Total operating expenses	$	5,106.7	3,598.4	3,597.8	12,302.9
Contingent accounts					
Other contingencies		208.0	298.0	99.5	605.5
Total contingencies	$	208.0	298.0	99.5	605.5

		2012			
		CCV	CCVII	CCVIII	Total
Balance					
Cash	$	0.0	217.6	675.4	893.0
Loans		17,485.9	8,850.4	4,340.9	30,677.2
Debtors		6,197.0	92.2	215.8	6,505.0
Total Assets		23,682.9	9,160.2	5,232.1	38,075.2
Creditors		6,197.0	0.0	0.0	6,197.0
Sundry		0.0	309.7	891.2	1,200.9
Investment securities outstanding		17,485.9	8,850.5	4,340.9	30,677.3
Total liabilities	$	23,682.9	9,160.2	5,232.1	38,075.2
Results					
Operating income		0.0	0.0	0.6	0.6
UVR adjustment		109.3	55.3	35.4	200.0
Loan recoveries		2,847.0	2,425.3	2,084.8	7,357.1
Recovery on sale of foreclosed assets		1,514.2	541.9	279.3	2,335.4
Total operating income		4,470.5	3,022.5	2,400.1	9,893.1
Other interest		1,487.1	1,362.2	1,709.7	4,559.0
Commissions		261.9	158.8	118.2	538.9
Fees		120.7	102.0	51.1	273.8
Insurance		2,150.5	1,039.8	459.3	3,649.6
Sundry		450.3	359.7	61.8	871.8
Total operating expenses	$	4,470.5	3,022.5	2,400.1	9,893.1
Contingent Accounts					
Loans		184,358.4	87,938.3	30,641.6	302,938.3
Other contingencies		19,831.3	18,208.0	11,631.1	49,670.4
Total contingencies	$	204,189.7	106,146.3	42,272.7	352,608.7
Debtor					
Loans	$	18,045.8	15,777.2	11,962.8	45,785.8
Creditor					
Loans	$	78,505.7	66,507.4	57,895.8	202,908.9

Following SFC Cordular 47/2008, as of January 1, 2009 the Bank recorded the balances of Universalitiesd of written-off loans in Trust Memorandum, Accounts. However, at December 31, 2013 and 2012 the Superintendency did not authorize that transmission and there is therefore a difference between Superintendency submissions and the Bank´s books in this respect.

28 Administrative and operating expenses

The detail of administrative and operating expenses is the following:

		2013	2012
Fees	$	118,612.2	112,240.5
Contributions and affiliations		53,114.8	51,395.2
Maintenance and repairs		28,842.1	24,510.0
Office remodelling		17,112.6	16,524.5
Cleaning and security		34,306.6	31,375.7
Advertising		80,924.6	86,621.8
Public services		65,071.8	63,444.7
Stationery		14,602.3	20,091.2
Insurance		65,664.4	63,088.0
Rent		65,859.3	64,376.9
Data processing		65,820.4	58,496.5
Transport		55,665.8	57,009.9
Commissions		134,300.0	103,568.0
Amortizations		25,566.0	33,552.3
Depreciation		44,252.7	43,329.1
Depreciation of leasing assets		471.3	2,640.5
Amortization of goodwill		71,575.2	56,074.7
Taxes		136,898.8	133,199.8
Deposit insurance		77,682.7	66,768.2
Other (less tan 5%)		57,615.0	39,802.7
	$	1,213,958.6	1,128,110.2

29 Other operating income and expenses, net

The following is The detail of operating income and expenses, net:

		2013	2012
Exchange	$	58,938.5	(7,189.4)
Derivatives		(46,659.6)	43,916.2
Profit on sale of investments		24,998.0	46,089.6
Valuation of subordinated bonds		94,646.0	124,232.8
Reexpression of IFC bonds		(121,029.0)	(95,062.2)
Valuation of Swaps		14,114.1	(31,072.2)
'Other (Repos, simultaneous and spot operations, investments)		706.1	18,463.9
	$	25,714.1	99,378.7

30 Non-operating income and expenses, net

The following is The detail of non-operating income and expenses, net

		2013	2012
Profit on sale of foreclosed assets	$	3,881.0	2,287.3
Profit on sale of property, plant and equipment		1,091.8	6,296.9
Profit on sale of leasing assets		2,288.4	239.4
Rent		1,891.1	2,038.3
Sundry		19,886.7	18,885.0
Recoveries of allowances and accruals[1]		59,622.4	19,875.2
Recovery of allowances against other assets		780.2	1,138.9
Recovery of allowance against property and equipment		1,859.6	1,492.5
Insurance indemnities		5,620.0	34,000.0
Other recoveries		14,116.5	13,125.1
	$	111,037.7	99,378.6
Los son sale of foreclosed assets		(1,351.0)	(2,439.8)
Los son sale of property and equipment		(278.8)	(335.4)
Operating risk losses		(29,498.6)	(29,414.4)
Fines and litigation		(14,349.4)	(45,924.5)
Expenses of foreclosed s and restored assets		(2,034.8)	(2,673.3)
Accounts condoned		(17,074.7)	(4,223.2)
Return of housing relief		(560.5)	(14,011.4)
Other		(14,411.0)	(16,230.2)
	$	(79,558.8)	(115,252.2)
Net	$	31,478.9	(15,873.6)

31 Income tax

The following is the reconciliation between book profits and taxable profits for the periods ended on December 31, 2013 and 2012:

[1] Mainly, fines and litigastion $20.607.5; provision for income tax, $3,740.8;lloan and CCVS universality receivables $13,215.32; other advances and general business $22,520.3

		2013	2012
Pre-tax profit	$	916,019.4	908,600.1
Plus or (less) (ítem that increase (decrease) taxable profit			
Non-allowable bank transaction tax		20,052.2	28,484.4
Fiunes and sanctions		47,734.0	48,546.5
Non-allowable prov isions on foreclosed assets, litigation, other assets		14,240.6	59,749.3
Fiscal income on sale of loans		3,494.6	-11,406.6
Differencia in application of special			
Valuation systems, net, 2012 and 2013		(129,631.2)	41,711.2
Untaxed dividends and other income		(55,470.6)	(49,328.8)
Difference betyween book and fiscal depreciation and goodwill		(203,516.2)	(150,060.3)
Recovery of no-allowable provisions		(47,772.5)	(33,581.5)
Other non-allowable deductions, taxes and expenses		141,270.6	134,471.6
Taxable income		706,420.9	977,185.9
Presumed income		135,373.0	62,569.7
Less: exempted income		(540,500.4)	(480,722.3)
Net taxable income		165,920.5	496,463.6
Plus:			
Donationss		7,506.2	-
Exempted income, residential property leasing		198,701.6	-
Tax base for income and equirty tax		372,128.3	-
Income tax		41,480.1	163,833.0
Equity tax		33,455.4	0.0
Mianmi sale expense		26.9	98.0
Deferred sales tax		111,377.0	33,725.2
Total income and equity tax	$	186,339.4	197,656.2

Law 1607 of December 2012 reduced the tax rate from 33% to 25% but created the Equity Tax at 9% until 2015; and 8% from 2016 onwards.

The 2011 income tax filing is open to review by the tax authority DIAN; and becomes in firm in April 2014.

The income tax filing for 2012 was in f9irm in October 2013, because the Bank complied with requirements to be exempted from audit under Article 689.1 of the Tax Code For the years ended December 31, 2013 and 2012 the following deferred tax movements are recorded.

		2013	2012
Differences between book and fiscal income:			
Investment valuations	$	22,868.8	13,493.8
Provision for turnover tax Davipuntos, Frech premium and restructured loans		(787.4)	(1,242.4)
Provision Davipuntos and Frech		1,868.9	(3,518.5)
Excess value of goodwill		67,383.5	48,792.5
Syndcated loan, IFC Bonds and other derivatives		21,815.2	(27,136.9)
Restructured loans and profit on sale of loans		(1,772.0)	3,336.7
	$	111,377.0	33,725.2

The difference between book and fiscal equity at December 31, 2013 and 2012 is as follows:

		2013	2012
Book equity	$	5,997,223.5	5,416,233.0
Plus (less) items that increase (decrease) equity for tax purposes :			
Allowance against assets		81,044.9	60,484.1
Accruals and provisions		63,247.7	91,849.7
Effect of derivatives		(15,414.3)	52,666.1
Effect of inflation adjustment and others		0.0	39,202.7
Reappraisals		(875,032.0)	(735,428.5)
Effect of deferred tax		288,349.0	176,972.0
Excess amortization of goodwill		(812,959.9)	(609,771.4)
Fiscal equity	$	4,726,458.9	4,492,207.7

32 Transactions with related parties

The following are considered to be related parties:

- Sociedades Bolívar S.A. and their affiliates and subsidiaries.
- Shareholders holding 10% or more of the Bank´s capital (Inversora Anagrama S.A.S. and Inversiones Financieras Bolívar S.A.S.).
- Corporate entities in which the Bank is a direct beneficiary with 10% or more capital interest (Davivalores S.A., Fiduciaria Davivienda S.A., Banco Davivienda (Panamá, S.A.), Grupo del Istmo (Costa Rica) S.A., Inversiones Financieras Davivienda S.A., Banco Davivienda Honduras S.A., Seguros Bolívar Honduras S.A., ACH Colombia S.A., Compañía Promotora Inversiones del Café S.A.,

Deceval S.A., Finagro, Redeban Red Multicolor S.A., Titularizadora Colombiana S.A., Multiactivos S.A.).
- The Bank´s management and the management of members of the Grupo Empresarial Bolívar and companies in which the Bank´s management hold an interest of 10% or more directly or otherwise.
- Other shareholders holding less than 10&% and more than 5% of the Bank´s capital (Inversiones Cusezar S.A. e Inversiones Meggido S.A.).

The Bank may enter into operations, agreements and contracts with related parties provided that any such relationship is conducted for reasonable amounts and observing the following criteria, amongst others:
- Market conditions and rates for the sector in which the operation takes place.
- The activity of the companies involved.
- The growth prospects of the business

The Bank has office network agreements and business collaboration agreements with Davivaloiers S.A., Fiduciaria Davivienca S.A., Capitalizadora Bolivar S.A., and Leasing Bolivar S.A.; property leases signed with Fiduciaria Davivienda S.A., Promociones y Cobranzas Beta S.A., Ediciones Gamma S.A., Davivalores S.A. and Seguros Comerciales Bolivar S.A.; commercial agreement with Asistencia Bolivar S:A.; a collection management contracts with Promociones y Cobranzas Beta S.A.; and a publishing and commercialization agreement with Ediciones Gamma S.A.

There are also insurance placement and collection agreements and Banking-Insurance comercialization contracts with Seguros Bolivar S.A. and Seguros Comerciales Bolivar S.A.

All operations are undertaken at market prices; Deposit rates are 0.0-6.7% and placement rates are between 0.01% and 31.21% including housing loans to management at UVR and UVR+2% and business purchasing cards at one month with no interest.

At the close of December 2013 there were no loans with interest, term., collateral or other conditions other than those agreed with third parties for loans to affiliates, subsidiaries and other companies classed as related parties for the Bank.

At the close of December 31, 2013 there were loans totalling $272.178,6 with a shareholder holding less than 10% but more than 5% of the Bank´s computable capital. At December 31, 2012 these loans totalled $272.824,3, representing 5.2% of computable capital:

Description	2013	2012
Balance of indebtedness	$ 272.178.6	272.824.3
Computable capital limit (5%)	5.23%	4.25%

The Bank is required to make and maintain certain mandatory investments in Fondo para el Financiamiento del Sector Agropecuario –FINAGRO issues. The following are the Títulos de Desarrollo Agropecuario (TDA) held:

Assets – investments	2013	2012
Trading debt securities	$ 9.859.4	148.018.7
Held to maturity securities	572.942.5	72.831.9
Available for sale	0.0	2.957.1
Total Assets	$582.801.9	223.807.7

There were rediscount operations with Finagro as follows

Rediscounts	2013	2012
Smallcollateral rediscounts	$ 208.839.3	258.031.8
Interest payable	2.105.8	3.520.1
Interest expense	10.350.4	12.721.5

The most important balances at December 31, 2013 and 2012 are:

BANCO DAVIVIENDA S.A.
Notes to the financial statements

2013

($,million)

	Shareholders =>10%	Companies with share of. =>10% and subsidiaries	Other Grupo Bolívar companies	Grupo Bolívar management (1)	Other shareholders <10% and =>5%	Total
Assets	**0.0**	**153,654.8**	**237,131.2**	**26,605.9**	**0.0**	**417,391.9**
Cash	0.0	150,711.5	0.0	0.0	0.0	150,711.5
Investments	0.0	0.0	10,001.3	0.0	0.0	10,001.3
Loans and financial leasing operations	0.0	1,304.4	208,124.9	26,230.8 (3)	0.0	235,660.1
Accounts receivable	0.0	1,608.0	962.8	375.1	0.0	2,945.9
Other assets	0.0	30.9	18,042.2	0.0	0.0	18,073.1
Liabilkities	**145.5**	**314,337.8**	**108,264.6**	**9,956.9**	**7.9**	**432,712.7**
Deposits and demand accounts	145.5 (2)	290,830.7	100,599.1	9,457.2 (4)	7.9 (5)	401,040.4
Money market operations	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.0	22,507.1	3,500.6	358.7	0.0	26,366.4
Bonds	0.0	1,000.0	4,156.8	141.0	0.0	5,297.8
Other liabilities	0.0	0.0	8.1	0.0	0.0	8.1
Income	**0.0**	**164,730.3**	**102,880.1**	**2,532.9**	**0.3**	**270,143.6**
Operating income	0.0	164,567.5	101,614.3	2,499.2	0.3	268,681.3
Non operating	0.0	162.8	1,265.8	33.7	0.0	1,462.3
Expenses	**327.6**	**71,169.5**	**51,203.6**	**1,482.6**	**450.9**	**124,634.2**
Operating	327.6	69,302.0	51,157.1	1,346.8	450.9	122,584.4
Non operating	0.0	1,867.5	46.5	135.8	0.0	2,049.8

(1) Legal Representatives and Directors of Grupoi Bolivar companies, managers, deputy managers at branches, judicial legal representatives of the Bank and Bank management companies
(2) Checking accounts, zero interest and savings accounts 3.3% interest of shareholders holding 10% or more of the Bank´s capital
(3) Included housing loans for management with employment benefits at UVR or UVR +2% approved by the Board. At 15 years with collateral; and consumer loans at market rates up to 31.2%
(4) Checking accounts at zero interest; savings accounts at 0.1% interest and TDs at interest 2.5%-4.6% for Grupo Bolivar management
(5) Savings account at 3.7% interest for shareholders holding less than 10% and 5% or more of the Bank´s capital

BANCO DAVIVIENDA S.A.

Notes to the financial statements

Operations with related parties

Compoanies in which the Bank holds 10% or more and subsidiaries:

2013

($ million)

	Davivalores S.A.	Fiduciaria Dvvda S.A.	Corredores Asociados S.A.	Banco Dvvda Panamá S.A.	Inv Financieras Dvvda. S.A. (El Salvador)	Grupo del Istmo Costa Rica S.A.	Finagro	Redeban Multicolor S.A.	Titularizadora Colombia S.A.	Otras	TOTAL
Assets	**11.2**	**-**	**-**	**151,209.3**	**-**	**-**	**-**	**1,011.6**	**296.1**	**1,126.6**	**153,654.8**
Cash and banks	-	-	-	150,711.5 (3)	-	-	-	-	-	-	150,711.5
Loans	-	-	-	-	-	-	-	1,009.9 (6)	294.5	-	1,304.4
Receivables	11.2	-	-	497.8	-	-	-	1.7	1.6	1,095.7	1,608.0
Othert	-	-	-	-	-	-	-	-	-	30.9	30.9
Liabilities	**6,967.9**	**10,580.1**	**5,178.8**	**21,828.1**	**-**	**-**	**219,637.9**	**22,249.2**	**10,677.7**	**17,218.3**	**314,337.8**
Deposits and demand (1)	6,967.8	10,579.8	5,178.8	21,828.1	-	-	219,637.9	-	10,672.5	15,965.8	290,830.7
Money markett liabiltiies	-	-	-	- (4)	-	-	-	-	-	-	-
Accounts s payable	0.1	0.3	-	-	-	-	-	22,249.2 (7)	5.2	252.3	22,507.1
Bonds	-	-	-	-	-	-	-	-	-	1,000.0	1,000.0
Income	**4,082.7**	**28,494.6**	**0.8**	**2,729.9**	**2,813.2**	**1,921.2**	**6,643.0**	**71,912.7**	**39,613.9**	**6,518.3**	**164,730.3**
Operating	4,060.3 (2)	28,474.1 (2)	0.8	2,729.9	2,813.2 (2)	1,921.2 (2)	6,643.0 (2)	71,912.7 (8)	39,613.9 (9)	6,398.4	164,567.5
Non Operating	22.4	20.5	-	-	-	-	-	-	-	119.9	162.8
Expenses	**1,058.3**	**531.5**	**62.1**	**65.6**	**-**	**-**	**4,183.2**	**56,815.2**	**2,250.5**	**6,203.1**	**71,169.5**
Operating	1,058.3	531.5	62.1	65.6	-	-	4,183.2 (5)	56,815.2 (8)	427.0	6,159.1	69,302.0
Non Operating	-	-	-	-	-	-	-	-	1,823.5 (9)	44.0	1,867.5

(1) Checking accounts at 0.0% - 3.0%, Savings accounts at 0.1% - 4.1%, TDs at 3.3% - 6.7%.

(2) Dividends received.

(3) Cash in a Banco Davivienda S.A.checking account at Banco Davivienda Panamá S.A.

(4) Interbank funds at 0.2%.

(5) Savings account interest.

(6) Corporate loans at 6.9% - 7.2%, term 48 - 60 months, unsecured.

(7) Balances payable on network clearing.

(8) Commissions received and paid ifor the use of networks.

(9) Profit on sale of loans dividends received and expenses of managed portfolios

BANCO DAVIVIENDA S.A.

Notes to the financial statements

Operations witrh related parties

Other Grupo Bolivar companies

2013

($,million)

	Capitalizadora Bolívar S.A.	Seguridad Cía Adm Fondos de Inversión S.A.	Leasing Bolívar S.A.	Compañía de Seguros Bolívar S.A.	Seguros Comerciales Bolívar S.A.	Sociedades Bolívar S.A.	Promociones y Cobranzas Beta S.A.	Constructora Bolívar Cali S.A.	Constructora Bolívar Bogotá S.A.	Otras	TOTAL
Assets	**3.3**	**-**	**10,004.6**	**803.0**	**17,238.6**	**201,066.6**	**104.5**	**69.0**	**7,477.2**	**364.4**	**237,131.2**
Investment	-	-	10,001.3 [4]	-	-	-	-	-	-	-	10,001.3
Loans	3.3	-	3.3	196.5	47.2	200,000.0 [10]	-	68.6	7,442.9 [13]	363.1	208,124.9
Accounts receivable	-	-	-	10.2	103.6	708.5	104.5	0.4	34.3	1.3	962.8
Other	-	-	-	596.5 [5]	17,087.8 [5]	358.1	-	-	-	-	18,042.2
Liabilities	**11,752.0**	**6,692.5**	**11,093.3**	**10,608.8**	**3,569.2**	**22,138.5**	**7,679.8**	**2,455.8**	**2,523.7**	**29,751.1**	**108,264.6**
Deposits, demand [1]	11,752.0	2,504.7	11,093.3	8,806.8	2,646.7	22,138.5	7,344.0	2,455.8	2,523.7	29,333.6	100,599.1
Accounts payablke	-	31.0	-	1,802.0 [6]	914.4 [6]	-	335.8	-	-	417.4	3,500.6
Bonds	-	4,156.8 [3]	-	-	-	-	-	-	-	-	4,156.8
Other	-	-	-	-	8.1	-	-	-	-	-	8.1
Income s	**3,992.8**	**1.7**	**1,432.1**	**59,532.3**	**17,900.8**	**16,625.2**	**160.1**	**1,192.4**	**1,466.4**	**576.3**	**102,880.1**
Operating	3,990.3 [2]	1.7	788.3	59,488.1 [7]	17,589.4 [7]	16,621.3 [11]	26.7	1,192.4	1,438.9	477.2	101,614.3
Non-ooerating	2.5	-	643.8	44.2	311.4	3.9	133.4	-	27.5	99.1	1,265.8
Expenses	**-**	**346.2**	**166.2**	**19,463.0**	**20,406.1**	**1,065.6**	**3,376.8**	**0.8**	**2.2**	**6,376.7**	**51,203.6**
Operating	-	346.2	166.2	19,463.0 [8]	20,361.5 [9]	1,065.6	3,374.9 [12]	0.8	2.2	6,376.7	51,157.1
Non-operating	-	-	-	-	44.6	-	1.9	-	-	-	46.5

(1) Checking accoiunts at 0.0% - 1.1%; Savings at 0.1% - 3.3%;and TDs at 0.8% - 5.0%.

(2) Collection commissions for insurance and xchecking accounts

(3) Dematerialized bonds capital value equivalent to 20 million UVR, term 84 months, interest UVR+6.6 Spread.

(4) ´Peso TDs term 3 months, face interest 4.6% Spread

(5) PInsurance poilicies pending amortization.

(6) Payables on insurance policies.

(7) Commissions fdor insurance collections.

(8) Insurance deb tors for credit cards, health, group life and personal accident.

(9) Insurance for performance, power failure, theft, fire, automobile and third party liability

(10) Corporate loan term 84 montths interest 8.1%,unsecured

(11) Interest received on corporate loan

(12) Collecrtion management expenses

(13) Working capital loans term up to 36 months, interest 7.3% - 7.8%, unsecured.

Operations with related parties:

2012

($ million)

	Shareholders =>10%	Companies with =>10% and subsidiaries	Other Grupo Bolívar comnpanies	Administrators of Grupo Bolívar (1)	Other shareholders <10% y =>5%	Total
Assets	**0.0**	**43,887.8**	**253,548.7**	**23,331.1**	**0.0**	**320,767.6**
Cash and Banks	0.0	24,126.1	0.0	0.0	0.0	24,126.1
Investmenbts	0.0	0.0	10,011.6	0.0	0.0	10,011.6
Loans and d leasing	0.0	19,671.6	226,307.7	23,052.7 (3)	0.0	269,032.0
Receivables	0.0	59.2	1,526.9	278.1	0.0	1,864.2
Other	0.0	30.9	15,702.5	0.3	0.0	15,733.7
Liabilties	**10,065.8**	**356,955.3**	**193,896.1**	**6,386.3**	**21,760.7**	**589,064.2**
Depoits and demand	10,065.8 (2)	64,105.6	182,479.1	6,197.1 (4)	21,760.7 (5)	284,608.3
Borrowings and other debt	0.0	258,031.8	0.0	0.0	0.0	258,031.8
Accounts payable	0.0	32,817.9	7,131.5	129.2	0.0	40,078.6
Bonds	0.0	2,000.0	4,284.0	60.0	0.0	6,344.0
Other	0.0	0.0	1.5	0.0	0.0	1.5
Income	**0.0**	**163,959.7**	**102,025.1**	**2,662.7**	**0.1**	**268,647.6**
Operating	0.0	163,750.3	97,979.1	2,626.8	0.1	264,356.3
Non operating	0.0	209.4	4,046.0	35.9	0.0	4,291.3
Expenses	**307.1**	**82,852.7**	**59,380.7**	**1,687.7**	**407.5**	**144,635.7**
Operating	307.1	80,664.9	59,238.0	1,395.0	407.5	142,012.5
Non operating	0.0	2,187.8	142.7	292.7	0.0	2,623.2

(1) Legal representatives and directors of nGrupo Bolivar companies, branch managers and sub-managers, attorneys actingf for the Bank and Ba companies
.

(2) Checking acounts, svaings accounts at 4.75% of shareholders holding 10% or more of the Bank.

(3) Loans placed at 0.01% -- 31.22% depending on Bank policy, authorized by the Board. Term, 1-5 years, secured and unsecured
(4) Checking accounts at 0.1% annd TDs at 4.35% - 6.0%
(5) Savings accounts at 5.5%, of shareholders holding 5% or more and less than 10% of the Bank.

<u>Operations with related poarties</u>

Comnpanies in which the Bank holds 10% or more and subsidiaries.

2012

($ million)

	Confinanciera S.A.	Davivalores S.A.	Fiduciaria Dvvda S.A.	Banco Dvvda Panamá S.A.	Banco Dvvda El Salvadoreño S.A.	Finagro	Redeban Red Multicolor S.A.	Titularizadora Colombia S.A.	Other	TOTAL
Assets	**-**	**2.4**	**42.5**	**24,126.1**	**17,690.0**	**-**	**1,889.3**	**104.5**	**33.1**	**43,887.9**
Cash and banks	-	-	-	24,126.1 (3)	-	-	-	-	-	24,126.1
Loans	-	-	-	-	17,682.3 (4)	-	1,885.1 (6)	104.3	-	19,671.7
Accounts receivable	-	2.4	42.5	-	7.7	-	4.2	0.2	2.2	59.2
Other assets	-	-	-	-	-	-	-	-	30.9	30.9
Liabilities	**-**	**1,868.1**	**4,750.3**	**160.5**	**-**	**312,223.4**	**29,108.2**	**6,531.3**	**2,313.6**	**356,955.4**
Deposits and demand accounts (1)	-	1,857.4	4,745.7	160.5	-	50,671.5	-	6,531.3	139.2	64,105.6
Bankl borrowings/other financial debt	-	-	-	-	-	258,031.8 (5)	-	-	-	258,031.8
Accounts payable	-	10.7	4.6	-	-	3,520.1 (5)	29,108.2 (7)	-	174.4	32,818.0
Bonds circulación	-	-	-	-	-	-	-	-	2,000.0	2,000.0
Incomesos	**22,499.8**	**24.9**	**11,920.4**	**7.9**	**7.7**	**5,637.1**	**63,748.7**	**46,010.7**	**14,102.6**	**163,959.8**
Operating	22,499.8 (2)	4.2	11,903.4 (2)	7.9	7.7	5,637.1 (5)	63,748.7 (7)	46,010.7 (8)	13,930.8	163,750.3
Non-operating	-	20.7	17.0	-	-	-	-	-	171.8	209.5
Expenses	**234.4**	**897.8**	**477.1**	**30.0**	**-**	**14,554.5**	**51,885.1**	**2,187.1**	**12,586.8**	**82,852.8**
Operating	234.4	897.8	477.1	30.0	-	14,398.2	51,885.1 (7)	246.1	12,496.3	80,665.0
Non-operating	-	-	-	-	-	156.3	-	1,941.0 (8)	90.5	2,187.8

(1) Checking accounts, savings accounts at 0.1% - 5.3%, TDs at 4.35% - 6.54%.
(2) Dividends received
(3) Cash in a Banco Davivienda S.A.account at Banco Davivienda Panamá S.A.
(4) Letter oif credit interest 1.99%, term 1 month, unsecured.
(5) Rediscount loans nand interest.
(6) Corporate loans, interest 8.12%-y 8.48%,term 48 - 60 months, unsecured.
(7) Clearing and commissions received and paid for the use of network services
(8) Profit on loan sales and income and expenses of managed portfolios

Operations with related parties

The following were operationms with other Grupo Bolivar comnpanies

2012

($ millions)

	Capitalizadora Bolívar S.A.	Seguridad Adm Fondos de Inversión S.A.	Cía Leasing Bolívar S.A.	Compañía de Seguros Bolívar S.A.	Seguros Comerciales Bolívar S.A.	Sociedades Bolívar S.A.	Promociones y Cobranzas Beta S.A.	Constructora Bolívar Cali S.A.	Constructora Bolívar Bogotá S.A.	Other	TOTAL
Assets	**22.2**	**-**	**10,243.7**	**1,132.2**	**15,027.1**	**201,048.7**	**32.5**	**23,759.5**	**2,272.0**	**10.80**	**253,548.7**
Investments	-	-	10,011.6 (4)	-	-	-	-	-	-	-	10,011.6
Loans	1.9	-	19.9	275.0	59.7	200,000.0 (10)	0.2	23,688.1 (13)	2,252.2 (14)	10.70	226,307.7
Acounts receivable	20.3	-	212.2	151.8	208.4	810.6	32.3	71.4	19.8	0.10	1,526.9
Other assetsactivos	-	-	-	705.4	14,759.0 (7)	238.1	-	-	-	-	15,702.5
PLiabilitiers	**10,861.6**	**7,367.5**	**15,364.7**	**24,130.9**	**8,131.5**	**45,177.0**	**11,995.8**	**2,630.5**	**2,496.4**	**65,740.10**	**193,896.0**
Deposits, demand (1)	10,861.6	3,253.1	15,364.7	22,461.8	4,612.7	45,177.0	10,610.0	2,629.7	2,496.4	65,012.00	182,479.0
Accounts payablegar	-	30.4	-	1,669.1 (5)	3,517.3 (5)	-	1,385.8 (12)	0.8	-	528.10	7,131.5
Bonds	-	4,084.0 (3)	-	-	-	-	-	-	-	200.00	4,284.0
Other	-	-	-	-	1.5	-	-	-	-	-	1.5
Income	**7,608.6**	**0.7**	**1,270.4**	**52,593.8**	**18,659.5**	**19,285.9**	**135.1**	**1,256.7**	**720.9**	**493.50**	**102,025.1**
Operating	7,589.5 (2)	0.7	554.1	52,472.7 (7)	15,718.2 (2)	19,276.4 (11)	30.7	1,256.7	678.9	401.20	97,979.1
Non-operating	19.1	-	716.3	121.1	2,941.3 (8)	9.5	104.4	-	42.0	92.30	4,046.0
Expenses	**4.1**	**242.7**	**1,006.9**	**18,379.9**	**20,745.7**	**1,587.3**	**12,457.3**	**0.7**	**0.8**	**4,955.30**	**59,380.7**
Operating	4.1	242.7	1,006.9	18,379.9 (9)	20,688.0 (9)	1,587.3	12,374.3 (12)	0.7	0.8	4,952.50	59,237.9
Non-operating	-	-	-	-	57.0	-	83.0	-	-	2.80	142.8

(1) Checking accounts, savings accounts at 0.1% - 4.7%,TCs at 0.8%-y 5.8%.
(2) Insurance commissions nand collections
(3) Dematerialized bonds capital equivalent to 20 million UVR, term 84 months interest, UVR+6.6 Spread.
(4) ITrading investments in debt securities
(5) Payables on insurance policies.
(6) Insurances foir health, occupational risks, group life, personal accident, credit cards
(2) Amortization of ionsurance policies
(8) Recovery of insurance policies.
(9) Insurance for performance,power failure, fire, automobile and third party liability.
(10) Corporate loans at 8.93%, term 84 months, unsecured.
(11) Interestr received on corporate loans.
(12) Payables and expenses folr collection management.
(13) Construction loans at 0.01% - 6.78%,term 24 months, secured..
(14) Working capital loans at 8.4% - 8.82%, term 36 months, unsecured

33 Risk management

Comprehensive risk management is based on a structure of government which is designed to achieve strategic objectives, based on the management, administration and control of risks, supporting business growth and the taking of opportunities. On this basis, the focus is on efforts to implement strategy and to control associated risks.

Risk management and control is achieved a number of areas, which is which have specialized functions by lines specific segments, such as credit risk, market risk and liquidity; and some focus their efforts transversely, such as in the functioning of the operating risk system or internal control.

The implementation of the strategy is the responsibility of Finance Control and the President´s Committee.

The fundamental principle of comprehensive risk management is the maintenance of business over time, and on that definition, policies and principles which regulate risk management at all levels of the organization are constructed.

33.1. Organizational structure.

Following the basic guidelines for security and professionalism, the risk and commercial operating areas of the Bank function separately from each other. Nonetheless, in order to take advantage of synergies between group companies, the transverse support programs provide assistance in the development of tools for risk management.

The Personal Banking Credit Division is responsible for the evaluation, administration and collection of all lines of credit. Approvals are based on a pyramid-structure of authority, with defined authority levels. There are also credit committees, which take collegiate decisions.

For the credit products, there are scoring systems constructed on the basis of the Bank´s historical information, and which value variables of the customer, credit record and business sector, the product and the guarantee. There are also methods to segment loan portfolio by homogeneous groups, and thus allocate individual risk levels.

The principal homogeneous groups in Personal Banking are:

- Mortgage loans and residential leasing.
- Loans
- Credit card
- Payroll deductions.
- Other consumer credit.

In Corporate and Business Banking, the commercial strategy is the responsibility of Business Banking group and the evaluation is the responsibility of the Corporate Credit Division, which analyses loan applications, follows up loans, assigns them risk categories, and arranges recoveries where necessary.

The Corporate Credit Division is responsible for granting credit facilities: its target market is the group of Colombian and international companies with revenues of more than $30,155 and with economic activities within the guidelines and conditions of the Superintendency of Corporations and Banco Davivienda S.A.. In order to achieve this objective, a careful examination is made of the creditworthiness of the company, the macro and micro economic circumstances in which it operates, culture, strategies and policies and procedures and a range of quantitative and qualitative risks, talking account of the size and importance of the sector in which it operates.

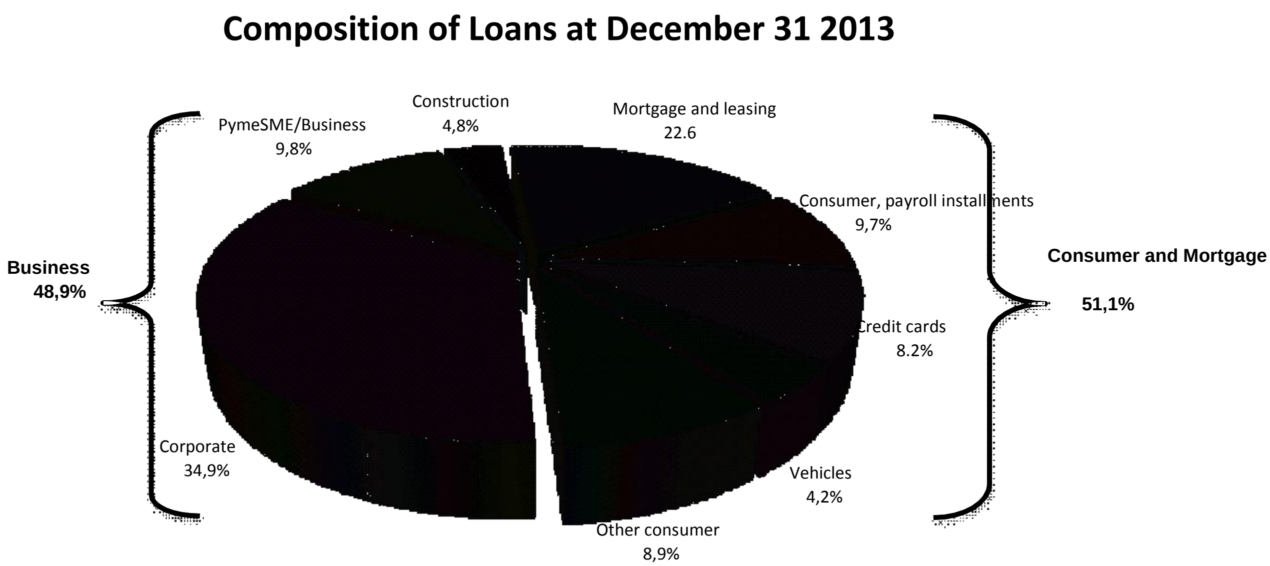
The Financial Risk and Control Division is responsible for regulating various alternatives for hedging financial risks to which the bank is exposed, managing policies for approvals, the evaluation of risk in mass portfolios, SMEs and Business banking, and maintaining a balance between risk and profitability.

The exposure limits by strategic segment and risk management policies are approved by the Board.

The Operating Risk Department is responsible for operating risk management, ensuring the integrity of all business processes, and the ability to maintain services available to customers and partners, with the general purpose of obtaining transparency in business management.

33.2. Credit risk.

The composition of loans claims by business lines is the following at 2013 , 2012.



The graph above shows that Personal Banking accounts for 51.1% of loans, and business banking for 48.9%.

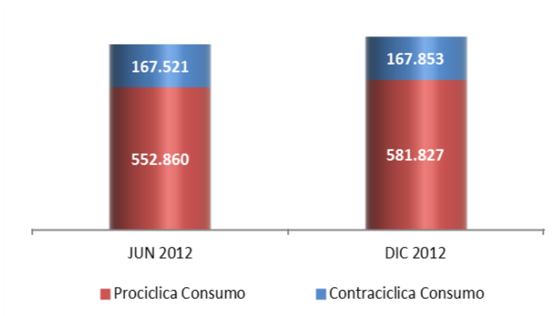
33.2.1 Estimate of allowances for credit risk

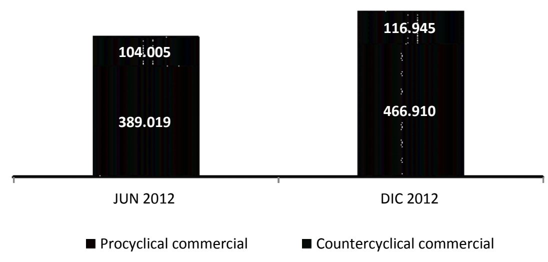
As part of its credit risk management measurement policies, the Bank has implemented the Commercial Reference Model and the Consumer Reference Model, following Superintendency definitions. For restructured loans the Bank´s method of classification recognizes the risk arising in the early months after restructuring, in some instances estimating risk levels above those of the reference models.

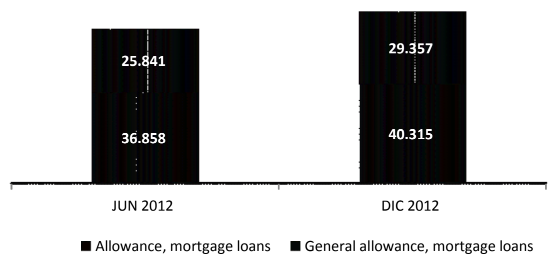
The method for calculating allowances includes the countercyclical effect, in accordance with the Superintendency definitions for consumer and commercial business.

In Mortgage loans, the Bank continues to apply current Superintendency rules to classify and make allowances.

The following is the composition of allowances against commercial, consumer and home mortgage loans.







These reference models and the related regulations are the basis for the estimation of loan allowances, of which details are:

($000 million)	Countercyclical allowance	Procyclical allowance	General allowance *	Bank´s total allowances,
Allowances				
Dec-12	284.8	1,094.6	29.4	1,408.8
Dec-13	306.3	1,144.7	42.2	1493.2

* Apples for Home Mortgage and Micro loans.

Changes to allowances during the 2013

In order to promote healthy origination and growth in consumer lending. the Superintendency issued Circular 026 setting an additional percentage for allowances as a temporary measure in consumer lending for institutions whose past-due accounts show the fastest deterioration. For the Bank, the indicator was positive at June and therefore the additional allowance has been applied since July (at 0.5% on the principal balances multiplied by the LGD factor applicable). At December 31, 2013 the allowance accounted for $32,182.0 of the total

Further, and in order to reflect the risk of restructured loans at all times. The classification method was changed as required by Section 2.2.1 of Chapter II of the SFC Basic Accounting Circular The change took place in July and the level of allowance expense on restructured loans has fallen as a result, while maintaining appropriate levels of cover.

Also during 2013 the LGD parameters for Payroll Installment and Vehicle loans were changed to follow Section 5l2 of Annex V Chapter II of the Circular, to recognize the value of the non-admissible collateral for these loans in collections against payroll and the formalization of the pledge on the vehicle.

32.3.2 Personal Banking

These portfolios include loans to individuals, mainly for consumer operations (free spending, credit card, payroll installment operations and vehicle loans) and Home mortgages and Residential Property Leasing operations (Home Mortgages).

During 2013 there were favorable developments in terms of consumer portfolio quality, reactivating growth in products in the second half. Free investment and payroll installment loans were the strongest performers, growing at 15% and 13% respectively in relation to balances at the June close.

no major changes in policy for originating consumer and home mortgage loans. The changes made in the first half of the year controlled the risk profile of new loans. Home mortgages continued to grow positively.

Low-cost housing (VIS) was DRIUVEN FORWARD BY THE AVAILABILITY OF COVER NAND Government support; housing in the higher levels also prospered , with counter-cyclical Frech cover as of this year. The growth in residential property leasing is due to the strategic aims of the Bank to promote this product, and its low level of risk.

As a result of continuous work in the calibration and maintenance of business policies and rules, the Credit Risk Division identified new opportunities ¿to open up standards of approval in some market niches without damaging the expected risk levels of the portfolios. So, during 2014, we expect to potentiate and increase placements in consumer products.

The following are the principal balances by lending segment and loan allowances associated with them.

($ million)		Balance	% C, D, E	Allowance	Cover C,D,E
TYPE: PERSONAL	**Mortgage, lewasing**				
	Dec-12	5,272.1	1.6%	152.0	185.5%
	Dec-13	7,700.5	1.2%	208.1	233.1%
	Credit card				
	Dec12	2,852.4	4.5%	172.7	135.8%
	Dec 13	2,805.0	4.4%	176.2	142.4%
	Other consumer				
	Dec-12	2,553.4	14.4%	352.4	96.2%
	Dec-13	2,391.1	12.6%	292.4	97.0%
	Payroll installment				
	Dec-12	2,664.1	4.0%	135.2	128.4%
	Dec-13	3,310.1	3.2%	159.2	148.8%
	Vehicle				
	Dec2	1,201.6	6.7%	89.3	111.5%
	Dec-13	1,216.4	6.6%	69.0	85.6%
	Total				
	Dec-12	14,543.6	5.2%	901.7	118.5%
	Dec-13	17,423.2	4.0%	904.8	128.9%

Other consumer: Crediexpress Fijo, Crediexpress Rotativo, Preferencial and Normalizados

As a result of healthy portfolio growth in 2013 and additional consumer loan allowances cover increase compared to the previous year, by almost 50% in home mortgages and residential property leasing due to the growth of the portfolio , with classifications and allowances as laid down in the SFC´s MRCO reference model.

The growth in Personal Banking was 19.8% in the year, in particular from Housing, up 46%, and payroll installment loans, up 24%. Total consumer lending rose 4.9%. The chart below shows the growth by product

	(Cifras en miles de millones)		Balance	VariaTion %	Variatikon $	Share %
TYPE. PERSONAS	**Mortgages ,Leasing**					
		Dec-12	5,272.1	26.5%	1,106.0	36.3%
		Dec-13	7,700.5	46.1%	2,428.5	44.2%
	Credit cards					
		Dec-12	2,852.4	22.4%	521.9	19.6%
		Dec-13	2,805.0	-1.7%	-47.4	16.1%
	Other con sumer					
		Dec-12	2,553.4	-10.9%	-312.8	17.6%
		Dec-13	2,391.1	-6.4%	-162.3	13.7%
	Payroll installment					
		Dec-12	2,664.1	15.8%	364.3	18.3%
		Dec-13	3,310.1	24.2%	646.0	19.0%
	Vehicle					
		Dec-12	1,201.6	20.3%	202.6	8.3%
		Dec-13	1,216.4	1.2%	14.8	7.0%
	Total					
		Dec-12	14,543.6	14.9%	1,882.0	100.0%
		Dec 13	17,423.2	19.8%	2,879.6	100.0%

Other consumer: Crediexpress Fijo, Crediexpress Rotativo, Preferencial y Normalizados

32.2.3 BUSINESS BANKING

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- Microfinance: Sales less than $200.0
- SME:Sales $200.0 - $7.000.0, segmented into Classic SME and Premium SME
- Business: Sales $7.000.0- $40.000.0, segmented into Intermediate Business and Business
- Corporate: Sales over $40.000.0
- Construction: Construction sector.
- Special segments:Public sector and institutions

For the purposes of risk management Business Banking has a focus Quantitative Management in credit risk with a strategic view of Enterprise Risk Management.

Business Banking Risk Management is focused on the Bank´s own evaluation models that seek to manage and measure credit risk appropriately They include the Classification Model for Estimated Expected Losses and Early Warning Detection Systems. The model used for Corporate credit risk management also uses quantitative and qualitative factors and indicators have been developed based on financial statements and the individual characteristics of businesses.

The following are the principal balances by segment and risk allowances allocated in each case..

		Balance	% C, D, E	Allowance	Coverage C, D, E
	Corporate				
	Dec-12	10.013,3	0,7%	242,6	366,1%
	Dec-13	11.681,4	1,0%	285,2	238,4%
BUSINESS BANKING	**Construction**				
	Dec-12	1.066,4	3,2%	40,9	119,2%
	Dec-13	1.650,2	2,0%	51,0	154,6%
	SME and Business				
	Dec-12	3.017,8	4,7%	218,0	152,2%
	Dec-13	3.268,5	6,0%	246,8	126,7%
	Micro				
	Dec-12	90,1	2,5%	6,5	293,0%
	Dec -13	75,9	2,2%	5,4	322,5%
	TOTAL				
	Dec-12	14.187,7	1,7%	508,0	206,5%
	Dec-13	16.676,0	2,1%	588,4	168,6%

SME/Business does not include residential propérty leasing
$000 million

At December 2013 the separation of the Micro segment of SME/Business Banking was made after the Confinanciera merger and the inclusion of performing vehicle loans in the micro segment.

Corporate loans maintained annual growth of 17% to $1,668 000 million and the indicator for non-performing C, D and E loans grow 55, to a total of 1% of the total. SME/Business Banking balances grew 8%a percentage increase of 26% reaching 6% and coverage fell from 152,2% in December 2012 to 126.7% in December 2013.

The results reflect growth in Construction Loans of 55% over the year. There was also a reduction in the indicator for non-performing loans classed C, D and E from 3.2% to 2% - a fall of 38%. The coverage indicator rose 30% over the year.

Miucro loans fell 16%; and there was a reduction in the non-performing loans indicator from 2.5% to 2.2%, and an increase of 10% in coverage.

In general, the overall balance of commercial lending was positive with an increase of 18% over the year. The indicator for non-performing loans increased 2|% to 2.1% and the level of coverage fell from 206.5% to 168.6%.

33.3. Market risk.

32.3.1. Treasury book.

- **Financial risk management.**

The Market and Liquidity Risk Department follows the instructions of the Grupo Bolívar Risk and Financial Control of

Investment Division and is responsible for proposing to define and oversee compliance with the policies and procedures for risk management, following decisions and guidelines of the Bank's Board or the Financial Risk Committee of Grupo Bolívar, taking account of the authority limits on each organization.

The Market and Liquidity Risk Department is also responsible for measuring and analyzing risks, and for making regular reviews and evaluations of methods used to value financial instruments.

The Financial Risk Committee is the body which the Board has appointed to take responsibility for approvals of the maximum levels of financial risk to be borne, for subsequent Board ratification.

The Financial Risk Management Manual (MARF) consolidates policies related to the management and administration of financial risk in the Bank´s treasury, and it is the document, which sets up the administration system required for this. The Manual contains rules and general procedures required to provide adequate administration for risks associated with Treasury operations permitted, including market risk.

- **Operations**

The definition of the institutions which the Bank may use as a counterpart in Treasury dealings is made by using a model that evaluates the financial performance of the counterpart, through a points system for made for important financial indicators, and taking account of qualitative considerations.

When the Bank comes into new markets and products, it first dimensions the impact and profile of the related risks, and then seeks the approval by the Financial Risks and Investment Committee, and the Bank's Board, following established procedures.

The Bank has designed an appropriate structure for exposure limits to control the various portfolios in the Treasury Book, operations with derivatives, exchange rate exposure and activities to implement their management. Section I 30.3.2 above explains the main limits applied and authority levels for approvals.

Operations are managed using internally-produced robust tools and applications or platforms for dealing and recording.

Further, tools have been developed to permit detailed monitoring of operations following corporate and regulatory guidelines.

Portfolio composition

The following is the composition of the investment portfolio at December 31, 2013 and 2012:

Investment portfolio – accounting classification

($000 million)

	2013	Share.%	2012	Share.%
Trading	$2.811.4	48.2%	$3,501.9	74.0%
Inviolable for sale	1.796.9	30.8%	849.9	18.0%
Held to maturity	1.228.6	21.0%	381.6	8.1%
	5.836.9	100,0%	4,733.5	100,0%

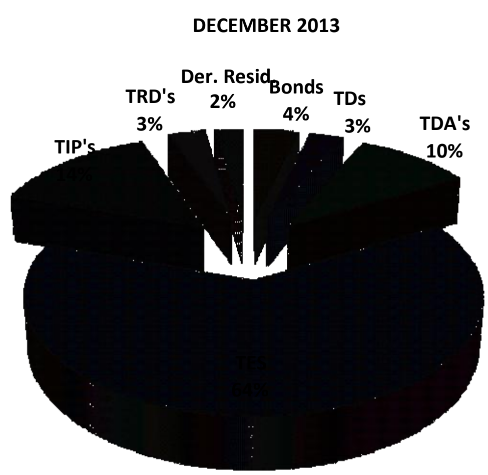
BANCO DAVIVIENDA S.A.
Notes to the financial statements

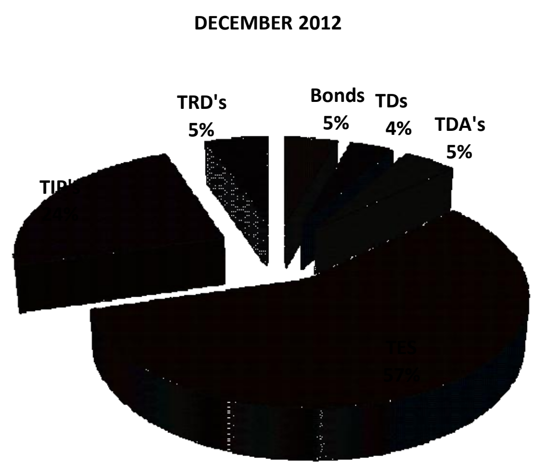
Investments - Accounting classification by instrument

($000 million)

Instrument	Trading	Share%	Av for sale	Share.%	Held to maturity	Share.%
Bonds	$203.2	7.2%	23.3	1.3%	0.0	0.0%
TD's	169.1	6.0%	0.0	0.0%	0.0	0.0%
TDA's	9.9	0.4%	0.0	0.0%	572.9	46.6%
TES	2.089.1	74.3%	1.613.4	89.8%	0.0	0.0%
TIP's	338.6	12.0%	160.1	8.9%	328.3	26.7%
TRD's	1.6	0.1%	0.0	0.0%	186.2	15.2%
Residual Residual rights	0.0	0.0%			141.1	11.5%
Total	$ 2.811.4	100.0%	1.796.8	100.0%	1.228.6	100.0%

Composition of the investment portfolio by instrument





Figures include trading investments, investments available for sale and held to maturity. Money market and allowances are not included.

- **Value at Risk, internal model**

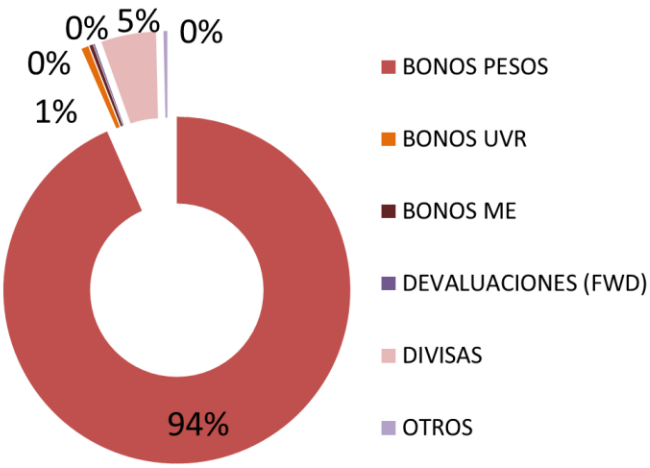
Treasury operates with guidelines and strategies defined by the Bank's Board and by the Financial Risk and Investment Committee. The control of risks to which the various business lines are exposed is implemented by the Market and Liquidity Risk Division.

The internal model has not been submitted to Superintendency as the tool for regulatory calculations, because it is used as a complementary mechanism for analysis and risk management, given in the regulatory model. The risk measurement system takes as a reference the value at risk (VaR) model of JP Morgan (1994), in the document "Return to risk metrics: the evolution of the standard".

For the calculation of return volatility, the EWMA model is used[2], and this gives greater weight to more recent information and less weight to past situations, declining exponentially over time.

The calculation of VaR in the internal model is as follows at December 31, 2013

($000 million)



The principal risk factor of the portfolio is that of interest rates on local sovereign debt, followed by the price sensitivity of currencies.

33.3.2 Policy for limits and risk positions.

The Financial Risks Committee, and the Asset and Liability Management Committee (GAP), and the Board are responsible for defining general guidelines in relation to the risks derived from the Bank´s business. The Board and the Financial Risk Committee are responsible for setting limits of tolerance to financial risk in Treasury, and position levels, duration and/or maximum loss, amongst other things, for each of the products in which the Bank has a

[2] Exponentially Weighted Moving Average

position. The Board and the GAP Committee must ensure that tolerance limits are set for liquidity risk, and for following up levels, terms, mismatches, and so on, for each business line in which the Bank and takes an interest.

These bodies are also responsible for authorizing the introduction of new products, defining related exposure limits to a range of risks, and ensuring that the Bank has sufficient capacity to manage them efficiently, taking account of current regulations. Likewise, the Financial Risks Committee and the GAP Committee and the Board are responsible for authorizing changes to current limits for exposure to risk.

Here, any proposal that implies a change of policy defined by the Board, whether for an existing product or a new one, is studied by the Investment Risk Division together with the areas involved[3], and evaluated and authorized by Financial Risks and Investment Committee and/or the GAP Committee, and subsequently presented to the board for ratification.

Regulatory Value at Risk.

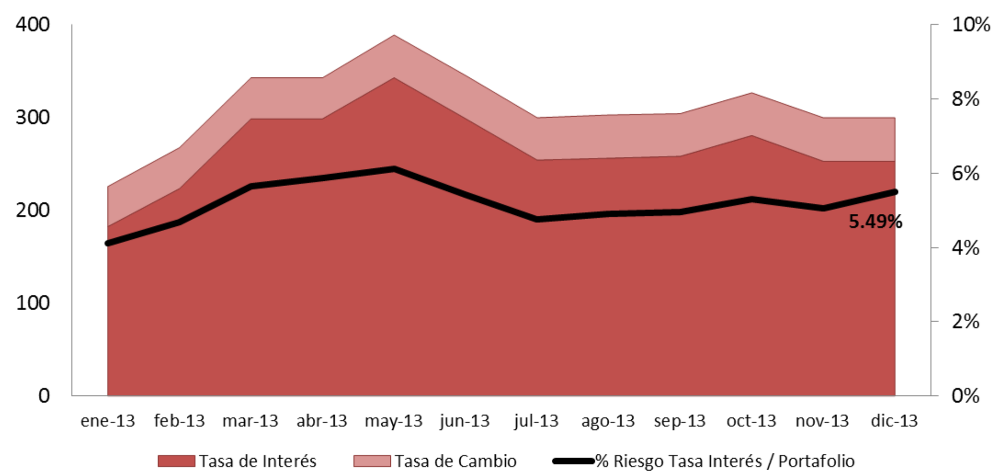
- **Value at Risk (VaR)**

According to the method established in Annex I Chapter XXI of Superintendency Basic Financial and Accounting Circular (Circular 100/1995), the value at Risk (VaR) at December 31, 2013, was $252,747, consuming 36.92% of the limit (10% of computable capital).

The following is the comportment of monthly VaR in 2013:

Evolution of regulatory Var
$000 million

:



Key:

Tasa de interés:	Interest rate
Tasa de cambio:	Exchange rate
Riesgo tasa interés/portfolio:	Interest rate/portfolio risk

[3] Including Front Office, Back Office, Legal Department, Accounts, Technology, etc.

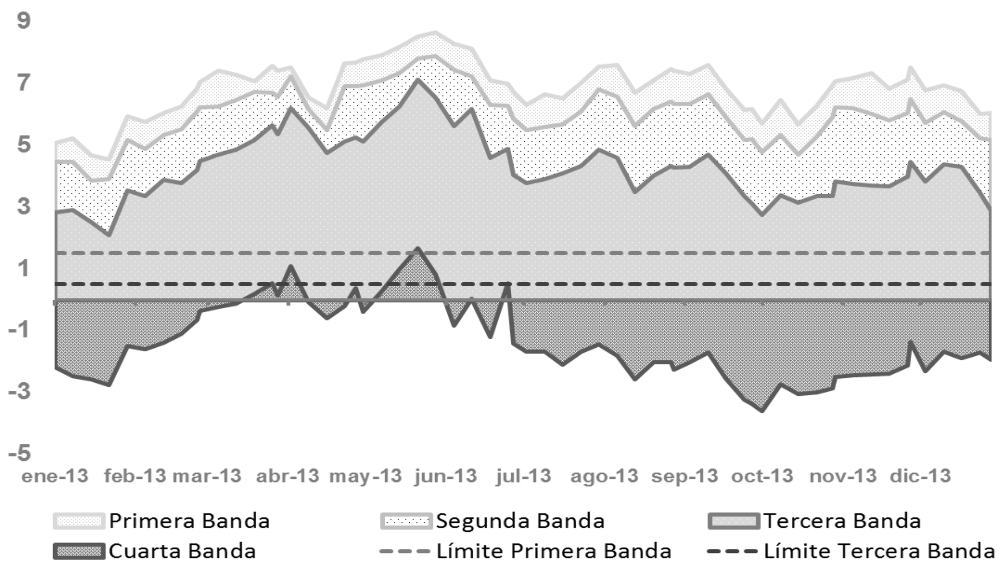
Liquidity Risk

The Banks liquidity situation is analyzed by the GAP Committee. The Committee is a collegiate body responsible for studying the structure of the balance sheet in the short and medium-term. Its main purpose is to monitor the balance sheet, its stability and profits, by anticipating changes in the balance sheet and margins, and in an approximate quantification of un-anticipated changes, that is, the risk that could achieve a maximum level in important magnitudes such as financial margin, profitability, ROE, ROA, liquidity cover ratio, financial stability coefficient, etc. This Committee is responsible for supporting the Board and senior management in the definition, follow-up and control of general and policies for asset and liability management, and risk-taking.

The Bank manages its liquidity risk taking account of risk-return criteria, within global strategic planning parameters and regulatory parameters of Chapter VI one of Superintendency Circular 100/1995, implementing the liquidity risk management system, whose description and guidelines are documented in the Financial Risk Management Manual (MARF).

Schedule I of Chapter VI of Superintendency Circular 100/1995 sets out the method for measurement and characteristics of the weekly liquidity risk report (IRL) for the credit establishments, and the this method was amended as of 2013.

The following is an evaluation of liquidity risk for the various asset and liability positions and expected flows, through the liquidity risk indicator (IRL) from January 1 to December 31, 2013 .



Key:

Primera banda	Band 1
Segunda banda	Band 2
Tercera Banda	Band 3
Cuarta banda	Band 4
Límite	Limit

The results for the IRL calculation by bands, and the high-quality liquid assets indicator at December 31, 2013 are as follows:

Results for IRL at December 31, 2013

(Cifras en miles de millones de pesos)

Band	ValueIRL	Legal limit
1	6.034	>=0
2	5.173	N.A.
3	2.876	>=0
4	(1,923)	N.A.

The value of the IRL indicator refers to liquid assets adjusted for market liquidity and the net between the projected assets and liability flows with contractual and non-contractual maturities. The SFC has determined that Bands 1 and 3[4] should always be zero or higher. Within the Bank, the Board decided of a limit of $1.5 billion for Band 1 and $500,000 for Band 3

This historical graph shows a stable performance in IRL around $6.5 billion for the 1-week band. In September-early October this indicator declined mainly due to the profile of contractual maturities that generated greater estimated liquidity needs. The same happened in December with bond and term deposit maturities.

Thw IRL 30-day band had an average value of $3 billion in the period analyzed, completely mcorrelated with the 1-week band. Despite this reduction, there was no important liquidity pressure on the Bank.

Speculative derivatives

The Bank's Treasury risk strategy has taken account of a participation in markets for future and the over-the-counter market in derivatives. This reflects its commitment to the local capital market and a pillar of policy, generating new sources of revenues for shareholders and diversification of the portfolio of products and services for clients. Participation in these markets adopts high standards of best corporate practice and risk management.

Local and foreign currency derivative portfolios have structures of policies, limits and alerts authorized by the collegiate bodies designated and described in the Financial Risks Management Manual; all elements to comply with legal requirements have also been incorporated.. Amongst other things, there are limits, positions, durations, maturities, sensitivities, value at risk and counterpart risk that lend a conservative profile to the assumption of risk..

As additional mechanisms of risk mitigation for financial derivative operations in the over-the-counter market, there are contracts that incorporate credit risk mitigation clauses.. Also, an important part of the portfolio´s operations is transferred to the Risk Counterpart Clearing Chamber in order to reduce credit risk exposure.

Local currency derivatives
The Bank participates in dealing for the following local currency financial derivatives: Futures TES notional bond, Futures IBR, Futures CPI, Forwards on TES and Swaps OIS.

[4] For he SFC, Band 1 is the 1-7 Day Band, and Band 3 is a 30-day horizon

Foreign currency derivatives
The Bank took part in the following foreign currency derivatives: TRM futures, currency forwards and European options j

Portfolios VaR 95%	
Foreign currency	**776**
Peso derivatives	**271**
Total	**731**

$000 millions

32.4 Internal Control system

As part of the process of checking the performance quality of internal controls, heads of department and process leaders exercise continuous supervision of their risks and controls in order to identify weaknesses quickly and introduce e improvements as necessary in changing circumstances. The evidences the strengths of internal controls

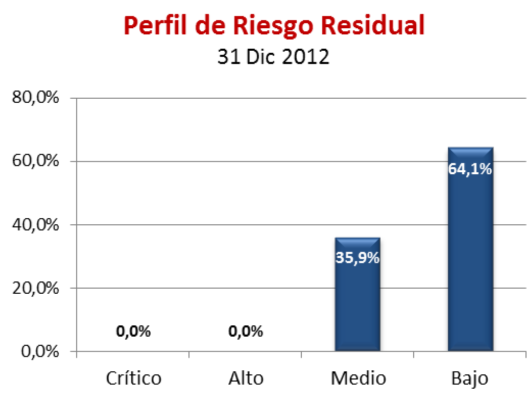
The culture of control continues to be strengthened through ongoing action plans to secure appropriate and effective control environments, risk management, information-handling, channels of communication, support for bookkeeping and technology using the principles of self-control, self-regulation and self-management, following Superintendency Circular 038/ 2009

a. Financial Consumer Service System (SAC)

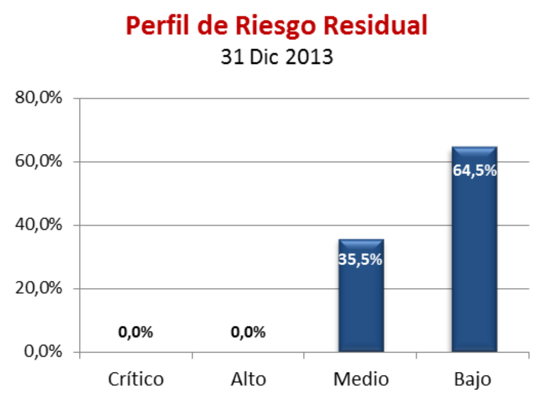
The Bank continues to integrate strategies to strengthen the culture of attention respect and service to financial consumers and procedures to attend to complaints, requests and claims.

We manage risks and evaluate and develop action plans for events arising and implement monitoring systems for continuous improvement to processes following Law 1328/2009 and SFC Circular 015/2010.

As can be seen in the comparative risk profile for 2012 and 2013, risks are adequately controlled.



Nivel	Cant. Riesgos	% Particip.
Crítico	-	0,0%
Alto	-	0,0%
Medio	242	35,9%
Bajo	432	64,1%
Total	**674**	**100,0%**



Nivel	Cant. Riesgos	% Particip.
Crítico	-	0,0%
Alto	-	0,0%
Medio	264	35,5%
Bajo	479	64,5%
Total	**743**	**100,0%**

Key:
Residual risk profile Residual risk profile
Crítico Critical Alto= High Medio= medium Bajo= Low

Nivel= Level Cant.riesgos¨=: No. of risks % particip. = Share %

b. **Management system for the financing for asset-laundering and the financing of terrorism (SARLAFT**

The Bank has adopted and implemented a Compliance Program for the risk of asset-laundering and the financing of terrorism – ALM/CFT- based on the premise that this area of risk management includes the knowledge of customer and of his operations with the Bank, the definition of market segments, customers, products, distribution channels and jurisdictions, monitoring of transactions, and reports of operations to the competent authorities, to avoid the Bank being used to give the appearance of legality to assets which are the proceeds of illegal activities, or to finance terrorist activities, as described in Superintendency Circular 026 of June 2008.

The ALM/CFT Program is supported by an organizational culture, policies, controls and procedures which are known to all its members, applied by it, and bringing together the entire regulatory framework in force in Colombia, together with recommendations and international best practices on the matter, particularly those of the International Financial Action Group – IFAG..

The procedures and rule of conduct for the application of all the mechanisms and instruments of control are contained in the Compliance Manual and the Code of Conduct known and accessible to all staff

The Bank regularly provides training programs for its officers, seeking to create awareness and commitment in all of them.

Likewise, the ALM/CFT Compliance Program has been included in the regular evaluations of the Statutory Auditor and Internal Audit.

In compliance with regulations, the Board has appointed a Compliance Officer and his Deputy, who have been sworn in by the Superintendency.
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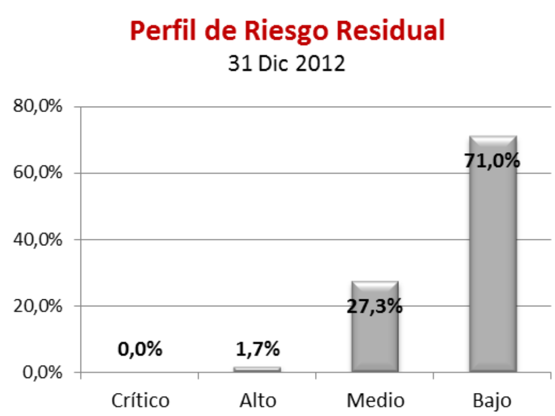
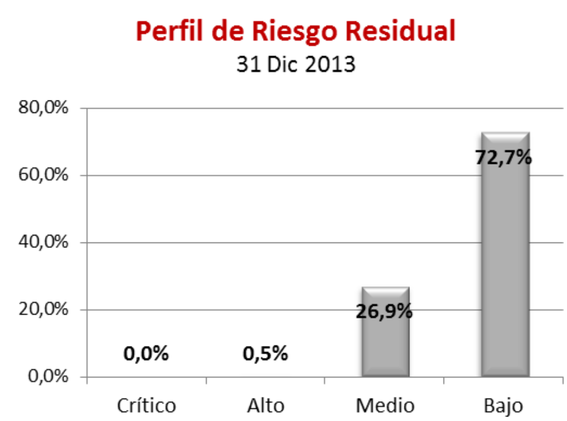
c. Operating Risk Management System (SARO)

The Bank continues to develop a range of models and systems to secure effective and prompt management of risks that can affect the normal course of business and impact operating processes in the Bank. and controls and defines action plans for events arising so that they will not cause economic impacts or legal or reputational effects that could affect our good name, seeking to secure quality and reliability of the management of customer and user transactions.

The Bank´s Operating Risk profile for 2013 and 2012 reflects an adequate control of risks, which are identified and then controlled in accordance with guidelines and tolerance levels set by the Board and the legal requirements of Superintendency Circular. 041/2007.



Nivel	Cant. Riesgos	% Particip.
Crítico	-	0,0%
Alto	22	1,7%
Medio	356	27,3%
Bajo	926	71,0%
Total	**1.304**	**100,0%**



Nivel	Cant. Riesgos	% Particip.
Crítico	-	0,0%
Alto	7	0,5%
Medio	408	26,9%
Bajo	1.104	72,7%
Total	**1.519**	**100,0%**

Residual risk profile
Crítico Critical Alto= High Medio= medium Bajo= Low
Nivel= Level Cant.riesgos¨=: No. of risks % particip. = Share %

d. Environmental and Social Risk Management System (SARAS)

SARAS in implemented as a risk system aligned to the processes of credit evaluation to identify, evaluate and monitor the possible environmental and social impacts of our clients and third parties. During 2013 a line of credit was opened for the construction sector for amounts of US$8 million or more. A process of risk analysis was also started for the Bank´s critical suppliers.

SARAS is supported by regular training and dissemination to the internal working team.

34 Information security

In order to secure the sustainability of compliance with Superintendency Circular 052/ 2007, the Bank has included in its Project Development Methodology Planning Stage a verification of compliance with regulatory requirements in this area. The validation ensures that the requirements are taken into account in every new project or adjustment at any point in the organization.

In recent times, modes of internet fraud have caused organizations around the world to model new processes and implement additional security tools to mitigate this risk. The Bank has been very much part of this process and strengthened its processes of security monitoring of channels, and has provided new clients with tools to help prevent them from becoming g the victims of fraud.

The security services offered by third parties have also been broadened, including the monitoring of the behaviour of criminal networks and their internet tools. This has made it possible to take prompter action in situations that might compromise the information of clients and their products.

The Bank has developed a series of projects designed to make the ASTM channel secure and to mitigate new published threats which may not affect this Bank channel but require analysis, an evaluation of their impact and preventive measures to avoid the materialization of new risks in this important channel.

35 Corporate Governance

The Bank continues to comply with the precepts of the Code of Good Government and adopted Board Regulations, following guidelines in the Best Corporate Practice Code – Country Code – and on the basis of the principles of transparency, respect for shareholders´ rights, disclosure of information, due diligence and loyalty of consultants and administrators; it also decided on the regime to be followed by the Bank´s organs of management in order to promote participation by shareholders.

In the same vein, the Shareholders´ Meeting adopted Shareholders´ Meeting Regulations and implemented the means of disseminating notices of meetings and held on-line meetings through the webpage.

Further, the Bank has strengthened communications channels for shareholders and investors, including financial and other information on the webpage where all the documents in the Corporate Government system can be consulted, including the bylaws, the guide to shareholder rights and obligations the corporate Code of Good Government, the regulations of the Board and Shareholders´ Meetings, information related to financial performance, administrative performance, management, control bodies, shares, etc

Further, the Bank´s Code of Corporate Government has defined the policy of disclosures of information to shareholders and investors, in order to guarantee the timely supply of accurate and reliable information. The Bank webpage therefore provides relevant information in Spanish and English which transmits it to the public with an application supplied by the Superintendency.

The Corporate Government Code presents the Bank´s policies on:

- Evaluation and control of the activities of managers, senior executives and directors
- Disclosure of information to shareholders on issues related to institutional policy, government structure and capital composition, the handling of conflict of interest, risks to which the >Bank may be exposed in the course of business, the detection of relevant findings by the Statutory Auditor, financial information and the occurrence of relevant events.
- The internal control, system.

With regard o the structure of government and risk management, the Board as created the committees required by law and others which are not mandatory but equally, support the actions of the Board and keep it informed of processes, the structure and management of risk in each business line, providing an appropriate flow of information and monitoring and regular follow-up

Under this scheme, the Board and senior management are aware of risk positions and intervene actively in risk management, defining the methods of measurement to be used in identifying exposure by product, policies, profiles and limits, amongst other matters. Further the Board decides on strategies guidelines for the Bank and exercises oversight on implementation and follow-up

Functions of the organs of the Bank

a) Audit Committee

Supervises the internal control structure, verifies that transactions are being properly authorized and recorded, supervises the functions of internal audit, checks on the transparency of financial information and appropriate disclosures, evaluates internal control reports from the Internal Auditor and Statutory Auditor, checks that management has acted on their suggestions and recommendations, conforms or challenges the Statutory Auditor´s opinion as to the sufficiency and suitability of internal control measures, establishes policy, criteria and practices used by the Bank in the construction, disclosure and dissemination of financial information and mechanisms to consolidate the information for the regulators and supervisors for presentation to the Board.

b) Corporate Government Committee

The Committee supports the Board in relation to the implementation of good corporate practices and compliance with Bank policies in that area. It also works to ensure that shareholders, and the market in general, have access to complete, truthful and timely information that the issuer is required to provide.

c) Strategy Committee

Manages the business, strategy, human talent and risk of the Bank and its affiliates. Analyzes progress in the strategy and associated risks, exercising follow-.up of the strategic indicators of the Bank and its business lines.

d) Risk Committee

This is the instance whose purpose is to evaluate policies, mechanisms and procedures related to risks and implemented in the Bank, and to make a comprehensive analysis of the risks to which the bank and its affiliates are exposed.

e) Specific Risk Committees

The Specific Risk Committees are defined as a function of the types of risk to which the Bank and its affiliates are exposed. Some of them are: Credit Risk, ,Operating Risk, SARLAFT. Asset and Liability Management, Financial and Investment Risks (CRFel) etc.

The Bank also has an internal audit function and a Compliance Officer, with the following functions:

f) Internal Audit

Internal Audit analyzes and follows up the Bank´s internal control system, supplying each of the areas audited, and the Audit Committee and the Board, with recommendations to strengthen the internal control system to meet the Bank´s needs

It also engages in work to verify Bank operations taken at random, analysis of risk to determine processes, risks and controls that match the policies and responsibilities laid down in the manuals. It also takes part in projects developed in order to advise users on the definition of controls so that the controls will become embedded in the applications. As a result, Audit helps Management to analyze and recommend the strengthening of Internal Control. It also fosters a culture of self-control within officers at all levels of the organization, with an emphasis on information security and compliance with regulations and procedures.

g) Compliance Officer

Ensures that specific procedures are adopted to prevent money-laundering and the financing of terrorism in the Bank, verifying that all mechanisms required to obtain adequate knowledge of clients and the market have been implemented. Along with those that enable suspect or unusual operations to be detected and to control cash operations, and in particular, to promote the development of training programs for all Bank staff with instructions on compliance with current regulations to prevent asset-laundering.

h) Management, measurement and areas of risk

The methods and results of the management of risk measurement are explained in Note 32 (Risk Management) and the methods used to identify different types of risks and ways to measure them are described.

The staff of the Risk area are well qualified and trained and with professional experience taken into account in the selection process for their employment; the Bank also seeks individuals who match the principles and values of the institution, so that our human resources will be ideal from a personal moral and professional point of view also.

The Risk Area has technological infrastructure, tools and systems required to obtain an effective, efficient and timely service in Treasury Risk Management; it has technological support to match the size, nature, complexity and volumes of operations, and processes to implement timely controls and monitoring of established policies and limits.

The Board decided on the segregation of functions between Front, Middle and Back Offices as independent from each other in order to avoid conflicts of interest. The Front Office is accountable to the treasury Division and is directly responsible for dealing, client relations and commercial matters; the Middle Office has amongst other things responsible for risk measurement and checking that established policies and limits are being observed and for analyzing risks: it is accountable to the Financial Risk and Control Division and is supervised by the Grupo Bolivar Financial Risks Division; and finally, the Back Office is responsible for the operational side of the business, such as closing, recording and giving final authorization to operations; and is accountable to the Operations Division.

Information on portfolios of loans and investments is used for risk management and is stored in robust platforms and in applications that allow it to be handled in generating reports. At the same time, its follows information security policies and has sufficient capacity for the size for the databases required for each different type of business.

30 Mandatory controls

At December 31, 2013 and 2012 the Bank complied with all requirements of own position, minimum capital, capital ratios, mandatory cash reserves, mandatory investments, and investment limits in fixed assets.

Own position

		Limits	2013	2012
		Límites	2013	2012
Average own position (PP)	USD		48.5	18.3
Maximum permitted:		20% PT	536.9	710.8
Minimum permitted: -5% of Computable capital		-5% PT	(134.2)	(177.7)
Average own position Own Spot position (PPC)			66.6	344.6
Maximum permitted: 50% of Computable capital	USD	50% PT	1,342.4	1,777.0
Gross average leverage (PBA)			6,339.2	6,164.3
Maximum permitted 550% of computable capital		550% PT	14,766.7	19,547.3

Al December 31, 2013 and 2012, the Bank complied with own position limits.

Capital Ratios

As of August 2013 the Bank began to report capital rations using the new methodology of Decree 1771/2012 which changed definitions and calculations of regulatory capital regulated by the SFC under Circular 20/2013

In general the changes follow criteria and recommendations of Basel III and aim to adjust Colombian regulations to international standards, strengthen public trust and make criteria of competitiveness and security more robust among the supervised institutions

The following are the capital ratios at December 31, 2013 and 2012

	2013	2012
Tier 1 capital	$ 3,239,852.3	4,127,689.5
Deductions	(574,711.8)	0.0
Tier 2 capital	1,967,156.1	2,284,775.5
Computable capital	5,207,008.5	6,412,465.0
VeR, Market risk	253,287.2	194,488.8
Risk-weighted assets	38,453,334.3	34,449,901.5
Total capital ratio (PT/(APNR+((100/9)*VeR)) ≥ 9%	12.62%	17.52%
Basic capital ratio (PBO/(APNR+((100/9)*VeR)) ≥ 4.5%	7.85%	

Mandatory cash reserves

The Bank complied with mandatory cash reserve requirements deposits and demand accounts under 18 months, 11% and TDs under 18 months at 4.5% (Note 13):

	2013	2012
Reserve required	$2,488,407.7	2,121,958.9
Reserve held	2,515,793.7	2,170,163.6

Mandatory investments

Following Banco de la Republica Resolution 3/ 2000, 37% must be invested in Class A TDAs and 63% in Class B TDAs.

The following is the detail of the value of the investments of the Bank in FINAGRO at December 31, 2013 and 2012.

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	2013	2012
Finagro		
TDA A (37%)	$427,537.5	355,611.8
TDA B (63%)	727,969.3	605,501.2
Total required	1,155,506.8	961,113.0

Substitute loans	(488,740.9)	(550,778.0)
Investment in TDA A and B:	666,765.8	410,334.6
TDA A (37%)	427,387.0	344,166.5
TDA B (63%)	239,378.8	66,168.1

37 Relevant events

Decree 2784/2012 states that Banco Davivienda S.A. is part of Group 1 of preparers of financial information and on November 28, 2013 it presented its Plan for the Implementation of Financial Information Standards to the Superintendency.

In accordance with the Plan, on January 1, 2014 the Bank started its transition period and the issue of the first financial statements and the use of international standards for financial information will begin on 2015.

In compliance with Circular 112/2013 on January 30, 2014 the Bank sent the Superintendency a summary of preliminary principal policies proposed for the preparation of an opening statement of financial situation at January 1, 2014 also indicating exceptions and exemptions in the application of a regulatory technical framework and a preliminary calculation of the principal qualitative and quantitative impacts established.

The Circular states that by June 30, 2014 an opening statement of financial situation must be sent to the Superintendency, and that this will act as the starting-point for bookkeeping in accordance with international standards

38 Reclassifications

Some figures at December 31, 2013 and 2012, for the cash flow and statement of earnings were reclassified for presentation purposes.