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SBF2012-2254

March 23, 2012

Mr. Efraín Forero Fonseca
President
Banco Davivienda S.A.
Avenida Eldorado No. 68C-31 Piso 10
Bogotá D.C.

Subject: review of the translation of Consolidated Financial Statement from Colombian pesos to Dollars of the United States of America

On request of Banco Davivienda S.A., I have reviewed the methodology applied by the Bank to translate the financial statements from Colombian pesos to Dollars of the United States of America.

The consolidated financial statements of Banco Davivienda S.A. at December 31 and June 30, 2011, were prepared in Colombian pesos in conformity with consolidation norms and presentation of the Financial Superintendence of Colombia.

I have audited in accordance to Colombian Generally Accepted Auditing Standards, the balance sheet of Banco Davivienda S.A., at December 31, 2011, and the related statements of income, changes in the shareholders' equity and cash flows for the semester then ended and I have issued my report thereon dated February 8, 2012.

The Bank applied the following methodology to translate the financial statements mentioned in previous paragraph from Colombian pesos to dollars of the United States of America:

The balance sheet and the statement of income accounts were translated to the closing exchanged rate of the corresponding period.

The initial and final balances of the following consolidated financial statements accounts were translated to the closing exchanged rate of each period.

- Changes in the Shareholders' equity
- Cash flow statements
- Provisions (loan, accounts receivable, properties and equipment, foreclosed assets, and other assets)
- Prepaid expenses and deferred charges
- Prepaid income and other liabilities

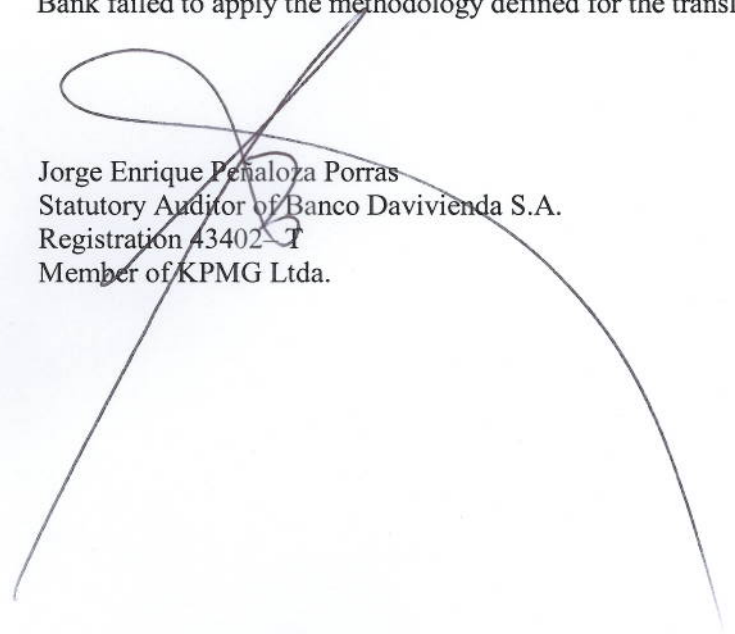
The resulting figures of the translation were reflected in thousands of dollars.



*Banco Davivienda S.A.
Review of the Translation of the Consolidated Financial Statements
March 23, 2012*

For the translation the closing exchange rates were used, according to the External Circular No. 006 of January, 2004 of the Colombian Superintendence of Finance corresponding to the representative rate of market, it was calculated the last working day and certified by the entity.

In connection with my review, nothing came to my attention that caused me to believe that the Bank failed to apply the methodology defined for the translation.



Jorge Enrique Peñaloza Porras
Statutory Auditor of Banco Davivienda S.A.
Registration 43402-T
Member of KPMG Ltda.



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EBF2012-172

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

To the Shareholders
Banco Davivienda S.A.:

I have audited the consolidated general balance sheet for Banco Davivienda S. A. and its attachments as indicated in note 1 to the consolidated financial statements as of December 31st and June 30, 2011 and their corresponding consolidated income statements, changes in Equity and cash flow, the summary of significant accounting policies and other explanatory notes, for the semesters ending on said dates.

The administration is responsible for the preparation and correct presentation for these financial statements according to the generally accepted accounting principles in Colombia and instructions from the Colombian Superintendence of Finance. 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.

The financial statements as of June 30, 2011 of subordinates Fiduciaria Davivienda S.A., Confinanciera S.A., Compañía de Financiamiento, Davivalores S.A. Comisionista de Bolsa, Fiduciaria Cafetera S.A., Bancafé Panama, are interim, certified, and not audited. My opinion with respect to the values including those of the indicated Subordinates is based solely on the certified financial statements.

My responsibility is to express an opinion on these financial statements based on my audits. I obtained the necessary information and carried out my examination 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 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 believe that my audits provide a reasonable basis for my opinion.

In my opinion, based on my audits and the certified financial statements, the mentioned consolidated financial statements, attached to this report, reasonably represent in all the aspects of material importance, the consolidated financial situation of Banco Davivienda S.A. and its subordinates as of December 31 and June 30, 2011, the consolidated results of their operations and their consolidated cash flow by semesters ending on such dates, according to generally

accepted accounting principles in Colombia and instructions from the Colombian Superintendence of Finance, applied homogeneously.

Without qualifying my opinion, I call the attention to notes 21, 38 and 39 to these financial statements, which indicate:

Note 21: To June 30th, 2011, in each of the consolidated equity accounts, the indirect share of some of the bank's shareholders in some subsidiary companies of Banco Davivienda S.A.

Note 38: The Board of Directors approved the initiation of steps towards the merging of Confinanciera S.A. Compañía de Financiamiento with Banco Davivienda S.A., the latter being the acquiring company.

Note 39: According to Act 825 of January 23, 2012, the Board of Directors of Banco Davivienda S.A. approved the acquisition of operations the HSBC Group has in Costa Rica, El Salvador and Honduras.

My examination was carried out purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the attachment "Hoja de Trabajo Estados Financieros Consolidados" is presented for additional purposes of analysis and is not required as part of the basic financial statements. Such information has been subject to the procedures applied in the audit of the financial statements and in my opinion is fairly stated in all material respect related to the consolidated financial statements taken as a whole.

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

February 8, 2012

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



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Balance Sheets
December 31, 2011 and June 30, 2011
(Thousands of United States Dollars)

	Diciembre 31	June 30
ASSET		
Cash and Banks (Note 4)	USD 723,985.3	1,165,805.2
Active positions in monetary market operations and those related	992,757.5	272,805.1
Investments (Notes 6 and 33)	2,442,902.6	2,332,028.1
Trading - debt securities	1,668,046.6	1,318,561.8
Equity securities trading	518.4	557.8
Held to maturity debt securities	170,954.9	201,130.2
Debt securities available for sale	435,774.3	746,148.3
Available for sale given as security	123,202.4	0.0
Equity securities available for sale	60,536.9	66,328.9
Investment rights and trading repurchase given in guarantee	0.0	23,212.9
Less: Allowance	(16,130.9)	(23,911.9)
Credit portfolio and financial leasing (Notes 7 y 33)	13,150,298.5	13,038,202.2
Housing Portfolio	1,266,368.1	1,272,884.3
Consumptions Portfolio	4,429,786.9	4,767,760.1
Micro-credit Portfolio	47,382.4	45,640.6
Commercial Portfolio	8,071,754.8	7,671,242.0
Less: Allowance	(664,993.7)	(719,324.8)
Customers' acceptances and derivatives (Note 8)	64,750.8	63,348.9
Debtors and Bank Acceptances	243.1	174.3
Spot transactions	11.2	4.2
Derivatives	63,757.2	63,127.9
Others	739.3	42.5
Accounts receivable (Notes 9 and 33)	197,866.4	178,432.7
Interest Receivable	130,257.4	122,755.0
Fees and Commissions	1,784.2	1,465.3
Canons of goods given on leasing	150.0	165.9
Payments of Costumers	23,919.7	25,566.0
Others	103,567.7	69,185.4
Less: Allowance	(61,812.7)	(40,705.0)
Foreclosed Assets (Note 10)	19,991.2	20,917.3
Goods given in operating lease (Note 11 and 33)	3,011.8	4,106.1
Properties and equipment (Note 11 and 33)	202,703.8	219,794.1
Others Assets (Note 12 and 33)	803,232.7	936,244.2
Prepaid expenses and deferred charges	724,895.5	826,908.6
Excess on cost of investment on book value	0.0	2,676.3
Employees portfolio	64,545.0	67,985.7
Others	20,400.8	45,940.4
Less: Allowance	(6,608.5)	(7,266.8)
Nets Valuations (Note 33)	268,088.1	281,677.1
Investments (Note 6)	19,190.1	15,462.3
Properties & equipment (Note 10)	247,037.7	264,175.9
Works of art and culture	1,860.2	2,038.9
TOTAL ASSETS	USD 18,869,588.6	18,513,360.8
Creditor Contingent Accounts (Note 24)	8,044,322.4	8,102,346.2
Debtor Contingent Accounts (Note 24)	1,481,107.0	950,942.8
Debtor Memorandum Accounts (Note 25)	22,994,861.2	24,602,138.5
Creditor Memorandum Accounts (Note 25)	43,464,887.6	46,570,010.6
Total Contingent and Memorandum Accounts	USD 75,985,178.2	80,225,438.1
Trust Memorandum Accounts (Note 26)		
Asset	3,421,154.2	3,623,581.4



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES
Balance Sheets (Continued)
December 31, 2011 and June 30, 2011
(Thousands of United States Dollars)

		Diciembre 31	June 30
LIABILITIES AND STOCKHOLDER'S EQUITY			
Deposits and payables (Notes 13 and 33)	USD	11,851,682.3	11,957,905.1
Deposits in bank checking accounts		1,851,252.9	1,755,747.2
Term deposits		3,443,018.1	3,693,358.4
Savings deposits		6,433,007.9	6,399,125.8
Savings Certificates real value		0.0	14,766.0
Others		124,403.4	94,907.8
Passive positions in monetary market operations and those related (Note 14)		37,852.0	18,692.7
Banks Acceptances Outstanding and Financial Derivatives (Note 15)		49,958.6	78,283.9
Debtors and Bank Acceptances		243.1	174.3
Operations with derivative financial instruments - speculation		46,421.4	60,027.3
Operations with derivative financial instruments - hedging		3,294.1	18,082.3
Banking Loans and Other Financial Obligations (Notes 16 and 33)		1,831,006.0	1,532,851.9
Others entities in the country		953,472.5	790,768.4
Foreign Entities		877,533.5	742,083.5
Accounts Payable (Notes 17 and 33)		477,035.7	524,133.9
Interests		75,603.0	72,838.7
Commissions and fees		2,209.4	593.2
Tax collection		29,289.1	64,530.4
Suppliers		87,007.3	98,965.3
Others		282,927.0	287,206.3
Investment securities outstanding(Notes 18 and 33)		1,905,074.6	1,969,852.1
Others liabilities (Notes 19 and 33)		169,277.8	159,273.5
Consolidated Labor obligations		18,898.1	17,670.2
Anticipated Income		3,942.9	717.4
Others		146,436.7	140,886.0
Estimated Liabilities and Allowances (Note 20)		79,318.2	110,519.7
Consolidated Labor obligations		1,793.0	2,278.8
Tax		1,660.3	34,478.8
Minority Interests in consolidated subsidiaries (Note 21)		17,116.5	13,695.8
Others		58,748.5	60,066.2
TOTAL LIABILITIES	USD	16,401,205.2	16,351,512.8

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

Balance Sheets
December 31, 2011 and June 30, 2011
(Thousands of United States Dollars)

		Diciembre 31	June 30
<u>STOCKHOLDER'S EQUITY</u>			
Capital stock (Note 22)	USD	28,558.0	22,409.6
Reserves (Note 23)		1,980,294.2	1,668,542.2
Legal Reserve		1,176,288.4	888,651.9
Statutory and occasional reserves		804,005.7	779,890.4
Surplus		265,111.3	289,200.9
Gross unrealized gain or loss on investments available for sale		(1,074.6)	9,439.9
Revaluation assets (Note 6)		266,185.9	279,761.0
Income (Loss) previous years		23,315.0	13,592.0
Net income		171,104.8	168,103.3
TOTAL STOCKHOLDERS' EQUITY		2,468,383.2	2,161,848.1
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
	USD	18,869,588.6	18,513,360.8
Creditor Contingent Accounts (Note 24)		8,044,322.4	8,102,346.2
Debtor Contingent Accounts (Note 24)		1,481,107.0	950,942.8
Debtor Memorandum Accounts (Note 25)		22,994,861.2	24,602,138.5
Creditor Memorandum Accounts (Note 25)		43,464,887.6	46,570,010.6
Total Contingent and Memorandum Accounts	USD	75,985,178.2	80,225,438.1
Creditor Memorandum Accounts Trust Banking	USD	3,421,154.2	3,623,581.4

OLGA LUCIA RODRIGUEZ SALAZAR
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Financial Director
TP. No. 35089-T



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Statements of Income
December 31, 2011 and June 30, 2011
(Thousands of United States Dollars)

	Diciembre 31	June 30
Direct operating income (Note 33)	USD 1,565,288.3	1,361,489.7
Amortized interests and discounts- Credit portfolio and others	819,424.2	771,570.1
Commissions and fees	159,202.5	157,767.5
Appraisal of Investments	4,780.3	0.0
Gross realized gain on investments available for sale	56,271.9	63,557.8
Profit on short positions in open repos	127.4	145.7
Changes	63,693.4	59,332.4
Profit on the appraisal of derivatives	444,115.5	292,669.3
Profit on portfolio sale	4,914.4	1,431.2
Profit on investments sale	12,758.7	15,015.6
Direct Operating Expenses	794,371.9	605,861.0
Interests, amortized premium and discount amortized (Note 13)	261,019.3	223,538.9
Loss on the appraisal of Investments available for sale in debt securities	92.7	372.6
Loss on valuation Investments until maturity	580.2	244.1
Commissions	28,012.9	27,548.4
Loss on Derivatives valuation and cash operations (Derivatives valorization lo:	426,124.6	299,010.2
Loss in short open repo positions, simult. and temporary transf. of amts.	447.6	785.7
Changes	72,525.7	45,962.4
Loss on investments sale	4,910.2	7,735.1
Depreciation and amortization of assets given on lease	658.7	663.6
Direct Operating Income	USD 770,916.5	755,628.7
Operating Income	334,087.0	295,448.6
Dividends and Participations (Note 6)	4.5	9,410.6
Refund on Portfolio Allowances (Note 7)	277,811.5	221,732.9
Refund on Allowances for Receivable Accounts (Note 9)	12,111.5	13,189.0
Others (Note 27)	44,159.5	51,116.0
Operating Expenses	384,950.8	384,236.1
Employees expenses	148,723.9	166,747.9
Others	236,227.0	217,488.2
Operating Result Before Allowances, Depreciation and Amortizations	USD 720,052.6	666,841.1



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Statements of Income
December 31, 2011 and June 30, 2011
(Thousands of United States Dollars)

	Diciembre 31	June 30
Allowances	USD 506,874.3	440,279.1
Investments (Note 6)	13.2	1,164.2
Credit portfolio (Note 7)	458,430.3	411,422.7
Accounts receivable (Note 9)	43,813.7	19,275.2
Properties and equipment (Note 11)	98.0	5,424.9
Others (Note 29)	4,519.1	2,992.0
Depreciations	13,166.7	13,689.9
Amortizations	29,089.2	46,099.4
Operating Income - Net	170,922.4	166,772.8
Non-Operating Income (Note 30 and 33)	79,658.2	67,944.8
Profit on sale of assets received in payment	1,608.7	1,356.2
Profit on Sale of Property, Equipment and Other Assets	4,944.3	907.1
Recoveries	63,546.7	56,680.8
Other non-operating income	9,558.4	9,000.7
Non-Operating Expenses (Note 31 and 33)	24,325.7	24,463.4
Loss on sale of assets received in payment	1,470.9	717.2
Loss on Sale of Property, Equipment and Other Assets	71.4	250.4
Loss Claims	5,783.0	3,860.9
Other non-operating Expenses	17,000.4	19,634.9
Non-Operating Income - Net	55,332.5	43,481.4
Profit Before Income Tax	226,254.9	210,254.2
Tax on Income and Others	55,150.1	42,151.0
NET INCOME	USD 171,104.8	168,103.2

OLGA LUCIA RODRIGUEZ SALAZAR
Legal Representative

CARMEN ANILSA CIFUENTES BARRERA
Financial Director
T.P. No. 35089-T



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31 and June 30, 2011

(Thousand of United States Dollars)

1. Reporting Entity

Banco Davivienda S.A. is a private entity that was established by Deed Number 3892 of 16 October 1972, the Notary Fourteen Circle of Bogota, has its main domicile in Bogotá DC by Resolution 562 of 10 June 1997 been granted operating permit. The duration established by Deed 5145 October 2003, until October 17, 2053, but may be dissolved or extended before that term. The Bank and subsidiaries part of the Business Group Bolivar and social aim to conclude or perform all the operations and contracts legally permitted to commercial banking institutions subject to the requirements and limitations of Colombian law.

The most representative bylaw reforms are:

- By means of Resolution 562 dated June 10, 1997, the Colombian Superintendence of Finance approved the transformation from saving and Loan Corporation to a Commercial Bank.
- By Public Deed No. 4541 dated August 28, 2000, prepared by the Eighteenth Notary's Office in the Bogotá Circle, Davivienda legalized the acquisition of 100% of Delta Bolívar S.A. shares. As a consequence, Delta Bolívar S.A. was dissolved without liquidation and the Bank absorbed the company and its stockholders' equity on September 1, 2000, and the Delta Bolívar legal capacity was extinguished.
- By means of Public Deed No. 2369 dated April 27, 2006, from Notary One of the Bogotá Circle, Banco Davivienda S.A. formalized the absorption by merger of Bansuperior S.A. Consequently, Bansuperior S.A. was dissolved without liquidation and the Bank absorbed the company and its stockholders' equity on May 2, 2006, extinguishing the legal status of Bansuperior S.A.
- Through Public Deed No. 7019 dated August 29, 2007, the Seventy One Notary Bogotá, registered on September 3, 2007 in the Chamber of Commerce, Banco Davivienda S.A. formalized the takeover through merger of Granbanco S.A. As a consequence, Granbanco S.A. was dissolved without liquidation and the Bank absorbed the company and the stockholders' equity on September 1, 2007, extinguishing Granbanco S.A. as a legal entity.
- By Public Deed No. 3202 of April 30, 2010 in Notary Seventy-one in the District of Bogotá, registered on May 4, 2010 in the Chamber of Commerce, the Banco Davivienda S.A. formalized the change of nominal share value from one thousand pesos (\$1,000.00) to one hundred and twenty-five pesos (\$125.00). The authorized capital remains as 480 million shares.

On December 31, 2011, operated with ten thousand seven hundred eighty-three (10,783) employees spread over five hundred and fifty-nine (559) offices in twenty (21) branches and agencies in Colombia, and one (1) branch abroad in Miami (USA). The Fiduciaria Davivienda S.A. had eighty (80) employees; Fiduciaria Cafetera S.A. one hundred and eight (108); Davivalores S.A. forty-five (55); Confinanciera SA one hundred and seventy-six (176) and Bancafé Panama S.A. sixty-seven (67).

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

The consolidated financial statements of Banco Davivienda S.A., as December 31, 2011 includes the followings Subsidiaries:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

CONFINANCIERA S. A. – Commercial Financial Company

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

The term of this company is up to June 8, 2077, with its main domicile in the city of Bogotá, D.C., has its main domicile in Bogotá, one (1) branch in Barranquilla and five (5) offices in the Colombian territory. The main purpose of this Company is to raise funds through term deposits, with the specific purpose to facilitate the commercialization of assets and services through active loan lending, without jeopardizing operations and investments that in accordance with the applicable regime to Trading and Financing Companies can be made within the conditions or limits indicated for such effect. Its Term Deposits are registered on Bolsa de Valores de Colombia (BVC).

BANCAFÉ PANAMÁ S.A.

It was constituted on January 15, 1976 under the Law of the Republic of Panamá, beginning operations under protection of the General License granted by the Supervision of Banks, which allows it to carry out banking transactions in Panamá or abroad. The Panamanian Superintendence of Banks authorized the transfer and consolidation of the activities maintained under the International License to the coverage of General License, by the Resolution No. S.B.P. 0067 of June 29, 2011.

The banking operations in the Republic of Panamá are regulated and supervised by the Bank's Superintendence, according to the Law - Decree 9 dated February 26, 1998 and the others effective legal norms. It is domiciled in Panamá City, Panamá.

FIDUCIARIA DAVIVIENDA S.A.

A private company, it was incorporated in accordance with the Public Deed No. 7940 signed on December 14, 1992 at the 18th Notary in Bogotá, D.C., authorized by the Colombian Superintendence of Finance by Resolution No. 5413 dated December 30, 1992, with an operation permit in effect up to December 14, 2043, with main domicile in the city of Bogotá, D.C.

The purpose of this company is holding commercial trust agreements and trust mandates no transfer of ownership, according to law. Its basic purpose is to acquire, dispose of encumber real and personal property management and investing as debtor or creditor as in all types of loan transactions.

FIDUCIARIA CAFETERA S.A. – FIDUCAFÉ

It is a private nature company, made by Public Deed No. 5587 in the Notary 18 of Bogota DC Circle of September 3, 1991, residing in Bogotá DC, duly authorized by the Colombian Superintendence of Finance by Resolution No. 3505 of September 27, 1991, with current operating permit and lasts until December 31, 2050.

The objective is the conclusion of contracts for commercial trust and fiduciary mandates with no transfer of ownership. Its basic purpose is to acquire, alienate, encumber, real and personal property management and investing as debtor or creditor as in all types of loan transactions.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

DAVIVALORES S. A. – Stock Broker

It was established by Public Deed No. 5397 of September 19, 1974 of Notary Second Circle of Bogota and it is supervised by the Colombian Superintendence of Finance with existing operating permit until 2 April of 2021, with main domicile in Bogotá D.C. This company's objective is to develop commission contracts for the purchase and sale of securities, and provide advice on activities related to the capital market.

From the year 1994 DAVIVALORES S. A., was authorized by the Colombian Superintendence of Finance to manage their clients' values in order to make the payment of capital and reinvested their income according to the instructions of the client.

2. Conversion of subsidiary branch in Miami

In 2009, Davivienda SA requested authorization from the responsible government agencies in Colombia, to convert its subsidiary Banco Cafetero International Corporation, based in Miami, in an international branch. The Colombian Superintendence of Finance informed Banco Davivienda S.A. that there was no objection to the establishment in advance to the conversion process referred to above, which the Bank initiated the formalities before the authorities of the United States.

By obtaining authorization from the competent authorities of the United States, Banco Davivienda SA, informed the Colombian Superintendence of Finance, who on December 29, 2010, commented on the feasibility to start operations of its branch in Miami, United States. upon compliance with all legal requirements required by the authorities of the United States and foreign exchange regulations arising from the decommissioning of its subsidiary Banco Cafetero International Corporation.

From January 1, 2011 Bancafé International ceased to be a subsidiary in order to become Davivienda International Branch.

The Branch is regulated and supervised by the Federal Reserve of the United States (FED) and the Florida Office of Financial Regulation (OFR).

The Miami branch integration generated a net income of USD1,898.1 during the first half of 2011.

The figures of assets, liabilities, stockholders' equity, and profit in the individual Financial Statements of the Parent Company and its Subsidiaries at December 31, 2011 and were as follows:

<u>December 31</u>					
		<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Profit</u> <u>(Loss)</u>
Banco Davivienda S.A.	USD	18,110,746.3	15,633,495.9	2,477,250.3	150,647.3
Confinanciera S.A.		246,782.4	204,350.6	42,431.9	5,489.2
Fiduciaria Cafetera S.A.		41,666.4	4,963.0	36,703.4	2,270.1
Fiduciaria Davivienda S.A.		32,101.7	3,671.1	28,430.6	3,759.5
Davivalores S.A.		7,602.8	1,024.9	6,577.8	1,336.1
Bancafé Panamá S.A.		656,773.2	564,865.0	91,908.2	6,292.4



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30

		Assets	Liabilities	Equity	Profit (Loss)
Banco Davivienda S.A.	USD	17,772,208.7	15,609,766.0	2,162,442.8	169,354.5
Confinanciera S.A.		242,380.2	201,926.1	40,454.1	8,421.6
Fiduciaria Cafetera S.A.		44,634.9	6,894.6	37,740.5	1,486.8
Fiduciaria Davivienda S.A.		31,667.2	4,630.7	27,036.5	4,632.6
Davivalores S.A.		6,114.6	482.2	5,632.4	(346.2)
Bancafé Panamá S.A.		631,740.0	543,106.9	88,633.1	5,297.7

3. Summary of Main Accounting Policies

3.1. Basic Accounting Policy

The accounting policies and preparation of the consolidated financial statements of the Bank are in accordance with rules and instructions of consolidation and presentation of the Colombian Superintendence of Finance.

The consolidated financial statements of Banco Davivienda S.A. in compliance with the Commercial Code, including the financial statements of its national subsidiaries supervised by the Colombian Superintendence of Finance, as well as foreign subsidiaries, in which direct or indirect participation is 50% or more of the outstanding shares. Revenues, expenses, assets, liabilities and equity accounts of the subsidiaries are included in the respective accounts in the consolidated financial statements, after eliminating intercompany accounts and transactions.

The special accounting rules established by the Colombian Superintendence of Finance present some differences with the accounting standards generally accepted in Colombia, such as the following:

Properties and Equipment

The generally accepted accounting standards dictate that at the end of a period the net value of property, plant and equipment of a set value exceeds twenty (20) monthly minimum wage must be adjusted to net realizable value or present value, recording the valuations and allowances as may be necessary, while the special rules do not present conditions for the asset class.

Bonus Placing Shares

The special rule provides that the paid-in shares are recorded as a legal reserve; the generally accepted rule indicates that is accounted for separately within equity.

Approval and Subsidiaries Abroad

The Bank makes adjustments to the Financial Statements of the subsidiary in Panama to cover the effects of approval of financial statements, the above in accordance with the parameters set by the Colombian Superintendence of Finance in Chapter X - Consolidated and Combined Financial Statements of the circular 100 of 1995 - Basic Accounting and Finance.

Financial statements

In the case of the Statement of Changes in the Financial Situation, Decree 2649 of 1993, defines it as a basic financial statement, the Colombian Superintendence of Finance, does not require it.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

On consolidation the terms were attended current legal standards for consolidation, with the approvals that were coming to uniform accounting standards generally accepted to apply in Colombia.

The balance sheet of foreign subsidiaries must be converted to Colombian pesos using the Market Exchange Rate whose value at December 31 and June 30, 2011 was \$1.942.70 (pesos) and \$1.772.32 (in pesos), respectively; property was used for the exchange rate as of September 1, 2007 for \$2.160.99 (in pesos), date of acquisition of the investment Bancafé Panama.

Meanwhile, the financial statement of the abroad subsidiaries is converted to Colombian pesos using the Market Exchange Rate average of the respective semester. At December 31 and June 30 2011, we used an average of \$1.856.61 (pesos) and \$1.837.17 (in pesos), respectively.

The financial statement of the subordinate Bancafé Panama is expressed in Dollars, which is on par and freely exchange with the dollar of the United States of America. The Republic of Panama does not print paper money itself and, instead, the dollar of the United States is used as legal tender.

3.2. Accounting Period

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

According to what is set forth by the Colombian Superintendence of Finance, for consolidation purposes, the submission of financial statements must be done with the periodicity the Holding company does.

3.3. Monetary Unit

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

3.4. Cash flow status and Cash Equivalents

The cash flow status reported is prepared using the indirect method. Active positions in money market operations are considered as cash for purposes of this status.

3.5. Active and Passive Positions in Monetary Market Operations) and those Related

The Bank gathers all operations of interbank funds, Repo operations, simultaneous operations and temporary transfer of securities.

Inter-banking Funds

Are operations that are agreed to a period not exceeding thirty (30) calendar days, also, included transactions denominated overnight, performed with foreign banks.

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

Repo Operations

Asset or Active Position: Securities acquired in exchange for a sum of money (with or without discount), assuming in this same act and at the same time the commitment to retransfer ownership to the counterparty at a determined date and at a certain price.

Liability or Passive Position: The transfer of ownership of securities in exchange for a payment of a sum of money, assuming in this same act and at the same time the commitment to reacquire securities of the same type and features from the counterpart on the same day or at a later date, which shall not exceed one (1) year, at a predetermined price or amount.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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The initial amount will be calculated at a discount to the market price of the securities involved in the operation, may be established for the duration of the operation, replacing the initial values given by others and may put restrictions on the mobility of securities subject to the operation.

Simultaneous Operations

Asset or Active Position: Securities acquired at market price in exchange for a sum of money assuming in this same act and at the same time the commitment to retransfer ownership of securities of the same type and features to the counterparty on the same day or at a later date, which shall not exceed one (1) year, at a predetermined price.

Liability or Passive Position: The liability in a repurchase operation occurs when a person transfers ownership of securities in exchange for a sum of money, assuming in this same act and at the same time the commitment to reacquire securities of the same type and features from the counterparty on the same day or at a later date, which shall not exceed one (1) year, at a predetermined price or amount.

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

Accounting and (valorization) of Repo, Repurchase transactions.

The seller, the originator or the recipient, as applicable, shall reclassify its balance sheet values are given in a repo, simultaneously or temporary transfer of securities and in addition, must register their accounts in order to reveal delivery thereof.

The purchaser, the recipient or the originator as the case may be, must register the receipt of securities from the said operations in their accounts.

All persons participate in repo operations, simultaneous and temporary transfer of securities must register the monetary resources from these operations within their respective balances as an obligation or right, depending on the position.

When the purchaser, the originator or the recipient is in a short position a financial obligation must be recorded in the balance sheet on behalf of the transferor, originator or initial receiver for the correct exchange price of the respective securities.

The profits of repo transactions or operations concurrent cause exponentially by the parties during the term of the respective operation and will be an expense or income for each of these, as appropriate.

3.6. Investments

It Includes investments acquired in order to maintain secondary liquidity reserve, acquire direct or indirect control of any company or financial sector services, meet legal or regulatory allowances or with the sole purpose of eliminating or reducing the risk in which assets are exposed to the market, liabilities or other financial statement.

The valorization of investments, has as main objective the calculation, record keeping and disclosure of fair value or price of exchange, which a title or xvalue may be negotiated on a date determined in accordance with its particular characteristics and conditions within prevailing in the market on that date.

Investments are classified, evaluated and accounted according to the established in the chapter of the basic accounting memorandum 100 of 1995, issued by the Colombian Superintendence of Finance, which may be summarized as follows:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Classification	Characteristics	Valuation	Accounting
Trading	Securities acquired in order to obtain profits from price fluctuation short-term.	They use fair trade prices, reference rates and / or margins, calculated and published daily by the Colombian Stock Exchange or main market.	<p>The difference is between the current market value and that immediately before recorded as greater or lesser than the initial investment and its counterpart affecting prior results.</p> <p>The investments are valued at market prices, as of the same day of their acquisition, therefore accounting of changes between the acquisition cost and market value of the investments are done as of the date of Purchase.</p>
Held to maturity	Instruments to which the bank has a serious purpose and the legal, contractual, financial, and operative capacity, to maintain until their maturity.	<p>Exponentially as of (from the) the internal rate of return calculated at the time of purchase.</p> <p>When the terms of the issue established the use of the value indicator for the starting date of the compensation period, the internal rate of return must be recalculated every time the face value of the indicator is changed with which the next flow is to be paid.</p> <p>In the case of securities that incorporate prepay options; the internal rate of return must be recalculated every time the future cash flows and payment dates change. The value at the recalculation date of future cash flows should be taken as the purchase value.</p> <p>This procedure is done on a daily basis.</p>	This amount is accounted as the greater value of investment and its counterpart is recorded in period results.
Available for sale – debt titles	Assets that are not classified in either of the two categories above are classified in this category; they should be kept at least 1 year. Once the year is up (completed), the first business day after words they may be to be reclassified as negotiable and kept until maturity.	Exchange fair prices are used for valuation, reference rates and margins, calculated and published daily by the Colombian Stock Exchange or the main market.	<p>Are accounted in accordance with the following procedure:</p> <ul style="list-style-type: none"> - The difference between the present value on the date of valuation and the previous one is registered as a greater or lesser value of the investment with a loan or charge accounts. - The difference between market value and the present value is recorded as a profit or cumulated unrealized loss within equity accounts.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Classification	Characteristics	Valuation	Accounting
Available-for-sale – shares securities	With low or minimum trading volume, those that doesn't have quotation, titles held by the Bank in its capacity as controlling party or matrix.	<p>Investments in equity securities are valued according to the rate of trading volume to keep the valuation date, as follows: Low or minimum marketability or no contribution are valued monthly and increase or decrease in the percentage of participation of changes in equity, subsequent to the acquisition of the investment, calculated based on the last audited financial statements.</p> <p>When the Bank is the controlling party valuation should be done with the Financial Statements of semi-closure of each company in which it has investments.</p>	<p>Low or minimum marketability or no contribution</p> <p>- The difference between the market value or value of the investment date and the amount by which investment is registered, is recorded as follows:</p> <p>If it is higher in the first instance reduces the depreciation allowance or to exhaustion and the excess is recorded as revaluation surplus.</p> <p>If it is lower, affecting the valuation surplus until exhausting it and the excess is recorded as impairment.</p> <p>- When dividends or profits are distributed in kind, including those from the capitalization of the equity revaluation account is recorded as income the part that has been accounted for as revaluation surplus, under investment and the surplus is reversed.</p> <p>- When dividends or profits are distributed cash is recorded as income the value recorded as revaluation surplus, reversing the surplus and the amount of dividends that exceeds the same is recorded as a decrease in investment.</p>
Available-for-sale – shares securities	High and medium marketability: Titles or equity securities that according to the rate of trading volume to keep the valuation date, according to calculations made or authorized by the Colombian Superintendence of Finance are classified in this category. The stock index trading volume determines the degree of liquidity that has an action in the stock market.	<p>Middle marketability, are valued based on the average price determined and published by the stock exchanges, in which they are negotiated. This average corresponds to the weighted average price for the quantity traded in the last five (5) days in which there have been negotiations.</p> <p>High liquidity, are valued based on the weighted average price last daily trading published by the stock exchange in the negotiation.</p>	<p>High and Medium Marketability. The update of the market value for high or medium marketability or are listed on foreign exchanges internationally recognized, is recorded as a profit or cumulated unrealized loss within equity accounts with loan or charge to the investment.</p> <p>Dividends or profits that are distributed in kind or in cash, including those from the capitalization of the equity revaluation account, should be recorded as income until the amount that corresponds to the investor on profits or improvement of the issuer accounted for thereof from the date of acquisition of the investment, against accounts receivable.</p>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Reclassification of investments

The Bank and its national subsidiaries perform a reclassification of investments at any time, with proper authorization of the Colombian Superintendence of Finance, as stipulated in paragraph 4 of Chapter 1 of the Basic Accounting and Financial Circular and annual maturities of investments available for sale.

Investment Transfer Rights

It registers investment in securities or debt securities or equity that the seller, the originator or the recipient, as applicable, are delivered in a repo, simultaneously or temporary transfer of securities.

Corresponds to investments in securities or debt or equity securities that are restricted from transferring ownership of those securities against payment of a sum of money, or receipt of securities as a backup in the operation TTS (temporary transfer of securities) values against values, assuming the same act and time commitment to buy back its counterpart thereof or acquire securities of the same species and features the same day or at a later date at a price or predetermined amount.

It also accounts for investment in securities or debt securities or equity that a lending institution, has endorsed the property to the Central Bank when it uses resources of temporary liquidity support, in accordance with regulations issued by the Central Bank itself.

Allowances or Losses by Loans Risk Rating

The price of securities or debt securities and the securities or equity securities with low or minimum marketability or no contribution, are adjusted in each valuation date based on the loan rating as follows:

- The titles and / or values that have one or more ratings from external rating agencies recognized by the Colombian Superintendence of Finance, or the titles and / or securities issued by entities that are qualified by them, cannot be accounted for an amount exceeding the percentage of their nominal value net of repayments made to the valuation date.

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

- For the titles and / or values that do not have an external rating or securities and / or debt securities issued by entities that are not qualified or securities or equity securities, the amount of allowances should be determined on the basis of the methodology for the purpose by the investment entity. This methodology must be approved in advance by the Colombian Superintendence of Finance.
- The Bank evaluates the loan risk of investments that have no rating and establishes allowances in accordance with the ranges defined by the Colombian Superintendence of Finance

Not subject to loan risk rating of securities or debt securities internally or externally issued or guaranteed by the Nation, issued by the Central Bank and those issued or guaranteed by the Fondo de Garantías de Instituciones Financieras known as Fogafin in Colombia.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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3.7. Loans and Financial Leases

It registers the loans and / or Financial Leasing operations granted under the various authorized forms. The resources used in granting of loans come from own resources, the public in the modality of deposits and other sources of external and internal financing.

Loans are accounted for the value of disbursement, excluding portfolio purchases which are recorded at cost; the agreed interest rate does not affect the value by which loans are recorded.

Loans arrangements

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

- **Commercial**

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

Residential Leases

Colombian Superintendence of Finance established that for classification purposes, the operations of residential leases must be classified as commercial loans.

The real estate properties of this type of operations are owned by the Bank, and are insured for fire and earthquake.

It records the value of real estate financed housing lease delivered to the user for use and enjoyment, in exchange for periodic payment of a fee, during the agreed period, for which the property is restored due to the owner or tenant is transferred to if it decides to exercise the purchase option agreed in their favor and pay their value.

The value to finance the operations of financial leasing is amortized payment of fees for leasing in the share capital subscription.

- **Consumer**

Are loans that regardless of amount are granted to individuals whose purpose are to finance the acquisition of consumer goods or services to pay for non-commercial or business, other than those granted in the form of microcredit

- **Housing**

Records regardless of amount, the loans granted to natural persons, for the purchase of new or used, or the construction of individual housing. Must be agreed in Current Value Units (UVR), be legal tender and protected with first-degree home equity, building on housing financed. The amortization period should be five (5) years and not more than thirty (30).

Loans may be fully or partially pre-paid at any time without penalty whatsoever. If there are partial prepayments, the debtor shall be free to choose whether the amount paid decreases the value of the fee or term of the bonds; that have an interest rate of remuneration, which is applied to the balance of the debt denominated in UVR or in pesos, depending on whether the loan is denominated in UVR or legal currency, respectively.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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Interest should be charged as expired and cannot be capitalized. The loan amount may be up to seventy percent (70%) of the property's value. This value will be the purchase price or appraised technically practiced within six (6) months prior to the granting of the loan. The loans to finance affordable housing, the amount of the loan may be up to eighty percent (80%) of the property's value.

Property value should be insured against fire and earthquake.

- Micro credits

Microcredit is defined as the set of active loans operations to which Article 39 of Law 590 of 2000 or the rules that could modify it, substitute or add as well as those made with micro-enterprises in which the main source payment of the obligation comes from the income from their activity.

A micro-company is also defined as a unit of economic exploitation performed by natural or legal person in business, agricultural, industrial, commercial or services, rural or urban, whose ground staff does not exceed ten (10) workers or their total assets are less than five hundred (500) minimum monthly wages.

The balance of indebtedness of the debtor must not exceed one hundred and twenty (120) minimum legal monthly salaries, in effect at the time of approval of the active loan operation. Balance of indebtedness means that the amount of current debt obligations in charge of the corresponding micro-company in the financial sector and other sectors that are in the records of operators of databases accessed by the respective creditors, excluding mortgage loans for housing finance and adding the value to the new obligation.

Restructured Loans

Restructured loan is defined as anyone who by entering any legal business, seeking to modify the conditions originally submitted to allow the debtor to the proper care of their obligation. For this matter, restructuring is considered a novation. Before restructuring a loan it should be established reasonably that the same will be recovered under the new conditions.

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

Rules for accounting for interest on restructured loans: in those cases where as a result of restructuring agreements or any other form of agreement contemplates the capitalization of interest are recorded under memorandum accounts or punishable portfolio balances including capital, interest and other concepts, are recorded as deferred payment and capital repayment to be made in proportion to the amounts actually collected.

Rules for reclassification of restructured loans: Loans can improve their qualification, after having been restructured, only when the debtor proves a regular and effective payment behavior.

When an obligation is restructured maintaining the current rating at the time of restructuring and 3 regular payments is considered standard and improved its rating to "A". If it goes overdue over 30 days will return to the initial qualification and held until it becomes once again regularized to return to the rating "A". If after two years, the restructured loan is current moves to normal, except those recorded below:

Bankruptcy rules Law 1116 of 2006

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



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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Fiscal Restructuring Law 617 of 2000

The Nation grants guarantees to the obligations assumed by territorial entities with financial institutions supervised by the Colombian Superintendence of Finance, when all requirements established by law are met, among others, fiscal agreements were underwritten by 30 June 2001. This guarantee is up to forty percent (40.0%) for loans outstanding at December 31, 1999 and up to one hundred percent (100.0%) for new appropriations for fiscal adjustment.

Such restructuring are characterized to roll back allowances made for restructured obligations on the part which is guaranteed by the Nation and the part of the restructured obligations with no guarantee of the nation can maintain the rating they had up to June 30, 2001.

Restructuring Law 550

Law 550 of 1999 and 1116, 2006, promoted and facilitated business reactivation and restructuring of local authorities. When the negotiation of restructuring started it suspended the causation of interest on current loans and it maintains the rating they had on the trade date.

Suspension of causation of interest

Is not cause in the income statement the accrual of interest, monetary correction, exchange adjustments, fees and other income when a loan is not up to date as shown in the following table:

Loans Modality	Default level to	
	Bank and Confinanciera	Bancafé Panamá
Commercial	3 months	3 months
Consumer	2 months	3 months
Mortgage	2 months	3 months
Micro credits	1 month	Does not exist

The accrual is recorded in memorandum accounts without affecting the income statement until such time as the cash collection.

For those cases in which, as a result of restructuring agreements or any other form of agreement, is contemplated that the capitalization of interest that is recorded under memorandum accounts or balance from the written-off portfolio including the capital, interest and other concepts, this income is recorded as deferred payment and taken to the income statement so far as the collection occurs effectively.

Those credits entering in default and that have ever stopped to cause interest, monetary correction, exchange adjustments, fees and other income for other concepts, such loans will no longer cause income since the first day of default. Once those loans are up to date on the payments, they will accrue income again. While this collection occurs, the corresponding records will be taken in the memorandum accounts.

When it is necessary to stop the accrual of income, restatement, exchange adjustments, fees and other income, the whole amount of what is accrued and not collected, must be allowed.

Regulation for penalties

Penalties on the loan portfolio, accounts receivable and other assets are approved by the Board taking into account the allowances of Circular 100 of 1995 of the Colombian Superintendence of Finance.

Given the internal policies for writing offs, these are recorded at the time in which the different loans, reach the following arrears levels and Requires loans to be 100% provisioned in capital, interest and other concepts.



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Loans	Bank and Confinanciera S.A. Days Loans	Bancaf� Panama S.A.
Commercial	570	For individual assessment
Consumer	180 (different of vehicle without guarantee)	
Mortgage	540	
Mortgage Leases	540 (Commercial Loans)	
Commercial Vehicles	360	
Consumer Vehicles	360	
Micro- credits	180	

For the low income segment: private label credit cards and visa practice 120 days overdue; penalties may be imposed to current customers whose balances have a probability of default of 100%.

Likewise, specific penalties may be applied under the parameters defined by the Bank when the Board approves it. These parameters can be changed at any time in accordance with the policies adopted by the Board.

The write-off does not release the Administration of the companies from continuing with collection activities deemed suitable.

Regulations for the guarantees

The guarantee is an instrument whereby it reduces the Expected Loss (EL) where there is an event of default. The warranty is a right acquired by the Bank and its subsidiaries if the debtor ceases for failure to pay its obligations.

Loan approvals in the Bank and subsidiaries must include the guarantee in order to authorize the operation. The improvement of it will be prior to disbursement.

The guarantee analysis should include the following:

- Adequacy: As defined by law.
- Legality: Document properly perfected to offer legal support to facilitate the management of the collection of obligations granted.
- Value: Established on technical and objective criteria.
- Possibility of creation: Adequate to give effect to the guarantee.

For consumer and commercial loans, admissible and not admissible guarantees are admitted in accordance with set out in the Decree 2360 of 1993.

In the case of mortgages for housing loans, these shall be classified as first degree and by an unspecified amount in favor of the Bank over the mortgaged property. Mortgages must be completed through public deed before a notary and registered at the corresponding Public Document Registration Office.

The update of the realizable value apply to the guarantee for mortgage portfolio is established by taking the value of initial registration of the security as adjusted by the housing price index published by the National Planning Department.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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Criteria for the Evaluation and Reclassification of loans risk

The Bank and Confinanciera S.A. have adopted a Loans Risk Management System, which includes policies, processes, models and control mechanisms to identify, measure and adequately mitigate loans risk; not only from the perspective of their coverage but also through the administration of the process to grant loans and a permanent monitoring to those active loans.

The Bank and its subsidiaries evaluate and rate loan operations regardless of the kind of loan. There is also a monthly update on the customer's portfolio, regarding securities, cancelations, penalties and high non-pay loans.

The Bank has set methodologies and analytical techniques that allow the measurement of the risk inherent in a loan transaction and potential future changes in the conditions of service. These methodologies and techniques are based on information related to the historical performance of portfolios and loans, the particular characteristics of the borrowers, their loans and guarantees to back them up, the loan performance of the debtor in other entities and financial information so it allows us to know their financial situation, and the sector and macroeconomic variables that affect the normal development of the same.

In the evaluation of the capacity of payments of the territorial public entities, it verify the compliance with the indicators of Law 617 - Operating costs - Law 358 - Solvency and Sustainability - Primary Surplus and Law 819.

The Bank and its subsidiaries perform an evaluation and a requalification to the commercial loan portfolio as minimum in the months of May and November and the results are record at the end of next month.

Fiduciaria Davivienda S.A., Fiduciaria Cafetera S.A. and Davivalores evaluate the receivables by assimilating them as commercial loan by the default's height, in accordance with the allowances of Chapter II of External Circular 100 of 1995 of the Colombian Superintendence of Finance.

Alignment Rules

Monthly and for each debtor there is a process of internal alignment performed by the Bank, in which it takes the loans to the higher risk category to those, granted to this same mode, unless they can prove the existence of grounds for its classification in a lower risk category of as permitted by the policies.

The bank and its subsidiaries consolidated the final statements with their current customers; these loans are assigned with the same risk rate as those given to a debtor, unless they can prove the existence of grounds for its classification in a lower risk category.

Loans Risk Rating for reports

For the purpose of approving the loans ratings for the reports to loans bureaus, the following table is applied for the loans debt reports and registration in the statements.

Commercial Loans

Risk Type	Reporting Rating	Rating Group	Default levels (days)
Normal	AA	A	0-29
Acceptable	A	B	30-59
Acceptable	BB	B	60-89
Appreciative	B	C	90-119
Appreciative	CC	C	120-149
Unpaid	D	D	150- 569
Irrecoverable	E	E	More than 569



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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A commercial loan is considered on default when it hasn't been paid for more than or equal to 150 days; the same applies to treasury loans in the same situation.

Consumer Loans

To determine the rating the model of reference calculates a score depending on the consumer loan segment which is the product of the particular characteristics of each debtor as set out in Appendix 5 of Chapter II of External Circular 100 of 1995 of the Colombian Superintendence of Finance, as shown below:

Risk Type	Reporting Category	Rating Group	Vehicles Score	Others Score	Loans 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
Appreciative	B	C	0.94941	0.9971	0.9902
Appreciative	CC	C	1	1	1
Unpaid	D	D	1	1	1
Irrecoverable	E	E	1	1	1

A consumer loan is considered on default when it hasn't been paid for more than or equal to 90 days.

* To avoid affecting the portfolio indicators, the Colombian Superintendence of Finance defined a delay range of between 0 and 30 days to be reported in the accounts defined as group A in addition to the characteristics of the reference model of Consumer for this qualification.

Mortgage and Micro-loans

The Bank classifies the mortgage loan and micro-credits operations into the following risk categories.

Rating	Risk	Mortgage	Micro-loans
		Months in arrears	
A	Normal	0 until 2	0 until 1
B	Acceptable	More than 2 until 5	More than 1 until 2
C	Appreciative	More 5 until 12	More than 2 until 3
D	Significative	More 12 until 18	More than 3 until 4
E	Uncollectibility	More than 18	More than 4

Qualification of Loans to Territorial Entities

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

Rules on provisions for loans

The Bank constitutes provisions in reference to the results as follows

General Allowance

As of June 30, 2011 and December 31, 2010, the allowance for the different kinds of micro credits and mortgage loans, are equivalent to the 1.0% of total gross loans.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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Individual provisions using reference models.

As established by the Financial Superintendence of Colombia for the commercial and consumer reference models the individual allowances of consumer loan portfolio are set as the sum of two individual components procyclical and countercyclical.

The individual procyclical component reflects the current risk of each borrower.

The individual countercyclical component reflects the possible changes in the loans risk of borrowers at the time in which the deterioration of these assets increases. This component is used to reduce the impact on the Bank's income statement when the situation arises.

The two components are calculated separately for capital and accounts receivables of the holdings and leases obligations.

The following indicators should be evaluated monthly to determine the calculation methodology to use from the next month for the calculation of individual provisions:

Indicators	Activation Threshold
1. Increase of allowance in risk category B,C,D,E	$\geq 9\%$
2. Net expenditure of allowance as % of loans revenue	$\geq 17\%$
3. Net expenditure of allowance as % of Adjusted Gross Financial Margin	$\leq 0\%$ ó $\geq 42\%$
4. Real annual growth of Gross Loans	$< 23\%$

If the conditions of these indicators are met for the following three months, the methodology to be applied for the following six months will be the one established for the non-cumulative phase. On June 30, 2011 and December 31, 2010, the Bank and its subsidiaries applied the cumulative phase methodology.

Calculation methodology in accumulation phase

Individual procyclical component (IPC): For holdings A, it is the expected loss calculated with matrix A, i.e. the result obtained by multiplying the exposure of the borrower, the PI (Probability of Default) of matrix A and the PDI (Loss on default) associated with the borrower's security.

Individual countercyclical component (ICC): It is the maximum value between the individual countercyclical component in the previous period affected by the 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 provision.

In no case, the individual component countercyclical for each obligation may be less than zero and it could not exceed the value of the expected loss calculated with the matrix B, likewise the sum of these two components may not exceed the exposure value.

Each year the Colombian Superintendence of Finance informed the migration matrices applied to quantify the expected losses.

The countercyclical component allows entities to maintain a reserve (individual countercyclical provision) to be used during periods of deterioration in loans quality to meet the increase in provisions without significantly impacting the profits generated by the unfavorable environment.



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Individual Allowance

Without prejudice of the general provision, the individual provisions, for the protecting loans qualified in all risk categories, have the following parameters at December 31 and June 30, 2011.

Commercial Loans

The Bank and Confinanciera S.A. adopted the Commercial Reference Model (CRM), established by the Colombian Superintendence of Finance, which is used for recording provisions resulting from its application.

The Leases Operations provisions are recorded in compliance with the commercial loans policies. "natural Person with business"

To estimate the expected loss, segments are differentiated by the borrowers' assets level as follows:

Company Size	Assets Level
Large Companies	More than 15.000 MCMLW
Medium Companies	From 5.000 to 15.000 MCMLW
Small Companies	Less 5.000 MCMLW

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

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

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

Where:

- Probability of failing (PF)

It corresponds to the probability that in a period of twelve (12) months, the debtor of a certain commercial loan portfolio incurs in default.

The Individual allowances are calculated using the percentages given in the following matrix:

Rating	Large Company		Medium Company		Small Company		Individual	
	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%
Non-compliance	100%	100%	100%	100%	100%	100%	100%	100%



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- Loss due to failing (PDI)

Is defined as the economic deterioration in which it would incur if non-compliance materializes in any way. The LDF for qualified borrowers that are in the default category will increase according to the days that have passed after qualifying in that category. The LDF applied by the Bank considers the different rank of warrantees "without guarantee".

<u>Type of guarantee</u>	<u>L.D.F.</u>	<u>Days after failing to pay</u>	<u>New L.D.F.</u>	<u>Days after failing to pay</u>	<u>New L.D.F.</u>
Without guarantee	55.00%	210	80.00%	420	100.00%
Goods given in real estate leasing	35.00%	540	70.00%	1.08	100.00%

Additionally, the portfolio is allowance in a 100% to those loans qualified in the description D and E.

The LDF applied by Confinanciera for inadmissible guarantee is:

<u>Type of guarantee</u>	<u>L.D.F.</u>	<u>Days after failing to pay</u>	<u>New L.D.F.</u>	<u>Days after failing to pay</u>	<u>New L.D.F.</u>
Subordinated claims	75%	270	90%	540	100%
Eligible financial collateral	0 – 12%	-	-	-	-
Commercial and residential real estate	40%	540	70%	1080	100%
Assets in real estate leasing	35%	540	70%	1080	100%
Assets other than real estate leasing	45%	360	80%	720	100%
Other side	50%	360	80%	720	100%
Receivables	45%	360	80%	720	100%
No Warranty	55%	210	80%	420	100%

- Exposed value of asset

The exposed value for assets is defined as the current balance in capital, interest, and accounts receivable for interest and other accounts receivable, from the obligations on the commercial portfolio.

- Foreign Subsidiaries

For the commercial portfolio of the international subordinate, the portfolio allowances are calculated for customers who have their economic activity in Colombia, using the MRC of Colombia, for customers with their economic activity in other countries use an internal model that in addition to the allowances made in the country of origin considers additional factors such as country risk that takes into account the different categories of loan risk, the factor of evaluation considers the deterioration by rating and a factor of punishment (historical two last years), these additional factors do not apply for collateralized obligations with deposits.



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Additional factors:

Country Risk rating

Country	Rating	Default rate
USA	AAA	0.0 %
Panamá	BBB-	1,41 %
Venezuela	BB-	6,91 %
Perú	BBB-	1,41 %
Colombia	BBB-	1,41 %

Source S&P (November 2011)

Valorization factor

Rating	Assessment factor
A	1,00
B	1,25
C	1,50
D	1,75
E	2,00

Rating and Allowances (Country Risk rating * Valorization factor)

Probability in default in others countries

Rating	BBB	BB
A	1,41	6,91
B	1,76	8,64
C	2,12	10,37
D	2,47	12,09
E	2,82	13,82

Methodology applied

Taking into account additional provisions for this type of loans, they are calculated applying the following equation:

$$\text{Allowance} = [(\text{Country Risk} * \text{Assessment factor}) + \% \text{punishment}] * \text{Assets exp.}$$

Concordat Processes Provisions

With regards to the loans granted, the persons who are admitted to universal competition processes of lenders, are scored immediately in the "E" being subject to be taken into the allowance, suspension of accrual of income and other items provided for this category.

If the agreement to recover the company is approved before to the following year to the admission of the concordat, loans can be reclassified to category "D".



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Consumer Loans

The Bank and Confinanciera S.A. adopted the Reference Model for Consumer loans (MRCO), established by (the Colombian Superintendence of Finance, which is used for recording allowances that result from their application.

It is based on Segments from different products, general automobile, general others, and credit cards in order to preserve the characteristics of the market niches and products granted.

The expected losses are determined, and the allowance are recorded according to the following formula

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

Where:

- Probability of failing (PF)

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

The bank defines the probability of failing according to the following matrix:

Rating	<u>Vehicles</u> <u>General</u>		<u>Others</u> <u>General</u>		<u>Loans</u> <u>Card</u>	
	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%
Breach	100%	100%	100%	100%	100%	100%

- Loss due to failing (LDF)

Is defined as the economic deterioration in which the Bank would incur if some of the non-compliance materializes. The LDF for those borrowers qualified on the default category will increase according to the days that have passed after qualifying in that category. The LDF applied by the Bank considers only the rank of warranty "without guarantee" and additionally applies a higher percentage in the first rank of defaulted as follows:

<u>Type of</u> <u>guarantee</u>	<u>L.D.F.</u>	<u>Days after</u> <u>failing to pay</u>	<u>New L.D.F.</u>	<u>Days after</u> <u>failing to pay</u>	<u>New L.D.F.</u>
Without guarantee	75,00%	30	85,00%	90	100,00%

The bank uses the base of 365 calendar days for the calculation of the LDD PDI.



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The PDI applied by Confinanciera for ineligible guarantee is as follows:

Type of guarantee	<u>L.D.F.</u>	<u>Days after failing to pay</u>	<u>Nuevo PDI</u>	<u>Days after failing to pay</u>	<u>New L.D.F.</u>
Inadmissible guarantee	60%	210	70%	420	100%
Colateral financiero admisible	0-12%	-	-	-	-
Commercial and residential real estate	40%	360	70%	720	100%
Other Collateral	50%	270	70%	540	100%
Receivables	45%	360	80%	720	100%
No Guarantee	65%	180	85%	360	100%

- Exposed value of the asset

In CRM (Commercial Reference Model), the exposure value of the asset is the current balance of capital, interest, interest in accounts receivables and other receivables, from obligations of the consumer portfolio.

Foreign Subsidiaries

The allowances for consumer loans granted by the foreign Subsidiaries, are calculated according to the following table:

Rating	%
A	1,6
B	5,0
C	30,0
D	60,0
E	100,0

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

Mortgage loans

The individual allowances to protect those loans classified in all risk categories should have as minimum the following percentages to June 30, 2011 and December 31, 2010:

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

For mortgage loans an allowance is kept on the guaranteed portion for the corresponding percentage according to the rating. On the part that hasn't been allowance it should be guaranteed one hundred percent (100%) based on a credit rating "B" (acceptable).



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If in the period of two (2) consecutive years, the loan remains in the "E" category, the allowance rate on the guaranteed portion; it will be set up to sixty percent (60.0%). If one (1) additional year passes under these conditions, the provisioning rate on the guaranteed portion will rise to one hundred zero percent (100.0%).

Starting B rating, interests and other accounts are allowed at 100%.

Foreign Subsidiaries

The mortgages granted by the foreign subsidiaries, the allowances, they are calculated according to the following table:

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

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

Micro-Credit Portfolio

The individual allowances to protect those loans classified in all risk categories should have as minimum the following percentages to December 31, 2011 and June 30, 2011:

Rating	% Minimum Standard		% Bank's minimum	
	Capital Balance	Uncovered Part	Capital Balance	Uncovered Part
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%

Starting B rating, interests and other accounts are allowed at 100%.

Effect of Suitable Guarantees on the Establishment of Individual Allowance

The guarantees for microcredit and mortgage loans only support the capital of credit, therefore, the unamortized balances of appropriations covered with securities having the character of suitable guarantees, these are allowed in the corresponding percentage by the rating, using this percentage to the difference between the value of the unpaid balance and seventy percent (70%) of the value of the guarantee.

In regards to mortgage loans, for the unguaranteed part, it would be the difference between the balance of the unpaid value and the hundred percent (100%) of the guarantee. For the guaranteed part, it would be applied to the hundred percent (100%) of the guarantee value.

Depending on the type of guarantee and the time in default of the respective credit, the percentages of the total value of the guarantee to establish allowances are considered as follows:



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For Non-Mortgage Guaranties:

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

For Mortgage Guaranties:

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

As of December 31 and June 30, 2011, in order to calculate the expected loss for the reference models in the MRC commercial loans and in the MRCO Consumer loans, the amount of the collateral was not contemplated.

3.8. Acceptances, Cash Operations and Derivate

Cash Operations

Definition

A cash trade operation is one that is registered with a deadline for clearing and settlement on the same date of execution or registration of the operation, from today for today (1 +0), or up to three (3) business days counted from the day following the registration of the operation (1 +3).

Valorization

In this case the seller of the asset values the obligation. For its part, the buyer sets the value of the right, at market prices, according to the rules established in Chapter I of Circular 100 of 1995 of the Colombian Superintendence of Finance.

Accounting Records

The financial assets purchased in cash transactions are recorded on the balance sheets of entities on the date of compliance or settlement thereof and not on the trade date, unless the two coincide. Changes in market value of disposed instruments must be reflected in the income statement from the trade date, as appropriate.

Under the settlement date method the seller will record the financial asset on its balance sheet until its delivery. Additionally, a right to receive the money from the transaction and an obligation to deliver the asset traded will be recorded in the accounting records in the accounts designated for this type of operation.



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For its part the purchaser of the asset will not record a financial asset on its balance sheet until its delivery, but it will record those kinds of operations enabled in the asset accounts, a right to receive the asset and an obligation to deliver the money agreed upon in the operation.

Derivatives Transactions

It is an operation whose main characteristic is that its exchange fair price depends on one or more underlying compliance or settlement on a subsequent time. The liquidation may be in cash, financial instruments or products or tradable goods, as stated in the contract or in the regulations concerning the trading of securities, the registration system of securities trading or clearing and settlement system.

A financial derivative allows the administration or accession of one or more risks associated with the underlying and complies with either of the following two (2) alternative conditions: (i) It doesn't require an initial net investment. (ii) It requires an initial net investment lower than the one needed to acquire instruments that provide the same expected payoff in response to changes in market factors.

Financial derivative for hedging purposes: It is negotiated to cover a primary position for any loss resulting from adverse movements in market factors affecting the loans or the asset, liability or contingency. With these kinds of negotiations the Bank seeks to limit or control one or more financial risks generated by the primary position being hedged.

Financial Derivative for speculative purposes: It is not framed within the definition of financial derivative for hedging purposes, or meets all conditions set forth in paragraph 6 of Chapter XVIII of the Circular 100 of 1995 of the Colombian Superintendence of Finance. These are tools whose purpose is to make profit by any market movements.

Financial derivatives can be traded for one of the following reasons: 1) Insurance against other positions. 2) Speculation looking for a profit, or 3) Conducting market arbitrage.

The Bank operates a policy of trading derivatives exclusively for speculative purposes, as of December 31 and June 30, 2011, there is only one hedge transaction registered as fair exchange price coverage according to what is defined in paragraph 7.3.2.1 of Chapter XVIII of the External Circular 100 dated 1995 of the Colombian Superintendence of Finance, for the CCS swaps transaction taken by Davivienda Bank S.A., to cover the financing of the Granbanco S.A. purchase.

Basic Financial Instruments

Forward Contracts

Definition

A 'forward' is a derivative formalized by a contract between two (2) parts, to meet both the customer and the bank needs, to buy / sell a certain amount of a specified underlying at a future date, fixing the basic conditions of the derivative on the same day, including mainly price, delivery date of the underlying mode of delivery. The settlement of the instrument in the compliance date may be caused by physical delivery or liquidation of the underlying dispute, depending on the underlying and agreed delivery mode, this last one may be modified by mutual agreement of the parties during the term of the instrument.

Valorization

Peso-dollar 'forward' transactions

The valuation of the peso-dollar 'forward' transactions with term remaining of less than or equal to the last period for which daily information is published must be conducted using 'forward points' (PIPS, expressed in COP/1USD) recorded at the daily closing of the 'forward' market, published by acloansed price suppliers that offer permanent quotes throughout the trading day. In all cases, to value the 'forward' transactions, both



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buying and selling, the average of the quoted closing bid price and asking price should be used, i.e. the 'mid' price.

However, when there is the availability and the constant information from different "forward" operations negotiated in the market, the valuation should be established using the weighted average for the different terms and amounts negotiated during the day. When such estate of the information is met, the Colombian Superintendence of Finance determines the source of the calculation and publication of those weighted averages.

For purposes of valuation of derivative financial instruments with remaining terms that do not correspond directly to the most liquid quotations published, the bank must calculate the 'forward points' for the respective term by making simple linear interpolation between existing contributions (lower and upper) closer to that period.

To quantify the gains or losses on such contracts, the difference is kept between the rate 'forward' rate agreed and 'forward' on the valuation date that corresponds to the remaining term of the derivative financial instrument, after which it must be brought to present value using a zero coupon interest rate.

Forward foreign exchange transactions:

To calculate the gains or losses in Colombian pesos the rate must be set to establish the difference between the 'forward' rate agreed and the 'forward' market rate at the valorization date corresponding to the remaining term of the instrument must be established, both rates expressed in terms of currency X per unit of currency Y. When the 'forward' rate of the foreign exchange market is sufficiently liquid, this is obtained by adding to the 'spot' rate valuation the 'forward' points of the corresponding market, i.e. taking into account the devaluation expected by the market. If there are no 'forward' points for the term of the instrument being valued, the bank must use an appropriate methodology that is based on the differential of zero coupon interest rates of the two currencies in the transaction (currency X, currency Y).

It must then be brought to present value using the zero-coupon low risk interest rate of currency X for the same period, multiplying that value by the respective exchange rate calculated on the valuation date (to change currency X to US dollars), and then by the representative rate of the peso-dollar market calculated on the same date (to change US dollars to Colombian pesos) and by the nominal value of the contract.

Accounting records

Financial derivatives that yield a positive fair exchange price, that is favorable to the Bank, are recorded as assets, separating the rights value and the obligation value, except in the case of options, where the accounting record is performed in a single account. Those that yield a negative fair exchange price, that is unfavorable to the Bank, must be registered as a liability, performing the same separation.

When the fair price of exchange from the financial derivative results as a zero (0), either at the first day or at a later day, for a financial derivative for speculative purposes its accounting should be recorded as an asset. But if it is a financial derivative for hedging purposes, the accounting records in this case, must be recorded on the appropriate side of the balance sheet, -asset or liability-, on the base that it must be recorded on the opposite side to that in which the primary position being covered is registered.

There are not net deductions made to favorable and unfavorable balances from the different derivatives financial instruments in the balance sheet, even if they are the same type, but each is recorded as assets or liabilities as appropriate.

Since derivative financial instruments should be valued on the day of its conclusion, the fair value of exchange may be different from zero (0) at the end of the start date and must be recorded in the accounts.



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Future Contracts

Definition

A future is a standardized contract as to its compliance date, size or value, the characteristics of the respective underlying, place and manner of delivery in kind or cash. This is negotiated in a camera bag with central counterparty risk, whereby two (2) Parties undertake to buy / sell an underlying at a future date (maturity date) at a price established at the time of the celebration the contract.

Under this classification the Bank registers transactions denominated as TRM Futures and Notional Bond Futures

Valorization

The futures should be valued on the basis of the relevant market price at the valorization date. Such prices are provided by the respective stock exchange or trading system where the entity has negotiated the financial derivative instrument.

To quantify the gains or losses on futures contracts, it is necessary to calculate the difference between the market price of each unit of the relevant contract and the agreed price, multiplied by the value of the contract and the number of contracts traded.

Accounting records

Futures transactions are settled daily, the fair price of the derivative financial instruments must be valued the same day as completion, their fair exchange price may be different from zero (0) at the closing of the start date and must be registered as an asset or liability depending in which it corresponds to.

Swaps

Definition

A 'swap' is a contract between two (2) parties which establishes the bilateral obligation to exchange a series of flows for a period of time on predetermined dates. Basic 'swaps' are those known as Interest Rate Swap (IRS), Cross Currency Swap (CCS) or a combination of the two (2) types.

Hedging Swaps

These are negotiated transactions assigned to reduce or cancel a specific risk that may impact on the income statement as a result of changes in the fair price of trade, cash flow or exchange of one or more items, called primary positions.

In compliance with the existing regulations, instruments of financial derivatives traded for hedging purposes must be clearly identified at the time of its conclusion and authorized by the Colombian Superintendence of Finance.

The Colombian Superintendence of Finance recognizes three types of accounting hedges:

- Coverage of fair exchange price: These cover the exposure to changes in the fair exchange price of a primary position, provided that such variation is attributable (in particular to one or more risk) and affect, or may affect the income statement of the controlled entity.
- Cash Flow Coverage: These cover the exposure to variability in cash flows of a primary position, provided that such variation is attributable to one or more risks and affect, or may affect the income statement of the controlled entity.



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- Coverage of assets or liabilities in foreign currency: These cover only the exchange rate risk of a particular price of assets or liabilities which are denominated or indexed in currencies other than the Colombian peso.

To evaluate the effectiveness of a hedge with instruments of financial derivatives, it must calculate the ratio of hedging effectiveness, defined as the variation between the ratio of the cumulative absolute change in fair price in exchange or in the cash flows of the derivative is attributable exclusively to the risks that are being hedged and the cumulative absolute change in the present value or cash flows of the primary position hedged, from the date on which the hedge initiated until the date of its evaluation. In any case, to calculate this ratio, the lower of the two above absolute changes should always be the numerator of the same.

A hedge is considered as highly effective if the initial evaluation and any other evaluation during the term thereof, the ratio of effective hedge lies in between the range of eighty percent (80%) and one hundred percent (100 %).

When the effectiveness of the hedge is located outside the range set forth above (80% - 100%), for two (2) consecutive closures after the inception of the hedge, the financial derivative instrument is not considered for hedging purposes, which means that loses its capacity.

In this case, the derivative financial instrument for hedging is no longer subject to special accounting rules established for these operations and must immediately comply with the accounting procedures established for transactions of financial derivatives for speculative purposes.

Valuation (Valorization)

The evaluation of a 'swap' in currency in which one end is denominated in foreign currency and the other end is in Colombian pesos, and when the flow of a currency coincide in time with the flow of the other currency, the standard methodology that is been accepted could be effected, according to which is valued as a portfolio or series of 'forwards'. Some act as if the 'forwards' were sold and the other part as if they were purchase. Then we obtain the net value of the portfolio of 'forwards', by the sum of the valorization of the various 'forward' where it can decompose the 'swap' of currencies.

Since the net value of the 'forwards' portfolio is established as indicated above, the bank must finally estimate the fair price of the 'swap' contract exchange.

Accounting records

The accounting for derivative financial instruments for hedging purposes depends on the specific type of coverage in question, in our case corresponds to the existing coverage of trade fair prices.

Flow coverage of the fair exchange price should be accounted for as follows:

- a) Financial Derivative instruments for hedging: The total of gain or loss that comes to the financial derivative instruments for hedging exchange fair price it should be recognized immediately in the income statement using the appropriate PUC accounts for instruments with hedging purposes.
- b) Primary Positions: the total of the gain or loss attributable to the hedged risk should be recognized in the carrying value of the primary position, so it is in a fair price of exchange. Its variations are counterbalanced by the relevant sub-account, even if it is a covered primary position to be valued at cost.

When subscribing a firm commitment to acquire an asset or assume a liability that is a primary position within a fair price hedging exchange, the initial value of the asset or liability resulting from compliance with the agreement binding should be adjusted to include the cumulative change in fair price of sharing this commitment that is attributable to the hedged risk is recognized in the balance.



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Derivative financial instruments delivering a positive exchange fair price, favorable to the Bank, shall be registered in the asset value, separating the value of the right and the value of the obligation, for their part, those that deliver a negative fair price of exchange unfavorable to the Bank, should be registered as a liability, making the same separation. This accounting treatment should be applied whether the derivative financial instruments are held for speculation or hedging purposes.

Speculation Swaps

Definition

Swap transactions made with the main purpose of obtaining profit from the market movements.

Valorization

The valorization of an interest rate 'swap' in which the two (2) points are in the same currency can be performed with the standard methodology, according to the one that resembles to the way to set the right price exchange of a portfolio of two (2) bonds, one (1) as a short position and other as a long position, both in the same currency, including in each case the capital of the operation. The fundamental distinction between the way to value the 'swap' IRS and in any bond lies in two aspects: 1) That the valorization of a bond in the spot market is made by discounting the interest rate that is being traded in the market on the valorization date, while the valorization for the flows of 'swap' is calculated using the discount rates zero coupon that apply, and 2) that the projection of future flows of variable rate bonds is carried out with the rates prevailing in the market at the valorization date, while the projection of flows of the swaps is performed using implied future rates.

Then it proceeds to obtain the net value of the portfolio as the difference between the present values of the two (2) 'bonds'. Such methodology must be applied for both to the case of the "swap" fixed rate against variable rate, as in the case of the "swap" where the parties exchange flows at variable rates. When the currency in which flows are called non-Colombian pesos, must be the corresponding conversion of the present values to Colombian pesos, using the corresponding exchange rates, calculated on the valorization date.

From the net value of the loans of the two 'bonds', established as indicated above, the fair trade value of the 'swap' can be estimated and registered in the financial statements.

To perform the valorization, future cash flows should be projected, estimating the present value of the same and determine for the fair exchange of 'swaps'.

Accounting records

The accounting records must isolate the effect of the valorization model used. Therefore, at the end of the day in which the 'swap' is agreed (day zero (0)) the controlled entity should not affect the income statement and / or property, nor the profit or loss for valorization purposes of the right and the obligation must be registered in a deferred account.

Between the day immediately following the agreement date of the 'swap' and the maturity date, the controlled entity must account for the daily value of the linear amortization of the deferred, increasing or decreasing the valuation daily, as the case may be.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Options

Definition

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

Standard European options to buy or sell (Call - Put)

Definition

The standard European options are contracts which establish the buyer's option of the right, but not the obligation, to buy or sell the underlying security, depending on whether it is a call or put option respectively, at a set price, called the option price, at a previously established future date which corresponds to the maturity date.

In options contracts involving two (2) parties:

- a) The party who buys the option takes a long position in the option and, therefore, pays a premium to its counterpart to accept the risk. The buyer of a Call option obtains the right, but not the obligation, to buy (receive) the underlying in the case that the option price is favorable. The buyer of a Put option obtains the right, but not the obligation, to sell (deliver) the underlying in the case that it wants to execute it.
- b) The party who issues the option takes a short position in it and therefore has the right to receive a premium for assuming the risks of the buyer. The seller of an option Call has the obligation to sell (deliver) the underlying if the buyer executes the option. The seller of a Put option is obliged to buy (receive) the underlying if the buyer executes the option.

Valorization

European options traded through stock exchanges or stock trading systems must always be treated on the base of the relevant market price on the valorization date. These prices are provided by the respective stock exchange or securities trading system where the controlled entity has negotiated the financial derivative instrument.

In the case of European options traded in the counter market, the Black-Scholes/Merton pricing model should be used, regardless of the underlying type. It should be emphasized that this model requires that the interest rates used correspond to ongoing compound rates and the use of a base year of 365 days.

Accounting records

When the bank buys options, whether 'call' or 'put', the accounting records of both the premium paid as well as the daily variations in the fair trade value should be provided in the respective sub-accounts on the Assets side. For its part, when the bank sells options, whether 'call' or 'put', the accounting for the premium received and the daily variations in the fair trade value should be placed in the respective sub-accounts on the Liabilities side.

The agreed nominal fixed amount multiplied by the respective price or option rate agreed by the contracting parties should be reported by the monitored entities in the respective contingency accounts authorized for this purpose.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3.9. Accounts Receivable

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

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

The Bank establishes allowances for the protection of its rated accounts receivable with charge to the statement of income, whenever the existence of contingencies of probable and reasonable quantified loss is established, also, when maturity exceeds one hundred eighty (180) days.

3.10. Foreclosed Assets, Goods Returned and Goods not used in the corporate object

Foreclosed Assets

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

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

The goods are records, taking into account the following conditions:

- The initial record is done according to the amount determined in the legal award or that amount agreed with the debtors, registered by public deed and legalized by the office for registration of public documents
- When the amount received of the goods received as payment is lower than the amount of the debt recorded in the balance, the difference is immediately recognized in the profit and loss statement in the loans provision account
- If between the value at which the goods received and the value of the loan to cancel is a balance in favor of the debtor, this difference is accounted for as a payable account .
- These goods are received on a temporary basis and the Bank must make the sale within two (2) years following the date of their receipt. However, the Bank may request an extension for the sale of the goods received as payment, which shall not exceed in any event two (2) years, counted as of the expiration of the initial term.
- The valuations valorizations are used only for three (3) years before the closure of the accounts in which they are used; and the outcome of these is recognized as the valorization of the property received in lieu of payment that are recorded in clearing accounts and in all cases the devaluations are allowed on the statement
- The profits generated as a result of the sale of these assets through the mutual holding operations and forward sale shall be different in the agreed period of operation; its amortization is carried out against the income statement to the extent that its collection is effective.
- When the sale is in cash, the profit derived from the transaction is registered as income in the statement.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Goods Returned

In this item is registered the value of the goods that are returned to the Bank and its subordinate Confinanciera S.A. for financial leases operations by non-compliance in the mentioned agreement by the lessees or tenants or for failure to execute the purchase option, which will not be subject to depreciation.

For returned assets a term of two (2) years for their sale shall apply.

Goods not used in the corporate object

This item is registered in the value of the assets that the Bank itself has ceased to use for the development of its corporate purpose.

These assets are depreciated at the time of its completion and counted along with the Bank's assets and subsidiaries to the effects of the limits stipulated in Section 1.2 of Chapter VII of Title I of the Basic Legal Circular of the Colombian Superintendence of Finance.

For assets not used for social purposes a term of two (2) years for their sale shall apply.

3.11. Allowance Foreclosed Assets

The calculation for the allowances of the real estate received in payment the Bank and its subsidiaries have no internal model. For this reason these are recorded in accordance with the provisions of Chapter III of External Circular 034 of 2003 of the Colombian Superintendence of Finance, according to which the following criteria apply:

- Within one year of receiving the real estate, an allowance is constituted in monthly aliquots equivalent to 30% of the cost of acquisition of the asset (value received) which should be increased in the second year in a further 30% to reach 60% the cost of acquisition.
- Upon expiration of the legal term for the sale (from two to four years), allowance is adjusted to 100%.
- In any case, independent of the constitution of the 100% allowance, before the expiration of two years for the sale of the property, an extension of two additional years should be made, to their transfer to the Colombian Superintendence of Finance. When the market value of the property is less than the carrying value of foreclosed assets an allowance is registered for the difference.

For the allowance constitution the property received in payment an allowance equivalent to 35% of the cost of acquisition of the asset is constituted, which is increased in the second year in a further 35% to reach 70% of the book value before allowance. Upon expiration of the independent legal term for sale to the approval of the extension, the allowance is adjusted to 100% of book value.

3.12. Properties and Equipment.

It registers the acquired tangible assets, built or in importation process, construction or assembly used in a permanent development of business and whose useful life exceeds one (1) year. It includes direct and indirect costs and expenses incurred to the time the asset is ready for its use.

As an exception in accordance to what it was established by the Article 6 of Decree 3019, fixed assets whose purchase price is equal to or less than 50 Tax Value Units may be depreciated in the same year.

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

The Bank updates appraisals of the properties on a regular basis, which are performed by specialized experts registering increases and / or decreases in the valorization as appropriate.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For assets acquired up to December 31, 2006, as equipment, furniture and fixtures and computer equipment, the Bank calculates depreciation on the method of reduction balances. Purchases made from 1 January 2007 are depreciated by the straight line method and useful life and annual depreciation rates are:

Buildings	20 years	5%
Office equipment, future and fixture	10 years	10%
Computer equipment and vehicles	5 years	20%

Straight line method

This method consists of dividing the value of assets between the asset's useful life. The result of the annual depreciation is distributed in monthly aliquots. This procedure is performed until the asset is fully depreciate.

Balance reduction method

This method allows accelerated depreciation of the asset; maintaining the same periods of depreciation but presenting a larger monthly outlay for the early years. For its implementation, it necessarily demands the utilization of a saving value.

3.13. Branches and Agencies

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

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

At closure date the net balances are reclassified, reflecting the sub-accounts from the branches and agencies, the corresponding active or liability accounts, and it recognizes the respective income and expenses.

3.14. Prepaid Expenses, Deferred Charges and Intangible Assets

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

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

The expenses whose amounts are of two hundred ten (210) tax value units do not have treatment of deferred charges.

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

Prepaid Expenses

- Interests during the prepaid period,
- The insurance during the life of the policy,
- Maintenance of equipment is depreciated between 3 and 36 months,
- Other items are amortized in a period of twelve (12) months.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Deferred charges

- Renovations to private property are depreciated over a period not exceeding two (2) years, and for the leased property, in the lower period between the validity of the respective contract (without regard to extensions) and its expected life.
- Deferred income tax generated by effect of temporary differences, will be amortized in the periods in which the temporary differences that originated it are reversed.
- The tax on equity created by Law 1370 of December 2009, whose accrual is based on the net equity as of January 1st, 2011, amortized in forty-eight (48) months starting on that date.
- Computer programs for a period not exceeding three (3) years
- Commissions and advisory in a sixty (60) months period, Corresponding to larger scale projects with long term recovery expectation.
- The marketing strategy for pre-purchase of tickets is carried out according to its execution.
- The other items are amortized during the estimated period of recovery of the disbursement or of by obtaining the expected benefits.

Intangible assets

Mercantile credit is amortized in a monthly basis following the straight-line method over a period of six (6) years for Bansuperior S.A., which ended in July 2011 and seven (7) years for Confinanciera S.A., respectively, and by the exponential method for a twenty (20) year term for Granbanco S.A.

3.15. Valuation and Revaluation

Assets object of Valorization:

- Investments available for sale in equity securities.

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

- Properties and equipment, specifically real estates.

The valorization of real estate property corresponds to the exceeding commercial value appraised, which are conducted by people or companies of recognized specialty and independence, over the net cost in books. Counterparties are recorded in equity accounts

In the event of devaluation, there is an allowance constituted against the status of results is applied for each individual real estate property.

- Foreclosed Assets

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

3.16. Deferred Tax

The Bank and its subsidiaries acknowledges the effect of the tax generated from temporary differences between the valorization at market prices and the straight-line portfolio of investments, derivatives, and bonds I.F.C., It also acknowledges the deferred tax on tax allowance for industry and commerce, and the higher value applied as a deductible expense for mercantile credit. As mentioned in the note of deferred charges, the deferred income tax generated by the effect of temporary differences, will be amortized over in the originating periods in which temporary differences are reversed.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3.17. Income in Advance and Deferred Liabilities

Interest received in advance are for quarterly interest paid by the builders, are amortized over the period hedged by the payment of capitalized interest and restructured loans that are amortized to income in proportion according to the values collected by capital.

The profit on sale of foreclosed assets that were sold, is amortized in proportion to the amounts collected by capital.

Real Value Unit – R.V.U. Adjustment

The law 546 of 1999, Article 3, set the real value unit R.V.U., as a unit of account that reflects the purchasing power of money based exclusively on the variation in the consumer price certified by DANE, whose value is calculated in accordance with the methodology adopted by the Government.

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

In order to eliminate distortion caused by the seasonal nature of inflation in the transactions agreed in that unit, income from these concepts it is normalized in one year period.

3.18. Estimated Liabilities and Allowances

The Bank records allowances to cover estimated liabilities related to fines, lawsuits, actions, penalties and demands which may exist and that the following conditions:

- a. There is a right acquired and, consequently, an obligation contracted,
- b. The payment is enforceable or probable.
- c. The allowance is rationalized, quantified and verified.
- d. In addition, it records the estimated values corresponding to taxes, contributions and enrollments.
- e. In accordance to what it was established on the Decree 2649 of 1993 which regulates general accounting and issues rules and principles generally accepted in Colombia, the classification of the possible outcome of legal proceedings initiated against the Bank, the allowance is made depending on a contingency that is designated as probable, possible or remote and according to this classification, provisioning rates have been defined up to:

Probable Contingency	100%
Possible Contingency up to	50%
Remote Contingency	0%

- f. The estimated labor liabilities are recorded based on laws and labor agreements in force based on calculations of the amounts that must be paid to employees

3.19. Translation of Transactions in Foreign Currency

Transactions and balances in foreign currencies are translated into pesos at the representative market rate valid, in their respective dates, certified by the Colombian Superintendence of Finance. At December 31 and June 30, 2011, the closing rates were \$ 1,942.70 (pesos per dollar) and \$ 1,772.32 (pesos per dollar), respectively.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3.20. Contingent Accounts

These accounts register the transactions by which the Bank has a right or assumes an obligation whose coverage is conditional on an event that may occur or not, depending on future factors, possible or remote. Among the debt contingencies the financial returns are registered at the time the accrual in the accounts receivable are suspended.

The contingencies for fines and penalties are reviewed by the Legal Department and legal advisors. The estimated contingencies for losses necessarily involve a trial exercise, evaluating among other things: merit of the claim, case law on the subject and the current status of the process.

The judicial contingency by definition is a condition, situation or set of existing circumstances, which implies doubt about a potential gain or loss by the Bank from judicial proceedings or litigation brought against it that will generate liability contingency, doubt that is finally resolved when one or more future events occur or fail to occur.

3.21. Memorandum Accounts

In these accounts the transactions performed with third parties are registered, and that by their nature, it does not affect the financial situation from Bank and its subsidiaries. It also, include tax memorandum accounts, where the figures are for the preparation of tax returns or investment control requirements on internal control or management information and portfolio's default height.

3.22. Fiduciary accounts

The Bank registers loan universalities operations in the fiduciary accounts.

In accordance with the provisions of to what it was established on the 047 External Circular of September 2008 issued by the Colombian Superintendence of Finance, from January 1, 2009, the Bank updated and approved instructions concerning the determination and accounting for the securitization process.

Because the Colombian Superintendence of Finance, has not authorized the corresponding accounts, the Balance sheet sent to the Superintendence differs from the Bank's official accounts.

The subsidiaries Fiduciaria Davivienda S.A. Fiduciaria Cafetera S.A. register balances in these money accounts or trust property, separate from their assets and form independent equities in accordance with legal provisions of the Commercial Code and the Colombian Superintendence of Finance.

The property subject of the trust business is not part of the general guarantee of creditors to the trust company and only guarantee obligations to comply with the objectives specified in the contract of trust.

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

3.23. Excess of Investment Cost on the Book Value

This excess is determined comparing the investment cost against the proportional equity value, calculated on each one of the acquisitions made by the Parent Company in the Subsidiaries.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3.24. Substantial Variations of Uniformity

The Bank approved the account plans and standardized the accounting regulations of Subsidiaries abroad, to the applicable regulation in Colombia, according to the guidelines established by the Colombian Superintendence of Finance, mainly in those that may affect the structure of consolidated financial statements, such as those related with investments, allowances recording, fixed assets depreciation, etc.

The effect of this procedure at December 31 and June 30, 2011, is the following:

		<u>December 31</u>				<u>June 30</u>		
Profit Panamá – subsidiary	USD	<u>6,292.4</u>			USD	<u>5,297.8</u>		
<u>Matched Accounts:</u>		<u>Expense</u>	<u>Reimbursement</u>	<u>Net</u>		<u>Expense</u>	<u>Reimbursement</u>	<u>Net</u>
Allowance								
Investment Allowance	USD	0.0	3,879.6	3,879.6		978.4	0.0	978.4
Credit Portfolio Allowance		771.1	265.6	(505.5)		1,034.7	136.1	898.7
Accounts Receivable Allowance		2.4	5.4	2.9		6.4	2.0	4.4
Foreclosed Assets Allowance		0.0	1,605.2	1,605.2		0.0	163.6	(163.6)
General Allowance		0.0	415.0	415.0		0.0	0.0	0.0
Trusteeship		442.1	0.0	(442.1)		0.0	402.9	(402.9)
Transfer of valorization investments for sale negotiable		1,271.8	0.0	(1,271.8)		0.0	821.2	(821.2)
Depreciations	USD	<u>0.0</u>	<u>16.8</u>	<u>16.8</u>		<u>0.0</u>	<u>17.3</u>	<u>(17.3)</u>
		<u>2,487.4</u>	<u>6,187.7</u>	<u>3,700.2</u>		<u>2,019.5</u>	<u>1,543.1</u>	<u>476.4</u>
Total foreign utility subsidiary				9,992.6				4,821.3

Main Effects of Second Semester 2011

Portfolio

For the commercial and consumption portfolio they applied the Bank's Commercial Reference Model CRM and the Consumption Reference Model MRCO (Spanish acronym) for clients who have their economic activity in Colombia, and for the other clients, the internal model that involves among other variables the country risk and the penalty factors, are applied; there is a refund of portfolio allowances of USD265.6 mainly because of a decrease in portfolio default and an allowance expense of USD771.1 originated mainly by the matching of allowances.

Accounts Receivable

Within the Matching process, in the balance sheet of the subordinate Bancafé Panamá S.A. a provision allowance for interests of USD38.7 was included. The individual application of this allowance shows an effect in the income statement of USD5.4 as a refund and USD2.4 as expenses.

Foreclosed Assets

In the matching process, an allowance was not constituted in the balance sheet of the subsidiary Bancafé Panama S.A. for the goods intended for housing and those different than housing because the good was sold. The net effect on the income statement was USD 1,605.2 as reimbursement for which a part is the carrying amount of the good and the difference in the effect of variation of the TRM (Real Exchange Rate).



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Trusts

The allowance for the H&L Barú Trust was USD5,041.2 with a cost during the period of USD442.1 by variation of the TRM.

Investments

Within the matching process, it is included in the balance of the subsidiary Bancafé Panama SA an allowance for rating securities USD 3,597.4. The individual allowance application presents an effect in the income statement of a USD 3,880.1 refund by the sale of securities allowance in the semester and the risk ratings update

A matching process for the portfolio of investments available for sale to negotiable; was reflected in the income statement by the transfer of the valued securities equivalent to USD 1,271.8, as an expense.

Principal effects First half of 2011

Loans Portfolio

For the commercial and consumption portfolio the Commercial Model of Reference (CMR) and the Consumption Model of Reference CORM are used for those customers that have their economic activity in Colombia, for the other customers the models to be applied involves among other variables country risk and the penalty factor; it represents a portfolio allowance refund of USD136.1 it is mainly because of a decrease in the default portfolio and an allowance expense of USD 1034.7 mainly due to the matching on allowances.

Accounts Receivable

In the standardization process was included in the balance of the subsidiary Bancafé Panama S.A. an allowance for interest of USD 45.7. The allowance individual application delivery has an effect on the result for USD 2.0 in reimbursement and USD 6.4 as an expense.

Foreclosed Assets

The process of homogenization included in the balance of the Bancafé Panama S.A. subsidiary, a provision for property for mortgage and non-mortgage of USD1,784.7, with a net movement in the income statement of USD163.6 primarily due to the decrease in the TRM of USD79.9 per dollar.

Trusts

The allowance for the Fideicomiso H&L Barú was USD 5,041.2 with a refund for the period of USD402.9 because of a decrease in the TRM of USD79.9 pesos per dollar.

Investments

Within the matching process, it is included in the balance of the subsidiary Bancafé Panama S.A. an allowance for rating securities USD 8,195.8, with an effect on the income statement of USD 978.3 as an expense.

A matching process for the portfolio of investments available for sale to negotiable; was reflected in the income statement by the transfer of the valued securities equivalent to USD 821.2, net.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4. Cash and Cash Equivalents

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

		<u>December 31</u>	<u>June 30</u>
Legal Currency			
Cash and Cash equivalents	USD	409,980.7	511,979.4
Banco de la República		135,728.8	492,680.0
Banks and other financial entities		70,008.2	56,254.8
Exchange		19,776.6	18,560.2
Remittances in transit		75.1	1.7
Allowance		<u>(238.7)</u>	<u>(243.6)</u>
		<u>635,330.8</u>	<u>1,079,232.5</u>
Foreign currency translated into local currency			
Cash and Cash equivalents		649.7	829.9
Banco de la República		33.4	33.6
Banks and other financial entities		87,899.4	82,707.1
Remittances in transit		80.0	3,035.1
Allowance		<u>(8.0)</u>	<u>(33.0)</u>
		<u>88,654.5</u>	<u>86,572.7</u>
	USD	<u>723,985.3</u>	<u>1,165,805.2</u>

Cash balances and Banco de la República, are counted for purposes of reserve requirements that the Bank and Confinanciera must maintain on deposits received from customers, according to the laws.

These deposits don't have compensation

4.1 Reconciliations of Transactions

The following is the detail of the banking reconciliations at December 31, 2011

December 31

<u>Items older than 30 days</u>	<u>Amount</u>	<u>Value</u>
Debits notes for conciliation in balance statements not registered in books	2,097 USD	131.1
Credit notes in balance statements not recorded in books	631	(258.8)
ND entered in books not taken by the Bank registered in balance statement	84	46.4
NC entered in books not taken by the Bank recorded in balance statement	<u>369</u>	<u>(586.9)</u>
	<u>3,181 USD</u>	<u>(668.1)</u>

At December 31st, 2011, the local bank accounts reconciliations have 1,674 items under 30 days, for a net value of USD 14,813.9, the reconciling items over 30 days have no significant impact and are allowance for USD 246.7.

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

Notes to the Consolidated Financial Statements

The following is the detail of conciliatory accounts at June 30th, 2011:

June 30

<u>Items older than 30 days</u>	<u>Amount</u>	<u>Value</u>
Debits for conciliation in balance statements not registered in books	44 USD	98.6
Credit notes in balance statements not recorded in books	477	(400.2)
ND entered in books not taken by the Bank registered in balance statement	18	29.2
NC entered in books not taken by the Bank recorded in balance statement	<u>126</u>	<u>(201.7)</u>
	<u>665</u> USD	<u>(474.1)</u>

At June 30, 2011, the local bank accounts reconciliations have 720 entries with more than 30 days, for a net value of USD 4,118.7, the reconciling items greater than 30 days do not have significant impact and they are allowed for USD 276.6.

4.2 Reconciliations of Transactions in Foreign Currency

The following is the detail of the banking reconciliations at December 31, 2011:

December 31

<u>Items older than 30 days</u>	<u>Amount</u>	<u>Value in USD</u>
Debits for conciliation in balance statements not registered in books	2	0.1
Credit notes in balance statements not recorded in books	2	(11.9)
ND entered in books not taken by the Bank registered in balance statement	2	8.0
NC entered in books not taken by the Bank recorded in balance statement	<u>10</u>	<u>(9.4)</u>
	<u>16</u>	<u>(13.2)</u>

The reconciliatory items are provisioned for USD 8.0.

The following is the detail of the reconciliatory items on June 30, 2011:

June 30

<u>Items older than 30 days</u>	<u>Amount</u>	<u>Value in USD</u>
Debits for conciliation in balance statements not registered in books	8	32.9
Credit notes in balance statements not recorded in books	12	(13.2)
ND entered in books not taken by the Bank registered in balance statement	2	0.1
NC entered in books not taken by the Bank recorded in balance statement	<u>22</u>	<u>(63.0)</u>
	<u>44</u>	<u>(43.1)</u>

The conciliatory items are allowance for USD 33.0.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

There is restriction on the available cash in foreign currency at December 31st and June 30th, 2011 for US\$3,500,000.00, equivalent to USD3,500.0 and US\$8,005,461.54, equivalent to USD14,188.2, respectively, caused by:

As an international banking agency there is the obligation to maintain, according to Statute 69U-140.015 Office of Financial Regulation of Florida (OFR), a security deposit in dollars or investments in securities in favor of the OFR (Office of Financial Regulation of Florida).

According to chapter 69 U-140.01Sección 663.07, FS equivalence of capital or maintenance of assets requires each international banking agency or international branch to keep evidence of dollar deposits or investments in securities that can be kept by the Bank in favor of the OFR of at least the equivalent of U.S. \$4,000.000.0 or 7% of total liabilities of the agency or international branch (excluding miscellaneous expenses and amounts of other branches, subsidiaries, offices or agencies).

The capital equivalent of the deposit should be held as a guarantee and must be free of any lien, charge, right of assignment, loans or preference in connection, and segregated in the books and records.

4.3 Allowance on liquid assets:

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

		<u>December 31</u>	<u>June 30</u>
Opening balance	USD	252.4	354.2
Plus:			
Allowance charged to operating expenses		161.6	164.2
Less:			
Penalties		0.0	9.6
Refund revenue		<u>167.2</u>	<u>232.2</u>
Closing balance	USD	<u>246.7</u>	<u>276.6</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

5. Active Positions in Monetary Market Operations and those Related

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

	Entity	Amount of dollars	Rate	Date of		Amount of	
				Initiation	Cancellation	USD	
<u>December 31</u>							
<u>Foreign Currency</u>							
Overnight Foreign Banks:							
	USD	<u>2,400,000.0</u>	0.03%	Dic.30.11	Ene.03.12	2,400.0	1,942.70
	USD	<u>5,000,000.0</u>	0.35%	Dic.28.11	Ene.03.12	5,000.0	1,942.70
	USD	<u>7,400,000.0</u>				<u>7,400.0</u>	
<u>Legal Currency</u>							
Concurrent							
	Banco República		5.25%	Dic.15.11	Ene.04.12	25,747.8	
			5.30%	Dic.16.11	Ene.05.12	40,003.1	
			5.20%	Dic.20.11	Ene.02.12	29,997.1	
			5.20%	Dic.20.11	Ene.04.12	16,506.2	
			5.20%	Dic.21.11	Ene.04.12	16,206.2	
			5.20%	Dic.21.11	Ene.13.12	20,269.4	
			5.10%	Dic.22.11	Ene.04.12	35,294.6	
			5.15%	Dic.22.11	Ene.04.12	25,055.1	
			5.15%	Dic.22.11	Ene.05.12	34,736.8	
			5.15%	Dic.22.11	Ene.06.12	5,284.7	
			4.75%	Dic.26.11	Ene.02.12	11,161.8	
			4.75%	Dic.26.11	Ene.03.12	53,766.3	
			4.75%	Dic.26.11	Ene.04.12	9,541.6	
			4.80%	Dic.26.11	Ene.02.12	23,798.5	
			4.80%	Dic.26.11	Ene.03.12	42,678.5	
			4.80%	Dic.26.11	Ene.05.12	23,839.3	
			4.85%	Dic.26.11	Ene.02.12	11,023.4	
			4.85%	Dic.26.11	Ene.04.12	13,232.1	
			4.75%	Dic.27.11	Ene.02.12	51,055.5	
			4.75%	Dic.27.11	Ene.03.12	36,081.1	
			4.75%	Dic.27.11	Ene.05.12	10,889.4	
			4.75%	Dic.27.11	Ene.06.12	52,085.0	
			4.80%	Dic.27.11	Ene.02.12	187,294.1	
			4.80%	Dic.27.11	Ene.03.12	8,680.5	
			4.90%	Dic.27.11	Ene.11.12	14,442.0	
			4.90%	Dic.28.11	Ene.02.12	25,940.3	
		4.90%	Dic.29.11	Ene.04.12	<u>9,317.7</u>		
						<u>833,928.0</u>	



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Entity	Amount of dollars	Rate	Date of		USD	Amount of	
			Initiation	Cancellation			
Banks		4.60%	Dic.14.11	Ene.02.12	20,589.9		
		4.65%	Dic.21.11	Ene.18.12	3,088.5		
		4.60%	Dic.27.11	Ene.02.12	38,606.1		
		4.60%	Dic.28.11	Ene.02.12	15,442.4		
		4.65%	Dic.28.11	Ene.25.12	3,088.5		
		4.64%	Dic.29.11	Ene.02.12	<u>11,324.4</u>		
					<u>92,139.8</u>		
Financial Corporations		4.62%	Dic.16.11	Ene.02.12	7,721.2		
		4.62%	Dic.27.11	Ene.02.12	<u>4,375.4</u>		
					<u>12,096.6</u>		
Companies Stock Exchange Brokers		4.85%	Dic.27.11	Ene.02.12	10,891.2		
		6.50%	Dic.27.11	Ene.02.12	995.0		
		5.00%	Dic.27.11	Ene.02.12	5,113.4		
		4.80%	Dic.28.11	Ene.03.12	10,892.3		
		4.90%	Dic.28.11	Ene.03.12	8,402.8		
		4.80%	Dic.29.11	Ene.04.12	<u>10,898.4</u>		
					<u>47,193.1</u>		
Total active positions in money market operations and related					USD	<u>992,757.5</u>	
<u>June 30</u>							
<u>Foreign Currency</u>							
Entity	Amount of dollars	Rate	Initiation	Date of Cancellation	USD	Amount of	
Overnight Foreign Banks	USD	14,800,000.0	0.03%	Jun.30.11	Jul.01.11	14,800.0	1,772.32
	USD	89,980.1	0.30%	Jun.30.11	Jul.01.11	<u>90.0</u>	1,772.32
		<u>14,889,980.1</u>				<u>14,890.0</u>	
<u>Legal Currency</u>							
Concurrent							
Banco República		4.3%	Jun.03.11	Jul.05.11	41,340.0		
		4.1%	Jun.24.11	Jul.01.11	135,076.6		
		4.0%	Jun.24.11	Jul.01.11	<u>22,512.6</u>		
					<u>198,929.3</u>		
SOC Exchange Brokers		4.4%	Jun.29.11	Jul.05.11	8,805.6		
		4.5%	Jun.30.11	Jul.06.11	2,583.2		
		4.5%	Jun.30.11	Jul.05.11	2,969.9		
		4.5%	Jun.30.11	Jul.05.11	<u>2,874.0</u>		
					<u>17,232.7</u>		



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Banks	4.1%	Jun.08.11	Jul.06.11	3,385.4
	4.1%	Jun.15.11	Jul.13.11	3,385.4
	4.3%	Jun.20.11	Jul.01.11	14,105.8
	4.3%	Jun.30.11	Jul.01.11	12,413.1
	4.3%	Jun.22.11	Jul.21.11	3,385.4
	4.3%	Jun.29.11	Jul.27.11	846.3
	4.3%	Jun.29.11	Jul.27.11	2,539.0
	4.4%	Jun.28.11	Jul.01.11	<u>1,692.7</u>
				<u>41,753.2</u>

Total active positions in money market operations and related USD 272,805.1

For the second half and first half of 2011, the balance and the monthly average yield for these active positions (local and foreign currency) were USD996.832.5 and USD1.100.7 and USD267.889.9 and USD345.766.2 respectively.

There are no restrictions on these funds.

6. Investments

Below is the detail of the investment portfolio at December 31 and June 30, 2011:

<u>December 31</u>		<u>Cost</u>	<u>Allowance</u>
Debt securities Trading	USD	1,668,046.6	4,991.6
Equity Securities Trading		518.4	0.0
Negotiable provided as a guarantee		170,954.9	85.9
Debt securities available for sale		435,774.3	4,133.8
Equity securities available for sale		60,536.9	6,919.6
Available for sale provided as a guarantee		<u>123,202.4</u>	<u>0.0</u>
	USD	<u>2,459,033.5</u>	<u>16,130.9</u>
<u>June 30</u>		<u>Cost</u>	<u>Allowance</u>
Debt securities Trading	USD	1,318,561.8	7,564.5
Equity Securities Trading		557.8	0.0
Debt securities Held to maturity		201,130.2	215.0
Debt securities available for sale		746,148.3	8,547.7
Equity securities available for sale		66,328.9	7,584.7
Negotiable provided as a guarantee		<u>23,212.9</u>	<u>0.0</u>
	USD	<u>2,355,940.0</u>	<u>23,911.9</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6.1. Investment loans according to classification, kind and loans risk classification

<u>- Investments debt securities trading</u>		<u>December 31</u>	<u>June 30</u>
TES	USD	873,011.7	333,527.8
TRD		795.3	861.9
Bonds		197,545.6	124,341.9
TDA Finagro (1)		80,864.2	115,070.9
CDT's		168,446.5	289,045.5
Tips		297,656.7	383,675.5
Credit Content Securities		11,266.4	15,820.8
External public debt securities issued by Nation		0.0	19,765.4
Securities issued by foreign entities		1,194.5	16.1
Securities issued by multilateral agencies		6,607.9	5,904.5
Securities issued by foreign governments		21,407.9	18,660.6
BCIE Bonds		0.0	3,080.7
Commercial papers		<u>9,249.8</u>	<u>8,790.3</u>
	USD	<u>1,668,046.6</u>	<u>1,318,561.8</u>
<u>Equity Securities Trading</u>			
Collective Portfolio	USD	<u>518.4</u>	<u>557.8</u>
<u>- Investment held to maturity</u>			
TRD		149,917.6	170,932.3
TDA Finagro (1)		0.0	597.4
CDT		0.0	1,699.5
Tips		18,817.1	25,581.5
Securities issued by foreign entities Cerpanes		<u>2,220.2</u>	<u>2,319.6</u>
	USD	<u>170,954.9</u>	<u>201,130.2</u>

(1) Corresponds to mandatory investments that take place in compliance of legal dispositions and are adjusted to percentages established on savings accounts, checking accounts, banking certificates of deposit, services of collection and fiduciary liabilities (Note 13) in terms of Resolution 14 of 2008: on the daily average of liabilities in local currency for every trimester, previously deducting a reserve of 5.8% for savings and checking accounts and 4.3% for certificates of deposit.

These percentages are applied from the calculation of investment required for in Agricultural development securities TDA (acronym in Spanish), corresponding to liabilities for the March - June quarter of 2009 and these are the percentages effective as of to date. (Note 37).



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

<u>- Debt securities available for sale</u>		<u>December 31</u>	<u>June 30</u>
TES B	USD	0.0	276,593.7
Structured Notes		20,634.3	20,734.3
Securities issued by foreign entities		58,069.1	37,107.9
Securities issued by foreign governments		2,787.9	58.2
Securities issued by Multilateral agencies		0.0	98.1
TIPS		<u>354,283.0</u>	<u>411,556.2</u>
	USD	<u>435,774.3</u>	<u>746,148.3</u>
<u>- Equity securities available for sale</u>			
Shares with low and minimum marketability (Note 6.10)	USD	<u>60,536.9</u>	<u>66,328.9</u>
<u>- Marketable investments provided as guarantee</u>			
Debt securities trading TES		<u>0.0</u>	<u>23,212.9</u>
<u>- Repurchase Rights of Investments</u>			
Trading in debt securities TES	USD	<u>123,202.4</u>	<u>0.0</u>
<u>- Investment allowance</u>		<u>(16,130.9)</u>	<u>(23,911.9)</u>
Net total Investments	USD	<u>2,442,902.6</u>	<u>2,332,028.1</u>

There are no additional restrictions on investments to those defined in the Basic Accounting and Financial Circular relating to the securities delivered as guarantees for Interbank debit transactions, repos, repurchases and futures guarantees, these values are registered in the accounts for Repurchase Rights and Transfer Rights.

There is a restriction on the investment portfolio for the Miami branch at December 31st, 2011 for USD 10,938,652.95, equivalent to USD 11,990.2 and in Colombia by provisional seizure of USD 84.6, corresponding to 7 CDTs, and 1 bond.

On December 31 and June 30, 2011 the investments in equity securities and debt securities were evaluated and rated under loans risk in accordance to what it was established on the 100th External Circular of the Colombian Superintendence of Finance; the result can be seen in note 6.9.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6.2 Investment Reclassification Effect

During the second and first half-year of 2011 there were no investment reclassifications.

6.3 Qualification under risk rating and allowance

<u>Qualification Long Term</u>	<u>December 31</u>	<u>% partic.</u>	<u>Allowance</u>	<u>June 30</u>	<u>% partic.</u>	<u>Allowance</u>
A	40,701.8	1.70%	0.0	20,233.1	0.88%	0.0
A-	32,365.8	1.35%	0.0	39,967.5	1.75%	0.0
A+	39,280.6	1.64%	0.0	45,597.0	1.99%	0.0
AA-	21,019.5	0.88%	0.0	18,337.0	0.80%	0.0
AA	65,038.4	2.71%	0.0	75,348.4	3.29%	0.0
AA+	24,247.1	1.01%	0.0	12,673.2	0.55%	0.0
AAA	691,867.9	28.85%	0.0	850,207.9	34.28%	0.0
B	0.0	0.00%	0.0	0.0	0.00%	0.0
B+	8,048.8	0.34%	2,414.6	9,270.5	0.40%	2,774.7
BB-	667.2	0.03%	65.7	39,251.6	1.71%	3,920.9
BB	15,431.2	0.64%	1,543.1	29,554.1	1.29%	2,955.4
BB+	25,906.6	1.08%	2,590.6	30,496.3	1.33%	3,049.6
BBB-	70,403.3	2.94%	0.0	54,109.1	2.36%	0.0
BBB	40,526.3	1.69%	0.0	14,844.7	0.65%	0.0
BBB+	12,266.8	0.51%	0.0	12,143.8	0.53%	0.0
C	4,917.7	0.21%	2,458.8	6,748.5	0.29%	3,374.3
CC	301.7	0.01%	138.4	543.8	0.02%	252.3
CCC	0.0	0.00%	0.0	0.0	0.00%	0.0
Multilateral	4,740.0	0.20%	0.0	3,080.7	0.13%	0.0
Nation	<u>1,173,662.0</u>	<u>48.94%</u>	<u>0.0</u>	<u>945,983.2</u>	<u>41.33%</u>	<u>0.0</u>
USD	<u>2,271,392.6</u>	<u>94.72%</u>	<u>9,211.3</u>	<u>2,208,390.4</u>	<u>96.48%</u>	<u>16,327.2</u>
<u>Qualification short term</u>						
1	5,192.1	0.22%	0.0	8,253.5	0.36%	0.0
1+	118,996.3	4.96%	0.0	72,409.4	3.16%	0.0
2	<u>2,397.3</u>	<u>0.10%</u>	<u>0.0</u>	<u>0.0</u>	<u>0.00%</u>	<u>0.0</u>
	<u>126,585.7</u>	<u>5.28%</u>	<u>0.0</u>	<u>80,662.9</u>	<u>3.52%</u>	<u>0.0</u>
USD	<u>2,397,978.3</u>	<u>100.0%</u>	<u>9,211.3</u>	<u>2,289,053.3</u>	<u>100.0%</u>	<u>16,327.2</u>
<u>Equity Securities</u>						
A	60,557.4	99.18%	6,918.6	66,351.1	99.20%	7,583.7
AA	492.7	0.81%	0.0	535.6	0.80%	0.0
B	<u>5.0</u>	<u>0.01%</u>	<u>1.0</u>	<u>0.0</u>	<u>0.00%</u>	<u>1.1</u>
	<u>61,055.2</u>	<u>100.0%</u>	<u>6,919.5</u>	<u>66,886.7</u>	<u>100.0%</u>	<u>7,584.7</u>
USD	<u>2,459,033.5</u>		<u>16,130.9</u>	<u>2,355,940.0</u>		<u>23,911.9</u>



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For the allowance constitution of for titles that do not have an external rating, an internal evaluation is performed to provide a rating in accordance with the provisions of Chapter I of the 100th External Circular of 1995

As a result of the loan securitization processes, the Bank purchased "C" Tips securities, which are rated as CCC and are registered, in trade able investments in debt securities for (USD 7,807.6) fifteen thousand one hundred and sixty seven pesos and eighty four cents, at December 31 and June 30, 2011. Likewise, there are records in the contingent accounts for USD 17,066.4 y USD 19,113.1, at December 31 and June 30, 2011, respectively.

6.4 Investment Loans by issuing

		<u>December 31</u>		<u>June 30</u>	
<u>Foreign Currency</u>		<u>Cost</u>	<u>Allowance</u>	<u>Cost</u>	<u>Allowance</u>
National Government	USD	2,736.0	0.0	13,778.4	0.0
Regional government and local authorities		0.0	0.0	0.0	0.0
Financial Institutions		59,725.9	0.0	107,049.8	0.0
Foreign banks		61,259.4	0.0	8,884.5	0.0
Foreign governments		5,016.5	0.0	6,061.2	0.0
Multilateral lending agencies		6,805.1	0.0	1,119.1	0.0
Corporate		67,726.3	3,597.4	135,129.3	8,195.9
Others		25,081.4	0.0	0.0	0.0
<u>Legal currency</u>					
National Government		1,174,941.4	0.0	837,743.7	0.0
Regional government and local authorities		5,564.8	0.0	535.3	0.0
Financial Institutions		987,470.8	5,614.9	1,168,763.8	0.0
Corporate		59,761.9	6,918.6	73,678.3	8,132.4
Others	USD	<u>2,943.9</u>	<u>0.0</u>	<u>3,196.7</u>	<u>7,583.7</u>
		<u>2,459,033.5</u>	<u>16,130.9</u>	<u>2,355,940.0</u>	<u>23,911.9</u>

6.5 Investment Loans per currency

		<u>December 31</u>	<u>June 30</u>
Pesos	USD	1,968,660.4	1,840,389.4
Dollars		199,250.8	170,958.4
UVR		<u>291,122.3</u>	<u>344,592.2</u>
	USD	<u>2,459,033.5</u>	<u>2,355,940.0</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6.6. Detail of the maturity terms of the investments

<u>December 31</u>		<u>From 0 to 1 year</u>	<u>From 1 to 5 years</u>	<u>From 5 to 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
Trading Investments	USD	226,917.4	811,873.5	300,797.9	328,976.1	1,668,565.0
Investments debt securities Available for sale		21,237.3	166,856.9	252,991.0	117,891.5	558,976.8
Investments equity securities Available for sale		0.0	0.0	0.0	60,536.8	60,536.8
Investments debt securities Held to maturity		<u>16,908.7</u>	<u>135,184.5</u>	<u>18,671.8</u>	<u>189.8</u>	<u>170,954.8</u>
	USD	<u>265,063.4</u>	<u>1,113,915.0</u>	<u>572,460.8</u>	<u>507,594.2</u>	<u>2,459,033.5</u>
<u>June 30</u>		<u>From 0 to 1 year</u>	<u>From 1 to 5 years</u>	<u>From 5 to 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
Trading Investments	USD	223,283.0	552,649.7	203,755.4	362,616.4	1,342,304.7
Investments debt securities Available for sale		21,347.4	313,244.8	307,961.1	103,595.1	746,148.4
Investments equity securities Available for sale		0.0	0.0	0.0	66,356.7	66,356.7
Investments debt securities Held to maturity		<u>12,461.4</u>	<u>163,087.4</u>	<u>25,317.5</u>	<u>263.9</u>	<u>201,130.3</u>
	USD	<u>257,091.9</u>	<u>1,028,982.0</u>	<u>537,034.0</u>	<u>532,832.2</u>	<u>2,355,940.0</u>

6.7 Maximum, Minimum and Average values

The maximum, minimum and average values of the Fixed Income Investment portfolio during the second half of 2011 were:

<u>Investments</u>		<u>December 31</u>		
Instruments per kind		<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
Bonds	USD	1,557.1	187,326.0	91,851.0
Cdt's		1.6	207,623.8	44,423.6
Foreign Entities		0.0	9,526.1	7,698.2
Commercial papers		517.5	2,588.5	1,552.6
TA Finagro		74,302.6	108,106.1	46,422.2
TES		1,083.4	861,601.3	216,728.0
Tips		165.3	314,916.5	65,673.7
Credit content securities		11,266.4	14,715.4	13,239.3
TRD		15.2	795.4	409.5
BCIE Bonds		2,739.2	2,803.2	2,771.7
Collective Portfolio		59.7	282.9	164.2
Multilateral		2,116.2	2,220.2	2,167.9



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Notes to the Consolidated Financial Statements

		<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
Available for sale				
TES		249,335.5	254,817.8	252,603.0
Tips	USD	375,372.0	449,196.8	399,012.9
Foreign Entities		8,000.0	91,654.2	39,406.5
Held to maturity				
Cdt's		0.0	1,558.5	1,295.2
Tips		458.4	763.7	573.3
TRD		<u>148,561.3</u>	<u>154,826.1</u>	<u>151,149.7</u>
		<u>875,551.4</u>	<u>2,665,322.5</u>	<u>1,337,142.6</u>

Active Positions in Monetary Market Operations and those Related

Inter-bank assets	USD	0.0	104,236.4	39,249.5
Over Night Banks Abroad		3,733.0	13,726.9	7,118.1
Repos and inter-banks assets		<u>25,737.4</u>	<u>881,121.1</u>	<u>342,037.0</u>
	USD	<u>29,470.3</u>	<u>999,084.4</u>	<u>388,404.6</u>

Liabilities Positions in Monetary Market Operations and those Related

Inter-bank liabilities	USD	6,177.0	23,678.4	13,747.7
Repos and inter-banks Liabilities		0.0	243,749.0	93,974.3
	USD	<u>6,177.0</u>	<u>267,427.3</u>	<u>107,721.9</u>

The maximum, minimum and average fixed income investment portfolio during the first half of 2011 was:



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Investments

June 30

<u>Instruments per kind</u>		<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
Bonds	USD	94,468.8	124,341.9	107,728.6
Cdt's		2.3	146,559.2	104,508.6
Foreign Entities		18,660.5	19,009.7	19,703.9
Commercial papers		293.8	6,804.4	2,837.6
TA Finagro		69,812.7	115,592.0	98,867.2
TES		8,699.4	849,877.2	514,964.6
TIPS		358.4	437,578.7	393,999.1
Credit content securities		15,820.8	17,935.9	16,387.6
TRD		14.0	907.6	858.9
Securities issued by foreign entities		919.1	2,008.7	112.2
Other investments		4,811.3	7,238.8	551.3
BCIE Bonds		3,069.0	3,146.8	1,550.3
Collective Portfolio		64.2	304.7	25.2
Multilateral		2,265.2	2,471.4	2,349.0
Available for sale				
TES		273,305.0	279,314.5	276,886.7
Tips		411,458.0	492,379.8	437,371.6
Held to maturity				
Cdt's		1,699.5	1,709.2	1,705.2
Tips		1,004.9	1,248.6	1,153.8
TRD		<u>169,403.4</u>	<u>175,716.9</u>	<u>173,019.3</u>
		<u>1,781,768.7</u>	<u>2,687,556.9</u>	<u>2,154,581.8</u>

Active Positions in Monetary Market Operations and those Related

Inter-bank assets	USD	11,848.9	154,599.8	75,795.2
Repos and inter-banks assets		<u>7,322.2</u>	<u>533,818.8</u>	<u>162,421.2</u>
	USD	<u>19,171.0</u>	<u>688,418.6</u>	<u>238,216.4</u>

Liabilities Positions in Monetary Market Operations and those Related

Inter-bank liabilities	USD	17,325.3	47,405.3	27,657.6
Repos and inter-banks Liabilities		0.0	183,630.2	51,403.9
Short Operations		<u>0.0</u>	<u>24,367.4</u>	<u>4,061.2</u>
	USD	<u>17,325.3</u>	<u>255,402.9</u>	<u>83,122.7</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Standardization Effects

For the subsidiary Bancafé Panama S.A. a rate standardization was performed to the investment portfolio in accordance with Colombian regulations under Chapter I - Classification, Valuation and accounting for investments, number 8 - Allowance or Loss on Credit Risk Rating of Basic Accounting and Financial from the 100th Circular of 1995 issued by the Colombian Superintendence of Finance.

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

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

The purposes of the equity value are the following:

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

The result of the calculation of the equity value on the date of the acquisition for Confinanciera was the following:

Acquisition	Participation			%	Historical	Heritage	V.P.P
Date	Issued	Acquired	Accumulated	Participation	Cost	Date	Issued
04-Dic-06	1,189,113,348	1,128,468,567	1,128,468,567	94.90%	31,880	9,257.80	56,918.80

6.9 Investments Allowance

The movement of the investment allowance is the following:

		<u>December 31</u>	<u>June 30</u>
Beginning Balance	USD	21,814.8	23,107.8
Plus:			
Allowance charged to operating expenses		13.2	1,164.2
Less:			
Reimbursement of allowance		<u>5,697.1</u>	<u>360.1</u>
Ending Balance	USD	<u>16,130.9</u>	<u>23,911.9</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6.10 Investment available for the sale in equity securities

The following presents in detail the investments available for sale as participating bonds, as well as their risk rating, at December 31 and June 30, 2011:

December 31

<u>Entity</u>	<u>Stock Capital</u>	<u>% Participation</u>	<u>Acquisition cost</u>	<u>Adjusted cost</u>	<u>Valuation / Devaluation</u>	<u>Allowance</u>	<u>Rating</u>	<u>Dividends</u>
Corporación Andina de Fomento	1,637.9	0.0%	169.2	197.1	50.8	0.0	A	4.5
			<u>169.2</u>	<u>197.1</u>	<u>50.8</u>	<u>0.0</u>		<u>4.5</u>
Finagro	80,612.9	12.7%	26,843.9	34,995.0	3,172.5	0.0	A	0.0
Compañía de Inv. del Café	4,130.2	29.5%	6,918.6	6,918.6	0.0	6,918.6	A	0.0
Cámara de Riesgo Central	0.0	0.0%	0.0	0.0	0.0	0.0		0.0
de Contraparte	20,589.9	4.7%	804.9	963.8	(255.7)	0.0	A	0.0
Almacafé	7,449.6	0.0%	5.0	5.0	0.0	1.0	B	0.0
Titularizadora Colombiana S.A.	30,810.4	21.1%	9,008.0	7,496.4	7,932.8	0.0	A	0.0
Redeban Multicolor S.A.	5,209.1	26.0%	4,236.3	4,236.3	4,726.7	0.0	A	0.0
A.C.H. Colombia S.A.	3,394.7	18.4%	951.5	951.5	877.0	0.0	A	0.0
Deceval S.A.	6,203.2	11.8%	2,315.4	2,615.6	1,388.8	0.0	A	0.0
Cámara de Compensación Divisas de Colombia S.A.	1,286.9	6.4%	82.1	82.1	20.4	0.0	A	0.0
Bolsa de Valores de Colombia (BVC)	0.0	1.4%	290.7	290.7	532.4	0.0		0.0
Fondo de reposición Fogacol	0.0	0.0%	157.1	157.1	0.0	0.0		0.0
Tecnibanca S.A.	8,446.9	0.9%	44.1	116.1	82.3	0.0	A	0.0
Multiactivos	6,212.8	21.1%	<u>1,312.0</u>	<u>1,511.6</u>	<u>662.3</u>	<u>0.0</u>	A	<u>0.0</u>
		USD	<u>52,969.5</u>	<u>60,339.7</u>	<u>19,139.3</u>	<u>6,919.5</u>		<u>0.0</u>
		USD	<u>53,138.8</u>	<u>60,536.9</u>	<u>19,190.2</u>	<u>6,919.5</u>		<u>4.5</u>

In the second half of 2011, it received dividends of USD 5.0 in stock



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30

<u>Entity</u>	<u>Stock Capital</u>	<u>% Participation</u>	<u>Acquisition cost</u>	<u>Adjusted cost</u>	<u>Valuation / Devaluation</u>	<u>Allowance</u>	<u>Rating Credit Risk</u>	<u>Dividends</u>
Master Card International	1,737.8	0.0	185.5	192.2	38.0	0.0	A	0.0
			185.5	192.2	38.0	0.0		0.0
Finagro	88,362.5	12.67%	29,424.5	38,359.2	1,503.1	0.0	A	3,987.5
Compañía de Inv. del Café	4,527.3	29.54%	7,583.7	7,583.7	0.0	7,583.7	A	0.0
Cámara de Riesgo Central	0.0	0.00%	0.0	0.0	0.0	0.0		0.0
de Contraparte	22,569.3	4.68%	882.3	1,056.5	(260.1)	0.0	A	0.0
Almacafé	8,165.8	0.01%	5.5	5.5	0.0	1.1	B	0.0
Titularizadora Colombiana S.A.	33,772.3	21.12%	9,874.0	8,435.8	6,535.3	0.0	A	2,724.8
Redeban Multicolor S.A.	5,709.9	26.04%	4,643.5	4,643.6	4,520.9	0.0	A	587.6
A.C.H. Colombia S.A.	3,721.0	18.42%	1,043.0	1,043.0	872.0	0.0	A	540.4
Deceval S.A.	6,799.5	11.85%	2,538.0	2,867.1	781.1	0.0	A	1,517.1
Cámara de Compensación Divisas			0.0	0.0	0.0	0.0		0.0
de Colombia S.A.	1,410.6	6.38%	89.9	89.9	3.9	0.0	A	0.0
Bolsa de Valores de Colombia (BVC)	0.0	1.41%	318.6	318.6	307.5	0.0		0.0
BBVA	0.0	0.00%	0.0	0.0	0.0	0.0		0.0
Fondo de reposicion Fogacol	0.0	0.00%	168.5	168.5	162.4	0.0		0.0
Tecnibanca S.A.	9,258.9	0.94%	48.3	127.2	53.6	0.0	A	53.0
Multiactivos (2)	6,810.1	21.12%	1,438.2	1,438.1	944.9	0.0	A	0.0
			58,058.0	66,136.8	15,424.8	7,584.7		9,410.6
			58,243.6	66,328.9	15,462.7	7,584.7		9,410.6

In the first semester of 2011, dividends of USD 3,633.2 in shares and USD 5,777.4 in cash were received.

(1) March 9, 2011, by Public Deed No. 222 of March 3, 2011 it was registered in the Bogota Chamber of Commerce which formalized the split of the shares of the Titularizadora Colombiana.

As a result of the split, the paid up capital of Titularizadora Colombiana S.A. was reduced, and therefore the number of shares in circulation, the Bank holding 12,640,554 shares with a nominal value of \$ 1,000 (pesos) each.

(2) Through the same process and by Public Deed No. 222 of March 3, 2011, the company Multiactivos S.A. STANH was created, with the Bank holding 2,548,940 shares with a nominal value of \$ 1,000 (pesos) each.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Eliminations

Here in below we present a detail of the reciprocal operations eliminated during the second and first half-year period in the year 2011:

	<u>December 31</u>	<u>June 30</u>
Investments available for sale equity securities	<u>95,820.7</u>	<u>102,234.8</u>
	<u>95,820.7</u>	<u>102,234.8</u>

7. Loans and Financial Leases

7.1 Loans and financial leases per modality

	<u>December 31</u>	<u>June 30</u>
<u>Commercial Portfolio:</u>		
Corporate and builders	USD 4,684,359.1	4,401,198.2
Others commercial lines	2,187,096.6	2,040,260.4
Credit cards	138,136.4	154,168.7
Vehicles	135,480.5	137,159.9
Overdrafts in current account	48,073.2	82,498.1
	<u>7,193,145.8</u>	<u>6,815,285.3</u>
Housing Leasing	878,609.0	855,956.7
	<u>8,071,754.8</u>	<u>7,671,242.0</u>
<u>Housing Portfolio</u>	1,266,368.1	1,272,884.3
<u>Consumption portfolio</u>		
Credit card	1,199,975.7	1,184,479.2
Other consumption lines	2,633,665.3	2,940,882.9
Vehicles	571,114.9	602,396.9
Overdrafts in current account	<u>25,031.0</u>	<u>40,001.1</u>
	<u>4,429,786.9</u>	<u>4,767,760.1</u>
<u>Micro – credit portfolio</u>	47,382.4	45,640.6
Portfolio total	USD <u>13,815,292.2</u>	<u>13,757,527.0</u>
Less individual allowance	(651,740.9)	(706,064.4)
Net portfolio sub-total	USD <u>13,163,551.2</u>	<u>13,051,462.4</u>
Less general allowance	(13,252.8)	(13,260.4)
Net portfolio total	USD <u>13,150,298.5</u>	<u>13,038,202.2</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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At December 31 and June 30, 2011, the issue of mortgage and ancillary bonds with mortgage loans rated at A and a term of 7 years (prepaid for the issuer every three months), are guaranteed :

		<u>December 31</u>	<u>June 30</u>
Issuance III	USD	<u>15,802.0</u>	<u>18,648.8</u>

7.2 Social Interest Housing

The Bank has placed recourses to finance social interest housing in compliance to what it was established on the Decrees 1041 of 1995 and 1122 of 1996.

For the second and first semester of 2011, the Bank placed resources for USD 228,706.5, in individual credits USD 131,796.4 and construction USD 96,910.1 and USD 193,110.3, in individual credits USD 133,379.9 and construction USD 59,735.7 respectively.

The value of social interest housing loans is as follows:

		<u>December 31</u>	<u>June 30</u>
Individuals	USD	849,091.3	795,883.1
Builders		<u>89,218.7</u>	<u>55,782.4</u>
	USD	<u>938,310.0</u>	<u>851,665.5</u>

Loans with subsidized rate

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

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

<u>Property Value</u> <u>Legal Minimum Wage</u>	<u>Coverage Rate</u> <u>Percent</u>
VIS Up to 135	5%
>135 up to 235	4%
>235 up to 335	3%*

*On May 12, 2011, Banco de la República reported that the quotas for the 3% coverage rate benefit were filled.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

The coverage benefit will end for:

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

Cover granted by the Bank

The Bank offered its customers an additional incentive from the 85th fee for the maximum next eight (8) years; the Bank will assume the value that the government had been paying under the same conditions. It has been established an allowance to December 31 and June 30, 2011 for USD 5,807.9 and USD 5,162.7, based on a model that considers the actual conduct of the loans.

At December 31 and June 31, 2011 the Bank has disbursed 51,203 and 42,065 mortgage loans obligations under this benefit for USD 910,398.3 and USD 892,376.5 respectively.

7.3 Loans and financial leases per risk ratings and guarantee

At December 31 and June 30, 2011, the Bank and its subsidiaries rated one hundred percent (100%) of its loans and financial leases, interest and other concepts in accordance with the 100th External Circular, 1995 from the Financial Superintendence of Colombia. The result of the rating that was mentioned above is the following:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31

		<u>CAPITAL</u>	<u>INTEREST</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>GUARANTIES</u>	<u>CAPITAL</u>	<u>ALLOWANCES</u> <u>INTERESTS</u>	<u>OTHERS</u>
COMMERCIAL SUITABLE GUARANTY									
A - Normal	USD	1,622,824.5	14,072.7	1,082.3	1,637,979.4	5,826,330.8	35,347.2	401.3	126.6
B - Acceptable		75,290.1	1,032.7	234.3	76,557.1	283,562.2	7,027.3	99.3	82.1
C - Deficient		16,207.2	342.7	100.9	16,650.9	43,727.8	3,061.5	257.5	90.4
D - Difficult collection		18,282.8	538.4	236.1	19,057.3	46,571.5	17,437.8	538.6	256.5
E - Irrecoverable		<u>9,915.9</u>	<u>123.8</u>	<u>39.1</u>	<u>10,078.8</u>	<u>30,283.2</u>	<u>9,915.9</u>	<u>124.0</u>	<u>43.0</u>
	USD	<u>1,742,520.5</u>	<u>16,110.3</u>	<u>1,692.7</u>	<u>1,760,323.5</u>	<u>6,230,475.5</u>	<u>72,789.8</u>	<u>1,420.7</u>	<u>598.5</u>
COMMERCIAL OTHERS GUARANTIES									
A - Normal		6,089,777.4	51,963.7	3,234.5	6,144,975.7	78,587.8	123,922.5	1,205.8	449.2
B - Acceptable		168,666.5	2,405.0	347.3	171,418.8	0.0	14,888.9	220.1	179.7
C - Deficient		18,225.3	387.7	100.3	18,713.2	0.0	3,113.1	291.7	90.5
D - Difficult collection		35,999.6	1,110.6	388.8	37,499.0	0.0	35,883.2	1,108.0	365.8
E - Irrecoverable		<u>16,565.5</u>	<u>192.1</u>	<u>37.0</u>	<u>16,794.5</u>	<u>0.0</u>	<u>16,565.5</u>	<u>191.9</u>	<u>33.1</u>
		<u>6,329,234.3</u>	<u>56,059.0</u>	<u>4,107.9</u>	<u>6,389,401.2</u>	<u>78,587.8</u>	<u>194,373.1</u>	<u>3,017.6</u>	<u>1,118.3</u>
General Allowance							115.3		
		<u>8,071,754.8</u>	<u>72,169.4</u>	<u>5,800.6</u>	<u>8,149,724.7</u>	<u>6,309,063.3</u>	<u>267,278.2</u>	<u>4,438.3</u>	<u>1,716.9</u>
CONSUMPTION SUITABLE GUARANTY									
A - Normal		475,608.4	4,771.8	1,186.2	481,566.5	1,242,714.9	14,365.5	174.4	60.7
B - Acceptable		20,057.0	410.9	71.1	20,539.0	54,920.1	2,431.3	128.5	24.9
C - Deficient		12,104.2	247.7	48.3	12,400.3	35,810.5	2,441.1	222.7	43.4
D - Difficult collection		10,070.9	279.2	54.6	10,404.7	21,257.2	8,506.3	281.3	64.5
E - Irrecoverable		<u>13,152.5</u>	<u>263.9</u>	<u>109.4</u>	<u>13,525.9</u>	<u>27,789.9</u>	<u>12,762.1</u>	<u>264.9</u>	<u>119.3</u>
		<u>530,993.1</u>	<u>5,973.6</u>	<u>1,469.8</u>	<u>538,436.4</u>	<u>1,382,492.6</u>	<u>40,506.3</u>	<u>1,071.9</u>	<u>312.8</u>
CONSUMPTION OTHERS GUARANTIES									
A - Normal		3,416,203.0	34,406.3	8,665.1	3,459,274.4	8,191.3	105,000.6	1,319.7	454.6
B - Acceptable		189,876.2	3,912.3	619.1	194,407.6	0.0	23,709.6	1,267.9	230.7
C - Deficient		107,580.1	2,142.9	321.5	110,044.5	0.0	20,932.2	1,939.0	296.4
D - Difficult collection		135,818.6	3,887.5	559.0	140,265.1	0.0	114,916.6	3,884.9	548.7
E - Irrecoverable		<u>49,316.0</u>	<u>991.6</u>	<u>326.8</u>	<u>50,634.3</u>	<u>0.0</u>	<u>47,718.6</u>	<u>990.6</u>	<u>317.3</u>
		<u>3,898,793.8</u>	<u>45,340.6</u>	<u>10,491.4</u>	<u>3,954,625.9</u>	<u>8,191.3</u>	<u>312,277.6</u>	<u>9,402.0</u>	<u>1,847.7</u>
Generic Allowance									
General Allowance									
	USD	<u>4,429,786.9</u>	<u>51,314.2</u>	<u>11,961.2</u>	<u>4,493,062.3</u>	<u>1,390,683.9</u>	<u>352,783.9</u>	<u>10,473.9</u>	<u>2,160.4</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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		<u>CAPITAL</u>	<u>INTEREST</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>GUARANTIES</u>	<u>CAPITAL</u>	<u>ALLOWANCES</u> <u>INTERESTS</u>	<u>OTHERS</u>
MICRO-CREDIT SUITABLE GUARANTY									
A - Normal	USD	44,571.6	487.2	212.4	45,271.2	70,996.4	1,856.2	29.0	20.3
B - Acceptable		796.4	13.2	11.6	821.2	1,666.5	108.8	10.0	8.1
C - Deficient		592.1	5.2	11.9	609.2	1,079.5	217.5	3.8	10.5
D – Difficult collection		190.6	1.8	5.1	197.4	345.8	190.6	1.8	5.1
E – Irrecoverable		<u>465.8</u>	<u>5.7</u>	<u>26.8</u>	<u>498.3</u>	<u>630.8</u>	<u>465.7</u>	<u>5.7</u>	<u>26.8</u>
	USD	<u>46,616.5</u>	<u>513.1</u>	<u>267.8</u>	<u>47,397.4</u>	<u>74,719.1</u>	<u>2,838.8</u>	<u>50.2</u>	<u>70.8</u>
MICRO- CREDIT OTHERS GUARANTIES									
A - Normal		731.0	6.4	1.3	738.8	0.0	30.0	0.7	0.2
B - Acceptable		13.6	0.2	2.2	15.9	0.0	3.1	0.1	2.2
C - Deficient		19.6	0.3	0.2	20.1	0.0	5.9	0.0	0.2
D – Difficult collection		0.7	0.0	0.0	0.7	0.0	0.7	0.0	0.0
E – Irrecoverable		<u>1.0</u>	<u>0.1</u>	<u>2.0</u>	<u>3.0</u>	<u>0.0</u>	<u>1.0</u>	<u>0.1</u>	<u>1.9</u>
		<u>765.9</u>	<u>6.9</u>	<u>5.7</u>	<u>778.5</u>	<u>0.0</u>	<u>40.7</u>	<u>0.8</u>	<u>4.5</u>
Generic Allowance									
General Allowance							473.8		
		<u>47,382.4</u>	<u>520.0</u>	<u>273.5</u>	<u>48,175.9</u>	<u>74,719.1</u>	<u>3,353.3</u>	<u>51.0</u>	<u>75.3</u>
HOUSING MORTGAGE									
A - Normal		1,190,845.5	5,936.8	4,666.7	1,201,449.1	2,926,779.8	17,925.2	452.9	1,204.7
B - Acceptable		50,150.0	119.5	644.0	50,913.6	141,606.0	2,615.9	119.5	644.0
C - Deficient		18,048.1	45.2	322.8	18,416.2	54,161.9	3,625.9	45.2	322.8
D – Difficult collection		6,447.6	24.5	197.7	6,669.8	19,880.1	3,870.8	24.5	197.7
E – Irrecoverable		<u>876.8</u>	<u>4.0</u>	<u>53.2</u>	<u>934.1</u>	<u>2,522.0</u>	<u>876.8</u>	<u>4.1</u>	<u>53.1</u>
		<u>1,266,368.1</u>	<u>6,130.1</u>	<u>5,884.4</u>	<u>1,278,382.8</u>	<u>3,144,949.8</u>	<u>28,914.6</u>	<u>646.2</u>	<u>2,422.4</u>
General Allowance		<u>1,266,368.1</u>	<u>6,130.1</u>	<u>5,884.5</u>	<u>1,278,382.8</u>	<u>3,144,949.8</u>	<u>41,578.4</u>	<u>646.2</u>	<u>2,422.4</u>
	USD	<u>13,815,292.1</u>	<u>130,133.6</u>	<u>23,919.7</u>	<u>13,969,345.6</u>	<u>10,919,416.0</u>	<u>664,993.7</u>	<u>15,609.5</u>	<u>6,375.0</u>



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

June 30

		<u>CAPITAL</u>	<u>INTEREST</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>GUARANTIES</u>	<u>CAPITAL</u>	<u>ALLOWANCES</u> <u>INTERESTS</u>	<u>OTHERS</u>
COMMERCIAL SUITABLE GUARANTY									
A - Normal	USD	1,493,396.3	12,294.5	1,043.1	1,506,733.7	5,305,247.8	36,842.4	317.9	118.3
B - Acceptable		86,719.7	1,105.1	241.3	88,066.2	306,743.6	12,434.9	118.4	76.6
C - Deficient		20,369.7	335.8	125.4	20,830.9	68,573.0	4,408.8	230.4	103.4
D – Difficult collection		21,258.3	531.6	303.2	22,093.0	62,820.1	19,251.5	509.2	295.7
E – Irrecoverable		<u>13,047.6</u>	<u>153.4</u>	<u>29.8</u>	<u>13,230.8</u>	<u>35,081.2</u>	<u>13,047.6</u>	<u>150.3</u>	<u>29.7</u>
	USD	<u>1,634,791.5</u>	<u>14,420.3</u>	<u>1,742.7</u>	<u>1,650,954.6</u>	<u>5,778,465.7</u>	<u>85,985.1</u>	<u>1,326.3</u>	<u>623.7</u>
COMMERCIAL OTHERS GUARANTIES									
A - Normal	USD	5,782,520.1	46,878.5	3,236.3	5,832,634.9	0.0	136,263.8	1,241.4	424.8
B - Acceptable		161,698.4	2,018.9	314.1	164,031.4	0.0	25,509.7	214.4	151.5
C - Deficient		23,334.8	377.8	140.0	23,852.7	0.0	5,197.4	276.3	118.8
D – Difficult collection		51,059.2	1,412.2	519.2	52,990.6	0.0	50,924.7	1,374.2	512.3
E – Irrecoverable		<u>17,837.7</u>	<u>196.4</u>	<u>31.8</u>	<u>18,065.9</u>	<u>0.0</u>	<u>17,837.8</u>	<u>192.1</u>	<u>31.6</u>
	USD	<u>6,036,450.3</u>	<u>50,883.8</u>	<u>4,241.4</u>	<u>6,091,575.5</u>	<u>0.0</u>	<u>235,733.2</u>	<u>3,298.3</u>	<u>1,239.1</u>
General Allowance									
		<u>7,671,242.0</u>	<u>65,304.1</u>	<u>5,984.1</u>	<u>7,742,530.1</u>	<u>5,778,465.7</u>	<u>321,718.4</u>	<u>4,624.5</u>	<u>1,862.8</u>
CONSUMPTION SUITABLE GUARANTY									
A - Normal	USD	491,810.2	4,657.4	1,174.1	497,641.8	1,263,224.5	13,599.6	154.5	54.7
B - Acceptable		23,494.6	461.8	89.2	24,045.5	58,424.4	2,369.2	113.4	24.2
C - Deficient		11,577.5	226.8	45.1	11,849.3	33,408.3	1,961.5	185.9	35.9
D – Difficult collection		12,090.3	293.1	92.6	12,476.0	28,131.0	11,730.6	280.6	80.3
E – Irrecoverable		<u>8,949.3</u>	<u>130.2</u>	<u>61.3</u>	<u>9,140.7</u>	<u>21,505.7</u>	<u>8,949.3</u>	<u>123.0</u>	<u>71.3</u>
	USD	<u>547,921.8</u>	<u>5,769.3</u>	<u>1,462.2</u>	<u>555,153.3</u>	<u>1,404,693.8</u>	<u>38,610.2</u>	<u>857.4</u>	<u>266.4</u>
CONSUMPTION OTHERS GUARANTIES									
A - Normal	USD	3,765,026.9	35,918.1	9,027.8	3,809,972.8	0.0	105,571.9	1,207.6	417.4
B - Acceptable		191,859.8	3,830.3	685.1	196,375.2	0.0	19,775.4	968.5	196.8
C - Deficient		90,129.9	1,834.6	296.4	92,260.9	0.0	14,600.2	1,518.1	248.2
D – Difficult collection		125,059.0	3,183.8	583.1	128,825.8	0.0	125,012.7	3,044.4	567.1
E – Irrecoverable		<u>47,762.8</u>	<u>689.6</u>	<u>285.3</u>	<u>48,737.7</u>	<u>0.0</u>	<u>47,762.8</u>	<u>650.2</u>	<u>280.0</u>
	USD	<u>4,219,838.4</u>	<u>45,456.3</u>	<u>10,877.6</u>	<u>4,276,172.4</u>	<u>0.0</u>	<u>312,723.0</u>	<u>7,388.7</u>	<u>1,709.5</u>
General Allowance							0.0		
		<u>4,767,760.1</u>	<u>51,225.6</u>	<u>12,339.9</u>	<u>4,831,325.7</u>	<u>1,404,693.8</u>	<u>351,333.3</u>	<u>8,246.1</u>	<u>1,975.9</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		<u>CAPITAL</u>	<u>INTEREST</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>GUARANTIES</u>	<u>CAPITAL</u>	<u>ALLOWANCES</u> <u>INTERESTS</u>	<u>OTHERS</u>
MICRO-CREDIT SUITABLE GUARANTY									
A - Normal	USD	41,636.7	429.1	205.5	42,271.2	66,283.5	1,722.0	23.1	18.9
B - Acceptable		1,619.1	17.3	14.0	1,650.4	2,925.5	139.2	6.3	7.8
C - Deficient		724.1	6.4	11.5	741.9	1,291.5	226.2	3.6	9.8
D – Difficult collection		234.6	2.7	5.0	242.2	388.8	234.6	2.7	5.0
E – Irrecoverable		<u>480.3</u>	<u>3.3</u>	<u>30.4</u>	<u>514.0</u>	<u>798.2</u>	<u>480.3</u>	<u>3.2</u>	<u>30.4</u>
	USD	<u>44,694.8</u>	<u>458.7</u>	<u>266.4</u>	<u>45,419.8</u>	<u>71,687.5</u>	<u>2,802.3</u>	<u>39.0</u>	<u>71.9</u>
MICRO- CREDIT OTHERS GUARANTIES									
A - Normal	USD	903.5	8.0	2.4	913.9	0.0	41.2	0.6	0.3
B - Acceptable		18.0	0.2	0.2	18.5	0.0	1.4	0.2	0.2
C - Deficient		11.3	0.0	4.5	15.8	0.0	3.4	0.0	4.5
D – Difficult collection		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
E – Irrecoverable		<u>13.0</u>	<u>0.2</u>	<u>1.1</u>	<u>14.3</u>	<u>17.2</u>	<u>13.1</u>	<u>0.2</u>	<u>1.1</u>
	USD	<u>945.8</u>	<u>8.5</u>	<u>8.3</u>	<u>962.5</u>	<u>17.2</u>	<u>59.0</u>	<u>1.1</u>	<u>6.2</u>
Generic Allowance									
General Allowance		<u>45,640.6</u>	<u>467.1</u>	<u>274.6</u>	<u>46,382.3</u>	<u>71,704.7</u>	<u>3,317.8</u>	<u>40.1</u>	<u>78.0</u>
HOUSING MORTGAGE									
A - Normal		1,187,783.0	5,477.4	5,437.3	1,198,697.7	2,883,783.1	17,901.5	331.0	1,421.3
B - Acceptable		57,088.7	141.7	846.6	58,076.9	169,744.1	2,969.4	135.9	844.1
C - Deficient		19,737.4	54.1	400.0	20,191.5	63,580.4	3,969.7	54.1	400.0
D – Difficult collection		7,423.6	32.0	234.2	7,689.8	23,244.6	4,459.4	32.0	234.2
E – Irrecoverable		<u>851.7</u>	<u>3.7</u>	<u>49.3</u>	<u>904.6</u>	<u>3,213.5</u>	<u>851.6</u>	<u>3.6</u>	<u>49.4</u>
		<u>1,272,884.3</u>	<u>5,708.8</u>	<u>6,967.4</u>	<u>1,285,560.5</u>	<u>3,143,565.7</u>	<u>30,151.5</u>	<u>556.4</u>	<u>2,949.1</u>
General Allowance		<u>1,272,884.3</u>	<u>5,708.8</u>	<u>6,967.4</u>	<u>1,285,560.5</u>	<u>3,143,565.7</u>	<u>42,955.3</u>	<u>556.4</u>	<u>2,949.1</u>
		<u>13,757,527.0</u>	<u>122,705.7</u>	<u>25,566.0</u>	<u>13,905,798.6</u>	<u>10,398,429.8</u>	<u>719,324.8</u>	<u>13,467.1</u>	<u>6,865.9</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

7.4 Loans and financial leases per economic sector:

		<u>December 31</u>		<u>June 30</u>	
	<u>Sectors</u>	<u>Balance</u>	<u>% Particip.</u>	<u>Balance</u>	<u>% Particip.</u>
To the families for their acquisition of goods and services	USD	4,381,404.1	31.7%	4,735,562.9	34.4%
To the families for housing		2,147,938.3	15.6%	2,129,830.2	15.5%
Services rendered to companies		883,579.2	6.4%	601,040.6	4.4%
Construction		778,101.8	5.6%	673,964.0	4.9%
Wholesale and retail business		742,928.2	5.4%	711,395.9	5.2%
Transportation and communications		563,982.7	4.1%	531,057.7	3.9%
Agriculture, forestry, cattle breeding, fishing and hunting		287,136.4	2.1%	274,385.7	2.0%
Manufacturing of food products		404,444.7	2.9%	457,160.2	3.3%
Health, education, recreation and culture services		200,060.3	1.5%	247,172.7	1.8%
Vehicles		294,909.3	2.1%	294,284.3	2.1%
Public administration and defense		243,594.6	1.8%	290,027.9	2.1%
Manufacturing of textile products, garments, leathers and their products		131,773.2	1.0%	142,889.2	1.0%
Electricity, gas and water supply		489,751.8	3.5%	488,200.8	3.6%
Manufacturing of metallic products of bases and manufactured		155,875.1	1.1%	188,446.2	1.4%
Manufacturing of mineral products not metallic		70,764.2	0.5%	76,807.6	0.6%
Manufacturing of chemical substances, chemical products and rubber		534,187.6	3.9%	490,045.9	3.6%
Manufacturing of paper and its printing and publishing products		88,415.0	0.6%	48,860.2	0.4%
Manufacturing of other manufactured products, include wood		13,541.5	0.1%	15,360.2	0.1%
Exploitation of coal mines, extraction of crude oil and natural gas		344,528.1	2.5%	436,148.8	3.2%
Manufacturing of transport material		2,265.1	0.0%	2,558.2	0.0%
Manufacturing of machinery and equipment		19,048.1	0.1%	26,169.2	0.2%
Hotels and restaurants		79,191.1	0.6%	92,551.6	0.7%
Extraction of metallic and not metallic minerals		7,140.1	0.1%	13,570.2	0.1%
Manufacturing of products derived from oil and coal		82,377.5	0.6%	90,515.5	0.7%
Manufacturing of drinks and tobacco		15,746.1	0.1%	17,061.9	0.1%
Others		<u>852,608.1</u>	<u>6.2%</u>	<u>682,459.5</u>	<u>5.0%</u>
	USD	<u>13,815,292.1</u>	<u>100.0%</u>	<u>13,757,527.0</u>	<u>100.0%</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

7.5 Loans and Financial Leases per geographical area:

December 31

COMMERCIAL PORTFOLIO

		ALLOWANCE							
		CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	CAPITAL	INTERESTS	OTHERS
Bogotá	USD	3,752,031.5	33,773.8	2,411.4	3,788,216.7	3,392,919.8	119,209.6	1,753.9	932.1
Antioquia		1,667,053.1	15,167.5	1,479.4	1,683,700.0	1,233,255.8	57,584.5	1,021.6	199.7
Nororiental		1,285,832.8	13,183.5	1,261.4	1,300,277.7	1,058,053.7	54,028.5	1,168.5	377.7
Suroccidental		856,515.8	7,665.1	648.3	864,829.2	496,468.8	27,787.8	448.7	207.4
Panamá		409,475.1	1,662.0	0.0	411,137.1	127,412.6	7,239.0	36.3	0.0
Miami		100,846.6	717.4	0.0	101,564.0	952.6	1,428.7	9.3	0.0
		8,071,754.8	72,169.4	5,800.6	8,149,724.7	6,309,063.3	267,278.2	4,438.3	1,716.9

CONSUMPTION PORTFOLIO

						<u>ALLOWANCE</u>		
	<u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>GUARANTIES</u>	<u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>
Bogotá	2,231,422.7	26,793.2	6,382.4	2,264,598.3	781,001.7	189,310.8	6,041.7	1,192.9
Antioquia	674,522.8	7,173.2	1,688.0	683,384.0	198,549.9	45,642.5	1,157.9	239.2
Nororiental	933,096.2	10,827.7	2,367.6	946,291.5	255,652.3	74,533.9	2,096.2	465.4
Suroccidental	579,218.4	6,367.5	1,523.1	587,109.0	146,484.9	43,246.0	1,175.1	262.9
Panamá	<u>11,526.9</u>	<u>152.6</u>	<u>0.0</u>	<u>11,679.5</u>	<u>8,995.1</u>	<u>50.7</u>	<u>3.0</u>	<u>0.0</u>
General Allowance						0.0		
	<u>4,429,786.9</u>	<u>51,314.2</u>	<u>11,961.1</u>	<u>4,493,062.2</u>	<u>1,390,683.9</u>	<u>352,783.9</u>	<u>10,473.9</u>	<u>2,160.4</u>

MICRO-CREDIT

						<u>ALLOWANCE</u>		
	<u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>	<u>TOTAL</u>	<u>GUARANTIES</u>	<u>CAPITAL</u>	<u>INTERESTS</u>	<u>OTHERS</u>
Bogotá	47,260.4	518.3	272.0	48,050.7	74,537.7	3,323.1	50.4	74.5
Antioquia	1.5	0.0	0.0	1.5	0.0	0.4	0.0	0.0
Nororiental	<u>120.4</u>	<u>1.8</u>	<u>1.4</u>	<u>123.6</u>	<u>181.4</u>	<u>29.9</u>	<u>0.8</u>	<u>0.8</u>
Provisión general						0.0		
	<u>47,382.4</u>	<u>520.0</u>	<u>273.4</u>	<u>48,175.8</u>	<u>74,719.1</u>	<u>3,353.3</u>	<u>51.2</u>	<u>75.3</u>

HOUSING PORTFOLIO

						ALLOWANCE		
	CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	CAPITAL	INTERESTS	OTHERS
Bogotá	877,473.3	4,162.8	3,844.8	885,480.8	2,124,443.6	20,436.2	443.6	1,595.9
Antioquia	113,581.4	570.1	614.2	114,765.6	329,281.8	2,393.7	59.6	229.5
Nororiental	152,871.0	795.5	1,026.1	154,692.6	407,140.2	3,431.5	90.9	444.1
Suroccidental	121,949.1	599.7	399.4	122,948.3	283,196.4	2,645.9	52.1	152.9
Panama	493.4	2.0	0.0	495.4	887.8	7.5	0.1	0.0
	1,266,368.1	6,130.1	5,884.5	1,278,382.8	3,144,949.8	41,578.4	646.2	2,422.4
USD	13,815,292.1	130,133.7	23,919.7	13,969,345.5	10,919,416.0	664,993.7	15,609.6	6,375.0



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30

COMMERCIAL PORTFOLIO

							ALLOWANCE		
		CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	CAPITAL	INTERESTS	OTHERS
Bogotá	USD	3,726,275.2	32,802.5	2,593.7	3,761,670.8	3,066,117.9	154,999.6	1,899.8	1,010.5
Antioquia		1,546,452.1	12,907.2	1,461.7	1,560,821.0	1,256,535.8	71,428.2	1,147.9	223.1
Nororiental		1,243,958.6	11,595.5	1,270.0	1,256,824.0	931,212.5	58,552.6	1,029.5	434.2
Suroccidental		768,767.1	6,264.2	658.8	775,690.1	524,599.0	28,366.8	499.7	195.0
Panamá		311,468.9	1,504.0	0.0	312,972.9	0.6	7,220.6	44.0	0.0
Miami		<u>74,320.0</u>	<u>230.8</u>	<u>0.0</u>	<u>74,550.9</u>	<u>0.0</u>	<u>1,150.5</u>	<u>3.7</u>	<u>0.0</u>
		<u>7,671,242.0</u>	<u>65,304.1</u>	<u>5,984.1</u>	<u>7,742,529.7</u>	<u>5,778,465.7</u>	<u>321,718.4</u>	<u>4,624.6</u>	<u>1,862.8</u>

CONSUMPTION PORTFOLIO

							ALLOWANCE		
		CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	CAPITAL	INTERESTS	OTHERS
Bogotá		2,431,660.1	26,788.5	6,600.7	2,465,049.3	834,661.4	191,260.7	4,806.6	1,104.8
Antioquia		710,180.4	7,218.3	1,736.8	719,135.5	193,427.6	44,865.1	894.2	208.4
Nororiental		1,003,434.3	10,789.9	2,445.0	1,016,669.2	236,856.2	72,850.3	1,628.1	431.4
Suroccidental		614,975.6	6,361.9	1,557.4	622,894.8	139,748.6	42,266.0	915.4	231.4
Panamá		<u>7,509.7</u>	<u>67.1</u>	<u>0.0</u>	<u>7,576.8</u>	<u>0.0</u>	<u>91.1</u>	<u>1.7</u>	<u>0.0</u>
							0.0		
		<u>4,767,760.1</u>	<u>51,225.6</u>	<u>12,339.9</u>	<u>4,831,325.6</u>	<u>1,404,693.8</u>	<u>351,333.3</u>	<u>8,246.1</u>	<u>1,976.0</u>

MICRO-CREDIT

							ALLOWANCE		
		CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	CAPITAL	INTERESTS	OTHERS
Bogotá		45,469.6	464.9	273.6	46,208.2	71,487.0	2,850.0	39.5	77.9
Antioquia		9.1	0.1	0.1	9.3	0.0	1.1	0.0	0.1
Nororiental		161.1	2.1	0.9	164.1	217.7	9.9	0.6	0.1
Suroccidental		<u>0.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.7</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>
							456.5		
		<u>45,640.6</u>	<u>467.1</u>	<u>274.6</u>	<u>46,382.3</u>	<u>71,704.7</u>	<u>3,317.8</u>	<u>40.1</u>	<u>78.0</u>

HOUSING PORTFOLIO

							ALLOWANCE		
		CAPITAL	INTERESTS	OTHERS	TOTAL	GUARANTIES	CAPITAL	INTERESTS	OTHERS
Bogotá		872,043.4	3,846.9	4,484.8	880,375.1	2,134,430.4	21,016.2	391.6	1,882.5
Antioquia		116,330.5	562.9	758.4	117,651.8	315,951.6	2,575.4	49.9	295.0
Nororiental		162,454.1	753.5	1,254.5	164,461.7	407,838.9	3,851.6	74.3	569.8
Suroccidental		121,625.2	544.2	469.7	122,639.1	285,344.8	2,701.8	40.7	201.8
Panamá		<u>431.0</u>	<u>1.3</u>	<u>0.0</u>	<u>432.3</u>	<u>0.0</u>	<u>6.5</u>	<u>0.0</u>	<u>0.0</u>
Prov. Gral.							0.0		
		<u>1,272,884.4</u>	<u>5,708.8</u>	<u>6,967.4</u>	<u>1,285,560.5</u>	<u>3,143,565.7</u>	<u>42,955.3</u>	<u>556.4</u>	<u>2,949.1</u>
USD		<u>13,757,527.0</u>	<u>122,705.7</u>	<u>25,566.0</u>	<u>13,905,798.6</u>	<u>10,398,429.8</u>	<u>719,324.8</u>	<u>13,467.1</u>	<u>6,865.9</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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7.6 Loans by monetary unit:

<u>December 31</u>					
CONCEPT		<u>Legal Currency</u>	<u>Foreign Currency</u>	<u>UVR</u>	<u>Total</u>
Commercial	USD	6,579,059.8	1,492,695.0	0.0	8,071,754.8
Micro-credit		47,382.4	0.0	0.0	47,382.4
Consumption		4,410,266.6	19,520.3	0.0	4,429,786.9
Housing		<u>899,948.2</u>	<u>493.4</u>	<u>365,926.5</u>	<u>1,266,368.1</u>
	USD	<u>11,936,657.0</u>	<u>1,512,708.7</u>	<u>365,926.5</u>	<u>13,815,292.1</u>
<u>June 30</u>					
CONCEPT		<u>Legal Currency</u>	<u>Foreign Currency</u>	<u>UVR</u>	<u>Total</u>
Commercial	USD	6,498,835.0	1,172,407.0	0.0	7,671,242.0
Micro-credit		45,640.6	0.0	0.0	45,640.6
Consumption		4,755,330.5	12,429.6	0.0	4,767,760.1
Housing		<u>897,869.5</u>	<u>431.0</u>	<u>374,583.8</u>	<u>1,272,884.3</u>
	USD	<u>12,197,675.6</u>	<u>1,185,267.6</u>	<u>374,583.8</u>	<u>13,757,527.0</u>

7.7 Loans and Financial Leases by period of maturity

<u>December 31</u>		<u>From 0 to 1 year</u>	<u>From 1 to 5 years</u>	<u>From 5 to 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
Commercial	USD	2,355,928.5	2,757,103.1	2,082,785.0	875,938.2	8,071,754.8
Micro-credit		806,913.4	3,059,779.2	522,745.1	40,349.2	4,429,786.9
Consumption		4,601.2	42,765.8	15.3	0.0	47,382.4
Housing		<u>20,168.2</u>	<u>61,489.3</u>	<u>234,824.8</u>	<u>949,885.9</u>	<u>1,266,368.1</u>
	USD	<u>3,187,611.3</u>	<u>5,921,137.4</u>	<u>2,840,370.2</u>	<u>1,866,173.2</u>	<u>13,815,292.1</u>



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<u>June 30</u>		<u>From 0 to 1 year</u>	<u>From 1 to 5 years</u>	<u>From 5 to 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
Commercial	USD	2,264,239.1	2,483,112.7	2,079,070.9	844,819.2	7,671,242.0
Micro-credit		826,144.6	3,398,928.0	515,096.3	27,591.2	4,767,760.1
Consumption		2,273.7	43,366.9	0.0	0.0	45,640.6
Housing		<u>26,851.1</u>	<u>64,360.3</u>	<u>265,447.8</u>	<u>916,225.0</u>	<u>1,272,884.3</u>
	USD	<u>3,119,508.6</u>	<u>5,989,767.9</u>	<u>2,859,615.0</u>	<u>1,788,635.5</u>	<u>13,757,527.0</u>

7.8 Restructured Loans Detail

<u>December 31</u>		<u>Restructured common</u>	<u>Concordats and Extract</u>	<u>Allowance</u>	<u>Guaranty</u>
Commercial	USD	100,006.0	91.5	27,031.0	173,854.8
Consumption		335,620.3	8.8	84,244.6	43,294.9
Micro-credit		563.3	0.0	445.2	1,099.2
Housing		<u>42,924.3</u>	<u>0.0</u>	<u>5,131.4</u>	<u>131,200.7</u>
	USD	<u>479,113.8</u>	<u>100.3</u>	<u>116,852.3</u>	<u>349,449.6</u>
<u>June 30</u>		<u>Restructured common</u>	<u>Concordats and Extract</u>	<u>Allowance</u>	<u>Guaranty</u>
Commercial	USD	95,777.9	0.0	36,581.6	133,329.6
Consumption		306,773.4	0.0	69,803.4	47,632.6
Micro-credit		718.8	0.0	247.8	1,340.4
Housing		<u>43,579.0</u>	<u>0.0</u>	<u>5,319.6</u>	<u>132,271.5</u>
	USD	<u>446,849.1</u>	<u>0.0</u>	<u>111,952.4</u>	<u>314,574.1</u>



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7.9 Restructured Loans by Rating

	<u>Commercial</u>		<u>Consumption</u>		<u>Micro-credit</u>		<u>Housing</u>	
<u>December 31</u>	<u>Numbers</u> <u>Credits</u>	<u>Restructured</u> <u>Common</u>	<u>Numbers</u> <u>Credits</u>	<u>Restructured</u> <u>Common</u>	<u>Numbers</u> <u>Credits</u>	<u>Restructured</u> <u>Common</u>	<u>Numbers</u> <u>Credits</u>	<u>Restructured</u> <u>Common</u>
A – Normal	1,380	USD 40,876.8	24,125	186,507.6	19	138.0	2,170	19,106.7
B – Acceptable	605	21,069.6	4,057	33,655.4	17	159.4	992	10,844.4
C – Deficient	440	12,092.2	4,775	43,966.5	19	193.7	979	9,174.6
D – Difficult collection	695	21,764.9	5,295	47,166.0	6	28.8	361	3,469.0
E – Irrecoverable	<u>78</u>	<u>4,202.5</u>	<u>2,751</u>	<u>24,324.8</u>	<u>4</u>	<u>43.4</u>	<u>36</u>	<u>329.6</u>
	<u>3,198</u>	USD <u>100,006.0</u>	<u>41,003</u>	<u>335,620.3</u>	<u>65</u>	<u>563.3</u>	<u>4,538</u>	<u>42,924.3</u>
	<u>Commercial</u>		<u>Consumption</u>		<u>Micro-credit</u>		<u>Housing</u>	
<u>June 30</u>	<u>Numbers</u> <u>Credits</u>	<u>Restructured</u> <u>Common</u>	<u>Numbers</u> <u>Credits</u>	<u>Restructured</u> <u>Common</u>	<u>Numbers</u> <u>Credits</u>	<u>Restructured</u> <u>Common</u>	<u>Numbers</u> <u>Credits</u>	<u>Restructured</u> <u>Common</u>
A – Normal	1,099	USD 27,792.8	21,808	176,852.0	22	193.4	2,002	19,009.4
B – Acceptable	605	17,040.9	3,278	26,927.8	18	169.9	992	10,946.2
C – Deficient	488	14,502.5	3,766	31,646.8	20	207.0	1,001	9,651.9
D – Difficult collection	826	31,274.1	6,039	49,657.9	7	81.5	367	3,654.0
E – Irrecoverable	<u>100</u>	<u>5,167.7</u>	<u>2,485</u>	<u>21,688.9</u>	<u>6</u>	<u>66.9</u>	<u>39</u>	<u>317.4</u>
	<u>3,118</u>	USD <u>95,777.9</u>	<u>37,376</u>	<u>306,773.4</u>	<u>73</u>	<u>718.8</u>	<u>4,401</u>	<u>43,579.0</u>

7.10 Restructured Loans by Geographical Zone

		<u>December 31</u>			
		<u>Commercial</u>	<u>Consumption</u>	<u>Micro-credit</u>	<u>Housing</u>
Bogotá	USD	32,682.8	172,375.4	563.3	32,880.8
Antioquia		22,429.8	47,745.4	0.0	2,767.2
Nororiental		35,708.6	67,025.3	0.0	4,194.2
Suroccidental		<u>9,184.8</u>	<u>48,474.2</u>	<u>0.0</u>	<u>3,082.2</u>
	USD	<u>100,006.0</u>	<u>335,620.3</u>	<u>563.3</u>	<u>42,924.3</u>
		<u>June 30</u>			
		<u>Commercial</u>	<u>Consumption</u>	<u>Micro-credit</u>	<u>Housing</u>
Bogotá	USD	41,061.2	150,637.8	718.8	32,474.7
Antioquia		18,677.9	47,501.9	0.0	2,776.5
Nororiental		26,116.9	61,336.9	0.0	4,980.6
Suroccidental		<u>9,921.9</u>	<u>47,296.9</u>	<u>0.0</u>	<u>3,347.1</u>
	USD	<u>95,777.9</u>	<u>306,773.4</u>	<u>718.8</u>	<u>43,579.0</u>



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7.11 Stockholders and employees loans

The loans includes loans as follows:

		<u>December 31</u>	<u>June 30</u>
Stockholders	USD	989,264.7	858,215.2
Consumer y commercial			
Employees		<u>59,261.5</u>	<u>57,710.0</u>
	USD	<u>1,048,526.2</u>	<u>915,925.2</u>

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

<u>Modality</u>	<u>Jul-Dec.11</u>	<u>Jan-Jun.11</u>
Individual Loans	Between 3.5% and 28.63%	Between 3.5% and 26.38%

The time for loans to stockholders and employees is between 1 and 15 years.

7.12 Loans-backed Securities

The Bank has performed a securitization process for the productive housing portfolio (in UVR and fixed rate).

The process of securitization for the housing portfolio falls on what it was established in the paragraph one of Article 12 of Law 546 of 1999. The Bank proceeded to completely separate and isolate the entire equity from the underlying assets subject to securitization creating an universality, according to what it was established in Article 2 of Resolution 775 of 2001 from the Financial Superintendence of Colombia, issuing securities representing credit, granted to finance the construction and acquisition of housing classified as A, B and C. The A securities are offered to the general public by the Titularizadora and B and C are registered in the account 130409 -content titles from the processes of credit securitization-, the Bank is the beneficiary of the remaining processes of securitization, therefor, the interest paid and capital of all titles and all other expenses covered.

The following is the detail and the sale conditions of the completed securitization portfolio in the first and second half of 2011, with the Titularizadora:

TERMS OF SALE

The following is a breakdown of the securitization for the second half of 2011:

December 31

<u>Issue</u>	<u>Date</u>	<u>Number</u>	<u>Rate</u>	<u>Capital</u>	<u>Interests</u>	<u>Others *</u>	<u>Total</u>	<u>Profit</u>
TIPS N-2	Sept-16-2011	1,719	13.24	USD 76,493.0	401.7	(33.8)	76,860.9	1,912.3
TIPS N-3	Nov-11-2011	<u>1,926</u>	<u>13.19</u>	<u>99,575.6</u>	<u>549.4</u>	<u>116.4</u>	<u>100,241.5</u>	<u>2,987.3</u>
		<u>3,645</u>		USD <u>176,068.7</u>	<u>951.1</u>	<u>82.6</u>	<u>177,102.3</u>	<u>4,899.6</u>

* In the item of other concepts the deferred balances are discounted from the obligations belonging to the sale (advance payment).



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The from the sale were of USD 182,800.5.

The following is the detail of the securitization for the first semester of 2011:

June 30

<u>Issue</u>	<u>Date</u>	<u>Number</u>	<u>Rate</u>	<u>Capital</u>	<u>Interests</u>	<u>Others</u>	<u>Total</u>	<u>Profit</u>
TIPS N-1	Jun-18-2011	972	13.1	USD 56,751.9	326.2	(25.9)	57,052.2	1,418.8

proceeds from the sale were of USD 59,270.5.

*In the item of other concepts the deferred balances are discounted from the obligations belonging to the sale (advance payment).

7.13 Sale Loans Write Downs

The following is the detail of the sale of the written off portfolio, recorded in the memorandum accounts in the second semester of 2011:

<u>Sales</u>	<u>Number of Loans</u>	<u>Capital</u>	<u>Interests</u>	<u>Others Concepts</u>	<u>Total</u>
Gerc 2011	11,474	USD 42,747.5	3,362.3	952.7	47,062.4
New Credit (COVINOC)	65,553	80,616.5	3,721.9	735.9	85,074.2
RF Soluciones S.A.S	<u>86,722</u>	<u>141,405.3</u>	<u>5,788.6</u>	<u>915.4</u>	<u>148,109.3</u>
	<u>163,749</u>	USD <u>264,769.2</u>	<u>12,872.7</u>	<u>2,604.0</u>	<u>280,245.9</u>

On August 5, 2011, there was the sale of written-off portfolio for USD 132,136.6 to Gerc 2011 and New Credit (Covinoc), whose sale price totaled USD 9,493.2, amounts that were received during the 2011.

On December 29, 2011, there was the sale of written-off portfolio for USD 148,109.3 to RF Solutions S.A.S., whose sale price was USD 6,900.2 from which USD 1,286.9 were received on December 29, 2011, leaving a balance of USD 5,613.3 which was cancelled during the first quarter of 2012 and recorded as a deferred income.

In the first semester of 2011 the Bank did not conduct sale operations for written-off portfolio.

7.14 Written-Off Loans

The detail of the written-off loans is as follows:

December 31

	<u>Capital</u>	<u>Interests</u>	<u>Other Concepts</u>	<u>Total</u>
Commercial	USD 25,252.2	791.1	279.0	26,322.3
Consumption	143,245.0	5,292.4	1,216.3	149,753.7
Housing	3,476.6	25.8	182.8	3,685.2
Micro-credit	125.9	1.5	11.0	138.3
Others receivable accounts	<u>0.0</u>	<u>0.0</u>	<u>240.4</u>	<u>240.4</u>
	USD <u>172,099.6</u>	<u>6,110.7</u>	<u>1,929.5</u>	<u>180,139.8</u>



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June 30

		<u>Capital</u>	<u>Interests</u>	<u>Other Concepts</u>	<u>Total</u>
Commercial	USD	7,261.0	306.9	149.1	7,717.1
Consumption		117,276.6	3,839.5	1,125.2	122,241.4
Housing		3,271.6	15.1	140.8	3,427.5
Micro-credit		201.3	2.5	18.3	222.1
Others receivable accounts		<u>0.0</u>	<u>0.0</u>	<u>52.5</u>	<u>52.5</u>
	USD	<u>128,010.6</u>	<u>4,164.5</u>	<u>1,486.0</u>	<u>133,660.5</u>

The Bank and its subsidiaries for the semesters ended on December 31 and June 30, 2011, did not carry out any collection operations.

7.15 Allowance for Loans and Financial Leases

The movement for the allowance portfolio is following:

		<u>December 31</u>				
		<u>Commercial</u>	<u>Consumption</u>	<u>Micro-credit</u>	<u>Housing</u>	<u>Total</u>
Initial Balance	USD	293,502.8	320,520.4	3,026.8	39,188.0	656,238.1
Plus:						
Allowance charged to expenses operating		118,369.0	325,994.6	643.1	13,423.6	458,430.3
Reclassifications		(125.2)	314.4	347.5	0.0	536.7
Less:						
Punished Loans		25,252.2	143,245.0	125.9	3,476.6	172,099.6
Amount not recovered from goods		0.0	0.0	0.0	246.7	246.7
Reclassifications		0.0	53.5	0.0	0.0	53.5
Reimbursement Revenue		<u>119,216.3</u>	<u>150,747.0</u>	<u>538.2</u>	<u>7,310.0</u>	<u>277,811.5</u>
End Balance	USD	<u>267,278.2</u>	<u>352,783.9</u>	<u>3,353.3</u>	<u>41,578.4</u>	<u>664,993.7</u>

		<u>June 30</u>				
		<u>Commercial</u>	<u>Consumption</u>	<u>Micro-credit</u>	<u>Housing</u>	<u>Total</u>
Initial Balance	USD	303,099.6	312,884.0	5,965.0	36,316.7	658,265.4
Initial Balance Branch foreign - Miami		258.5	0.0	0.0	0.0	258.5
Plus:						
Allowance charged to expenses operating		140,167.0	254,257.9	1,212.1	15,785.6	411,422.7
Reclassifications		(317.4)	(528.2)	30.0	72.9	(742.6)
Less:						
Punished Loans		7,261.0	117,276.6	201.3	3,271.7	128,010.6
Amount not recovered from goods		0.0	0.0	0.0	122.3	122.3
Bankvision reversal of punishment		13.3	0.0	0.0	0.0	13.3
Reimbursement Revenue		<u>114,215.0</u>	<u>98,003.9</u>	<u>3,688.2</u>	<u>5,825.9</u>	<u>221,732.9</u>
End Balance	USD	<u>321,718.4</u>	<u>351,333.3</u>	<u>3,317.7</u>	<u>42,955.5</u>	<u>719,324.8</u>



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December 31 and June 30, 2011, the amount of unrecovered funds for repossession was USD 246.9 and USD 122.2, respectively, corresponding to the difference between the smaller value of the cost of the goods and the balance of the debt registered in the balance sheet, which is recognized in the income statement in the credit portfolio allowance account.

When estimating losses, the expected amounts for the commercial portfolio in the month of November 2011 involves a new concept such as the LDD for credits with a "real estate leasing" type of guarantee, which average a LDD of 35%, generating therefore, a refund of USD 11,589.0. This change is based on such guaranteed loans that have a greater ability possibility to be recover after being default and the leasing is created with a hedged of 142% on average, since 70% is financed.

To calculate the estimated loss of consumer portfolio and addressing the changes contemplated in the External Bulletin 043 of 2011 issued by the Financial Superintendence of Colombia, in November 2011, the LDD for loans "without 75% guarantee" were modified, and also the days on default were adjusted, generating an effect of increased expense for USD 54,693.5.

The Bank's policy has incorporated allowances at December 31 and June 30, 2011 by USD 642,966.7 and for USD 695.553.1 respectively; in accordance with what it was established by the Financial Superintendence of Colombia; these allowances amount to USD 586.867.6 and USD 564.650.3, respectively.

During the second and first half of 2011 was countercyclical allowance, thus:

<u>Portfolio</u>		<u>December 31</u>	<u>June 30</u>
Consumption	USD	85,148.5	86,385.8
Commercial		<u>68,663.3</u>	<u>63,210.5</u>
Total	USD	<u>153,811.8</u>	<u>149,596.2</u>

7.16 Standardization Effect

The portfolio from the abroad Subsidiaries, Bancafé Panamá S.A., of clients with economic activity in Colombia to be match with the established regulation in Annex III – MRC, Chapter II of the Basic Accounting and Financial Circular 100 of 1995, and for those debtors whose main economic activity, was developed in a different country in which this policy was applied, from which it resulted in a portfolio allowance of USD 7,302.1.



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8. Banker's acceptances, spot transactions and derivatives

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

<u>Product</u>	<u>December 31</u>		<u>June 30</u>	
Forward Contracts	USD	63,648.2		63,085.2
Cash Operations		11.2		4.2
Banking Acceptances		243.1		174.3
Future Contracts		0.0		0.0
Swaps Speculation		109.1		42.8
Options Speculation		<u>739.3</u>		<u>42.5</u>
	USD	<u>64,750.8</u>		<u>63,348.9</u>

	<u>December 31</u>		<u>June 30</u>	
	<u>Right</u>	<u>Obligation</u>	<u>Right</u>	<u>Obligation</u>
Purchase on foreign currency	9,888.6	(9,875.9)	24,596.6	(24,585.7)
Sale on foreign currency	<u>476.9</u>	<u>(478.4)</u>	<u>23,588.7</u>	<u>(23,595.4)</u>
	<u>10,365.5</u>	<u>(10,354.3)</u>	<u>48,185.3</u>	<u>(48,181.1)</u>

Total Net		<u>11.2</u>		<u>4.2</u>
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On December 31 and June 30, 2011, the performance of half of the cash transactions was USD947.6 and USD640.4, respectively.

The accounting records of the right and obligation of derivatives is made taking into account the outcome of the valuation at fair value of exchange as well:



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Notes to the Consolidated Financial Statements

Speculation Derivatives

		<u>Forward</u>	<u>Futures</u>	<u>Swaps</u>	<u>Total</u>	<u>Options</u>
<u>December 31</u>						
<u>Purchase on foreign currency</u>	Right	2,179,969.5	204,777.1	0.0	2,384,746.6	0.0
	Obligation	(2,119,419.0)	(204,777.1)	0.0	(2,324,196.0)	0.0
<u>Sale on foreign currency</u>	Right	418,710.0	387,951.6	0.0	806,661.6	0.0
	Obligation	(415,612.4)	(387,951.6)	0.0	(803,564.0)	0.0
<u>Purchase on securities</u>	Right	0.0	31,582.2	0.0	31,582.2	0.0
	Obligation	0.0	(31,582.2)	0.0	(31,582.2)	0.0
<u>On interest rate</u>	Right	0.0	0.0	2,749.7	2,749.7	0.0
	Obligation	0.0	0.0	(2,640.7)	(2,640.7)	0.0
Call options	Purchase	0.0	0.0	0.0	0.0	492.8
Put options	Purchase	0.0	0.0	0.0	0.0	246.5
Total Rights		2,598,679.5	624,310.8	2,749.7	3,225,740.1	739.3
Total obligations		<u>(2,535,031.3)</u>	<u>(624,310.8)</u>	<u>(2,640.7)</u>	<u>(3,161,982.9)</u>	<u>0.0</u>
Total Net	USD	<u>63,648.2</u>	<u>0.0</u>	<u>109.1</u>	<u>63,757.2</u>	<u>739.3</u>

(*) Derivatives from hedging



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		<u>Speculation Derivatives</u>				
		<u>Forward</u>	<u>Futures</u>	<u>Swaps</u>	<u>Total</u>	<u>Options</u>
<u>June 30</u>						
<u>Purchase on foreign currency</u>	Right	557,296.3	109,680.1	0.0	666,976.3	0.0
	Obligation	(555,298.7)	(109,680.1)	0.0	(664,978.8)	0.0
<u>Sale on foreign currency</u>	Right	3,176,447.9	110,935.6	0.0	3,287,383.5	0.0
	Obligation	(3,115,360.3)	(110,935.6)	0.0	(3,226,295.9)	0.0
<u>Purchase on securities</u>	Right	0.0	22,878.2	0.0	22,878.2	0.0
	Obligation	0.0	(22,878.2)	0.0	(22,878.2)	0.0
<u>Sale on securities</u>	Right	0.0	1,186.7	0.0	1,186.7	0.0
	Obligation	0.0	(1,186.7)	0.0	(1,186.7)	0.0
<u>On interest rate</u>	Right	0.0	0.0	1,253.6	1,253.6	0.0
	Obligation	0.0	0.0	(1,210.8)	(1,210.8)	0.0
<u>Call options</u>	Purchase	0.0	0.0	0.0	0.0	0.5
<u>Put options</u>	Purchase	0.0	0.0	0.0	0.0	42.0
Total Rights		3,733,744.2	244,680.6	1,253.6	3,979,678.4	42.5
Total obligations		<u>(3,670,659.1)</u>	<u>(244,680.6)</u>	<u>(1,210.8)</u>	<u>(3,916,550.5)</u>	<u>0.0</u>
Total Net		<u>63,085.1</u>	<u>0.0</u>	<u>42.8</u>	<u>63,127.9</u>	<u>42.5</u>

(*) Derivatives from hedging

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

		<u>December 31</u>		
		<u>From 0 to 1 year</u>	<u>From 1 to 5 years</u>	<u>Total</u>
Cash operations	USD	11.2	0.0	11.2
Forward Agreements		63,648.1	0.0	63,648.1
Swaps * Banking Book		109.1	0.0	109.1
Options		739.3	0.0	739.3
Banking Acceptances		<u>243.1</u>	<u>0.0</u>	<u>243.1</u>
	USD	<u>64,750.8</u>	<u>0.0</u>	<u>64,750.8</u>
		<u>June 30</u>		
		<u>From 0 to 1 year</u>	<u>From 1 to 5 years</u>	<u>Total</u>
Cash operations	USD	4.2	0.0	4.2
Forward Agreements		63,085.1	0.0	63,085.1
Swaps * Banking Book		18.2	24.5	42.8
Options		42.5	0.0	42.5
Banking Acceptances		<u>174.3</u>	<u>0.0</u>	<u>174.3</u>
	USD	<u>63,324.3</u>	<u>24.5</u>	<u>63,348.9</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

9. Accounts Receivable

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

		<u>December 31</u>	<u>June 30</u>
Interests:	USD	124,886.3	117,756.3
Component Financial Leases Operations (note 7.3)		5,247.3	4,949.4
Interests and other interests interbank funds		<u>123.8</u>	<u>49.3</u>
	USD	<u>130,257.4</u>	<u>122,755.0</u>
Fees and Commissions		1,784.2	1,465.3
Canons of goods given on leasing		150.0	165.9
Payments of costumers:			
Housing		5,884.4	6,967.4
Consumption		11,961.2	12,340.0
Micro-credit	USD	273.5	274.6
Commercial		<u>5,800.6</u>	<u>5,984.1</u>
		<u>23,919.7</u>	<u>25,566.0</u>
Others:			
Dividends and participations		0.0	726.2
Payments of costumers		2,150.0	2,471.6
Advance local purchase		9,211.5	5,089.1
Advance of agreements and suppliers		7,460.9	8,067.6
Miscellaneous:		173.2	260.6
Sale of goods and services		863.5	641.7
Missing cash and trade		2,162.4	3,662.7
Claims insurance companies		10,311.4	11,059.6
National Treasure		760.7	2,555.3
Forward Operations		968.0	1,061.0
Affiliated Companies		26,016.5	9,292.2
Treasury operations, paymaster, general business		4,849.7	3,630.7
Accounts Receivable – sale punished Consumer		7,063.8	0.0
Loans (Note 6)		4,208.9	2,744.9
Banco de la Republica – Coverage rate		9,240.7	2,602.4
Managed portfolio		938.2	2,340.5
Debtor - commercial establishments		11,403.6	6,280.2
Other accounts receivable		720.3	109.9
Managed portfolio		1,224.5	1,669.9
Miscellaneous (Less than 5%)		3,839.8	4,919.4
		<u>103,567.7</u>	<u>69,185.4</u>
Total Receivables Accounts	USD	<u>259,679.0</u>	<u>219,137.7</u>
Allowance		<u>(61,812.7)</u>	<u>(40,705.0)</u>
Net Total Receivables Accounts	USD	<u>197,866.4</u>	<u>178,432.7</u>



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** Mortgage Relief

Mortgage relief came from a massive process of reassessment liquidation on mortgage following the change in the mortgage finance system proposed in Act 546 of 1999. The Bank performed the procedure for recalculation based on the difference between the DTF and UPAC in order to compare the behavior of the UPAC with that of the UVR in order to have the same discount to those institutions under the UPAC. The National Government undertook obligations to pay the full amount of the difference brought about by the liquidation and to carry out these payments issued and delivered TES Treasury securities denominated in UVR.

In addition, the first article of Decree 712 of 2001 amending Decree 2221 of 2000 establishes the grounds for refunding the National Government - Ministry of Finance, TES Treasury Securities Law 546 delivered to the debtors:

- For delays in payment by the beneficiary.
- For non-payment of individual mortgage loans by the beneficiary.
- For payment of mortgage loans for more than one house per person.
- For a waiver of the payment.
- For renouncing to a payment.

9.1 Allowance for Accounts Receivable

The detail of allowance for accounts receivable is as follows:

		<u>December 31</u>	<u>June 30</u>
Loans interests (note 7)	USD	15,609.4	13,420.9
Payment of clients (note 7)		6,375.0	6,865.9
Government relieves		25,086.7	7,659.7
Debtors Cash		1,178.8	0.0
insurance Companies		2,015.6	0.0
Daviplan		4,908.4	3,872.0
advance providers		140.3	274.0
Uptake and networks		1,349.9	2,496.7
Other receivables		1,102.5	0.0
Others		<u>4,046.0</u>	<u>6,115.8</u>
	USD	<u>61,812.7</u>	<u>40,705.0</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

<u>December 31</u>		<u>Commercial</u>	<u>Consumption</u>	<u>Micro-credit</u>	<u>Housing</u>	<u>Others</u>	<u>Total</u>
Beginning Balance	USD	5,981.0	9,325.5	107.7	3,198.1	18,523.0	37,135.4
Plus:							
Allowance charged to							
Operating		2,433.1	10,730.7	39.8	559.0	30,051.1	43,813.7
Reclassification		(89.9)	31.0	2.3	(0.1)	1,074.3	1,017.7
Less:							
Punished Portfolio		1,070.1	6,508.7	12.4	208.6	240.5	8,040.3
Reclassifications		0.0	2.4	0.0	0.0	0.0	2.4
Reimbursement		<u>1,098.9</u>	<u>941.8</u>	<u>11.2</u>	<u>479.8</u>	<u>9,579.7</u>	<u>12,111.5</u>
Ending Balance	USD	<u>6,155.1</u>	<u>12,634.3</u>	<u>126.3</u>	<u>3,068.6</u>	<u>39,828.3</u>	<u>61,812.7</u>

<u>June 30</u>		<u>Commercial</u>	<u>Consumption</u>	<u>Micro-credit</u>	<u>Housing</u>	<u>Others</u>	<u>Total</u>
Beginning Balance	USD	5,496.3	7,226.4	120.1	3,522.7	20,882.6	37,248.3
Plus:							
Allowance charged to							
Operating		3,599.8	10,724.1	73.1	1,870.0	3,008.2	19,275.2
Reclassification		29.7	0.0	(0.3)	(0.1)	14.0	43.2
Less:							
Punished Portfolio		456.1	4,964.7	20.8	155.9	52.5	5,650.0
Reimbursement		<u>2,553.1</u>	<u>3,341.4</u>	<u>63.6</u>	<u>2,013.0</u>	<u>5,217.9</u>	<u>13,189.0</u>
Ending Balance	USD	<u>6,556.0</u>	<u>10,222.0</u>	<u>118.1</u>	<u>3,505.5</u>	<u>20,303.7</u>	<u>40,705.0</u>

10. Foreclosed Assets, Goods Returned and Goods not used in the corporate object

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

	<u>December 31</u>	<u>June 30</u>
<u>Assets received in payment:</u>		
Destined to housing:		
Real States	USD 4,829.2	4,627.8
Assets received in auction	326.9	682.8
Inflation adjustments	<u>0.1</u>	<u>0.1</u>
Total destined to housing	<u>5,156.2</u>	<u>5,310.7</u>



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Notes to the Consolidated Financial Statements

<u>Different from housing</u>	<u>December 31</u>	<u>June 30</u>
Real States	8,270.3	8,207.3
Assets received in auction	789.2	874.7
Inflation adjustments	<u>11.8</u>	<u>12.9</u>
Adjustment cost	<u>9,071.3</u>	<u>9,094.9</u>
Real States (1)		
Rights and Securities	690.5	621.5
Real States	<u>794.5</u>	<u>1,223.5</u>
	<u>1,484.9</u>	<u>1,845.0</u>
Total different from housing	<u>10,556.3</u>	<u>10,940.0</u>
<u>Assets restored from housing leasing contracts</u>		
Housing	<u>512.3</u>	<u>477.2</u>
	<u>512.3</u>	<u>477.2</u>
<u>Assets not used in the Company's purpose</u>		
Lands	3,488.2	4,056.1
Buildings	13,872.1	16,136.0
Depreciation	<u>(3,697.3)</u>	<u>(3,886.4)</u>
	<u>13,663.1</u>	<u>16,305.7</u>
<u>Less:</u>		
Allowance assets destined to housing	3,027.7	2,899.4
Allowance assets different from housing	4,219.9	6,024.0
Allowance Real States	990.5	1,182.6
Allowance assets restored from leasing contracts	41.0	173.2
Allowance assets not used in the Company's	<u>1,617.5</u>	<u>1,837.1</u>
	<u>9,896.6</u>	<u>12,116.3</u>
Total foreclosed assets	USD <u>19,991.2</u>	<u>20,917.3</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The detail of foreclosed assets, is as follows:

		<u>December 31</u>		<u>June 30</u>	
		<u>Balance</u>	<u>Allowance</u>	<u>Balance</u>	<u>Allowance</u>
Rights and Securities					
Shares	USD	14.1	14.1	15.4	15.4
Zuana Rights-timeshare		<u>676.4</u>	<u>569.1</u>	<u>606.1</u>	<u>596.8</u>
		<u>690.5</u>	<u>583.1</u>	<u>621.5</u>	<u>612.2</u>
Personal property					
Vehicles		695.1	308.0	1,019.5	366.5
Machinery		0.0	0.0	5.3	5.3
Real States		99.3	99.4	193.6	193.6
Art goods		<u>0.0</u>	<u>0.0</u>	<u>5.0</u>	<u>5.0</u>
		<u>794.5</u>	<u>407.4</u>	<u>1,223.5</u>	<u>570.4</u>
	USD	<u>1,484.9</u>	<u>990.5</u>	<u>1,845.0</u>	<u>1,182.6</u>

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

		<u>Less than 1 year</u>	<u>Between 1 to 5 years</u>	<u>Between 5 to 10 years</u>	<u>More than 10 years</u>	<u>Total</u>	<u>Allowance</u>
<u>December 31</u>							
Housing	USD	2,393.2	2,118.7	562.0	82.3	5,156.2	3,027.7
Different from housing		4,457.7	2,822.5	1,430.5	360.6	9,071.3	4,219.9
Real States		632.5	280.9	561.9	9.5	1,484.9	990.5
Returned Goods		512.3	0.0	0.0	0.0	512.3	41.0
Assets not used		<u>0.0</u>	<u>13,584.0</u>	<u>79.1</u>	<u>0.0</u>	<u>13,663.1</u>	<u>1,617.5</u>
	USD	<u>7,995.8</u>	<u>18,806.1</u>	<u>2,633.6</u>	<u>452.5</u>	<u>29,887.9</u>	<u>9,896.6</u>
<u>June 30</u>							
Housing		1,138.3	3,815.3	282.8	74.2	5,310.7	2,899.4
Different from housing		959.4	6,073.9	1,667.7	393.9	9,094.9	6,024.0
Real States		567.2	692.5	580.4	4.9	1,845.0	1,182.6
Returned Goods		230.2	214.1	33.0	0.0	477.2	173.2
Assets not used		<u>0.0</u>	<u>15,931.7</u>	<u>374.0</u>	<u>0.0</u>	<u>16,305.7</u>	<u>1,837.1</u>
	USD	<u>2,895.0</u>	<u>26,727.5</u>	<u>2,938.0</u>	<u>473.1</u>	<u>33,033.6</u>	<u>12,116.3</u>



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For the second and first half of 2011, valorizations were made to the foreclosed assets for housing, creating an effect of valorization for USD 5,570.0 and USD 3,334.7, respectively. These valorizations are registered in the memorandum accounts. (Note 25).

During the second and first half of 2011, the Bank has developed various strategies to the sale of foreclosed assets, with the following results:

			<u>December 31</u>		<u>June 30</u>
	<u>Amount</u>		<u>Value</u>	<u>Amount</u>	<u>Value</u>
Goods Received as Payment	124	USD	4,418.0	141	8,565.7
Non using goods	<u>7</u>		<u>856.7</u>	<u>7</u>	<u>459.2</u>
Total Sales	<u>131</u>	USD	<u>5,274.7</u>	<u>148</u>	<u>9,024.9</u>
Sales Profit		USD	563.7		440.4
Amortization of the deferred profit			482.8		294.5
Profit from sale of unused assets			<u>562.3</u>		<u>621.3</u>
Results effect (note 28)		USD	<u>1,608.7</u>		<u>1,356.2</u>

During the second and first half of 2011, losses were recorded for the sale of foreclosed assets for property of USD 596.2 and USD 252.4 respectively; sales losses for property totaled USD 256.2 and USD 260.6, respectively; the loss on sale of property not used during the second and first half of 2011 amounted to USD 618.5 and USD 203.6 respectively.

10.1 Allowance for Foreclosed Assets and Returned Goods

The movement of the allowance for foreclosed assets is as follows:

		<u>December 31</u>	<u>June 30</u>
Beginning balance	USD	11,053.7	11,278.5
Plus:			
Allowance charged to operating expenses		2,399.3	2,407.6
Reclassifications		(87.3)	0.3
Less:			
Sales		88.7	103.0
Refund revenue – recoveries		<u>3,380.5</u>	<u>1,467.1</u>
Ending balance	USD	<u>9,896.6</u>	<u>12,116.3</u>



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At December 31 and December 31, 2011, the Bank has foreclosed assets allowanced at 100% is as follows:

<u>December 31</u>			<u>June 30</u>	
<u>Amount</u>		<u>Allowance</u>	<u>Amount</u>	<u>Allowance</u>
171	USD	5,128.9	182	5,599.4

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

The Bank acquired real estate properties from the securitizations of the written off loans CCVI, CCVII.

At December 31 and June 30, 2011, there are insurance policies that cover risks for theft, fire, earthquake, riots, civil commotions, explosion, volcanic eruption, low tension, premises, loss or damages to offices and vehicles.

11. Property, plant and equipment

Details of property and equipment are as follows:

<u>December 31</u>				<u>June 30</u>			
	<u>Cost</u>	<u>Inflation Adjustment</u>	<u>Cost Adjusted</u>	<u>Cost</u>	<u>Inflation Adjustment</u>	<u>Cost Adjusted</u>	
Lands, buildings & constructions in progress	USD 204,756.8	18,391.5	223,148.3	221,617.6	20,775.4	242,393.0	
Equipment, vehicles, office furniture and supplies	47,720.7	4,856.0	52,576.8	50,047.9	5,325.1	55,373.0	
Computer equipment	<u>104,931.1</u>	<u>9,544.1</u>	<u>114,475.2</u>	<u>109,012.5</u>	<u>10,461.5</u>	<u>119,474.0</u>	
	<u>357,408.7</u>	<u>32,791.6</u>	<u>390,200.3</u>	<u>380,678.0</u>	<u>36,562.0</u>	<u>417,240.2</u>	
Less: accumulated depreciation	(172,714.0)	(10,530.9)	(183,244.9)	(178,205.0)	(11,576.1)	(189,781.1)	
Less: allowance	<u>(4,251.6)</u>	<u>0.0</u>	<u>(4,251.6)</u>	<u>(7,664.9)</u>	<u>0.0</u>	<u>(7,664.9)</u>	
	USD <u>180,443.1</u>	<u>22,260.8</u>	<u>202,703.8</u>	<u>194,808.0</u>	<u>24,986.0</u>	<u>219,794.1</u>	
<u>Goods given on lease</u>	5,974.0	0.0	5,974.0	6,735.7	0.0	6,735.7	
Less: accumulated depreciation	(2,930.2)	0.0	(2,930.2)	(2,586.4)	0.0	(2,586.4)	
Less: allowance	<u>(31.9)</u>	<u>0.0</u>	<u>(31.9)</u>	<u>(43.2)</u>	<u>0.0</u>	<u>(43.2)</u>	
	USD <u>3,011.8</u>	<u>0.0</u>	<u>3,011.8</u>	<u>4,106.1</u>	<u>0.0</u>	<u>4,106.1</u>	



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Notes to the Consolidated Financial Statements

The following is the detail of the valorizations for property and equipment at December 31 and June 30, 2011:

		<u>December 31</u>	<u>June 30</u>
Surplus buildings revaluations	USD	239,871.8	255,013.8
Surplus buildings not used revaluations		<u>7,165.9</u>	<u>9,162.1</u>
	USD	<u>247,037.7</u>	<u>264,175.9</u>

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

The depreciation charged to expenses on December 31 and June 30, 2011 was of USD13.166,7 and USD13.689,8 respectively.

An option to buy floors 1, 2, 5, 6 and 7 of the Torre Bolivar building was executed for USD2,441.4 and valorizations for USD17,614.2 in June 2011.

11.1 Allowance of Properties and Equipment

The movement of the allowance of properties and equipment during the semester periods ended on December 31 and June 30, 2011, as follows:

		<u>December 31</u>	<u>June 30</u>
Beginning balance	USD	7,708.1	4,249.8
Plus:			
Reclassifications		5.8	284.3
Allowance charged to operating expenses		98.0	5,424.9
Less:			
Reclassifications		0.0	0.0
Refund previous years		2,839.0	2,590.7
Refund to revenue – recoveries		<u>13.2</u>	<u>0.0</u>
Ending balance	USD	<u>4,283.5</u>	<u>7,708.1</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

12. Other assets

12.1. Expenses paid, Intangible assets in Advance and Deferred Charges

The detail of expenses paid in advance and deferred charges with closing as of December 31 and June 30, 2011 is as follows:

		<u>December 31</u>	<u>June 30</u>
Expenses paid in advance:			
Interests	USD	0.5	0.8
Leases		0.0	1.1
Equipment maintenance		47.1	92.7
Insurance		8,048.8	6,821.2
Others		<u>1,046.9</u>	<u>3,656.7</u>
	USD	<u>9,143.3</u>	<u>10,572.5</u>
Intangible Assets			
Mercantile Credit	USD	608,239.7	681,785.6
Deferred Charges:			
Remodeling		17,885.0	25,342.0
Deferred Income Tax "debit" for temporary differences		11,930.8	11,864.1
Computer Software		2,533.8	383.7
Advertising and marketing		2.5	0.0
Contributions and affiliations		11.6	56.0
Tax on democratic security		73,469.0	91,986.4
Prior to the purchase of tickets business strategy		197.0	692.9
Commissions and advisories		1,155.6	2,382.5
Endowments		0.0	48.0
Others (less to 5%)		327.3	1,794.9
		<u>107,512.4</u>	<u>134,550.5</u>
Expenses in advance, Intangible Assets			
Deferred Charges	USD	<u>724,895.5</u>	<u>826,908.6</u>
Book value investments excess	USD	<u>0.0</u>	<u>2,676.3</u>

The movement of the expenses paid in advance, intangible assets and deferred charges as of December 31 and June 30, 2011 is as follows.

		<u>Balance June 30</u>	<u>Charges</u>	<u>Amortizations</u>	<u>Balance December 31</u>
Advance expenses	USD	10,572.5	38,116.3	38,618.2	9,143.3
Intangible Assets		681,785.6	(8,022.2)	5,729.3	608,239.7
Deferred charges		<u>134,550.5</u>	<u>33,138.0</u>	<u>48,375.6</u>	<u>107,512.4</u>
	USD	<u>826,908.6</u>	<u>63,232.0</u>	<u>92,723.1</u>	<u>724,895.5</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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The movement of the advance expenses, intangible assets and deferred charges to be amortized at December 31 and June 30, 2011:

		<u>Less than 1 year</u>	<u>Between 1 & 5 years</u>	<u>Between 5 & 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
<u>December 31</u>						
Advance expenses						
Interests	USD	0.5	0.0	0.0	0.0	0.5
Equipment maintenance		47.1	0.0	0.0	0.0	47.1
Insurance		1,867.2	6,181.7	0.0	0.0	8,048.9
Others		<u>45.5</u>	<u>1,001.4</u>	<u>0.0</u>	<u>0.0</u>	<u>1,046.9</u>
	USD	<u>1,960.2</u>	<u>7,183.1</u>	<u>0.0</u>	<u>0.0</u>	<u>9,143.3</u>
Deferred charges						
Remodeling	USD	12,116.3	5,768.6	0.0	0.0	17,885.0
Computer Software		2,488.4	45.5	0.0	0.0	2,533.8
Deferred income tax "debit" for temporary differences		98.5	11,832.3	0.0	0.0	11,930.8
Taxes		1,647.9	71,821.1	0.0	0.0	73,469.0
Contributions and affiliations		11.6	0.0	0.0	0.0	11.6
Commissions and advisories		0.0	1,155.6	0.0	0.0	1,155.6
Business strategy pre purchase tickets		197.0	0.0	0.0	0.0	197.0
Others		<u>329.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>329.7</u>
		<u>16,889.3</u>	<u>90,623.1</u>	<u>0.0</u>	<u>0.0</u>	<u>107,512.4</u>
Intangible Assets						
Mercantile Credit	USD	<u>0.0</u>	<u>8,022.3</u>	<u>(8,022.3)</u>	<u>608,239.7</u>	<u>608,239.7</u>
	USD	<u>18,849.5</u>	<u>105,828.5</u>	<u>(8,022.3)</u>	<u>608,239.7</u>	<u>724,895.5</u>
<u>June 30</u>						
Advance expenses						
Interests	USD	0.8	0.0	0.0	0.0	0.8
Leases		1.1	0.0	0.0	0.0	1.1
Equipment maintenance		92.7	0.0	0.0	0.0	92.7
Insurance		6,470.3	350.9	0.0	0.0	6,821.1
Others		<u>692.2</u>	<u>2,964.6</u>	<u>0.0</u>	<u>0.0</u>	<u>3,656.7</u>
	USD	<u>7,257.1</u>	<u>3,315.4</u>	<u>0.0</u>	<u>0.0</u>	<u>10,572.5</u>



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Deferred charges

Remodeling	USD	11,235.0	14,107.0	0.0	0.0	25,342.0
Taxes		3,403.0	88,583.4	0.0	0.0	91,986.4
Deferred income tax "debit" for temporary differences		11,265.1	599.0	0.0	0.0	11,864.1
Computer Software		54.8	328.9	0.0	0.0	383.7
Contributions and affiliations		43.3	12.7	0.0	0.0	56.0
Commissions and advisories		2,382.5	0.0	0.0	0.0	2,382.5
Business strategy pre purchase tickets		692.9	0.0	0.0	0.0	692.9
Others	USD	<u>481.7</u>	<u>1,361.2</u>	<u>0.0</u>	<u>0.0</u>	<u>1,843.0</u>
		<u>29,558.4</u>	<u>104,992.2</u>	<u>0.0</u>	<u>0.0</u>	<u>134,550.5</u>

Intangible Assets

Mercantile Credit	USD	<u>0.0</u>	<u>13,647.5</u>	<u>(11,087.4)</u>	<u>679,225.5</u>	<u>681,785.6</u>
	USD	<u>36,815.5</u>	<u>121,955.1</u>	<u>(11,087.5)</u>	<u>679,225.5</u>	<u>826,908.6</u>

Intangible Assets

Corresponds to the mercantile credit generated by the purchase of credit institutions acquired. At December 31 and June 30, 2011, amounted to USD608,239.7 and USD681,785.5, respectively.

Following, a breakdown of mercantile loan:

Bansuperior S.A. Commercial Loans:

For the purchase of Bansuperior S.A. completed on September 2005. The mercantile loans were registered for USD 162,683.2, which was amortized into seventy-two (72) monthly aliquots.

The following is the detail of the amortization:

Amount generated on September 2005	USD	162,683.2
Amortization accumulated at December 31, 2005		(8,331.5)
Merge effect value on May, 2006		3,252.7
Amortization at December, 2011		<u>(111,144.3)</u>
Amount to be amortized at December 30, 2011	USD	<u>2,560.3</u>



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Granbanco S.A. – Bancafe Commercial Loans:

The mercantile loan was generated by the purchase of Granbanco on February 16, 2007 for USD717,381.2.

In accordance to what it was established on the 034 External Circular of 2006 of the Financial Superintendence of Colombia, the mercantile loans must be valued by an expert, who must be a freelancer with no conflict of interest with the Bank and with proven experience in the subject. In this case, the expert was PricewaterhouseCoopers Management Consultants Ltd. The valorization should be performed every year.

Likewise, according to what it was established on the 034 External Circular of 2006, the amortization of the mercantile loans will be made at twenty (20) years, the way exponentially according to the next table:

Year	% Amortiz.	<u>Lines of Business</u>						<u>Value to amortized per year</u>
		<u>Consumer</u>	<u>Commercial</u>	<u>Pyme</u>	<u>Credit Card</u>	<u>Mortgage</u>	<u>Affiliates</u>	
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	<u>25,555.7</u>	<u>52,569.3</u>	<u>8,328.5</u>	<u>19,457.0</u>	<u>13,398.6</u>	<u>764.7</u>	<u>120,073.8</u>
		<u>\$292,103.0</u>	<u>600,872.0</u>	<u>95,195.0</u>	<u>222,395.0</u>	<u>153,150.0</u>	<u>8,743.0</u>	<u>1,372,458.0</u>

The following are the main characteristics considered in the evaluation of the commercial loans:

- The definition and determination of business lines was performed out jointly with the directors of Davivienda and Granbanco S.A., whereby the two entities identified the independent cash flow sources of groups of assets.
- According with the above statement, the merge of the business lines of Davivienda and Granbanco S.A. was made, taking into account the synergies that could be found. In this manner, the value of the commercial loans was assigned in the following six (6) lines of business with valorization at market prices and based on the figures as of the closure of December 31, 2006 for Davivienda and January 31, 2007 for Granbanco S.A.: Consumer, commercial, SME, loans card, mortgage and affiliates (Panamá, Miami and Fiducafé).



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- The general criteria to define the above lines of business were: characteristics proper of the lines of business (average placement rates, average balance by customer/product, customers profile, growth of loans and allocation of expenses); feasibility of independent valuation and international accounting rules.
- Upon definition of the lines of business and identification of their corresponding assets, based on the global balance sheet and statement of income and the different information of system for each of the entities, the statements of income and balance sheets were determined for each line of business, for a projected period of 10 years.

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

A summary of the assignment of the mercantile loans is determined by each business line, of the cumulated amortization and the balance as of December 31, 2011, is the following:

<u>Business line</u>	<u>Participation</u>	<u>Commercial credit recorded</u>	<u>Accumulated Amortization</u>	<u>Balance</u>
Consumer	21.3%	USD 150,359.3	20,906.4	129,452.9
Commercial	43.8%	309,297.4	43,005.7	266,291.7
SMEs	6.9%	49,001.4	6,813.3	42,188.1
Credit Card	16.2%	114,477.3	15,917.3	98,560.0
Mortgage	11.2%	78,833.6	10,961.2	67,872.3
Affiliates	<u>0.6%</u>	<u>4,500.4</u>	<u>625.7</u>	<u>3,874.7</u>
Total	<u>100.0%</u>	<u>USD 706,469.3</u>	<u>98,229.6</u>	<u>608,239.7</u>

The result of the update revaluation at April 30, 2011, made by the firm Price waterhouse Coopers Managers Advisors Ltda. in base of the audited financial statements of Bank at December 31, 2009, the business lines did not generated lost for impairment.

For tax purposes, the Bank uses Article 143 of the Tax Code, which establishes that the term for the amortization of investments may be carried out in a term of no less than five years, and it is carrying out amortization at the end of 7 and 5 years respectively, using the straight line method, for which a simple calculation was done, dividing the total by the number of proposed months, thus a fixed aliquot results for amortizing annually. A method similar to the anticipated one for the case of depreciations.

The resulting difference between book and tax amortization is recorded as deferred tax payable.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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12.2. Employees Loans

The Bank evaluated one hundred percent (100%) employee loans. The result of the rating at December 31 and June 30, 2011 is as follows:

<u>December 31</u>		<u>Balance</u>	<u>Admissible Guaranties</u>	<u>Allowance</u>
A -Normal	USD	64,496.9	187,797.8	970.6
B -Acceptable		<u>48.1</u>	<u>116.3</u>	<u>2.5</u>
	USD	<u>64,545.0</u>	<u>187,914.1</u>	<u>973.1</u>
		0.2	0.0	0.0

<u>June 30</u>		<u>Balance</u>	<u>Admissible Guaranties</u>	<u>Allowance</u>
A -Normal	USD	67,966.8	185,513.1	1,018.8
B -Acceptable		<u>18.8</u>	<u>0.0</u>	<u>1.0</u>
	USD	<u>67,985.7</u>	<u>185,513.1</u>	<u>1,019.8</u>

Loans granted to employees for mortgage purchases are secured with admissible guarantee.

12.3. Other Assets – Other

The detail of other assets – other is as follows

		<u>December 31</u>	<u>June 30</u>
Permanent contributions	USD	137.7	150.9
Letters of credit of deferred payment		3,506.7	7,544.1
Others Deposits (1)		3,679.0	1,122.0
Goods delivered in concordat		1,108.2	1,255.1
Art and culture assets		1,196.9	1,227.7
Rights in trust (2)		5,939.9	7,050.2
Others rights in trust		0.0	0.0
Retención en la Fuente Advance income tax		2.3	15,370.6
Income tax advance		0.0	6,631.4
Surplus tax		1,633.6	1,790.6
Consortiums or Joint Ventures		2,892.5	3,595.9
Negotiated unpaid remittances		139.7	59.2
Industry and commerce tax advances		119.0	91.5
Others (less to 5%)		<u>45.2</u>	<u>51.0</u>
	USD	<u>20,400.8</u>	<u>45,940.4</u>



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(1) Rights in trusts

As of December 31st and June 30th, 2011, the following rights in trusts are recorded:

		<u>December 31</u>		<u>June 30</u>	
		<u>Balance</u>	<u>Allowance</u>	<u>Balance</u>	<u>Allowance</u>
Copescol S.A.	USD	0.0	0.0	554.5	554.5
Agropecuaria Molina Vivas		19.0	19.0	20.9	20.9
Textiles Omnes S.A.		239.7	239.7	262.7	262.7
Fiduciaria Superior		617.2	0.0	1,143.5	0.0
H&L Barú		5,041.2	0.0	5,041.2	5,041.2
Otros		<u>22.8</u>	<u>0.0</u>	<u>27.5</u>	<u>0.0</u>
	USD	<u>5,939.9</u>	<u>258.7</u>	<u>7,050.3</u>	<u>5,879.3</u>

* Corresponds to liquidation foreclosure of Fiduciaria Superior in September 2009.

12.4. Allowance for other assets

The movement of the provision for other assets, is the following:

		<u>December 31</u>	<u>June 30</u>
Beginning balance	USD	6,629.5	7,839.2
Plus:			
Allowance charged to operating expenses		590.7	230.4
Less:			
Reclassifications		0.0	285.5
Recoveries		0.0	0.0
Refunding to income – Recoveries		<u>611.7</u>	<u>517.2</u>
Ending balance	USD	<u>6,608.5</u>	<u>7,266.8</u>



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13. Deposits and payables

The following is the detail of deposits:

	Maximum annual interest rate		<u>December 31</u>	<u>June 30</u>
Deposits in current account	0.0% - 0.96%	USD	1,851,252.9	1,755,747.2
Certificates in pesos				
Lower than 6 months	4.10%-5.60%		884,198.7	905,244.3
Equal to 6 and lower than 12 months	4.15%-5.80%		882,942.0	1,131,875.3
Equal to 12 and lower than 18 months	4.20%-6.10%		547,730.3	592,673.0
Equal or higher than 18 months	4.35%-6.95%		<u>1,128,147.1</u>	<u>1,063,565.7</u>
			<u>3,443,018.1</u>	<u>3,693,358.4</u>
Savings deposits				
Common savings deposits	0.00% - 4.25%		6,407,749.6	6,368,773.6
Special savings accounts			<u>25,258.3</u>	<u>30,352.1</u>
			<u>6,433,007.9</u>	<u>6,399,125.8</u>
Saving Certificates of Real Value				
Equal or higher than 18 months	UVR+ 1.45		0.0	14,766.0
Other deposits and payables				
Banks and intermediaries			1,124.6	21,088.5
Special deposits			131.2	181.6
Payables per banking services			119,592.5	68,719.5
Affiliated establishments			<u>3,555.2</u>	<u>4,918.2</u>
			<u>124,403.4</u>	<u>94,907.8</u>
		USD	<u>11,851,682.3</u>	<u>11,957,905.1</u>

The following is a detail of the interest expense during the biannual periods ended on December 31 and June 30, 2011:

<u>Modality</u>		<u>December 31</u>	<u>June 30</u>
Deposits and payables interests:			
Ordinary deposits	USD	75,433.3	47,408.4
Term savings certificates		176.0	22.2
Certificates in pesos		81,705.1	81,349.2
Deposits in checking account		<u>5,722.3</u>	<u>4,680.2</u>
		<u>163,036.8</u>	<u>133,460.1</u>
Adjustments of the real value unit - UVR		1,885.9	5,039.0



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Other interests:

Bank loans and other financial obligations	29,142.6	22,993.0
Inter-bank funds	406.2	455.7
Bonds	63,703.5	59,049.8
Commitments and simultaneous transfer repos	2,678.3	1,951.8
Amortized premium portfolio	159.3	0.0
Financial Leasing Contract (note 10)	0.0	553.2
Preferred shareholders - advance shares purchase	0.0	12.0
Others	<u>6.6</u>	<u>24.3</u>
	<u>96,096.6</u>	<u>85,039.8</u>
USD	<u>261,019.3</u>	<u>223,538.9</u>

13.1. Reserve

On December 31 and June 30, 2011, a reserve on deposits and enforceability was formed in accordance with the 11 External Resolution of October 2008 of the Banco de la República (Note 37).

The reserve requirement and available Confinanciera Bank average during the second half of 2011, was:

	<u>December 31</u>	<u>June 30</u>
Average reserve requirement	USD 951,369.5	937,609.2
Average reserve available	965,003.8	943,394.0

14. Passive Positions in Monetary Market Operations and those Related

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

<u>December 31</u>	<u>Entity</u>	<u>Amount in Dollars</u>	<u>Rate</u>	<u>Date of Initiation</u>	<u>Date of Cancellation</u>	<u>Market Value</u>	<u>TRM (Pesos)</u>
<u>Foreign Currency</u>							
Foreign:	USD	1,675,000.0	0.35%	Dic.30.11	Ene.03.12	USD 1,675.0	1,942.7
	USD	20,000,000.0	0.40%	Dic.29.11	Ene.03.12	20,000.0	1,942.7
	USD	<u>10,000,000.0</u>	0.38%	Dic.29.11	Ene.03.12	<u>10,000.0</u>	1,942.7
		<u>31,675,000.0</u>				<u>31,675.0</u>	
<u>Legal Currency</u>							
Repos liabilities							
	Banks		4.66%	Dic.07.11	Ene.04.12	3,088.5	
			4.65%	Dic.14.11	Ene.11.12	<u>3,088.5</u>	
						<u>6,177.0</u>	
Total passive Positions in Monetary Market Operations and those Related						USD <u>37,852.0</u>	



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<u>Entity</u>	<u>Amount in Dollars</u>	<u>Rate</u>	<u>Date of Initiation</u>	<u>Cancellation</u>	<u>Market Value</u>	<u>TRM (Pesos)</u>
<u>June 30</u>						
<u>Foreign Currency</u>						
Overnight Foreign Banks:	2,000,000.0	0.40%	Jun.30.11	Jun.30.11	USD 2,000.0	1,772.3
	5,000,000.0	0.35%	Jun.30.11	Jun.30.11	5,000.0	1,772.3
USD	5,000,000.0	0.35%	Jun.30.11	Jun.30.11	5,000.0	1,772.3
USD	<u>5,000,000.0</u>	0.25%	Jun.30.11	Jun.30.11	<u>5,000.0</u>	1,772.3
USD						
	<u>17,000,000.0</u>					<u>17,000.0</u>
<u>Legal Currency</u>						
Banks		4.10%	Jun.30.11	Jul.01.11		<u>1,692.7</u>

Total passive Positions in Monetary Market Operations and those Related USD 18,692.7

For the second and first half of 2011, the balance and the average monthly yield for these passive positions (local and foreign currency) were USD 41,927.0 and USD 511.9 and USD 13,692.6 and USD 371.5 respectively.

There are no restrictions on these funds.

15. Banks Acceptances Outstanding and Financial Derivatives

The following is the detail of account:

<u>Product</u>		<u>December 31</u>	<u>June 30</u>
Banks Acceptances	USD	243.1	174.3
Spot transactions		0.0	0.0
Forward Agreements		44,694.7	59,468.2
Futures Contracts		0.0	0.0
Swaps Speculation		100.8	17.5
Options Speculation		1,625.8	541.7
Coverage Swaps		<u>3,294.1</u>	<u>18,082.3</u>
	USD	<u>49,958.6</u>	<u>78,283.9</u>

From January 1, 2010 and as described in Chapter XVIII of the 100 External Circular of 1.995 of the Colombian Superintendence of Finance, the derivatives accounting is performed taking into account the outcome of the fair exchange price valuation, as follows:



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			Speculation Derivatives					Hedging Swaps
December 31			Forward	Futures	Swaps	Options	Total	Swaps
Purchase on foreign currency	Right	USD	(405,883.7)	0.0	0.0	0.0	(405,883.7)	0.0
	Obligation		407,761.0	0.0	0.0	0.0	407,761.0	0.0
Sale on foreign currency	Right		(1,967,711.9)	0.0	0.0	0.0	(1,967,711.9)	0.0
	Obligation		2,010,525.7	0.0	0.0	0.0	2,010,525.7	0.0
On interest Rate	Right		(1,156.2)	0.0	0.0	0.0	(1,156.2)	0.0
	Obligation		1,159.7	0.0	0.0	0.0	1,159.7	0.0
On interest Rate CCS	Right		0.0	0.0	(2,325.6)	0.0	(2,325.6)	0.0
	Obligation		0.0	0.0	2,426.4	0.0	2,426.4	0.0
On currency	Right		0.0	0.0	0.0	0.0	0.0	(165,333.6)
	Obligation		0.0	0.0	0.0	0.0	0.0	168,627.7
Call Options	Sale		0.0	0.0	0.0	1,214.8	1,214.8	0.0
Put Options	Sale		0.0	0.0	0.0	411.1	411.1	0.0
Total Rights			(2,374,751.7)	0.0	(2,325.6)	1,625.8	(2,375,451.4)	(165,333.6)
Total obligations			2,419,446.4	0.0	2,426.4	0.0	2,421,872.8	168,627.7
Total Net		USD	44,694.7	0.0	100.8	1,625.8	46,421.4	3,294.1



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		<u>Speculation Derivatives</u>				<u>Hedging Swaps</u>	
		<u>Forward</u>	<u>Futures</u>	<u>Swaps</u>	<u>Options</u>	<u>Total</u>	<u>Swaps</u>
<u>June 30</u>							
<u>Purchase on foreign currency</u>	Right	(3,014,431.1)	0.0	0.0	0.0	(3,014,431.1)	0.0
	Obligation	3,071,876.0	0.0	0.0	0.0	3,071,876.0	0.0
<u>Sale on foreign currency</u>	Right	(356,116.1)	0.0	0.0	0.0	(356,116.1)	0.0
	Obligation	356,888.9	0.0	0.0	0.0	356,888.9	0.0
<u>On interest Rate</u>	Right	(135,153.9)	0.0	0.0	0.0	(135,153.9)	0.0
	Obligation	136,404.3	0.0	0.0	0.0	136,404.3	0.0
<u>On interest Rate CCS</u>	Right	0.0	0.0	(1,454.7)	0.0	(1,454.7)	0.0
	Obligation	0.0	0.0	1,472.2	0.0	1,472.2	0.0
<u>On currency</u>	Right	0.0	0.0	0.0	0.0	0.0	(165,363.0)
	Obligation	0.0	0.0	0.0	0.0	0.0	183,445.3
<u>Call Options</u>	Sale	0.0	0.0	0.0	107.1	107.1	0.0
<u>Put Options</u>	Sale	0.0	0.0	0.0	434.6	434.6	0.0
Total Rights		(3,505,701.2)	0.0	(1,454.7)	541.7	(3,506,614.2)	(165,363.0)
Total obligations		<u>3,565,169.3</u>	<u>0.0</u>	<u>1,472.2</u>	<u>0.0</u>	<u>3,566,641.5</u>	<u>183,445.3</u>
Total Net	USD	<u>59,468.1</u>	<u>0.0</u>	<u>17.5</u>	<u>541.7</u>	<u>60,027.3</u>	<u>18,082.3</u>

The following is a breakdown of the derivatives maturity terms with as of December 31 and June 30, 2011:

		<u>December 31</u>			
		<u>From 0 to 1 years</u>	<u>From 1 to 5 years</u>	<u>From 5 to 10 years</u>	<u>Total</u>
Cash operations	USD	44,694.7	0.0	0.0	44,694.7
Speculative Swaps		100.8	0.0	0.0	100.8
Hedging Swaps		0.0	3,294.1	0.0	3,294.1
Options		<u>1,625.8</u>	<u>0.0</u>	<u>0.0</u>	<u>1,625.8</u>
	USD	<u>46,421.4</u>	<u>3,294.1</u>	<u>0.0</u>	<u>49,715.5</u>



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		<u>From 0 to 1</u> <u>years</u>	<u>From 1 to 5</u> <u>years</u>	<u>From 5 to</u> <u>10 years</u>	<u>Total</u>
Cash operations	USD	59,468.1	0.0	0.0	59,468.1
Speculative Swaps		12.5	5.0	0.0	17.5
Hedging Swaps		0.0	18,082.3	0.0	18,082.3
Options		<u>541.7</u>	<u>0.0</u>	<u>0.0</u>	<u>541.7</u>
	USD	<u>60,022.2</u>	<u>18,087.3</u>	<u>0.0</u>	<u>78,109.6</u>

15.1 Hedge Operation – Granbanco purchase

In order to minimize the risks from the finance operation of the Granbanco S.A. purchase and to comply with legal requirements of its average position and its average Cash position, 9 interest rate hedges and Cross-currency swap operations (CCS) were agreed for the debt in dollars effectuated for the payment of Granbanco. CCS is a contract between two parties that wish to exchange capital for a defined period of time and which are denominated in different currencies. During the term of the contract, each party assumes the interest generated by the principal received in the swap. At the time of repayment and the maturity of the contract, the principals are exchanged for the currency of each of the parties originally had.

These operations were CCS Libor - Fixed Rate and CCS Libor - Variable Rate for a total of USD 415,000,000 agreed for terms of 7 and 3 years respectively.

At December 31, 2011, the Bank has in effect two interest rate swaps (Currency Swaps), as cover for the issuance of the IFC Bonds for U.S. \$165,000,000 issued in February 2007.

Below are the swaps outstanding at December 31 and June 30, 2011, for the operations described above.

<u>Period</u>	<u>Detail</u>	<u>Term (years)</u>	<u>Initial Period</u>	<u>Value</u>	<u>Right</u>	<u>Obligation</u>
Dic-11	Hedging Swaps Bonds IFC	Feb.07.07	Feb.07.14	165,333.6	168,627.7	(3,294.1)
Jun-11	Hedging Swaps Bonds IFC	Feb.07.07	Feb.07.14	165,363.0	183,445.3	(18,082.3)

Flows generated by hedge operation for Financing Granbanco purchase:

The result of the valorization for the swap was negative at both December 31 and June 30, 2011, and was recorded in their accounting liabilities (note 15)

- IFC Bonds interest coupon payment (coverage capital):

During the second half of 2011, the payment for the 9th IFC coupon bond were generated, obtaining a cash outflow of USD 5,719.3:



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<u>Operation</u>	<u>Counterpart</u>	<u>Date</u>		<u>Amount Paid USD\$</u>	<u>Agreed Exchange rate*</u>	<u>Amount Paid (COP) \$</u>
1	Deutsche Bank	Jul.15.11	USD	1,929.3	1,758.2	\$3,392.2
2	The Royal Bank of Scotland	Jul.15.11		1,785.0	1,758.3	3,138.4
3	IFC Bonds	Jul.15.11		<u>2,615.5</u>	1,751.2	<u>4,580.3</u>
			USD	<u>6,329.8</u>		<u>11,110.9</u>

During the first half of 2011, the payment for the 8th IFC coupon bond were generated, obtaining a cash outflow of \$ 16,848.9:

<u>Operation</u>	<u>Counterpart</u>	<u>Date</u>		<u>Amount Paid USD</u>	<u>Agreed Exchange rate*</u>	<u>Amount Paid (COP) \$</u>
1	Deutsche Bank	Ene.18.11	USD	2,878.2	1,974.2	\$5,682.0
2	The Royal Bank of Scotland	Ene.18.11		2,488.2	1,974.2	4,912.3
3	Bonos IFC	Ene.18.11		<u>3,168.0</u>	1,974.2	<u>6,254.3</u>
			USD	<u>8,534.4</u>		<u>\$ 16,848.9</u>

* The agreed interest rates remain unchanged. The adjustment is done completely via exchange rate.

For the second and first half of 2011, no reset payments were generated.

15.2 CCS Hedge accounting record

These hedges are recorded at just trade price.

The effect on results for the valorization of the syndicated loan and subordinated bonds was as follows:

		<u>December 31</u>	<u>June 30</u>
CCS Assets	USD	(9,837.6)	15,250.8
Bond IFC Assets		<u>17,087.5</u>	<u>(10,551.3)</u>
Net assets	USD	<u>7,249.8</u>	<u>4,699.5</u>



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16. Banking Loans and Other Financial Obligations

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

December 31							
Entity		Interest payable	Less than 1 year	Between 1 & 5 years	Between 5 & 10 years	More than 10 years	Total Capital
Others Entities in the Country							
<u>Legal Currency</u>							
Bancoldex	USD	446.0	3,074.2	30,382.5	10,038.3	0.0	43,495.0
Finagro		1,495.3	4,009.6	68,338.5	41,387.1	21,050.8	134,786.0
Findeter		<u>3,377.3</u>	<u>16,375.4</u>	<u>69,690.5</u>	<u>382,924.3</u>	<u>97,280.7</u>	<u>566,270.9</u>
		<u>5,318.6</u>	<u>23,459.2</u>	<u>168,411.4</u>	<u>434,349.7</u>	<u>118,331.5</u>	<u>744,551.9</u>
<u>Foreign Currency</u>							
Bancoldex		766.7	42,457.7	44,394.5	53,427.9	0.0	140,280.0
Findeter		172.2	25,997.7	0.0	41,000.0	0.0	66,997.7
Overdrafts in bank checking account		<u>0.0</u>	<u>1,642.9</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1,642.9</u>
		<u>938.9</u>	<u>70,098.3</u>	<u>44,394.5</u>	<u>94,427.9</u>	<u>0.0</u>	<u>208,920.6</u>
		<u>6,257.5</u>	<u>93,557.5</u>	<u>212,805.9</u>	<u>528,777.6</u>	<u>118,331.5</u>	<u>953,472.5</u>
Foreign Entities:		<u>3,289.2</u>	<u>830,866.3</u>	<u>46,667.2</u>	<u>0.0</u>	<u>0.0</u>	<u>877,533.5</u>
	USD	<u>9,546.8</u>	<u>924,423.7</u>	<u>259,473.1</u>	<u>528,777.6</u>	<u>118,331.5</u>	<u>1,831,006.0</u>
June 30							
Entity		Interest payable	Less than 1 year	Between 1 & 5 years	Between 5 & 10 years	More than 10 years	Total Capital
Others Entities in the Country							
<u>Legal Currency</u>							
Bancoldex	USD	159.5	3,518.5	39,217.0	8,903.5	0.0	51,638.9
Finagro		820.6	2,782.4	51,025.4	22,367.8	22,383.7	98,559.3
Findeter		3,314.7	20,735.3	79,191.4	361,430.9	114,407.6	575,765.2
Overdrafts in current account		<u>0.0</u>	<u>44.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>44.7</u>
		<u>4,294.8</u>	<u>27,080.9</u>	<u>169,433.7</u>	<u>392,702.2</u>	<u>136,791.4</u>	<u>726,008.2</u>
<u>Foreign Currency</u>							
Bancoldex		226.8	646.1	38,960.1	24,810.2	0.0	64,416.4
Overdrafts in current account		<u>0.0</u>	<u>343.8</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>343.8</u>
		<u>4,521.6</u>	<u>28,070.8</u>	<u>208,393.9</u>	<u>417,512.3</u>	<u>136,791.4</u>	<u>790,768.4</u>
Foreign Entities:		<u>2,085.2</u>	<u>702,028.2</u>	<u>40,055.4</u>	<u>0.0</u>	<u>0.0</u>	<u>742,083.5</u>
	USD	<u>6,606.8</u>	<u>730,099.0</u>	<u>248,449.2</u>	<u>417,512.3</u>	<u>136,791.4</u>	<u>1,532,851.9</u>



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17. Accounts Payable

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

		<u>December 31</u>	<u>June 30</u>
Interests:			
Deposits and payables:	USD	48,228.2	48,055.8
Monetary Market Operations and those Related		105.1	156.4
Banking loans and other financial obligations (note 16)		9,546.8	6,606.8
Investment securities outstanding		17,716.2	18,019.7
Others		<u>6.6</u>	<u>0.0</u>
	USD	<u>75,603.0</u>	<u>72,838.7</u>
Commissions and fees	USD	2,209.4	593.2
Collection made:			
Rent collection companies	USD	18,586.7	22,834.0
Industry and trade, and farm vehicles		2,767.8	27,832.0
Others		<u>7,934.6</u>	<u>13,864.4</u>
		<u>29,289.1</u>	<u>64,530.4</u>
Suppliers:			
Account payable to suppliers	USD	3,611.9	31,249.7
ACH Network compensation		51,093.0	55,785.4
Visa, Master Card network compensation		11,372.0	9,548.4
Others		<u>20,930.4</u>	<u>2,381.7</u>
	USD	<u>87,007.3</u>	<u>98,965.3</u>
Others:			
Taxes			
Stamp tax		8.4	11.6
Surcharge and others		73,587.4	94,039.3
Income and other		27,681.0	1,144.9
Industry and trade		6,725.7	35.1
Dividends and surpluses		1,556.7	1,851.7
Tax payable		3,370.3	2,939.3
Tax transaction		8,824.9	6,860.0
Promising purchasers		1,872.2	6,690.7
Labor withholdings and obligations		22,245.7	27,787.0
Insurance premiums		409.5	1,015.4
Drafts payable		6,946.8	14,173.0
Guarantee Fund of Financial Institutions		1.1	1.6
Checks drawn uncollected		7,183.0	12,167.7
Accounts payable Nation Law 546 of 1999		48,909.1	33,191.7



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Miscellaneous:

Commercial establishments	29,941.9	41,753.2
Forward Operations	6,833.7	2,366.0
Treasury Payment orders	24.5	8.9
Balances and commissions in favor	3,945.1	4,886.4
Remaining Loans	5,316.5	3,885.0
Trade accounts payable Network	142.6	272.7
Solidarity Peace Bonds	0.0	11,616.5
Prepaid visa available balances	4,900.5	5,455.4
Collection managements costs	1,725.9	1,704.4
Outstanding disbursements	835.7	1,320.5
Miscellaneous (Less than 5%)	<u>19,938.8</u>	<u>12,028.1</u>
	<u>282,927.0</u>	<u>287,206.3</u>
	USD	
	<u>477,035.7</u>	<u>524,133.9</u>

(1) Equity tax

The Government, through the Tax Reform Act 1370 of December 2009 created the equity tax for the taxable years 2011 to 2014, applicable to taxpayers who are natural persons, legal entities and de facto societies. The same Act established that this tax was generated on 1 January 2011 and must be paid in eight (8) half-yearly fees within the time limits established by the Government. The first fee was paid in May 2011.

Subsequently, the Government, through the Regulatory Decree 514 of January 2010 regulated the manner of accounting for the tax, indicating that the tax could be written off against the Equity Revaluation account for the years 2011 to 2014, and when this policy becomes insufficient the contributors could raise the value of the contributions annually in the resulting accounts for the respective period.

Therefore, the equity tax in detail to December 31, 2011 is as follows:

Tax value based on the statement filed	USD	97,715.3
Equity revaluation		100.1
Amount amortized on December 31, 2011		<u>(21,831.7)</u>
Unamortized balance recorded in deferred charges	USD	<u>73,286.6</u>

18. Investment securities outstanding

At December 31 and June 30, 2011 the Bank records investment securities outstanding for \$3.700.988,4 and \$3.491.208,2, respectively, corresponding to issuances of common and mortgage bonds.

The following provides details of the bonds for each of the issues current on December 31 and June 30, 2011:



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	<u>Date</u>	<u>Offer Amount</u>	<u>Term (months)</u>	<u>Yield</u>	<u>Maturity</u>	<u>Book Value</u>	
<u>Type of issuance</u>							
						<u>December 31</u>	<u>June 30</u>
<u>Mortgage Bonds</u>							
<u>Guarantee:</u> Mortgage Loans rating "A" and prepayment option for issuer every 3 months.							
First Issuance of VIS Structured Mortgage Bonds Sector 1 – Series G	23-Jun-06	30,974.20	84	UVR + 0.75	23-Jun-13	<u>776.5</u>	<u>3,863.3</u>
<u>Subordinated Bonds</u>							
First Issuance Subordinated IFC Bonds in US dollars (Note 1)							
<u>Guarantee:</u> Mortgage Loans rating "A" and prepaid option for issuer every 3 months. Series G	07-Feb-07	189,757.10	84	Libor6 + 2.75	07-Feb-14	165,333.6	165,363.0
First Issuance Subordinated IPC Bonds No Guarantee – Series C	19-Feb-08	76,067.80	84	IPC + 6.65	19-Feb-15	76,067.8	83,380.5
First Issuance Subordinated UVR Bonds No Guarantee – Series D	19-Feb-08	78,024.10	84	UVR + 6.65	19-Feb-15	91,103.3	98,728.7
Second Issuance Subordinated IPC Bonds No Guarantee – Series C7	24-Feb-10	71,291.10	84	IPC + 5.25	24-Feb-17	71,291.1	78,144.6
Second Issuance Subordinated UVR Bonds No Guarantee – Series U10	24-Feb-10	57,395.90	120	UVR + 5.50	24-Feb-20	<u>60,983.5</u>	<u>66,087.9</u>
Total Subordinated Bonds						<u>464,779.3</u>	<u>491,704.8</u>
<u>Common Bonds (No Guarantee)</u>							
Second Issuance common Bonds IPC – Series G	05-Ago-08	87,800.50	60	IPC + 6.24	05-Ago-13	87,800.5	96,241.1
First Issuance common Bonds DTF Sector 1 – Series E	05-Ago-08	75,822.30	36	DTF + 2.59	05-Ago-11	0.0	83,111.4
						<u>87,800.5</u>	<u>179,352.5</u>
Second Issuance common Bonds DTF Sector 1 – Series E3	05-Feb-09	46,224.30	36	DTF + 1.35	05-Feb-12	<u>46,224.3</u>	<u>50,668.1</u>



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Type of issuance	Date	Offer Amount	Term (months)	Yield	Maturity	Book Value	
						December 31	June 30
Second Issuance common Bonds' fixed rate Sector 1 – Series F5	05-Feb-09	62,696.20	60	TF 10.40%	05-Feb-14	62,696.2	68,723.5
First Issuance common Bonds IPC – Series G	05-Feb-09	63,536.80	84	IPC + 5.50	05-Feb-16	63,536.8	69,644.9
Second Issuance common Bonds' fixed rate Sector 2 – Series E3	16-Jul-09	37,061.80	24	DTF + 1.38	16-Jul-11	0.0	40,624.7
Second Issuance common Bonds' fixed rate Sector 2 – Series E3	16-Jul-09	37,576.60	36	TF 7.89%	16-Jul-12	37,576.6	41,189.0
First Issuance common Bonds IPC Sector 2 – Series G5	16-Jul-09	110,670.70	60	IPC + 4.79	16-Jul-14	110,670.7	121,309.9
Second Issuance common Bonds IBR Sector 1 – Series B1	12-Feb-10	110,702.60	18	IBR + 0.95	12-Ago-11	110,702.6	121,344.9
Third Issuance common Bonds IPC Sector 2 – Series C5	07-Oct-10	61,846.90	60	IPC + 3.14	07-Oct-15	61,846.9	67,792.5
–Series C7	07-Oct-10	100,916.30	84	IPC + 3.63	07-Oct-17	<u>100,916.3</u>	<u>110,617.7</u>
						<u>162,736.2</u>	<u>178,410.2</u>
Third Issuance common Bonds IBR Sector 2 – Series B2	07-Oct-10	47,125.10	24	IBR + 1.10	07-Oct-12	47,125.1	51,655.5
– Series B3	07-Oct-10	47,485.50	36	IBR + 1.31	07-Oct-13	<u>47,485.5</u>	<u>52,050.4</u>
						<u>94,610.6</u>	<u>103,705.9</u>
Quarter Issuance common Bonds IBR Sector 2 – Series B30	10-Mar-11	125,707.00	30	IBR + 1.35	10-Sep-13	125,707.0	137,791.7
First Issuance common Bonds IPC Sector 2 – Series B27	25-Ago-11	46,327.30	48		10-Mar-15	46,327.3	0.0
				IPC + 3.60			
First Issuance common Bonds IPC Sector 2 – Series C120		81,963.20	90		10-Sep-18	81,936.2	<u>0.0</u>
	25-Ago-11			IPC + 3.99			
First Issuance common Bonds IPC Sector 2 – Series C120		82,756.00	126		10-Sep-21	<u>82,756.0</u>	<u>0.0</u>
	25-Ago-11			IPC + 4.23			
						<u>394,188.0</u>	<u>200,747.6</u>
Total common Bonds						<u>1,439,518.7</u>	<u>1,474,284.0</u>
Total outstanding Bonds					USD	<u>1,905,074.6</u>	<u>1,969,852.1</u>

(*) The valorization of this issuance is performed at market prices, employing the future implied rates obtained from the zero coupon rates of the libor- swap dollar curve for the respective terms. To calculate the present value of such cash flows used as a discount rate the same zero coupon interest rates used for the valorization of the point in dollars of the respective swap.



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That portion of the bonds is not hedge with the cover flow that is proposed with the swap, the on component corresponding to the agreed margin on the variable rate, it should not be measured at fair value of exchange but it shall follow the accrual methodology.

Payment of default interest is taken into the six-month Libor rate.

To cover the risk inherent in these liabilities in dollars, the Bank performed an investment of two (2) Cross Currency Swap in pesos per USD 189.723.3 that allows to change the exposure of the Libor rate and the dollar. (Note 15).

Bonds per monetary unit

		<u>December 31</u>	<u>June 30</u>
Legal currency	USD	1,586,877.6	1,635,809.1
Foreign currency		165,333.6	165,363.0
RVU		<u>152,863.4</u>	<u>168,679.9</u>
	USD	<u>1,905,074.6</u>	<u>1,969,852.1</u>

Bonds per period of maturity

		<u>December 31</u>	<u>June 30</u>
Less than 1 year	USD	221,547.8	277,715.6
Between 1 & 5 years		1,146,991.6	1,285,334.5
Between 5 & 10 years		<u>536,535.2</u>	<u>406,801.8</u>
	USD	<u>1,905,074.6</u>	<u>1,969,852.1</u>

19. Others Liabilities

The Other Liabilities related to:

		<u>December 31</u>	<u>June 30</u>
Consolidated Labor obligations	USD	18,898.1	17,670.2
Anticipated income		3,942.9	717.4
Others		<u>146,436.7</u>	<u>140,886.0</u>
	USD	<u>169,277.8</u>	<u>159,273.5</u>

The following is the detail of the Other Liabilities:



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19.1 Labor Obligations

The following is the detail of the consolidated Labor Obligations:

		<u>December 31</u>	<u>June 30</u>
Consolidated severance payments	USD	6,581.5	3,725.3
Severance payment interests		773.2	298.4
Consolidated vacations		7,855.0	9,194.0
Other social benefits		<u>3,688.5</u>	<u>4,452.4</u>
	USD	<u>18,898.1</u>	<u>17,670.2</u>

The Bank and its subsidiaries apply a labor regime established by Law 50 of 1990.

At the closure of December 31 and June 30, 2011, the Bank and subsidiaries have no pension liabilities.

19.2 Advance income movement

The movement for the advance income during the half-year periods ended on December 31 and June 30, 2011, is the following:

		<u>Balance at June 30</u>	<u>Credits</u>	<u>Charges</u>	<u>Balance at December 31</u>
Interests	USD	84.8	1,318.7	1,312.2	83.9
Leases		4.4	17.9	18.1	3.8
Commissions received for derivatives products		0.0	3,310.8	0.0	3,310.8
Insurance		132.1	380.6	386.0	115.2
Others		<u>496.0</u>	<u>0.0</u>	<u>23.3</u>	<u>429.2</u>
	USD	<u>717.4</u>	<u>5,028.0</u>	<u>1,739.5</u>	<u>3,942.9</u>

19.3 Others

The movement of other liabilities – other during the half-year period ended on June 30, 2011 is as follows:

		<u>Balance at June 30</u>	<u>Credits</u>	<u>Charges</u>	<u>Balance at December 31</u>
Deferred credits (1)	USD	21,788.9	34,533.1	33,221.0	21,190.0
Letter of credit deferred payment		7,544.1	11,526.5	14,902.3	3,506.7
Deferred income tax		73,460.4	20,151.1	2,185.2	84,983.7
Credits for applied		15,445.8	7,931,136.2	7,930,124.6	15,102.7
Surpluses in exchange		8.5	18,153.0	18,105.0	55.7
Surpluses in cash		1,910.3	44,178.9	42,947.6	2,974.1
Accounts cancelled		18,119.9	16,164.3	16,227.3	16,467.7
Others		<u>2,608.0</u>	<u>522,634.6</u>	<u>522,857.7</u>	<u>2,156.2</u>
	USD	<u>140,886.0</u>	<u>8,598,477.4</u>	<u>8,580,570.6</u>	<u>146,436.7</u>



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(1) The detail of the deferred loans at December 31 and June 30, 2011 is the following:

		<u>December 31</u>	<u>June 30</u>
Credit Portfolio expressed in UVR	USD	0.0	7,017.3
Amortized of deferred restructured credits		12,241.6	12,344.6
Default investment cost over book value		1,443.0	0.0
Profit on foreclosed assets sale		7,063.9	1,855.6
Profit on punished portfolio sale		441.6	0.0
Others		<u>0.0</u>	<u>571.4</u>
	USD	<u>21,190.0</u>	<u>21,788.9</u>

Here are the unamortized payments deferred for periods, at the closure of the 31 December and 30 June 2011:

		<u>December 31</u>	<u>June 30</u>
From 0 to 1 years	USD	7,065.7	7,017.3
From 1 to 5 years		1,653.4	2,004.8
From 5 to 10 years		0.1	6.0
More than 10 years		<u>12,470.8</u>	<u>12,760.8</u>
	USD	<u>21,190.0</u>	<u>21,788.9</u>

20. Estimated Liabilities and Allowances

The following is the detail of estimated liabilities and allowances:

		<u>December 31</u>	<u>June 30</u>
Labor liabilities	USD	<u>1,793.0</u>	<u>2,278.8</u>
Taxes:			
Income tax 2010		1,644.8	27,911.2
Industry and commerce		0.0	6,555.6
Others		<u>15.5</u>	<u>12.0</u>
		<u>1,660.3</u>	<u>34,478.8</u>



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	<u>December 31</u>	<u>June 30</u>
Others		
TES interests Law 546, 1999	88.2	405.6
Contributions and affiliations	3.3	21.6
Penalties and sanctions Superfinanciera	211.0	231.3
Penalties and Sanctions, litigations, indemnifications and lawsuits	44,723.9	47,056.2
Others Estimated Liabilities	136.6	29.1
Others Allowance (Less than 5%)	<u>13,585.5</u>	<u>12,322.3</u>
	<u>58,748.5</u>	<u>60,066.2</u>
Minority Interest (note 21)	<u>17,116.5</u>	<u>13,695.8</u>
	<u>75,865.1</u>	<u>73,762.0</u>
USD	<u>79,318.3</u>	<u>110,519.7</u>

The income statements presented by the Bank and its subsidiaries for the years 2009 and 2010 are pending to be reviewed by the Tax and Customs Administration (DIAN).

Fines And Sanctions From Legal Actions

The processes that generate liability contingency have been discriminated as follows:

Litigation covered by Fogafin

It gathers processes originated in the merge process of Banco Davivienda SA and Granbanco S.A., Fiduciaria Cafetera S.A., Bancafé Panama S.A. and Bancafé International Corporation, which existed at 31 January 2007 and were notified after the February 16, 2007, which are current and are explicitly guaranteed by Fogafin.

Bank's Lawsuits

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

The Following is a summary of the process, cut to December 31 and June 30, 2011:

<u>December 31</u>				
	<u>Class of process</u>	<u>Quality processes</u>	<u>Allowance value</u>	<u>Claims Value</u>
	Litigation covered by contract Fogafin	<u>473</u> USD	7,322.1	32,692.5
Bank:				
	Penalties and sanctions others administrative	18	30,366.6	47,499.7
	Labor Demands	66	697.4	1,908.3
	Common Process	<u>1061</u>	<u>6,337.8</u>	<u>45,003.0</u>
		<u>1618</u> USD	<u>44,723.9</u>	<u>127,103.5</u>



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June 30

<u>Class of process</u>	<u>Quality processes</u>	<u>Allowance value</u>	<u>Claims Value</u>
Litigation covered by contract Fogafin	543 USD	8,090.5	37,520.0
Bank:			
Penalties and sanctions others administrative	16	31,750.0	60,692.5
Labor Demands	55	710.6	1,245.6
Common Process	<u>1179</u>	<u>6,505.0</u>	<u>45,772.2</u>
	<u>1793</u> USD	<u>47,056.2</u>	<u>145,230.2</u>

For processes that are covered by the contract of guarantee, the Fogafin allowances are established by 15% taking into account the warranty coverage on the value of the respective contingency according to their qualification and only for ordinary and special processes. In the case of employment processes, it is a 10%

Processes initiated by the Bank and its subordinate could be::

Criminal proceedings

As long as in criminal proceedings is linked to the Bank as a third party liable. With closure on the 31 of December and 30 June 2011, there are 1 and 2 processes with this condition, which not exceeds USD36.0 and USD118.9 respectively.

Ordinary civil, special and labor

As of December 31 and June 30, 2011, there are 1,499 and 1,675 claims processes approximated by USD 127,103.5 and USD 145,230.2, respectively.

Such processes will generate liability contingency to the Bank, regardless of procedural to take effect, in general terms because of their potential liability in contractual or extra contractual, and also on the occasion of fines or penalties imposed by the competent entities in the development of their duties. Each of these processes has a corresponding allowance qualification, if it is necessary.

For the Bank and subordinate the most important processes are detailed below:

Tax processes:

Income tax taxable year 2003:

The Bank presented the income statement determining the tax for the presumptive income system and paying a credit balance of USD 3,661.4, a value that was returned by the Tax Administration.

Subsequently, the Bank made a correction to the income statement to reduce the presumptive income base and in this way the credit balance increased by the sum of USD 1,592.4..

The Tax Administration considered that it was inappropriate and resulted in a higher income tax of USD 1,379.3 and imposed penalty of 160% inaccuracy worth USD 2,206.8, for a total of USD 3,586.1.

On this way, the balance claimed by the Bank for USD 5,253.8 passed to be for USD 1,667.75, this resulting by the subtraction of the higher tax and the penalty determined by the Tax Administration became a USD 3,586.1 worth.



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Taking in account that the Tax Administration initially returned to the Bank the sum of USD 3,661.4, which according to them, the credit balance is USD 1,667.7 after application of higher tax and the penalty, the Tax Administration requests the Bank to return them back the sum of USD 1,993.7 plus the corresponding interest.

So, at December 31, 2011, the Bank has three processes and their condition is as follows:

1. Process to nullify and restoration of the right against the decision of February 2007 and the official settlement of the review of March 2006 valued at USD3,586.1.

On April 2, 2008 judgment was issued. In that decision the Administrative Tribunal of Cundinamarca refused the pleas of demand.

On April 15, 2008 we presented within the period of execution the ordinary appeal. The appeal was admitted to the Council of State.

On November 6, 2008 the sustentation of the appeal was presented against the judgment. On May 20, 2009 was notified of the admission of the appeal supported by us.

On June 12, 2009 we were notified by edict that there was a 10 day delay days to present closing arguments.

On 1 July 2009 we presented the concluding arguments. Up to today we are awaiting the final decision of the process.

On July 29, 2009 the record entered the office of State Council for final decision.

On July 27, 2010 a change of judge was presented.

It is the office for judgment of second instance and the last performance is May 27, 2011 when the judge rapporteur, Dr. Carmen Rodriguez Teresa Ortiz declared unable to continue with the process.

In the opinion of tax counsel the Bank's position has full legal support but thinks that the contingency for the Bank is remote.

2. Process to nullify and restoration of the right against the decision of June 2006 and the resolution of August 2005 USD 1,592.3.

In the process it is discuss the rejection of more favorable balance of \$ 3,046.4. On January 25, 2010 enters the record to the office of the State Council.

On January 29, 2010 due to what it was stated in the previous secretarial report, according to the provisions of the order of June 5, 2008, by which the suspension of the ruling was ordered. On August 2, 2010 entered the office for judgment.

On January 29, 2010 due to what is stated in the previous report , according to the allowance for the order of June 5, 2008, by which decreed the suspension of the prejudicially. On August 2, 2010 it entered the office for it to be decided on judgment.

On August 13, 2010 the suspension of proceedings was declared for preliminary judgment. We were notified by the State on August 26, 2010.

In the opinion of tax counsel the Bank's position has full legal basis therefore the contingency for the Bank is remote.



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3. Process to nullify and restoration of the right against the decision of October 2006 and the resolution that resolves the motion for reconsideration on June 2007.

In the process it is discuss a penalty for an improper refund of \$ 3.814.3. On January 25, 2010 it enters the office of the State Council. In the opinion of the tax counsel the Bank's contingency is remote.

In regards with the category that is established as a liability contingency, it must be consider first that it is qualified as remote and additionally that is hedged by Fogafin; reason why the allowance of the Bank responds to 15% worth \$ 306.0. For that same reason there are two additional steps in progress, one is to present it in the courts by reason of a petition for annulment brought by the Bank against an administrative act issued by the DIAN in advance to the process mentioned before and seeks the refund that the bank should have canceled on account of income tax in 2003, however, this procedure is not a liability contingency for the Bank.

The third claim is also an administrative one: a lawsuit was presented for annulment and restoration of rights, and has to do with the revision of liquidation of rental tax for the year 2003 and requires the Bank to pay USD1.993,6 - the amount that, according to the DIAN, was returned to the Bank

It is in the stage of allegations. On April 7, 2011 it was issued a ruling which ordered the beneficiaries of the allowances in the order of June 5, 2008 by which it ordered the suspension of the issue.

Industry and Commerce Tax

At present day there are approximately ten processes with the Municipality of Medellin related to industry and commerce tax returns of the taxable years 1993 to 2001.

The Medellin Secretary of Finance is questioning that within the taxable base of the industry and commerce tax, the Bank did not include income from the restatement obtained on the loans granted before the conversion to banks.

On all processes, the Bank has presented a petition for annulment and restoration of rights before the Administrative Tribunal of Antioquia.

The value of contingency amounts sums up to the amount of USD 1,261.1, which includes the greater tax in dispute, penalties and interest on arrears. At December 31st, 2011, the Bank has made an allowance for the full value of the contingency.

Income tax taxable year 2003 - Banco Davivienda S.A.

Before the statement of objections, the Dirección de Impuestos y Aduanas Nacionales - DIAN issued Resolution No. 9000012 of May 4, 2009, by which it imposed a penalty for refund and / or unfair compensation, consisting of 50% of the penalty interest settled of USD 114.5, the value accepted by Mutual Agreement transaction, as stated in Act No. 000035 of June 26, 2007, signed by the Special Committee of Settlement and Termination of the Tax Administration.

On May 25, 2010, the Resolution No. 9000012 was confirmed through resolution 90025, therefor exhausting the administrative remedies, and given the clear jurisprudence that once reconciled the main effect, the DIAN cannot sanction under Article 670 of the Tax Code. Accordingly the rating is remote.

At December 31st, 2011 the Bank has made an allowance for the full value of the contingency.

The Tax and Customs Administration- DIAN presented legal actions against the Bank - Equity Tax 2007.

In 2008 the Tax and Customs Administration - DIAN by portions refunded the Bank, the sum of \$ 4.485.0 for the equity tax paid by the Bank on the taxable year 2007. This refund was based on the merge with Granbanco S.A. Bancafé, the tax stability regime was applied to the Bank, that this last possessed.



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Then the Tax Administration sued the resolutions by which they refunded by proportions the equity tax. This lawsuit does not generate penalties, but it generates default interest, which at the closure of 31 December 2011 amounted to \$ 5.84.0, for a total value of \$ 10.325.0. The details of these processes is as follows:

The Tax Administration presented two lawsuits of harmfulness, one for each order granting. The refund for the equity tax.

The first claim was accepted on February 12, 2010, but was only notified on June 12, 2010. On July 16, 2010 the response to the lawsuit was presented.

On February 17, 2011 the case was ordered to be submitted to Dr. Gloria Isabel Cáceres to decide about the accumulation with the other lawsuits of harmfulness. The aforementioned case was submitted on February 28, 2011.

The second lawsuit was accepted on January 22, 2010, which was notified on February 23, 2010 and on March 25, 2010 the response to the lawsuit was presented.

On December 2, 2010 the process was suspended, until the definition on the accumulation with the other process of harmfulness.

According to the tax advisor, the Bank of contingency may be probable, which is why we have created an allowance for the full value of the contingency.

Rental Taxes for the Taxable year 2004

The Liquidation Review of December 28, 2007, by which it seeks to disregard the tax deductions for portfolio allowances, relief from the government, sinister losses and investment in productive fixed assets, generating a higher tax of \$13.694.0 and imposes sanctions by inaccuracy of 160% for \$ 21.043.0, plus default interest calculated at the court of 31 December 2011 amounted to the sum of \$ 32.290.0, for a total value of claims \$ 67.027.0. On February 28, 2008 the Bank presents a reconsideration of the liquidation.

By Resolution No. 310662008000023 of December 7, 2008, of which the Bank is notified 7 November 2008, the Tax and Customs Administration - DIAN, presents the appeal for reconsideration on 8 February 2008. In that ruling it is confirmed the Official Liquidation, Revision No. 310642007000138. With this action the administrative remedies was exhausted.

On March 4, 2009, the Bank brought before the Administrative Court of Cundinamarca, the action for annulment and restoration of the right against Resolution No. 310662008000023 on 7 December 2008 and of which we were notified on 7 November 2008.

Through judgment 2009-00045 of May 20, 2010, the Administrative Tribunal of Cundinamarca ruled an adverse action for annulment and reinstatement of the right that the Bank brought.

By ruling 2009-00045 of May 20, 2010, the Administrative Tribunal of Cundinamarca ruled an adverse action for annulment and restoration of the right that the Bank presented.

The Bank presented an appeal lodged by the plaintiff and on December 7, 2010 the appeal was admitted. The next action will be to move to closing arguments on appeal.

In opinion of the tax consultant, it is considered that the Bank's contingency is remote, nevertheless the Bank has constituted an allowance for USD 18,219.8.

Equity Tax for the Taxable Year 2004

The Bank presented the tax statement for the equity for the taxable year 2004, determining a tax of USD 806.8. The statement was later corrected to exclude from the net worth the stabilization value made to fixed assets in the taxable year 1995 for the amount of USD 25,312.6, which meant a lower tax of USD 75.9.



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The Tax Authorities questioned such correction and therefore issued official settlement imposing correction of USD 50.6.

On February 20, 2010 the process entered the office for judgment after that on January 15, 2010 was submitted to the State Council for closing arguments.

In the opinion of tax advisor, the odds of success are possible, reason for which the Bank constituted an allowance for USD 46.4.

Taxes on the 4 x 1000 Financial Movement - Year 2005

The Tax and Customs Administration - DIAN uttered official liquidation review, from January 19, 2007 onwards for 52 weeks presented during the 2005 taxable year, proposing to modify the tax. The argument of the Tax Administration is that, overdraft transactions are subject to tax on financial transactions. At the moment the tax return of 25 weeks have exhausted administrative remedies, over which they are proposing us to increase the tax in the amount of USD 1,219.4, liquidate an inaccuracy penalty of 160% equivalent to USD 1,950.4, plus default interest that at December 31st 2011 it amounted to the sum of USD 2,993.3 million pesos, for a total value of claims of USD 6,163.1.

In regards to the weeks 3, 4 and 9 administrative remedies were exhausted. On March 27, 2009 the Bank presented with the Administrative Tribunal of Cundinamarca action for annulment and restoration of rights against administrative acts uttered in administrative proceedings; on May 6, 2009 the Administrative Tribunal of Cundinamarca, decides adversely to the interests of the Bank and on May 19, 2009 a statement is presented which supports the appeal against the judgment of first instance. The latest action presented by the Bank was on October 2, 2009 when appeal closing arguments were presented before the Honorable Council of State.

By means of Resolutions of September, November and December 2008, as well as Resolutions of January, April and May of 2009, the Tax and Customs Administration- DIAN, ruled on the appeal resources that the Bank had filed presented for weeks 31 to 52 and with these rulings the Tax and Customs Administration confirms that the Official Liquidation Review of those weeks and also, The administrative remedies were exhausted.

In January 2009, the official liquidation review for weeks 37, 38, 39, 40, 41 and 42, 2005, were sued, after the process was finished, the Administrative Tribunal of Cundinamarca uttered judgment in May 2010, unfavorable to the interests of the Bank, which was appealed, and is pending decision by the State Council. On March 11, 2011 the Bank presented the closing arguments on appeal for the respective verdict.

In February 2009 the Bank sued the official liquidation review for weeks 32, 33, 46 and 49, 2005. On February 9, 2011, by judgment of the Administrative Tribunal of Cundinamarca, the alleged acts are partially annulled, the higher tax is confirmed and the penalty is annulled. The next action will be filing an appeal.

Later in June 2009, it filed suit a lawsuit was presented against the official liquidation review for weeks 31, 34, 35 and 36, 2005, a process in which the Administrative Tribunal of Cundinamarca uttered first Instance judgment, unfavorable to the interests of the Bank. On June 20, 2011 the Bank presented the closing arguments on appeal and the proceedings are pending second instance judgment.

Finally, in September 2010, a lawsuit was presented against the official liquidation review for weeks 43, 44, 45, 47, 48, 50, 51 and 52, 2005. On August 19, 2011 the Administrative Tribunal of Cundinamarca issued a judgment confirming first instance ruling, denying the pleas of the lawsuit. The next action will be to present an appeal.

In the opinion of tax advisor, the probabilities of these processes are remote, however, it has constituted an allowance for USD 3,576.0.



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Contract for Contingent Liabilities entered into with Fogafín

Due to the privatization of Granbanco S.A., on December 12, 2006 a guarantee contract for contingent liabilities was entered into with Fogafín; the contract is effective as of February 16, 2007.

Pursuant to such contract, and under the terms and conditions thereof, Fogafín guarantees the Bank payment of certain contingent liabilities expressly set forth in the document. Coverage corresponds to 85%, and exceptionally to 90%, in connection to labor and pension obligations from Banco Cafetero S.A.- in Liquidation -.

The contract foresees the existence of a contingency account comprised by the provisions held by Granbanco S.A. Bancafé and its subsidiaries at January 31, 2007, which amounted to COP 21,067 million. Any amount or fine guaranteed by Fogafín is to be deducted first from such account until the funds are entirely used. Upon exhaustion of the funds, Fogafín is committed to refund the Bank with the corresponding net effect under the terms of the said contract. The existence of the account in reference with the provisions held at that moment determined that eventual losses in guaranteed judicial proceedings do not affect the Bank's Statement of profit and losses.

At December 31, 2010 and December 31, 2011, the number of proceedings covered by Fogafín are 525 and 363, respectively, with a provision of COP 13,971 million and COP 13,417 million and claims for COP 68,151 million and COP 63,512 million, respectively.

Based on the above, the Bank structured several accounts that reflect not only the reality of its contingent liabilities with the contract entered into with Fogafín, but also others that include matters not guaranteed by Fogafín, which must be borne in full by the Bank.

Processes generating contingent liabilities with significant impact for the Bank:

1. By means of a people's legal action, the Bank was sued by Alberto Botero Castro to make the bank return to the Public Treasury the money that, in the plaintiff's view, the Bank owed when making overstated charges to the Nation on concept of the relief provided by Law 546 of 1999. The procedure is in the evidentiary stage. The claim is undetermined but in conformity with the petition, it may correspond to an amount exceeding COP 5,000 million. Due to lack of evidence, the contingency was rated as remote.
2. The Bank was sued in a common lawsuit by Guillermo Alfonso Trujillo, arguing that Granbanco without consulting had anticipated a disbursement of Finagro credit approved on its behalf for USD 199.7.0 and had applied it illegally for payment of other credits granted on his behalf. The plaintiff argues that with this procedure the Bank caused him damages for USD 2,091.1. The process is before under the Superior Tribunal of Bogotá, where the appeal is filed by the counterpart against the ruling of first favorable instance to the Bank's interest. The contingency has been described as possible, since there are evidential elements that would determine some degree of civil responsibility from the Bank, although no leading proof was collected on the amount of the damages caused to the plaintiff.
3. Mercedes López Rodríguez initiated a people's legal action against the Bank arguing that the Bank and other financial entities had not returned the TES securities in conformity with the requirements of Law 546 of 1999. The process is lodged at the 4th Civil Court of Bogotá and notification to the remaining defendants is pending. The contingency is rated as remote, and the amount may not be determined, but it is estimated to exceed the COP 1,000 million.
4. Through Direct Repair action by Martha Esperanza Suarez and others, the Bank and others were sued, declaring that Davivienda and other financial entities should compensate the damages allegedly incurred by the plaintiffs during the construction of urbanization "Parques del Sol II", where the failures of the land make the houses uninhabitable. The process is currently before the 38th Administrative Tribunal of the Bogotá District pending on administrative appeal; which the Bank presented against the admitting writ of the lawsuit. The amount of the claim is estimated in USD 2,934.0 plus any interest, contingency is rated as remote.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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5. Grupo Empresarial Los Andes SA initiated ordinary proceedings against the Bank in order to be compensated for the damage it suffered for the processing of the claim for the domain that Luis Hernando Murcia Castro instituted against the group for the real estate property of registration No. 206-33327 that Davivienda sold to that group. The process is pending before the 2nd Civil Court of the Pitalito Circuit, in the process of collection of evidence ordered by the office. The claim is estimated to be \$ 9.000.0 and it is qualified as a remote contingency.
6. Olga Irene Vega Correa initiated a people's legal action against the Bank and other financial institutions for the purpose of stating that these entities charge fees unconstitutional, illegal, unjust and exorbitant expenses for the financial services they provide. The process is pending before the Administrative Court of Tolima where it takes the probationary period. The amount of the claims in the lawsuit is indeterminate, which however, have been estimated at a sum that passes the \$ 5.000.0. The contingency has been described as remote in view of the settled law that in similar cases, has denied the claims of the plaintiffs.
7. The National Committee Association for UPAC - UVR Users, along with other individuals, filed a class action suit against Banco Davivienda S.A. and other financial entities seeking a ruling to have the TES securities arising from wrongful liquidations and refusal to retrieve relief be returned to the Public Treasury. The claim is at the Administrative Court of Cundinamarca, and the defendants were served with process. The Court is reviewing a motion to dismiss the suit filed by Davivienda on June 29, 2011. Although the amount of the claim is not stated in the suit, it is estimated to exceed COP 5,000 million, and the contingency is rated as remote.
8. Before the 2nd Civil Court of the Barranquilla Circuit Mr. Yuri Lora Escorcia presented regular lawsuit in which he claims compensation for the damages caused for the improper opening of a checking account in the Bank, based on a check issued that couldn't be cashed by the plaintiff causing him legal problems of disciplinary and criminal nature. Being in the process of execution which ordered the Bank the payment of \$3.500.0, the court as a result of the writings by the same high nullified all the proceedings. It is currently pending the Court of Barranquilla resolve the dispute against this decision raised the counterparty. There are strong arguments that demonstrate the illegality of the sentence against Davivienda, which the Bank will submit to the jurisdiction, so that the contingency has been described as possible.
9. Finally in the important processes for the amount of the contingency, the current group actions should be mentioned, taking into account that each of these disputes can gather a large number of plaintiff who are within the parameters of the lawsuits and therefor increases the claims to higher amounts.

As of December 31, 2011 the following cases are in force:

- By people's legal action presented by Mr. Alvaro Romero Boarejo and others, in which the actors say that the Corporación de Ahorro y Vivienda Concasa, which is successor of the Bank, that improperly charged interest on home loans. Once the Bank was notified. it impugned the lawsuit's admission generating negative conflict between the civil jurisdiction and the contentious administrative jurisdiction, which it was decided in favor of the 37th Civil Court of the Bogotá Circuit in the month of September 2010, that granted the lawsuit's admission and ordered to personally notify us with the decision. The plaintiffs are 142 people and there are no clear elements to establish the amount of the claims, nor is any allowance has been estimated as a remote contingency given that the Bank met the parameters of the Law 546 for the recalculation of credits granted in the UPAC system.
- Mr. Oscar Zambrano and others presented a lawsuit on the 31th Civil Court of Bogotá Circuit on which they seek recognition for damages for the alleged illegal charging of fees for financial services and banking. The Bank answered the demand timely and it is in the preliminary stages. There is still no objective parameters to determine the amount of the claim, which is why there is no an allowance of contingency, while there is a qualification of the risk for the advancement of the process. The contingency was classified as possible.



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- Rosemary Roa Sarmiento filed people's legal action, that is been held on the 20th Civil Court of Bogota Circuit, for the alleged illegal collection of financial services provided by the Bank. With the currently evidence in the process has not yet been able to establish the amount of the claims. Currently the evidence is being evacuated by the court. In similar cases against other banks, judges have the lawsuit dismissed for lack of legal backing for such the contingency has been described as remote. There is a similar group action that drives T Jose Guillermo Roa in the 5th Civil court of the Circuit of Bogota is in its preliminary stages, on which the same considerations applied.
- The process is been held on the 7th Civil Court of Bogota presented as a group action by Aida Acero and others, for the excessive charging on the interest in the UPAC system for housing loans, based in the argue that the charging for those interests wasn't properly applied. It is awaiting for the office decision on the preliminary proposals by the Bank. At the moment there are no objective evidence to enable the measurement of demand and the integration of the group, qualifying it as a remote contingency.
- In 14th Administrative court of Barranquilla is presented a group action by Silvana Heredia and others, whereby they seek to relocate, homes of similar conditions, to those persons who acquired social housing in an area of the city, which have experienced foundation problems. The matter is currently pending in the court's first ruling. the Bank was linked it as a defendant for having granted mortgages to buy such homes. For now, the contingency has been described as remote.
- Ana Rocio Gomez Murcia and others sued the Bank and others, for the occasioned damages caused by geological faults presented in the land on which the houses were built that are part of the residential complex Parques del Sol in the municipality of Soacha . The lawsuit is been held in the 29th Administrative Court of Bogota and it is in the preliminary stage. Linking the Bank for having granted mortgages on those properties. It is a matter of an undetermined amount, where the contingency has been described as remote.
- Mr. Henderson Sepúlveda and other parties brought a group action at the 5th Civil Court of the Bogotá Circuit against the Bank for excessive charging on the rates of interest on credit card transactions. This proceeding is currently under the period for producing evidence, there is no valid fundamental data to calculate the amount of the claims and the contingency has been treated as remote.
- Mrs. Clara Cecilia Murcia and others presented a group action in the 5th court administration of Bogotá, against the courts that did not complied with the provisions of Act 546 of 1999 about the completion of the process for foreclosures. Among the claims of the lawsuit it asks for an order the termination of such matters nationwide. The Bank was linked as a third party for presenting executives lawsuits at that time, the process is pending to be resolved for the previous exceptions presented by the Bank. The contingency has been described as remote.
- Mr. Cornelio Villada Rubio and others presented the Class action suit, before the 7th Administrative Court of Ibagué District, for the purpose of being compensated for damages arising from the report to credit bureaus, without their permission, or for being reported for a term greater than the legally permitted. The complaint was answered on June 9, 2009, but because of the appeal by one of the defendants, the lawsuit was admitted again, and we were notified on December 13, 2010, and answered the complaint on January 7, 2011, the preliminary objections raised, are pending to be processed. The amount in dispute is undetermined and contingency is rated as remote.
- Mr. Fredy Alarcon with other clients sued the bank in a group action claiming for compensation for damages suffered at the time the alleged overcharges they suffered as debtors of mortgages granted in UPAC. The process is been held at the 31th Civil Court Circuit of Bogota, office that as result of a reposition recourse that was presented against the order that granted the admission of the sued, it refused to admit the claim, pending a ruling on the letter in question for relief that the end actor. The contingency is described as remote and the amount for the time being can't be determined.



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- Through a class action, Mr. Pedro Antonio Chaustre and Mrs. Claudia Patricia Vazquez sued the Bank and Promociones y Cobranzas Beta S.A., arguing that in an abusive manner and without consultation they charged the users of the Diners credit card, the collection for legal expenses. The process is before the 30th Civil Court Circuit of Bogota, pending the completion of the conciliation hearing. The contingency is considered unlikely given that the credit facility agreements provide that the collection fees are payable by the debtor and further towards people that now comprise the plaintiff class, actually asked for a preliminary collection management been in default.
- Nohora Beatriz Santos Quiroga and other inhabitants of the residential complex "Quintas del Sur" sued the Bank and other companies through a people's legal action because, in their opinion, these entities are responsible for the damages suffered by the deficiencies in the construction of the buildings that are part of the mentioned residential complex. The process of the group action in reference is been held in the 29th Civil Administrative Court of Bogota Circuit, July 26, 2010 the lawsuit was answered and we are waiting for the court's ruling regarding the preliminary proposals. The claims amount is up to 2.995.0 plus any interest, the contingency has been described as remote.
- Ms. Adriana Rocio Mantilla presented class action in the 2nd court administrative of Cucuta against the Bank claiming compensation for damages suffered for the construction failures that the houses located in the residential complex Vista Hermosa have, this class action is on the process stage of probation. The amount of the claims is undetermined and had been described as a remote contingency.

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

Following analysis of the litigation to which the Bank's subsidiaries Bancafé Panamá S.A., Fiduciaria Davivienda S.A., Confinanciera S.A. and Fiduciaria Cafetera S.A. are a party, the Bank has determined that none of this litigation currently is deemed to represent a significant equity risk.

Fiduciaria Cafetera S.A.

La Fiduciaria Cafetera S.A. has been sued in several legal processes, and as of December 31st, 2011, there are several in which the lawyer who represents the Fiduciary has described the contingency as probable.

In the great majority of the processes, the Fiduciary is sued for being part of the Fidufosyga Partnership 2005 (participation of 9,86%) and/or Fisalud (participation of 17%), there are approximately 129 lawsuits, which are classified as follows; i) 64 actions of direct repair; II) two (2) contractual actions; III) One (1) action of invalidity and reestablishment of the law; IV) Seven (7) class actions; v) twenty-eight (28) executive processes, and, vi) twenty-seven (27) ordinary labor processes. Within the aforementioned lawsuits, the Ministry of Social Protection is sued.

Among the mentioned processes and according to the percentage of participation of Fiduciaria Cafetera S.A. in the Partnership, there are 10 litigations with sums greater than COP 1,000 million pesos. 93% of the suits have been evaluated as remote for Fiducafé S.A., because the Partnership only manages the resources of the Solidarity Fund and Guarantees in charge of the Ministry of the Social Protection. Nevertheless, the Partnership Fidufosyga 2005, has decided to set aside an allowance depending on the allegations, that is, in the processes that the Health Promotion Entities request recognition and payment of remedies and have made an allowance of 2% and, for which the recognition of interests by the presumed lateness in the payment of claims and/or recoveries, the provision is 50% of the total amount of the allegations.

Next, the most relevant processes because of their quantity are mentioned and they have been described by the attorneys as probable contingency.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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1. Administrative Tribunal of Cundinamarca Third Section No. 2007-0065

Class of process: Action of Direct Compensation

Plaintiff: Salud Total S.A. Health Promotion Entity - Administrator of the Subsidized Regime.

Defendants: The Nation - Ministry of the Social Protection and Partnership Fidufosyga 2005, which includes Fiducolombia, Fiduprevisora, Fiduagraria, Fidubogotá, Fiducafé (9,86%), Fidupopular, Fiducoldex and Fiduoccidente.

Value of claim: 2,120 plus commercial interests, material damages and procedural expenses.

In case of an unfavorable ruling Fiducafé S.A. would respond according to its percentage of participation in the partnership of 9.86%, that is to say, an approximated value of USD 107.1 million pesos.

Current status: On July 23, 2008 there was a first unfavorable ruling. The process is in the Council of State to transact the jurisdictional degree of consultation.

On October 27, 2008 the parties presented their closing arguments. The process is ready for sentencing since November 13, 2008.

Amount of the provision: USD 0. In case of a sentence it would be paid with resources from Fosyga and not with resources of the companies that are port of the sued Partnership.

2. Action of direct compensation for Sanitas EPS S.A. No. 2009-268

Class of process: Action of Direct Compensation

Plaintiff: EPS Sanitas S.A.

Defendants: The Nation - Ministry of the Social Protection and Partnership Fidufosyga 2005, which includes Fiducafé (9,86%), Fiducolombia, Fiduprevisora, Fiduagraria, Fidubogotá, Fidupopular, Fiducoldex and Fiduoccidente.

Value of claim: Declare the defendants liable for damage cause by unlawful and delayed payment of the recoveries and consequently order the payment of interests on arrears in the amount of USD 1,571,899,269.6. In case of an unfavorable ruling, Fiducafé S.A. would respond according to its percentage of participation in the partnership of 9.86%, that is to say, for an approximate amount of USD 169,888,987.9.

Current status: On 06-12-2010 de lawsuit was was answered opportunely and it is in the evidence period.

Amount of the provision: The Partnership Fidufosyga 2005 has made provision of 50% on the total value of the allegations.

3. Action of direct compensation for Sanitas EPS S.A. No. 2010-119

Class of process: Action of Direct Compensation

Plaintiff: EPS Sanitas S.A.

Defendants: The Nation - Ministry of the Social Protection and Partnership Fidufosyga 2005, which includes Fiducafé (9,86%), Fiducolombia, Fiduprevisora, Fiduagraria, Fidubogotá, Fidupopular, Fiducoldex and Fiduoccidente.

Value of claim: Declare the defendants liable for the delayed payment of USD 648.6 recoveries representing late interest concepts. In case of an unfavorable ruling Fiducafé S.A. would respond according to its percentage of participation of 9.86%, that is to say, for an approximate amount of USD 63,845,026.4.

Current status: The Partnership answered the lawsuit on December 6, 2012.

Amount of the provision: The Partnership Fidufosyga 2005 has made provision of 50% on the total value of the allegations.

4. Action of direct compensation for Sanitas EPS S.A. No. 2009-1007

Class of process: Action of Direct Compensation

Plaintiff: EPS Sanitas S.A.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Defendants: The Nation - Ministry of the Social Protection and Partnership Fidufosyga 2005, which include Fiducafé (9,86%), Fiducolombia, Fiduprevisora, Fiduagraría, Fidubogotá, Fidupopular, Fiducoldex and Fiduoccidente.

Value of claim: Request to pay late payment charges caused by the delay in payment of authorized recoveries Scientific and Technical Committee of enforcing judgments plus interest totaling \$ 1,183. If convicted, Inc. Fiducafé respond according to their percentage ownership (9.86%), i.e., worth approximately \$ 116,594,551.

Current Status: Located in the evidentiary phase.

Amount of the provision: The Partnership Fidufosyga 2005 has made provision of 50% on the total value of the allegations

Processes that generate an active contingency where the Bank acts as plaintiff.

There are several lawsuits in which the Bank acts as applicant in defense of their rights. The most representative for the amount of their claims are as follows:

1. Several processes have been presented by the Bank against two insurance companies AIG Colombia Seguros Generales S.A. and Liberty Seguros S.A. which details the existence of the Global Banking Policy No. 1976 dated March 3, 2005, in effect until March 2006, as well as the existence of the insured loss and the non-compliance of the contract by the defendants for denial of payment of said loss with the loans disbursements within the program called Fondo Ganadero del Caquetá. As per the above, it is hoped that the defendants will indemnify the company, in the amount of USD 13,383.4 for capital plus interest, for the disbursements made by the appropriate Bank with regards to the irregular operations made by the individuals criminally involved in said actions. The current proceedings are in an evidence period.
2. Given the ruling of the State Council granting the Tax Stability of Bancafé established that the Bank is entitled to claim a refund of amounts paid prior to the execution of the judgment with its respective index and the corresponding interest expense tax purposes, the Bank has applied to the tax payment of \$ 35,128.7 interest. On December 2, 2008 by Resolution No. 09036 Tax Administration decided to recognize \$ 7,110.6.

Accordingly, the Bank promoted executive demand against the DIAN, in February 2009, so the interests are paid according to the judgment ordered by the State Council that defined the issue of tax stability for Bancafé. The amount in dispute is \$ 29,131.1. The Court of Cundinamarca Section III by Order of the month of April 2009 refused the payment order against the aforementioned decision filed an appeal, which was based on the month of October 2009, subsequently the November 12, 2009 Judge rapporteur decided to refer the case to Section IV. On March 5, 2010 was admitted an appeal and we are awaiting the decision of the second degree.

3. The Bank Initiated by ordinary process against the Compañía Suramericana de Seguros in order to claim under the insurance policy # 1999040002 Manejo Bancario, implemented in the banking contract between the Banco Cafetero S.A. and the Compañía Agrícola de Seguros, incident which caused a loss for GRANBANCO S.A. BANCAFÉ for USD 2,847.3. The process is being handled in the 6th Civil Court of the Bogota Circuit where it is in the evidentiary stage.
4. Under the understanding that for the purposes of the merge between Granbanco S.A. and Banco Davivienda S.A., the latter becomes the holder of the Tax Stability contracts, on June 10, 2008 the Bank requested the return of USD 6,740.6 and USD 5,007.5 for incorrect payment of equity tax and the Tax on Financial Transactions respectively which was paid for the taxable year 2007.



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On July 23, 2008, the Bank received the resolutions of the Tax Administration in which they decide to return by way of estate tax the amount of \$ 4,485.0 and on December 18, 2008 by Resolution No. 6.081.795. the tax authorities decided to return through of Tax on Financial Transactions the amount of \$ 263.6.

Regarding the application for refund of estate tax, the Bank presented a reconsideration recourse and on June 16, 2009 by Resolution No. 1007 and 1008, the Tax Administration official confirmed the settlement review, denying the refund in the amount of \$ 8,610.0, depleted in this way through government channels. Due to the above, the Bank proceeded to present the claims as outlined below.

- Action for annulment and restoration of the right (2009-210) in order to be declared null Resolutions 608-0887 of 2008 and 001007 of 2009 (reconsideration r) through which the Dian declined to return USD 2,216.1 from USD 3,370.3 paid on account of the first installment of the estate tax of the tax year 2007, the lawsuit was presented before the Administrative Tribunal of Cundinamarca in October 2009 and once stocked the appropriate procedural steps in September 2010, it delivered a unfavorable judgment to the claims of the Bank since February 23, 2011 we are waiting for the Council of State utters the sentence to resolve the appeal that we presented against the decision that sparked the dispute at first instance.
- Action for annulment and restoration of the right (2009-211) in order to declare null and void Resolutions 608-0888 of 2008 and 001008 of 2009 reconsideration recourse through which the DIAN refused to return USD 2,216.1 of the USD 3,370.3 the Bank paid for the second installment of equity tax for tax year 2007. The above action is pending before the Administrative Court of Cundinamarca where once adjudged the procedural stages, it delivered an unfavorable judgment to the Bank's interests, currently under active consideration at the Council of State on appeal that we filed against the aforementioned decision.



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21. Minority Interest

It is constituted as part of net assets (equity) and the result of the Subsidiaries, attributable to capital rights whose owners are different from those of the consolidated entity group.

By communication of October 16, 2009 of the Financial Superintendence of Colombia Reference No. 2009058410-002-000 establishes that in the calculation of the minority interest for Confinanciera SA, Davivalores S.A., Fiduciaria Davivienda S.A. Fiduciaria Cafetera S.A., the shares that the direct shareholders of the Bank have and also the direct shareholders for the subsidiaries, should be exclude in accordance with the paragraph 4.1.4.10 of Chapter X and Combined Financial Statements of the Circular 100 1995, equivalent to \$ 4.653.6 June 30, 2011.

The bank's common shareholders and subordinates indirect shares as of June 30th, 2011 are:

<u>June 30</u>	
Indirect Participation	
<u>11.63%</u>	
Capital	USD 1,401.7
Statutory and temporary reserves	691.2
Revaluation surplus	140.4
Previous value	21.0
Net income	<u>371.5</u>
Total	USD <u>2,625.7</u>

According to the communication made by the Financial Superintendence of Colombia from August 12, 2011 with reference N. 2011042924-002 - 000, the subsidiary's participation is determined taking its equity as base on the consolidation date, before any elimination of intercompany transactions or adjustments for consolidation purposes, affecting the corresponding proportion in each of the equity accounts.

The following is the detail of the minority interest, at December 31 and June 30, 2011:

<u>December 31</u>		% Minority		Minority
	<u>Equity</u>	<u>Interest</u>		<u>Interest</u>
Fiduciaria Davivienda S.A.	USD 28,430.6	40.0%		11,372.2
Davivalores S.A.	6,577.8	21.0%		1,381.3
Confinanciera S.A.	42,431.9	5.1%		2,164.0
Bancafé Panamá S.A.	91,908.2	0.0%		0.6
Fiduciaria Cafetera S.A.	USD 36,703.4	6.0%		<u>2,198.3</u>
			USD	<u>17,116.5</u>
<u>June 30</u>		% Minority		Minority
	<u>Equity</u>	<u>Interest</u>		<u>Interest</u>
Fiduciaria Davivienda S.A.	USD 27,036.5	33.52%		9,063.9
Davivalores S.A.	5,632.4	17.60%		991.3
Confinanciera S.A.	40,454.1	4.27%		1,729.2
Bancafé Panamá S.A.	88,633.1	0.0007%		0.6
Fiduciaria Cafetera S.A.	USD 37,740.2	5.06%		<u>1,910.8</u>
			USD	<u>13,695.8</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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22. Capital Stock

Following is the detail of Capital Stock, cut to December 31 and June 30, 2011:

		<u>December 31</u>	<u>June 30</u>
Authorized Capital	USD	30,884.9	33,853.9
Subscribed and paid capital		28,558.0	28,779.9
Subscribed capital receivable		1.9	0.0

The Authorized Capital, Subscribed and paid capital is represented in the following actions:

		<u>December 31</u>	<u>June 30</u>
Authorized shares	USD	247,078,807.8	270,831,452.6
Subscribed and paid common shares:		228,463,859.1	230,238,882.4
Subscribed capital receivable		15,383.7	0.0
Outstanding shares		228,479,242.8	230,238,882.4
Weighted average of shares subscribed		0.0	0.0
Face value		64.3	70.5
Intrinsic value valuations		5,581.1	5,299.4
intrinsic value within valuations		4,804.1	4,484.4
Net income per share	USD	362.8	415.0

Consolidated capital

		<u>December 31</u>	<u>June 30</u>
Subscribed and paid common share	USD	113,109.0	121,459.2
Elimination Consolidated investment equity		(84,551.0)	(91,277.6)
Financial Statements translation adjustment		<u>0.0</u>	<u>(7,772.0)</u>
Total Consolidated	USD	<u>28,558.0</u>	<u>22,409.6</u>

There are no preferred shares or share repurchase transactions.

The social capital generated from the revaluation of equity until May 31, 2006 was USD 101,588.9.

A reform was made to the bylaws of the Bank in its Articles 5, 8, 9 and 15, which was approved unanimously in the Assembly of Shareholders held on April 28, 2010, and was celebrated by Public Deed No. 3202 of 30 April 2010 of the Notary Seventy-one connection with the issuance of preferred shares.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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The Bank's shares are nominatives, capital, and can be: a) common, b) privileged, c) with preferential dividend and no voting rights, this last one may not represent more than fifty percent (50%) of capital stock.

All shares issued by the Bank are dematerialized, therefore there are no physical securities and the entitlement is issued by Deceval.

- Issuance of shares:

In the General Assembly of Shareholders of the Bank on August 26, 2011 authorized to increase the share of the issuance program and placement up to 96,000,000 preferred shares, which were first approved at the extraordinary shareholders' meeting of the day April 28, 2010 where authorized the issuance up to 40,000,000 preferred shares.

In the meeting of Shareholders held on September 16, 2011 it was established that the first 16,000,000 shares are offered first to existing preferred shareholders and the rest to the general public.

After obtaining such approval, the Bank made a second issuance and placement of 35,809,649 preferred shares at a subscription price per share of \$ 20,000 (pesos).

Consequently there was an increase of equity capital and USD 2,304.1 premium on preferred stock for USD 366,354.5 that increase the equity a USD 368,658.6.

At December 31, 2011, are receivable 29,886 preferred shares that generate a subscribed capital receivable of USD 1.9 and USD 305.8 in premium placement of preferred shares receivable (Note 22).

On preference shares subscribed outstanding at December 31, 2011, the Board will decide the action to be taken with shareholders not canceled on the date.

The General Assembly of Shareholders held on September 16, 2011, approved the payment of a dividend of \$ 220 (pesos) per share for the first half of the year, totaling USD 46,210.2 and 408,056,976 for common and preferred shares.

23. Reserves

The detail of reserves at December 31 and June 30, 2011, is as follows:

		<u>December 31</u>	<u>June 30</u>
<u>Legal reserve:</u>			
For profit appropriation	USD	20,149.9	17,678.6
For premium on the placement of common shares		577,548.8	637,999.9
For premium on the placement of preferred shares		578,895.5	232,973.4
Premium placement of preferred shares receivable		<u>(305.8)</u>	<u>0.0</u>
		<u>1,176,288.4</u>	<u>888,651.9</u>
<u>Statutory and occasional reserves:</u>			
At the disposal of Board of Directors		5,141.2	20,583.3
For investment protection		128.0	141.6
For charities and grants available to the Board of Directors		4,140.4	5,738.1
Others		774,682.9	728,038.3
For fiscal allowances		19,913.2	25,389.1
		<u>804,005.7</u>	<u>779,890.4</u>
	USD	<u>1,980,294.2</u>	<u>1,668,542.2</u>



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As of December 31 and June 30, 2011 USD 1,094.5 and USD 2,248.7 were donated, respectively, from reserves for this purpose for occasional authorized by the Shareholders.

The General Assembly Meeting held in September 2011, approved release of the reserve occasionally Investment Valuation at market prices by USD 3,244.1 to create a reserve available to the General Assembly for future deals.

24. Contingent Accounts

A detail of contingent accounts is as follows:

		<u>December 31</u>	<u>June 30</u>
<u>Creditors:</u>			
Values gave during repo and simultaneous operations	USD	881,411.6	216,268.2
Bank guaranties		551,629.2	784,599.2
Credit Cards		117,462.3	42,117.8
Approved and not disbursed loans		2,145,606.2	2,369,818.3
Loans card opening		4,032,916.1	4,416,244.7
Obligations in options		116,658.9	82,034.0
Accounts payable to the Nation, Law 546/99		11,109.6	12,177.6
Litigation (Note 19)		127,103.5	145,230.2
Receiving payment order money		1.9	1.9
Others (Less than 5%)		<u>60,423.2</u>	<u>33,854.6</u>
	USD	<u>8,044,322.4</u>	<u>8,102,346.2</u>
<u>Debtors:</u>			
Endorsed securities or property to the Bank of the Republic		0.0	30,000.0
Loans portfolio interests		34,662.3	22,740.0
Housing leasing portfolio interests		0.0	0.0
Financial leasing interests		1,115.3	1,164.3
Rights in options		60,650.0	5,784.0
Mortgage loans relieves Law 546/99		34,182.1	17,245.1
Canons to be received		40,344.0	39,727.0
Purchase options to be received		827.6	821.7
Currency correction of loans portfolio		3,099.6	4,125.9
Currency correction of Financial Leases		464.3	600.9
Punished restructured loans (1)		357.8	392.1
Rights contract certificated		8,850.0	9,700.8
Litigation		43,201.8	49,128.3
Securities securitization II		17,066.4	19,113.1
Favorable balance of income statement		3,992.6	4,376.5
Securitization residual value		31,547.8	32,289.8
Other debtor contingencies (Less than 5%)		<u>1,200,745.4</u>	<u>713,733.1</u>
	USD	<u>1,481,107.0</u>	<u>950,942.8</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

25. Memorandum Accounts

The following is the detail of the Memorandum Accounts:

		<u>December 31</u>	<u>June 30</u>
<u>Debtors:</u>			
Assets and securities received in custody	USD	2,123,142.3	2,023,687.7
Assets and securities received in guarantee		123,202.4	23,212.9
Revaluation assets received as payment – real state		5,570.0	3,334.7
Revaluation assets received as payment – Moveable Assets		3,367.4	3,682.9
Revaluation assets real state – different mortgage		11.4	30.6
Remittance and sent to other recovery		7,086.5	5,567.5
Unpaid traded checks		867.6	951.0
Punished assets		598,843.9	816,281.7
Unused loans		4,871.4	3,729.2
Assets inflation adjustment		30,655.4	33,602.4
Distribution of paid-up capital		28,558.0	30,181.6
Loans to stockholders and related parties		128,057.0	177.9
Loans to parents, subsidiaries and subordinates		3,603.9	1.0
Agricultural loans new loans		487,997.2	515,962.9
Property and equipment fully depreciated		103,527.6	97,562.5
Fiscal Value of non-monetary assets		14,454,813.6	15,861,737.9
Allowance people in concordat situation		0.0	26,459.9
Trading Investments in debt securities		1,581,507.9	1,156,654.0
Investment to be maintained up to their maturity		170,765.1	200,866.3
Investment available for sale – debt securities		365,774.7	688,051.6
Reciprocal operations with Parent Companies and subordinates		204,839.5	186,201.5
Reciprocal operations that affect expenses and costs with parent companies matrices		13,355.5	6,723.0
Capital, interest and insurance securitized loans		1,093,545.4	1,155,723.3
Capital, interest, and other concepts punished portfolio		46,520.0	54,008.3
Universalities assets, expenses and contingencies		144,220.5	298,791.3
Interest, RVU and guaranties		356,043.5	408,527.3
Mortgage bonds mortgage loans		15,762.9	13,353.2
Base tax on VAT (value added tax) for purchases		8,778.9	8,077.3
Special litigation processes		40,982.0	51,165.4
Depreciation of mortgage leases		0.0	111,730.9
Lineal cause of syndicated credit and bonds		2,706.8	3,500.3
DCV indirect deposits		643,839.4	710,949.2
Others debtor Memorandum accounts (Less than 5%)		<u>202,043.6</u>	<u>101,651.4</u>
	USD	<u>22,994,861.2</u>	<u>24,602,138.5</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		<u>December 31</u>	<u>June 30</u>
<u>Creditor:</u>			
Assets and securities received in custody	USD	390,120.1	139,849.7
Assets and securities received in guarantee for futures loans		3,081,810.8	3,378,077.2
Guarantees outstanding to cancel		2,040,563.6	2,236,730.9
Assets and securities received in guaranty		10,781,976.4	10,398,429.9
Assets and securities received in other guaranties		1,369,390.7	1,108,189.7
Recovery punished assets		40,621.2	37,778.1
Inflation adjustment to stockholders' equity		141,560.8	155,169.6
Fiscal currency correction		(557.5)	(611.1)
Capitalization for stockholders' equity revaluation		141,560.8	155,169.6
Fixed income negotiable investments yields		126,002.6	72,363.7
Stockholders' equity fiscal value		1,713,204.3	1,870,671.9
Capital, interest and others commercial loans		926,659.4	897,827.7
Capital, interest, and other bad debt loans items sold off		691,304.2	718,372.8
Capital, interest, and other bad debt loans items guaranties		6,538,838.3	6,133,344.2
Capital, interest and others Consumer loans		536,730.8	553,798.7
Capital, interest and others micro other guaranties		3,949,924.6	4,271,299.3
Capital, interest and others micro – credit loans		47,371.8	45,419.4
Capital, interest and others microcredit loans and others guaranties		133.5	176.0
Capital, interest and others mortgage loans		1,281,641.6	1,288,768.8
Capital loans mortgage others guaranties		945.2	1,574.7
Capital Leases contracts - commercial		3,193.8	4,315.2
Liability reciprocal operations with Parent Companies & Subordinates		39,244.4	42,277.5
Reciprocal operations that affect stockholders' equity with parent company		102,034.6	103,476.2
Reciprocal operations that affect income with parent Company		23,139.1	37,380.3
Universality guaranties, liabilities and incomes		97,568.4	98,082.8
Securitized loans guaranties		3,205,405.6	3,349,479.6
Subordinated bonds		165,137.3	0.0
Technical Heritage - October 2010		2,077,901.7	2,061,617.3
Technical Heritage - November 2010		2,097,757.6	2,063,350.1
Self-withholding base - Decree 700 – Investment		401,663.7	374,571.0
Maximum loans limit for countries and customers		0.0	805,681.5
Other debtor contingencies (Less than 5%)		<u>1,452,038.1</u>	<u>4,167,378.1</u>
	USD	<u>43,464,887.6</u>	<u>46,570,010.6</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

26. Trust Accounts

26.1 Punished universalities for Housing Portfolio (CCV).

As of December 31 and June 30, 2011, the financial statements of the universalities called CCV, and CCVIII CCVII were recorded in memorandum accounts fiduciary.

These universalities are constituted by approved punishments by the General Assembly of Shareholders held on December 16, 2003, May 11 and November 9, 2004 with record No. 638, 646 and 656, respectively. it was decided to withdraw from the Bank's balance sheet, a set of housing loans, which by their particular risk, had been fully provided and in turn make an issue of securities.

The punished portfolios for housing loans, CCV, CCVIII and CCVII were split from the equity and Bank Balance as set out in Article 12 of Law 546 of 1999, regulated by Resolution 775 of 2001 of the Financial Superintendence of Colombia by shaping titles universalities called CCV, CCVIII CCVII and whose sole purpose is to serve as a tool for structuring the issuance of the securitization of mortgage loans CCV, and CCVIII CCVII constituted on 29 December 2003, the May 25 and December 22, 2004, respectively.

In accordance with Resolution No. 775 of 2001 issued by the Financial Superintendence of Colombia, titles CCV, CCVIII and CCVII were enrolled in the National Registry of Securities and Intermediaries, and authorized its public offering, for having appeared before that register the all of the documents specified in Article 3 of the mentioned resolution.

Universality Punished Housing Portfolio - CCVIII

The following corresponds to the detail of the universality operation entered on November 9, 2004:

Capital	USD	48,222.1
Interests		1,114.2
Insurance		1,430.7
Other Assets		2,001.3
Deferred		(1,668.2)
Mortgage RVU Contingency		6,719.4
Mortgage Interest Contingency		<u>12,485.4</u>
Total Universality	USD	<u>70,287.0</u>

The portfolio was constituted by 4.641 loans with a R.V.U + 11.99% weighted rate. 54% corresponds to SIH (Social Interest Housing) loans and the remaining 46% to non- SIH loans.

CCVIII mortgage securities are issued and managed by the Bank to support the exclusive Universality CCVIII (Housing Portfolio Punished 3) and without warranty of its own equity.

The custody and administration of the emission is made by DECEVAL under the agreement of the deposit and management, signed between the Bank and DECEVAL.

On December 2, 2011 these securities were rated C (Col) by Fitch Ratings Colombia SCV, according with their risk status.

Some stockholders of the Bank acquired all these CCVIII mortgage instruments.

The characteristics of the CCVIII mortgage instruments are the following:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

						Issued
<u>From</u>	<u>To</u>	<u>Series</u>	<u>Term</u> <u>(Months)</u>	<u>Yields</u>	<u>Face Value</u>	
22-Dic-04	22-Dic-12	I	96	Uncertain	USD 3,656.8	

- Designation: the name of the instruments will be CCVIII Mortgage Instruments.
- Denomination: the CCVIII instruments will be expressed in RVU Units.
- Number of instruments in this issuance: 4.800
- Face value: 10.000 RVU
- circulation Law: The CCVIII instruments are freely negotiable in the second market and they have the character of bearer instruments.
- Minimum Investment: equivalent to 200.000 RVU.
- Minimum negotiation amount in the secondary market: 10.000 RVU.
- System: They have the character and the prerogatives of the securities and also those belonging to the Mortgage Instruments. They are subject to the regulations provided in the Law 546/99.
- Profitability: Uncertain, derived from the collections achieved from the write down loans that is the basis of the process, net of expenses, and during the term of the instruments.
- Payment of yields: The CCVIII instruments yields will be paid quarterly, at the end of the quarter, in accordance with the allowances in payment priority.
- Amortization: The CCVIII instruments confer to their holders the right of receiving, with Universality funds and subject to the payment priority, the capital refunding in successive quarterly quotas on the payment dates of the 23 to 32 quarters of the issuance term. The capital payments that can not be made in any payment date will accumulate for being made in the following payment date, without exceeding the payment date corresponding to the 32 quarter of the issuance term.
- Placement: The CCVIII instruments were placed in the secondary market through the DAVIVALORES S.A. stock market commissioner, through the entering into of an "Underwriting" Agreement to the "Best Effort".
- Underwriting Price: Equivalent to the face value of each instrument, added with the premium that was defined in the offer announcement.

Universality Punished Housing Portfolio – CCVII

The following corresponds to the detail of the universality operation entered into on May 11, 2004:

Capital	USD	66,010.8
Interests		2,168.5
Insurance		4,263.0
Other Assets		959.4
Deferred		(1,561.7)
Mortgage RVU Contingency		28,652.8
Mortgage Interest Contingency		<u>38,702.3</u>
Total Universality	USD	<u>139,195.1</u>

The portfolio was constituted by 5.866 loans with (R.V.U) + 12.10% weighted rate. 45% corresponds to (SIH) loans, and the remaining 55% to Non- (SIH) loans.

CCVII mortgage securities are issued and managed by the Bank to support exclusively the Universality CCVII (Housing Portfolio Punished II) and without warranty of its own equity.

The custody and administration of the emission is made by DECEVAL under the agreement of the deposit and management , signed between the Bank and DECEVAL.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

On May 3, 2011 these securities were rated C (Col) by Fitch Ratings Colombia SCV, according with their risk status.

Some of the Bank stockholders acquired all these CCVII mortgage instruments.

The characteristics of the CCVII mortgage instruments are the following:

<u>From</u>	<u>To</u>	<u>Series</u>	<u>Term (Months)</u>	<u>Yields</u>	<u>Issued Face Value</u>
26-May-04	26-May-12	I	96	Uncertain	USD 5,246.7

- Designation: the name of the instruments will be CCVII Mortgage Instruments.
- Denomination: The CCVII instruments will be expressed in RVU Units.
- Number of instruments constituting the issuance: 7.000
- Face Value: 10.000 RVU
- Outstanding Law: The CCVII instruments are freely negotiable in the secondary market and they have the character of bearer instruments.
- Minimum Investment: Equivalent to 200.000 RVU.
- Minimum negotiation amount in the secondary market: 200.000 RVU.
- System: They have the character and the prerogatives of the securities and also of those corresponding to the Mortgage Instruments. They are subject to the regulations provided in the Law 546/99.
- Profitability: Uncertain and derived from the collections achieved from the write down loans that is the basis of this process, net of expenses, during the term of the instruments.
- Payment of the yields: the yields from the CCVII instruments will be paid quarterly, at the end of the quarter, in accordance with the allowances in the payment priorities.
- Amortization: The CCVII instruments confer to their holders the right of receiving, with Universality funds and subject to the payment priority, the capital refunding in successive quarterly quotas on the payment dates of the 22 to 32 quarters of the issuance term. The capital payments that can not be made in any payment date will accumulate for being made in the following payment date, without exceeding the payment date corresponding to the 32 quarter of the issuance term.
- Placement: The CCVII instruments were placed in the secondary market through the DAVIVALORES S.A. stock market commissioner, through the entering into of an "Underwriting" Agreement to the "Best Effort".
- Underwriting Price: Equivalent to the face value of each instrument, added with the premium that was defined in the offer announcement.

Universality Punished Housing Portfolio - CCV

The following corresponds to the detail of the universality operation entered into on December 16, 2003:

Capital	USD	81,111.8
Interests		3,825.6
Other Assets		5,228.7
Deferred		<u>(3,186.0)</u>
Total Universality	USD	<u>86,980.1</u>

The portfolio were constituted by 7.811 loans, with RVU + 11.98% weighted rate. The 53% corresponds to SIH loans and the remaining 47% to non- SIH loans.

CCV mortgage securities are issued and managed by the Bank to support exclusively the Universality CCV (Housing Portfolio Punished II) and without warranty of its own equity.

The custody and administration of the emission is made by DECEVAL under the agreement of the deposit and management , signed between the Bank and DECEVAL.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

On December 26, 2011 these securities were rated C (Col) by Fitch Ratings Colombia SCV, according with their risk status.

Some stockholders of the Bank acquired all these CCV mortgage instruments.

The characteristics of the CCV mortgage instruments are the following:

<u>From</u>	<u>To</u>	<u>Series</u>	<u>Term (Months)</u>	<u>Yields</u>	<u>Issued Face Value</u>
29-Dic-03	29-Dic-11	I	96	Uncertain	USD 7,302.8

- Designation: the name of the instruments will be CCV Mortgage Instruments.
- Denomination: The CCV instruments will be expressed in RVU Units.
- Number of instruments constituting the issuance: 10.140
- Face Value: 10.000 RVU
- Outstanding Law: The CCV instruments are freely negotiable in the secondary market and they have the character of bearer instruments.
- Minimum Investment: Equivalent to 200.000 RVU.
- Minimum negotiation amount in the secondary market: 200.000 RVU.
- System: They have the character and the prerogatives of the securities and also of those corresponding to the Mortgage Instruments. They are subject to the regulations provided in the Law.
- Profitability: Uncertain and derived from the collections achieved from the write down loans that is the basis of this process, net of expenses, during the term of the instruments.
- Payment of the yields: the yields from the CCV instruments will be paid quarterly, at the end of the quarter, in accordance with the allowances in the payment priorities.
- Amortization: The CCV instruments confer to their holders the right of receiving, with Universality funds and subject to the payment priority, the capital refunding in successive quarterly quotas on the payment dates of the 25 to 32 quarters of the issuance term. The capital payments that can not be made in any payment date will accumulate for being made in the following payment date, without exceeding the payment date corresponding to the 32 quarter of the issuance term.
- Placement: The CCV instruments were placed in the secondary market through the DAVIVALORES S.A. stock market commissioner, through the entering into of an "Underwriting" Agreement to the "Best Effort".

Underwriting Price: Equivalent to the face value of each instrument, added with the premium that was defined in the offer announcement.

The detail of the fiduciary accounts, with closure on December 31 and June 30, 2011 are presented below:

		CCV	CCVII	CCVIII	Total
<u>December 31</u>					
<u>Balance</u>					
Cash and cash equivalents	USD	0.0	597.9	952.4	1,550.3
Loans		8,747.2	4,427.3	2,804.3	15,978.8
Debtors		<u>4,128.7</u>	<u>1,204.7</u>	<u>962.4</u>	<u>6,295.8</u>
Assets Total		<u>12,875.8</u>	<u>6,229.9</u>	<u>4,719.2</u>	<u>23,824.9</u>
Interests		0.0	0.0	0.0	0.0
Accounts payable		0.0	0.0	0.0	0.0
Creditors		4,128.7	1,802.5	1,914.9	7,846.1
Miscellaneous		0.0	0.0	0.0	0.0
Long term-debt		<u>8,747.2</u>	<u>4,427.3</u>	<u>2,804.3</u>	<u>15,978.8</u>
Liabilities Total	USD	<u>12,875.8</u>	<u>6,229.9</u>	<u>4,719.2</u>	<u>23,824.9</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Results

Operating Income	USD	0.0	0.3	0.2	0.5
Readjustment to real value unit R.V.U.		99.2	55.2	34.3	188.8
Loans recovery		1,557.9	1,185.1	1,522.9	4,265.9
Recovery foreclosed assets sale		<u>674.6</u>	<u>526.6</u>	<u>226.2</u>	<u>1,427.4</u>
Operating Income total		<u>2,331.7</u>	<u>1,767.2</u>	<u>1,783.7</u>	<u>5,882.5</u>
Others Interests		(3,260.7)	(1,194.4)	(830.9)	(5,285.9)
Commissions		177.3	115.1	95.5	388.0
Fees		52.1	64.0	39.5	155.7
Insurance		1,069.4	554.6	244.0	1,868.1
Miscellaneous		<u>4,293.5</u>	<u>2,227.7</u>	<u>2,235.4</u>	<u>8,756.6</u>
Operating Expenses Total	USD	<u>2,331.7</u>	<u>1,767.2</u>	<u>1,783.7</u>	<u>5,882.5</u>
<u>Contingents</u>					
Loans		95,921.9	48,511.2	16,670.4	161,103.5
Other contingencies		<u>12,003.9</u>	<u>11,137.3</u>	<u>7,244.8</u>	<u>30,386.0</u>
Total Contingencies		<u>107,925.7</u>	<u>59,648.5</u>	<u>23,915.2</u>	<u>191,489.5</u>
<u>Debtors</u>					
Loans		<u>11,715.3</u>	<u>10,081.6</u>	<u>8,113.6</u>	<u>29,910.5</u>
<u>Creditors</u>					
Loans		<u>37,870.3</u>	<u>29,340.3</u>	<u>29,505.0</u>	<u>96,715.6</u>

June 30

Balance

		CCV	CCVII	CCVIII	Total
Cash and cash equivalents	USD	0.0	870.4	182.0	1,052.5
Loans		9,479.3	5,875.0	3,503.3	18,857.6
Debtors		<u>951.4</u>	<u>200.9</u>	<u>140.7</u>	<u>1,293.0</u>
Assets Total		<u>10,430.7</u>	<u>6,946.3</u>	<u>3,826.1</u>	<u>21,203.1</u>
Interests		0.0	0.0	0.0	0.0
Accounts payable		730.8	0.0	0.0	730.8
Creditors		220.6	0.0	0.0	220.6
Miscellaneous		0.0	1,071.3	322.7	1,394.0
Long term-debt		<u>9,479.3</u>	<u>5,875.0</u>	<u>3,503.3</u>	<u>18,857.7</u>
Liabilities Total	USD	<u>10,430.7</u>	<u>6,946.3</u>	<u>3,826.1</u>	<u>21,203.1</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Results

Operating Income	USD	0.1	0.3	0.2	0.6
Readjustment to real value unit R.V.U.		259.3	160.7	127.1	547.0
Portfolio recovery		645.5	994.3	1,426.9	3,066.8
Real Estate trust recovery		<u>621.1</u>	<u>508.4</u>	<u>89.8</u>	<u>1,219.2</u>
Operating Income total		<u>1,525.9</u>	<u>1,663.7</u>	<u>1,644.1</u>	<u>4,833.7</u>
Others Interests		(184.0)	652.8	1,051.0	1,519.8
Commissions		320.9	213.9	180.2	715.0
Fees		73.2	46.5	48.0	167.7
Insurance		1,101.5	567.0	260.8	1,929.3
Miscellaneous		<u>214.2</u>	<u>183.5</u>	<u>104.1</u>	<u>501.8</u>
Operating Expenses Total	USD	<u>1,525.9</u>	<u>1,663.7</u>	<u>1,644.1</u>	<u>4,833.7</u>
<u>Contingents</u>					
Loans		106,468.9	54,757.7	18,363.6	179,590.1
Other contingencies		<u>14,073.4</u>	<u>12,381.7</u>	<u>8,612.8</u>	<u>35,068.0</u>
Total Contingencies		<u>120,542.3</u>	<u>67,139.5</u>	<u>26,976.4</u>	<u>214,658.1</u>
<u>Debtors</u>					
Portfolio		<u>14,212.4</u>	<u>12,201.4</u>	<u>9,951.9</u>	<u>36,365.7</u>
<u>Creditors</u>					
Portfolio		<u>42,205.3</u>	<u>33,968.8</u>	<u>33,770.3</u>	<u>109,944.4</u>

According to the 047 External Circular issued on 2008 by the Financial Superintendence of Colombia, at January 1, 2009 the bank had balances portfolio universalities punished in order fiduciary accounts, but on December 31 and June 30, 2011, the Superintendence did not agreed to such transfer, which is why the balance sheet sent to the Financial Superintendence de Colombia differs from the official books kept in the register of such accounts.

The following is the detail of the trusted assets:

		<u>December 31</u>	<u>June 30</u>
Real state trusts	USD	735,618.2	694,380.4
Management trusts		825,138.5	755,626.1
Pension trusts		724,663.1	915,243.6
Collective portfolio		737,610.6	844,319.6
Warranty trusts		<u>398,123.8</u>	<u>414,011.6</u>
	USD	<u>3,421,154.2</u>	<u>3,623,581.4</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

27. Operating Income – Others

The detail of the operating income – others is as follows:

		<u>December 31</u>	<u>June 30</u>
Traveler withdrawal	USD	6,485.6	7,529.6
Charge for the use of networks		8,113.4	8,960.8
Checkbooks Sale		1,252.5	1,132.3
Virtual Services		10.3	167.8
Commercial service		7,809.6	8,483.1
Check book sale		6,586.4	7,727.4
Declines Credit card		1,154.7	1,405.9
SARO - Fraud Recovery		990.3	2,972.8
Local and National Deposits		4,832.3	4,883.3
Management Checks		801.4	1,067.9
Consortiums or joint ventures operational income		2,844.9	3,607.6
Contract placement and administration of securities		1,101.0	767.1
Others (Less than 5%)		<u>2,177.2</u>	<u>2,410.4</u>
	USD	<u>44,159.6</u>	<u>51,116.0</u>

28. Operating Expenses – Others

The detail of the operating expenses – others is as follows:

		<u>December 31</u>	<u>June 30</u>
Fees	USD	31,023.5	24,203.1
Taxes		32,135.3	37,842.4
Leases		15,810.9	15,956.9
Contributions and affiliations		14,452.7	13,502.3
Insurance		31,733.1	28,984.4
Maintenance and repairs		7,696.8	5,962.8
Suitability offices		5,011.2	4,980.1
Cleaning and security service		8,232.8	8,209.5
Temporary services		1,525.5	1,130.6
Advertising and propaganda		28,470.4	19,048.4
Public relations		253.8	270.3
Public services		16,112.7	15,237.2
Electronic data processing		15,836.1	15,047.2
Travel expenses		3,257.2	3,386.0
Transportation		14,218.5	12,872.1
Useful & stationery		3,889.4	4,558.5
Consortiums or joint ventures operational expenses		1,209.7	1,689.7
Donations		9.7	21.6
Operating Risk		169.4	0.1
Others		<u>5,178.4</u>	<u>4,585.0</u>
	USD	<u>236,227.0</u>	<u>217,488.2</u>



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

29. Allowances – Others

The following is the detail of other allowances:

		<u>December 31</u>	<u>June 30</u>
Cash	USD	161.6	164.3
Foreclosed assets		2,399.3	2,407.6
Other assets		590.7	230.4
Other estimated liabilities		198.1	28.7
Others		<u>1,169.4</u>	<u>161.0</u>
	USD	<u>4,519.1</u>	<u>2,992.0</u>

30. Non-Operating Income

The following is the detail of the non-operating income:

		<u>December 31</u>	<u>June 30</u>
Profit on sale of			
Foreclosed Assets	USD	1,608.7	1,356.2
Properties & Equipment		<u>4,944.3</u>	<u>907.1</u>
	USD	<u>6,553.1</u>	<u>2,263.3</u>
Recoveries:			
Loans and property punished	USD	38,664.5	39,269.5
Refund allowances properties and equipment		2,839.0	2,590.7
Refund allowances foreclosed assets		3,380.5	1,467.1
Refund allowances investments		5,697.1	360.1
Refund others assets		611.7	517.2
Refund others allowances		5,958.2	407.0
Refund by sinister		2.6	21.0
Refund Liabilities		2,248.6	0.0
Refund estimated liabilities prior periods		1,137.5	868.2
Others recoveries		<u>3,007.0</u>	<u>11,179.9</u>
		<u>63,546.7</u>	<u>56,680.8</u>
Business collaboration contract (1)		4,639.9	5,109.0
Leases		340.6	296.7
Others (Less than 5%)		4,577.9	3,595.0
		<u>9,558.4</u>	<u>9,000.7</u>
	USD	<u>79,658.2</u>	<u>67,944.8</u>

(1) By business partnership agreement concluded between the Bank and Fiduciaria Davivienda S.A. which is extended each year with the purpose of promoting business trust, it was agreed to distribute the proceeds equally between the Fiduciaria and the Bank.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

31. Non-Operational Expenses

The following is the detail of the non-operating expenses:

		<u>December 31</u>	<u>June 30</u>
Loss on Sale of foreclosed assets	USD	1,470.9	717.2
Loss on sale of properties and equipment		71.4	250.4
Damage loss		5,783.0	3,860.9
Penalties and sanctions		8,388.6	2,992.5
Interest on fines and penalties		0.1	0.0
Expenses foreclosed assets		488.8	569.5
Consortium or joint venture		0.0	355.2
Amortization of excess investment cost on book value		2,441.6	3,211.5
Minority interest		2,200.3	1,927.4
Other assets losses		511.5	258.5
Client recognition		72.7	84.3
Mortgage relieves return		989.8	5,530.6
Previous non-operating expenses		274.8	321.9
Interest expense		0.0	2,073.4
Commercial deference		433.8	236.5
Legal Management		121.5	281.6
Standardization costs		0.0	32.2
Special processes managed portfolio and waivers		219.5	208.9
Return previous income		92.8	101.9
Others (Less than 5%)		<u>764.7</u>	<u>1,449.1</u>
	USD	<u>24,325.7</u>	<u>24,463.4</u>

32. Income Tax

The presentation of consolidated information in the income tax returns is not allowed by Colombian tax standards; therefore, fiscal losses of one consolidated Subsidiary cannot be used to compensate the taxable income of another consolidated Subsidiary.

According to law 863 of 2003, the consolidating entity is subject to transfer pricing rules for transactions with related parties abroad. It provides an additional tax as a result of transfer pricing study.

33. Related Parties Transactions

The following are considered to be related parties

- Bolivar Societies S.A. its subsidiaries and subordinates.
- Shareholders or actual beneficiaries of 5% or more of the equity stake of the Bank.
- Legal entities in which the company is a real beneficiary of 10% or more of the equity.
- Administrators of Bolivar S.A. companies, the Bank and other members of the (Bolivar Group).

The Bank may enter into transactions, agreements or contracts with related parties on the understanding that any of those operations are carried out with reasonable values, addressing among others the following criteria:

- The conditions and prevailing market rates in the sector where the transaction is conducted
- The activity of the involved companies
- Growth prospects of the respective business

The main balances at the closure of December 31 and June 30, 2011 are:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

33.1 Operations with Related Parties:

Shareholders with a share equal or greater than 10% of the bank's capital	Corporate entities in which the Bank has shares equal or greater than 10%	Other Bolivar Group companies	Bolivar Group Management	Others shareholders with less than 10% and ≥ greater or equal than 5% of the Bank's capital	Total
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(1)

(2)

Assets	USD	0.0	154,060.8	122,147.0	12,826.7	0.0	289,034.5
Investments		0.0	133,022.8	0.0	0.0	0.0	133,022.8
Portfolio loans and Financial Leases		0.0	1,433.8	113,329.0	12,692.4	0.0	127,455.2
Accounts Receivable		0.0	840.7	577.7	133.9	0.0	1,552.4
Property and equipment		0.0	0.0	1,275.4	0.0	0.0	1,275.4
Other Assets		0.0	15.9	6,964.9	0.4	0.0	6,981.2
Valuations		0.0	18,747.6	0.0	0.0	0.0	18,747.6
Liabilities		108.9	214,185.3	41,744.4	3,053.9	2,665.5	261,758.0
Deposits and payables		108.9	63,801.4	34,327.7	2,901.6	2,665.5	103,805.1
Loans from banks and other financial obligations		0.0	134,786.0	0.0	0.0	0.0	134,786.0
Accounts Payable		0.0	10,193.0	5,270.1	27.2	0.0	15,490.3
Investments securities outstanding		0.0	5,404.8	2,145.9	125.1	0.0	7,675.9
Others Liabilities		0.0	0.0	0.7	0.0	0.0	0.7
Incomes		1.8	30,617.4	18,754.0	644.1	0.0	50,017.2
Operating		1.8	30,583.0	18,536.7	639.2	0.0	49,760.7
Non - operating		0.0	34.4	217.2	4.8	0.0	256.4
Expenses		8.4	24,965.5	12,596.8	445.2	88.9	38,104.9
Operating		8.4	23,924.6	12,578.0	381.7	88.9	36,981.6
Non - operating	USD	0.0	1,040.9	18.9	63.5	0.0	1,123.3

- All operations are conducted at market prices.
- During the second semester of 2011 there is the following operation with shareholders holding less than 10% of the share capital and it represents more than 5% of the technical patrimony.

Name	Balance	Shareholding	Technical Equity Limit (5%)
Empresas Públicas de Medellín	USD 140,960.5	0.00052%	5.74%

- '(1) include subordinates.
- '(2) Legal Representatives and members of the Board of Bolivar Group, plus Davivienda bank Branch legal representation, for judicial purposes.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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June 30

Shareholders with a share equal or greater than 10% of the bank's capital	Corporate entities in which the Bank has shares equal or greater than 10%	Other Bolivar Group companies	Bolivar Group Managements	Others shareholders with less than 10% and ≥ greater or equal than 5% of the Bank's capital	Total
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(1)

Assets	USD	0.0	192,213.0	17,714.0	10,669.7	0.0	220,596.7
Investments		0.0	173,883.7	0.0	0.0	0.0	173,883.7
Portfolio loans and Financial Leases		0.0	1,808.0	11,904.1	10,535.3	0.0	24,247.4
Accounts Receivable		0.0	1,357.1	114.8	134.1	0.0	1,606.0
Property and equipment		0.0	0.0	1,398.0	0.0	0.0	1,398.0
Other Assets		0.0	17.1	4,297.1	0.4	0.0	4,314.6
Valuations		0.0	15,147.0	0.0	0.0	0.0	15,147.0
Liabilities		6,141.1	245,444.3	53,587.1	3,044.0	172,361.8	480,178.4
Deposits and payables		6,141.1	135,570.6	49,182.3	2,982.0	6,995.1	200,871.0
Loans from banks and other financial obligations		0.0	98,559.3	0.0	0.0	0.0	98,559.3
Accounts Payable		0.0	4,825.8	1,678.0	48.1	3.7	6,555.7
Investments securities outstanding		0.0	6,488.7	2,326.8	0.0	165,363.0	174,178.5
Others Liabilities		0.0	0.0	0.0	13.8	0.0	13.8
Incomes		0.1	60,947.4	18,930.6	389.0	10,551.4	90,818.5
Operating		0.1	60,922.0	18,574.7	383.6	10,551.4	90,431.7
Non - operating		0.0	25.4	355.9	5.5	0.0	386.8
Expenses		2.4	19,277.7	9,923.2	432.8	7.7	29,643.8
Operating		2.4	19,043.5	9,781.1	304.0	7.7	29,138.8
Non - operating		0.0	234.2	142.0	128.8	0.0	505.0

- All the operations were made at market prices.

- During the second semester of 2011 there is the following operation with shareholders holding less than 10% of the share capital and it represents more than 5% of the technical patrimony.

Name	Balance	Shareholding	Technical Equity Limit (5%)
Empresas Públicas de Medellín	USD 155,199.6	0.00057%	7.48%

- (1) Legal Representatives and members of the Board of Bolivar Group, plus Davivienda Bank Branch legal representation, for judicial purposes.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

34. Risk Management

The Integrated risk management, is based on a governance structure designed to achieve strategic objectives on the based on the management, administration and risk management, which support the business growth and the advantages of opportunities. On this base, efforts are focused towards the implementation of the strategy and control the associated risks.

The management and control of these risks is done through different areas that specialize their functions in specific lines or segments, as in the case of loan risk, market liquidity, or managing their efforts transversely, how the system works operational risk management and internal control.

As far as the control on fulfillment of the strategy, this is done by the direction of Financial Control and the Presidency Committee.

The integrated risk management is a fundamental principle to maintain the business over time and on this same principle a definition is built for policies and principles governing the management at all levels of the organization.

34. 1 Organizational Structure

According to the basic guidelines of safety and professionalism operational areas, and commercial risk of the Bank should be separated, however, to take advantage of the synergy with the companies of the Bolívar Group, there are programs that provide support develop tools to manage risks.

the vice presidency of personal banking is the dependency in charge of the evaluation, management and collection for all the loans. the granting is based in an allocation pyramid structure with defined limits. likewise, There are also credit committees with decision-making duties.

These credit products are granted with specific scores, which have been built based on own historical information and evaluating client variables, behavior and borrowing in the financial sector, product and warranty. There are also methods developed to segment the universe of loans with homogeneous groups to individually assign them a risk level.

The main homogeneous groups in personal banking are:

- Loans for mortgage and leases
- Vehicle loans
- Loans card
- Bank drafts
- Other consumer loans

In the Corporate and Business Banking, the business strategy is the responsibility of the Vice Presidency of Enterprises Business and on the other hand the loan risk evaluation comes under the responsibility of the Vice Presidency of Corporate Loans, who is also responsible to analyze loan applications, following up on current obligations, to assign risk categories and management of recovery in cases that are needed.

The vice Presidency of Corporate Credit is responsible for granting loans facilities, the target market are those national and international companies with revenues exceeding \$ 30,000 million pesos, whose economic activity is framed within the terms and conditions set by both the Superintendent of Societies, such as Banco Davivienda SA, to meet this objective is made an analysis of the creditworthiness of companies, examines the macroeconomic and microeconomic conditions in which they operate, culture, strategy, policies, procedures and the various risks quantitative, qualitative, and the size and importance of the economic sector in which they work.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

the Vice Presidency for Risk and Financial Control is responsible to evaluate the various alternatives for hedging financial risk to which the Bank is exposed, approval administration policies, assessing the risk of massive portfolios, SMEs and corporate risk and maintain a balance – profitability.

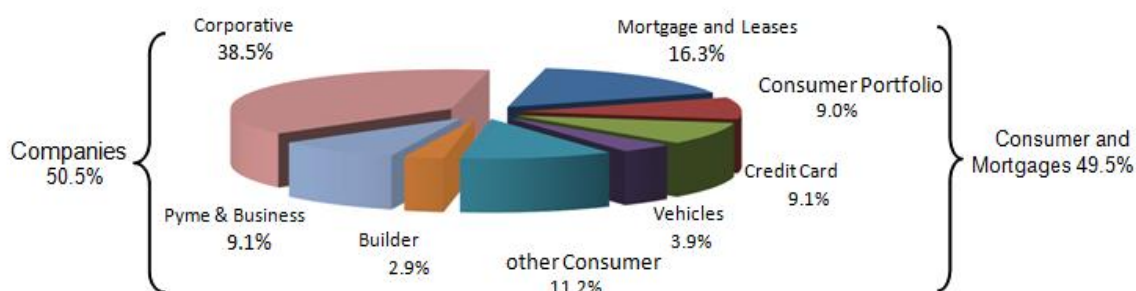
The exposure limits per strategic segment and in general all the risk management policies are approved by the Board.

In the management of the operational risk the Risk Assistance vice presidency is the dependency in charge to ensure the integrity of the business and the ability to maintain availability in the services to clients and associates, its main purpose is transparency and the business management.

34.2 Loans Risk

The loans composition of Banco Davivienda S.A. at December 31, 2011 is the following:

Loans Composition December 2011



a. Calculation of Allowances and Models of Reference published by The Colombian Superintendence of Finance.

The Bank in its policy of credit risk measurement implemented from July 2007, the MRC (Commercial Model) along the lines of External Circular 035, 2006. Also at the beginning of July 2008 it adopted the Consumer Reference Model (MRCO) in accordance with the definitions issued by the Colombian Superintendence of Finance.

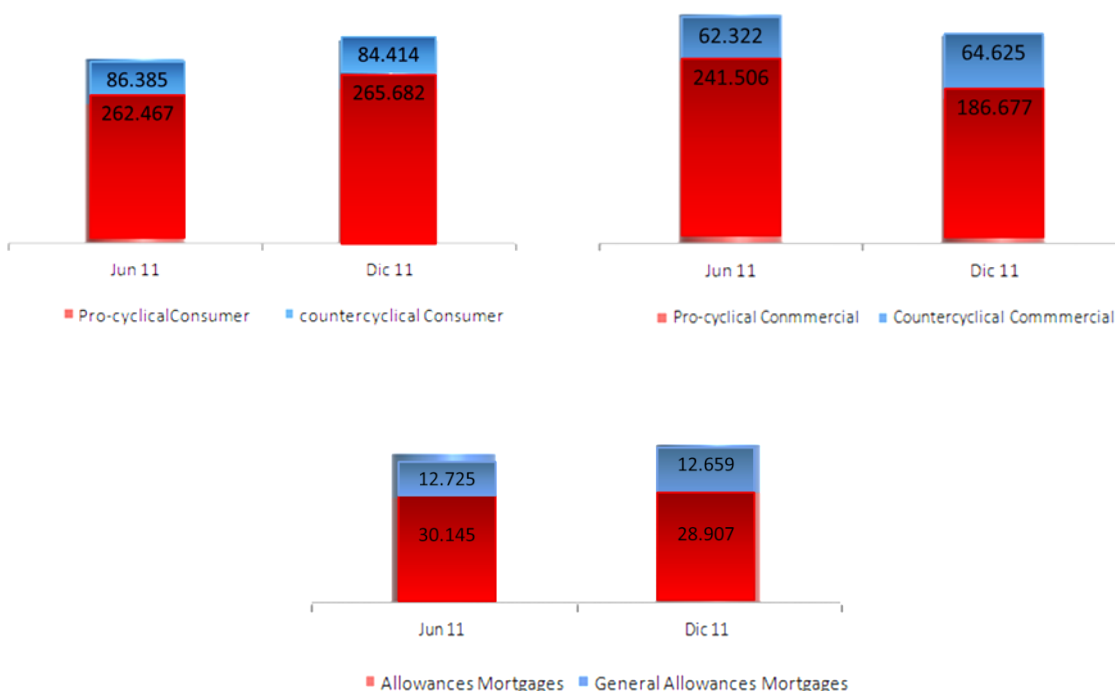
The Bank implemented the calculation of allowances using the countercyclical approach methodology, provisions by the Colombian Superintendence of Finance.

Below is a breakdown of provisions for commercial, consumer and mortgage loans.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements



These reference models and the current regulations are the base for the estimation of portfolio allowances, which are detailed below:

(figures in thousands of millions)	Total countercyclical Allowance	Total Pro-cyclical Allowance	Total General Allowance	Total Bank Allowance
Allowances				
Jun-11	USD 148.7	534.1	12.8	695.5
Dec-11	149.0	481.3	12.7	643.0

* Applies to housing portfolio and microcredit

Personal Banking

These portfolios are intended for individuals, which relate mainly to mortgage and consumer loans.

In the consumer portfolio adjustments were made to the loan origination policies¹, seeking to improve the risk profile of customers at the time of linking. For this type of portfolio, the Bank has developed tools of risk management based on the analysis of the quality of origination according to the volume of loans and the risk profile of the linked clients. Likewise, an analysis is performed to monitor the crops according to the Banking segments of people. These tools were developed with support from the Research for Risk and the Analysis Dependency from Group Bolivar.

Below are the main balances for each segment and portfolio risk provisions assigned to each of them.

¹ Adjustments made to the policies correspond to increases in the cutoff and minimum income require.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(Figures in thousands of million)			Balance	% C,D,E	Allowance	Coverage C,D,E
PERSONAL BANKING	Mortgages and Leases	Jun-11	2,128.4	2.2%	92.1	200.6%
		Dic-11	2,144.5	1.8%	79.1	200.1%
	Credit Card	Jun-11	1,184.2	4.7%	63.5	114.1%
		Dic-11	1,199.6	5.1%	74.6	122.6%
	Others Consumer	Jun-11	1,706.9	9.5%	192.1	118.5%
		Dic-11	1,475.4	12.6%	173.3	93.5%
	Warrant Consumer	Jun-11	1,280.4	3.5%	62.6	140.0%
		Dic-11	1,183.8	2.4%	66.5	237.8%
	Vehicle	Jun-11	552.1	5.5%	30.6	101.0%
		Dic-11	514.3	6.5%	35.7	106.1%
	Total	Jun-11	6,851.9	4.9%	441.0	130.2%
		Dic-11	6,517.5	5.3%	429.2	123.5%

Other consumer: Fixed Crediexpress, Rotary Crediexpress, Preferential and Standardized

During the second semester of 2011 the increase in participation of personal banking was 4.3% in relation to the closure of the previous semester, this as a result of the adjustments in the originating policies for the portfolio of rotating Crediexpress and fixed Crediexpress.

Below is the loans breakdown of Personal Banking and changes during the second half of 2010:

(Figures in thousands of million)			Balance	% C,D,E	Allowance	Coverage C,D,E
PERSONAL BANKING	Mortgages and Leases	Jun-11	2,128.4	19.8%	352.4	31.1%
		Dic-11	2,144.5	10.4%	202.8	32.9%
	Credit Card	Jun-11	1,184.2	11.4%	121.1	17.3%
		Dic-11	1,199.6	11.0%	119.3	18.4%
	Others Consumer	Jun-11	1,706.9	19.5%	278.2	24.9%
		Dic-11	1,475.4	-5.3%	-81.8	22.6%
	Warrant Consumer	Jun-11	1,280.4	1.4%	18.1	18.7%
		Dic-11	1,183.8	1.3%	15.7	18.2%
	Vehicle	Jun-11	552.1	16.0%	76.0	8.1%
		Dic-11	514.3	2.1%	10.6	7.9%
	Total	Jun-11	6,851.9	14.1%	845.8	100.0%
		Dic-11	6,517.5	4.3%	266.5	100.0%

*Other consumer: Fixed Crediexpress, Rotary Crediexpress, Preferential and Standardized



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Corporate Banking

Composed of banking for businesses and it is classified within the Bank into segments according to their size, SMEs, business and corporate, is also included in this portfolio banking for Builders.

To measure risk, the Bank has developed its own assessment models that seek to properly manage loans risk.

In relation to the model used for the management of corporate loans risk it uses quantitative and qualitative factors, and its indicators have been developed based on financial statements and individual characteristics of the companies.

As regards to the quantitative aspects, from the company's financial information, the results achieved are compared for a defined period in order to accurately determine aspects such as Cash Flow, Debt Capacity, Profitability and Efficiency. Similarly, the model allows comparing these results against their peers in the industry to which it belongs. The risk model for construction loans evaluates the financial and business viability of the project, the experience of the construction company and the progress of the project.

In SMEs Banking, the policies for evaluation and acceptance of clients for loans are based on historical analysis and financial survey of the clients, involving sectorial analysis and perspectives an alternative viability of the capacity and suitability of the company's Management, as well as measuring the ability to pay in the analysis of projected cash flows.

In Agricultural Banking, a feasibility study of agricultural production projects is carried out, giving a relative importance to the client's experience in the activity, as well as the fundamental technical parameters for acceptance in each subsector.

In the official Banking, the analysis focuses on strict compliance with the policy guidelines formulated by the Ministry of Finance, in law 617 of 2000, 358 of 1997 and 819 of 2003, and a supplementary analysis of the medium-term fiscal framework and adequacy of the income offered through pledges to attend the debts of public borrowing.

The following are the main balances by each segment of the portfolio and the assigned risk provisions for each one of them.

(Figures in thousands of million)			Balance	% C,D,E	Allowance	Coverage C,D,E
CORPORATE BANKING	Corporate	Jun-11	4,871.2	0.7%	143.1	410.6%
		Dic-11	5,069.0	0.5%	115.3	457.7%
	Builder	Jun-11	328.9	5.2%	23.2	136.7%
		Dic-11	381.4	3.6%	19.7	142.8%
	Enterprise and SME	Jun-11	1,169.8	5.8%	88.2	130.0%
		Dic-11	1,203.0	4.8%	78.8	137.0%
	Total	Jun-11	6,370.0	1.9%	254.5	212.7%
		Dic-11	6,653.3	1.5%	213.8	221.5%



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Subsidiaries

Confinanciera

It is a financing company, subsidiary of Banco Davivienda S.A., whose main purpose is the granting of vehicle credits aimed at the productive segment (cargo, passengers and taxis) despite this, the approach of positioning is also focused on the private segment.

Confinanciera within its loans risk measuring policies implemented the commercial reference model (MRC for its initials in Spanish) as of July 2007 and the Consumer reference model (MRCO) as of July 2008.

Following, the principal balances for each type of loans and the risk provisions assigned to each one will be shown.

(Figures in thousands of millions)			Balance	% C,D,E	Allowance	Hedging C,D,E
CONFINANCIERA LOANS	Commercial	11-Jun	133.9	6.00%	10.5	133.10%
		Dec-11	133.9	3.20%	8.8	202.80%
	Consumer	11-Jun	36.7	7.20%	2.4	90.30%
		Dec-11	45.2	4.80%	2.6	121.80%
	Micro-Credit	11-Jun	45.6	3.20%	2.9	195.7%
		Dec-11	47.4	2.70%	6.2	487.10%
	Total	11-Jun	216.3	5.60%	15.9	131.30%
		Dec-11	226.5	3.40%	17.6	226.70%

Bancafé Panama S.A.

Panamá within its loans risk measuring policies avails agreements 6-2000 of June 28, 2000 and 2-2008 dated February 2008 issued by the Board of Directors from The Superintendence of Banks from the Republic of Panama, which sets forth the provision incorporation policies and the general concepts to estimate the loss.

34.3 Market Risk

Financial Risk Management

The Administration and Risk Management in the Bolivar Group companies is made with a strategy of synergy between the companies, by consolidating a risk area for all businesses to optimize technology resources and the risks assumed. This area depends on the vice Presidency of Investment Risk from the Bolivar Group, with the supervision of the Executive vice Presidency of Finance and risk from the Bolivar Group.

To this effect it has been established that the Financial and Investment Risk committee from Group Bolivar (FIR), the Asset and Liability Management Committee or his substitute (ALMC) and the Board of each entity from the Group are organs responsible for defining corporate policies in relation to the exposure to various financial risks, taking into account that such policies are consistent with the financial and operational structure of each of the entities, as well as strategy and corporate objectives.

Meanwhile, the Handbook of Financial Risk Management from Group Bolivar (HFRM) consolidates aspects for financial risk management and treasury and liquidity in the Group companies and is the document through which the system of administration required for this purpose is established. The HFRM also consolidates the Market Risk Management (MRM), the System of Management for Risk of liquidity (SMRL), and the handbook for Derivatives and dispositions from the self-regulator for the stock market.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

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With this in mind, the companies have designed a suitable structure of limits of exposure to different risks to manage portfolios and actions taken to carry out their management. They are defined for each company, among others, investment and counterparty limits, trader limits, VaR limits and early warning to control the operation of the treasury.

Based on the foregoing, the vice presidency of Investment Risk is responsible for (the) measurement and risk analysis, of the periodic review and evaluation of methodologies for (valorization) of financial instruments and verification of compliance with policies and limits set by the applicable regulations, the HFRM, Financial Risk Management Committee and the Financial and Investment Risk committee for investment funds (HFRMIF), the Asset and Liability Management Committee (ALMC) and the respective Boards.

Risk for Investment Credit

The definition of the entities authorized to operate with the Bolivar Group companies in which investments can be made using a model that evaluates the financial performance of the counterparty by the most representative score of their financial Indicators, taking into account considerations qualitative and expert judgment.

The incursion into new markets and products will be done as soon as the severity of the impact and the corresponding risk profile are calculated and have been approved by the committee and the corresponding Board of Directors, in accordance with the related procedure established.

Market Risk

The management of this risk is carried out attending parameters to be met by entities supervised under Chapter XXI - Rules for the Management System of Market Risk and Financial Accounting Basic Circular of the Colombian Superintendence of Finance.

It is meant by risk management as the possibility that organizations incur in losses associated to the decrease (reduction) of the value of their portfolios, the drops (fall) in value of their collective portfolios or funds that they manage, due to changes in financial instruments price maintaining positions inside or outside the balance sheet².

Investment Portfolio

The accounting classification of the consolidated investment portfolio of Banco Davivienda S.A. and its subsidiaries at December 31, 2011 is composed of: Negotiable investments (USD1.668.565.0), available for sale (USD 558.976.8) and investments to maturity (USD 170.954.9). These include among others, fixed income, equity and repurchase rights. It excludes allowances and investments available for sale as participating bonds.

Value at Risk

The calculation of the consolidated Value at Risk "VaR" from Banco Davivienda S.A. and its subsidiaries is performed according to methodology described in Chapter XXI, Annex I of the Basic Accounting and Financial Circular of the Colombian Superintendence of Finance. The calculated VaR at the closure of December 31, 2011 was: \$ 250.871 Million Pesos. The decrease of this value for the month of May is explained by the decrease in the position and duration of the investment portfolio.

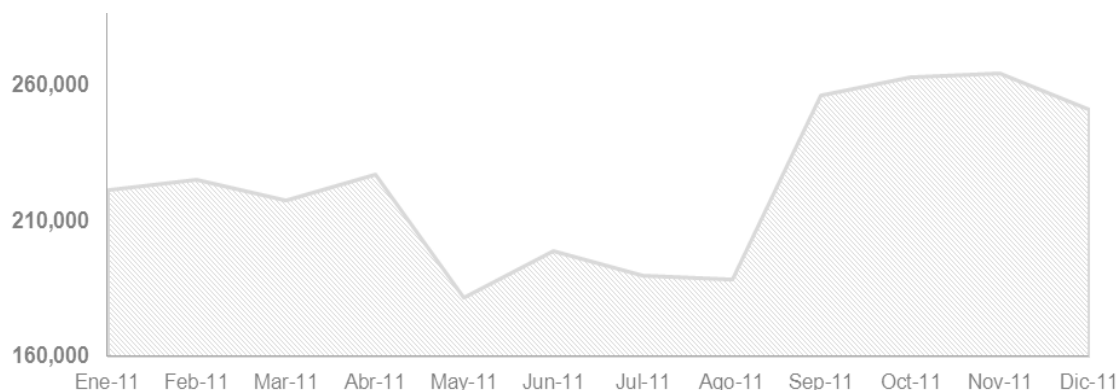
² Definition of Market Risk, Chapter XXI - Rules Relating to the System of Market Risk Management, the Basic Circular for Financial Accounting. Colombian Superintendence of Finance.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Consolidated VaR evolution in 2011



Includes: Banco Davivienda S.A., Bancafe Panamá S.A., Fiduciaria Davivienda S.A., Davivalores S.A., Confinanciera S.A. and Fiduciaria Davivienda S.A.

Liquidity Risk

The managing of risk is carried out attending parameters to be met by entities controlled by guidelines set out in Chapter VI - Rules for the Management System of Liquidity Risk Basic Accounting and Financial Circular of the Colombian Superintendence of Finance.

Is meant by contingency liquidity risk of failing to comply fully, timely and efficient manner expected cash flows and unexpected current and future, without affecting the course of daily operations or financial condition of the entity. This contingency (funding liquidity risk) is manifested in the lack of liquid assets available to it and / or the need to take unusual funding costs. In turn, the ability of banks to generate or break financial positions at market prices is limited either because there is no proper market depth or because they are dramatic changes in rates and prices (market liquidity risk)³.

Liquidity in Banco Davivienda S.A. and its subsidiaries is an essential element to ensure the sustainability of their operations, which constitutes one of the cornerstones in the management of financial activities developed by each of the entities. It is in the best interest of companies to ensure the availability of resources to customers when requested by them, and have the resources necessary to fulfill the obligations undertaken with suppliers, creditors, shareholders, and all those with whom the companies develop the necessary activities to fulfill its purpose.

The scheme of identification, measurement, monitoring and controlling liquidity risk of Banco Davivienda S.A. possible contingencies contemplated by its subsidiaries, but each branch has implemented its own system of administration of this risk which is monitored independently by the collegial bodies appointed boards and by the Vice President of Investment Risks Group Bolivar.

³ Definition of Market Risk, Chapter VI - Rules Relating to the System of liquidity Risk Management, the Basic Circular for Financial Accounting. Colombian Superintendence of Finance.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

34.4 Internal Control System

According to internal control policies properly approved by the Board, were designed and implemented internal control procedures and likewise has been adjusted according to the needs of society seeking to achieve maintain compliance with the expected results in terms of security, transparency and efficiency.

In line with the External Circular 038 of 2009 from the Colombian Superintendence of Finance, the Bank has implemented and is controlling and optimizing the performance of the following components of SCI:

- **Environment Control:** We have defined and published principles, values and behavior-oriented control.
- **Risk Management:** We are implementing processes that will maintain the efficiency and effectiveness of management and operational capacity of the Bank.
- **Control Activities:** Policies and procedures were defined and implemented to allow the managing instructions for risk and controls to be totally fulfilled.
- **Information and Communication:** Controls have been adopted that will ensure quality and compliance with generated and published information.
- **Monitoring:** We are checking the quality of internal control performance over time.
- **Independent evaluations:** We have appointed the Audit and the Statutory Auditor to conduct further evaluations that prove the effectiveness of the ICS.

The Board of Directors, the audit committee, the legal representative and control entities oversee the implementation of Bank's internal control system and ensure that the preparation, presentation and disclosure of financial information comply with the provisions of law.

34.5 Financial Consumer Care System (SAC)

Aware of the importance to optimize the environment of care, protection, respect and adequate provision of financial services to clients, the Bank has developed and continues to generate new challenges to ensure the quality, effectiveness and timeliness of its processes. To accomplish these purposes, the following actions were developed:

- Different mechanisms to optimize the due diligence in providing Bank's products and services have been defined and implemented.
- The processes that generate financial information to consumers so that they remain within the highest standards of quality and timeliness have been ensured.
- New methodologies, tools and technology, and various training programs to employees that will ensure an adequate, effective and timely handling of complaints and claims filed by financial consumers, have been implemented.
- Different strategies have been developed to achieve a comprehensive and satisfactory financial consumer education on the various financial products and services.

This series of activities that are been developed will continue optimizing an adequate and effective protection of consumer rights and (the achievement of the) Bank's sustained financial objectives, consolidating the contractual balance between the parties, with high levels of satisfaction and development.

Similarly the Bank, in accordance with the development of its objectives with regards to customer service to financial consumer, complies with the legal provisions referred to in law 1328 of 2009 and the External Bulletin 015 of 2009 from the Colombian Superintendence of Finance.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

34.6 Money Laundering and Financing of Terrorism Risk Management System (SARLAFT)

Banco Davivienda S.A., and its Subsidiaries have adopted and a Risk Management System of Laundering and Financing of Terrorism Risk Management System, SARLAFT, based on the premise of Risk management that includes knowledge of the customer and its transactions with the Entity, the definition of market segments, customers, products, distribution channels and jurisdictions, transaction monitoring, and reporting of operations to the relevant authorities in order to avoid being used to give the appearance of legality to assets derived from illegal activities and / or to finance terrorist activities, according to what is defined in External Circular 026 of June 2008 of the Colombian Superintendence of Finance.

SARLAFT is supported by a culture of organization, policies, controls and procedures of knowledge and application throughout the Organization that recognizes the entire Colombian regulatory framework, as well as recommendations and best international practices in this area, especially those of the Financial Action Task Force "FATF".

The procedures and rules of conduct on the implementation of all control mechanisms and tools are integrated into the SARLAFT Manual and the Code of Conduct that is for the access and Consumer knowledge of all the Entity's staff.

Banco Davivienda S.A. regularly conducts training programs for its staff, in the pursuit to create awareness and commitment in the staff.

Also included are reviews of the control mechanisms designed and implemented by the Compliance Unit and other areas of the entity within the Statutory and Internal Audit processes. Likewise, there was also an inclusion to the reviews of the control mechanisms designed and implemented in the compliance unit and other areas in the Bank with the Statutory and Internal Audit processes.

In compliance with the rules, the Board appointed a Compliance Officer and his deputy, who are properly positioned before the Colombian Superintendence of Finance.

34.7 Operational Risk Management System (SARO)

As part of strategic planning guidelines of the Bank, that is continuously generating improvements to the processes and the consolidation of operational risk management, ensuring the Bank among others the following elements:

The Bank has implemented monitoring processes in the operational risk management system, in such a way that facilitates the rapid detection and correction of system deficiencies, as well as the effective monitoring risk identification and valorization, and implementing controls with the frequency and nature of changes in the operating environment.

- As part of an adequate and effective operational improvement of the Bank, various action plans that strengthen the effectiveness of controls to ensure mitigation of risks in the different processes have been developed.
- The Operational Risk Profile as of December 2011 shows that the identified risks are properly controlled and that on those who are still identified as high risk, the Bank is developing action plans for mitigation, in accordance with the guidelines and tolerance levels set by the Board of Directors.

We are committed to maintaining the quality and effectiveness of the operational risk management of the Bank, promptly adjusting it to the dynamics of the change processes as a result to new business strategies, in accordance with the laws established by the Colombian Superintendence of Finance.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

35. Information Security Strategies - External Circular 052 of 2007

Continuing the implementation of External Circular 052 of 2007 of the Colombian Superintendence of Finance, it was defined to include within the development of each of the projects that are initiated in the Bank from its planning phase, the verification of the compliance of the regulatory requirements from this policy. Likewise, these requirements are taken into account on the improvement and optimization processes, to ensure their sustainability over time.

Given the mutation and emergence of new Trojans and a malicious and a more powerful code, the Bank has maintained a constant process of updating and monitoring its Transaction Channels to timely mitigate the new risks that may appear and affect our clients. To support this strategy, the contracts with third parties specialized in the research and management of Phishing and Trojans accidents were reinforced and renewed now that these are increasingly affecting more and more Financial Institutions Worldwide.

Within the review of the Updating Project, from the requirements published in October 2011, with regard to the last modification known as External Bulletin 022 of 2010 from the Colombian Superintendence of Finance, the Bank carried out an internal validation to identify the level of compliance and performed the impact analysis for the Mobile Banking Channel. With regard to the requirements related to EMV (Europay MasterCard Visa, Interoperability Standard IC cards - cards with microprocessor) the proposed dates for internal adjustments to plans that had already been drawn on the full implementation of EMV in pinpad, at merchant acquisition level and for changing of all cards, since the Bank began with the issuance of Chip card from early 2011, were considered.

The Bank and its subsidiaries will continue to investigate new trends in security matters and therefore, in tools and controls to mitigate the identified risks to be prepared for new threats and implement such controls at the service of our clients ensuring the delivery of products and services with high levels of quality and safety.

36. Corporate Government

Banco Davivienda S.A. and its subsidiaries, as companies belonging to the Business Group Bolivar, take the advantages that derive from the synergistic work to enhance our own performance and optimize results as a whole, contributing therefore, to the generation of value for interested groups, especially for our clients and shareholders.

The scheme of relationship between the Main office and its subsidiaries is primarily based on the integration and standardization of policies, processes and systems that allow constant interaction between the companies and ensure an adequate flow of information necessary to carry out the processes of consolidation and alignment. Likewise, the performance of the subsidiaries is reviewed periodically in instances of Bank Management, where, the autonomy of each company is respected, to share the strategy and guidelines so the subsidiaries can be oriented towards a unique purpose for the whole group.

37. Controls of Law

As of December 31 and June 30, 2011, the Bank and its subsidiaries comply with the requirements of their average position; minimum capital, solvency ratio, pace, and limits required investment in fixed assets investment.

Average position

Below is the result of the Bank's and Confinanciera's average position at December 31 and June 30, 2011 (Amounts in millions USD):



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		<u>December 31</u>	
		Davivienda	Confinanciera
Bank's Average Position (PP)	USD	18.1	0.0
Maximum Required: 20% Technical Equity		414.3	6.0
Minimum Required: -5% Technical Equity		(103.6)	(1.5)
Bank's average cash position (PPC)	USD	2.6	0.0
Maximum Required: 50% Technical Equity		1,035.9	15.0
Average gross leverage position (PBA)		5,492.7	0.0
Maximum Required: 550% Technical Equity	USD	11,394.4	165.3

As of December 31 and June 30, 2011, the Bank and "Confinanciera" complied with the limitations established by the governing entity.

Solvency Reference

The following is the Consolidated Technical Equity of Bank at and December 31 and June 30, 2011:

	<u>December 31</u>	<u>June 30</u>
Basic equity	1,965,721.5	1,627,484.9
Additional Stockholders equity	516,810.1	486,636.2
Deductions	0.0	0.0
Technical stockholders equity	2,482,531.5	2,114,121.2
Risk market value	129,135.2	112,134.2
Weighted assets per risk levels	15,807,376.0	15,891,508.5
Solvency index $(PT/(APNR + ((100/9) * VeR))$	14.40%	12.34%

Applying the percentages determined by the Colombian Superintendence of Finance for each of the categories of assets, contingent consideration, businesses and trust funds established in the Single Plan Accounts, effects the classification of risk assets in each category.

The consolidated compliance is verified each month.

Reserve

The Bank and Confinanciera S.A. met the reserve requirement, on the legal currency deposits according to the following percentages:



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

11%

Checking account deposits
 Savings deposits
 Savings Accounts of real value
 Special Savings Accounts
 Special deposits
 Payables for banking services
 Collection services
 Bankers Acceptances after the deadline
 Other payables

4.5%

Deposit Certificates with term less than 18 months
 Savings Certificates with real value less than 18 months
 Bonds under 18 months

Obligatory investment

In accordance with what Banco de la República established on the 3rd external Resolution of 2000, the amount to be invested in TDA securities class A and B is 37% and 63% respectively.

The value of investments in FINAGRO at the closure of December 31, 2011 is shown below for the Bank and Confinanciera S.A.:

		<u>Bank</u>	<u>Confinanciera</u>
TDA A (37%)	USD	166,430.5	2,407.3
TDA B (63%)		283,381.7	4,154.4
Required total		<u>449,812.3</u>	<u>6,561.6</u>
Alternative Loans		(238,211.4)	0.0
Investment to be made:		<u>211,600.9</u>	<u>6,561.6</u>
TDA A (37%)		166,320.4	2,407.3
TDA B (63%)	USD	45,280.8	4,154.4



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

38. Highlights

According to Act No. 815 of September 13, 2011, the Board of Directors approved the initiation of efforts towards the merging between Confinanciera S.A. Compañía de Financiamiento and Banco Davivienda S.A., the latter being the acquiring company, and authorized the administration, to start actions prior to the convening of the general assembly of shareholders to take a decision about the merging.

39. Subsequent events

According to Act No. 825 of January 23, 2012, the Board of Directors approved the acquisition of the operations that the HSBC Group has in Costa Rica, El Salvador and Honduras. The Group consists of three banks, one in each country and two insurance companies (in El Salvador and Honduras), and other Companies with supplementary Financial Services, the agreement (SPA) (Share Purchase Agreement) was signed on January 24, 2011.

It manages assets for about USD 4.3 million, representing a 24% growth to the Bank's assets, it has 136 offices, 390 ATMs and 3.800 employees.

40. Reclassifications

Some figures as of June 30th, 2011, from the Cash Flow were reclassified for presentation purposes.



BANCO DAVIVIENDA S.A. AND SUBSIDIARIES

Balances Sheets and Statement of Results

December 31 at 2011

(Thousand of United States Dollars)

BALANCES SHEETS		Davivienda	Fiduciaria Davivienda	Davivalores	Confinanciera	Fiduciaria Cafetera	Bancafé Panamá	Standardization and eliminations	Consolidate
Assets									
Cash and cash equivalents	USD	658,228.6	147.5	1,345.5	14,057.3	1,052.0	72,621.4	(23,467.1)	723,985.3
Active positions in monetary market operations and those related									
Overnight Funds		992,757.5	0.0	0.0	0.0	0.0	0.0	0.0	992,757.5
Investments, net		2,310,714.7	29,207.8	2,319.6	10,505.4	34,691.2	154,881.9	(99,418.1)	2,442,902.7
Customers acceptances and derivatives		64,507.7	0.0	0.0	0.0	0.0	243.1	0.0	64,750.8
Credit portfolio and financial leasing, net		12,527,948.8	0.0	0.0	211,760.2	0.0	418,157.5	(7,568.0)	13,150,298.5
Accounts receivable, net		189,707.0	391.7	1,426.7	3,502.3	618.1	3,469.9	(1,249.4)	197,866.5
Foreclosed assets		19,983.3	0.0	(5.7)	13.6	0.0	0.0	0.0	19,991.2
Properties and equipment and goods granted in operating lease		200,112.8	256.8	126.8	4,183.6	307.4	747.9	(19.6)	205,715.7
Other Assets		1,146,785.9	2,097.9	2,389.8	2,759.9	4,997.8	6,651.5	(94,361.9)	1,071,320.8
Total Assets	USD	18,110,746.3	32,101.7	7,602.8	246,782.4	41,666.4	656,773.2	(226,084.1)	18,869,588.6
Liability and Stockholders' Equity									
Deposits and payables	USD	11,173,512.4	0.0	0.0	159,925.9	0.0	537,636.0	(19,392.0)	11,851,682.3
Passive Positions in Monetary Market Operations and those Related									
Interbank borrowings		41,927.0	0.0	0.0	0.0	0.0	17,620.0	(21,695.0)	37,852.0
Banks Acceptances Outstanding and Financial Derivatives		49,715.5	0.0	0.0	0.0	0.0	243.1	0.0	49,958.6
Banking Loans and Other Financial Obligations		1,784,537.4	1.1	0.0	32,451.4	0.0	0.0	14,016.1	1,831,006.0
Accounts Payable		456,413.7	3,450.0	767.6	11,154.9	2,441.4	4,018.9	(1,210.7)	477,035.6
Investment securities outstanding		1,905,074.6	0.0	0.0	0.0	0.0	0.0	0.0	1,905,074.6
Others Liabilities		165,084.9	119.5	85.8	639.2	1,966.6	1,381.8	0.0	169,277.8
Estimated Liabilities and Allowances		57,230.6	100.4	171.5	179.3	554.9	3,965.2	17,116.5	79,318.1
Total Liability		15,633,495.9	3,671.1	1,024.9	204,350.6	4,963.0	564,865.0	(11,165.1)	16,401,205.2
Stockholders' Equity		2,477,250.3	28,430.6	6,577.8	42,431.9	36,703.4	91,908.2	(214,919.0)	2,468,383.2
Total Liability and Stockholders' Equity	USD	18,110,746.3	32,101.7	7,602.8	246,782.5	41,666.4	656,773.2	(226,084.1)	18,869,588.6
STATEMENT OF RESULTS									
Operating Income	USD	1,467,237.0	7,578.2	91.2	21,468.1	4,131.8	16,506.5	(1,469.1)	1,515,543.6
Operating Expenses		788,376.2	171.4	38.5	7,319.5	301.2	6,914.1	(2,142.1)	800,978.9
OPERATING INCOME		678,860.8	7,406.8	52.7	14,148.6	3,830.6	9,592.3	673.0	714,564.7
Other Operating Income		376,214.1	27.8	2,915.1	2,791.6	2,968.3	0.0	(1,085.1)	383,831.8
Other Operating Expenses		364,228.2	1,935.7	1,185.5	4,859.3	4,060.9	2,090.5	(16.3)	378,343.7
OTHER OPERATING INCOMES & EXPENSES - NET		11,985.9	(1,907.9)	1,729.6	(2,067.7)	(1,092.7)	(2,090.5)	(1,068.8)	5,488.1
ALLOWANCES		499,996.4	93.9	0.3	5,143.4	27.9	396.7	1,215.6	506,874.3
DEPRECIATIONS - PROPERTIES AND EQUIPMENT		12,925.8	28.9	5.0	83.9	51.7	78.2	(6.7)	13,166.7
AMORTIZATIONS		30,847.3	0.0	27.7	40.4	25.5	241.0	(2,092.8)	29,089.2
OPERATING INCOME - NET		147,077.2	5,376.1	1,749.2	6,813.2	2,632.8	6,786.0	488.0	170,922.4
Non-Operating Income		70,976.7	140.9	39.2	2,251.9	503.9	282.4	5,463.0	79,658.2
Non-operating Expenses		19,612.9	25.0	0.0	26.9	20.0	0.0	4,640.9	24,325.7
NON-OPERATING INCOME - NET		51,363.8	115.9	39.2	2,225.0	484.0	282.4	822.1	55,332.5
Income Tax		47,793.6	1,732.5	452.4	3,549.0	846.7	776.0	0.0	55,150.1
NET INCOME	USD	150,647.3	3,759.5	1,336.1	5,489.2	2,270.1	6,292.4	1,310.1	171,104.8
# ROE (Rate E.A.)		26.6%	64.3%	109.5%	62.7%	27.1%	30.3%	0.0%	30.7%
ROA (Rate E.A.)		3.4%	55.7%	91.1%	9.2%	23.6%	3.9%	0.0%	3.7%



BANCO DAVIVIENDA S.A.

The Financial Statements Homologation Effect Foreign Subsidiaries

At December 30, 2011

(Thousand of United States Dollars)

BALANCE SHEET		Bancafé Panamá	Homologation Effects	Bancafé Panamá Homologation
Assets				
Cash and cash equivalents	USD	72,621.4	(4,075.1)	68,546.4
Active Positions in Monetary market operations		0.0	4,075.0	4,075.0
Investments, net		154,881.9	(3,597.4)	151,284.5
Acceptances and derivatives		243.1	0.0	243.1
Credit portfolio and financial leasing, net		418,157.5	(3,964.1)	414,193.3
Accounts receivable		3,469.9	(38.7)	3,431.2
Foreclosed Assets		0.0	0.0	0.0
Fixed Assets		747.9	(19.6)	728.3
Other Assets		6,651.5	(5,041.2)	1,610.3
Total assets		656,773.2	(12,661.1)	644,112.1
Liability and Stockholders' Equity				
Deposits and callabilities	USD	(537,636.0)	0.0	(537,636.0)
Interbanking funds purchased and repurchasing agreements		(17,620.0)	17,620.0	0.0
Bank acceptances outstanding		(243.1)	0.0	(243.1)
Banking credits and other financial obligations		0.0	(17,620.0)	(17,620.0)
Accounts payable		(4,018.9)	0.0	(4,018.9)
Long term-debt		0.0	0.0	0.0
Other liabilities		(1,381.8)	0.0	(1,381.8)
Estimated liabilities and allowances		(3,965.2)	0.0	(3,965.2)
Total liabilities		(564,865.0)	-	(564,865.0)
Stockholders'Equity		(91,908.2)	(12,661.1)	(79,247.1)
Total Liability and Stockholders'Equity		(656,773.2)	(12,661.1)	(644,112.1)
STATEMENT OF INCOME				
Operating Income		16,227.6	(1,271.8)	14,955.8
Operating Expenses		6,914.1	0.0	6,914.1
OPERATING INCOME		9,313.4	(1,271.8)	8,041.7
Others Operating Income		0.0	686.0	686.0
Others Operating Expenses		2,090.5	0.0	2,090.5
OTHER OPERATING INCOMES & EXPENSES - NET ALLOWANCES		(2,090.5)	686.0	(1,404.5)
DEPRECIATIONS - PROPERTIES AND EQUIPMENT		396.7	1,215.6	1,612.3
AMORTIZATIONS		78.2	(6.7)	71.4
OPERATING INCOME - NET		241.0	0.0	241.0
Non-Operating Income		561.2	5,494.9	6,056.2
Non-Operating Expenses		0.0	0.0	0.0
NON-OPERATING INCOME - NET		561.2	5,494.9	6,056.2
Income Tax		776.0	0.0	776.0
Net Income (Lease) net	USD	6,292.4	3,700.2	9,992.6

**BANCO DAVIVIENDA S.A
AND SUBSIDIARIES
December 31 at 2011
(Thousand of United States Dollars)**

Entity	Assets	Liabilities	Equity	Profit December/11	Profit June/11
Banco Davivienda S.A.	18,110,746	15,633,496	2,477,250	150,647	169,354
Bancafé Panamá S.A. - 99.9%	656,773	564,865	91,908	6,292	5,298
Confinanciera S.A. - 94.9%	246,782	204,351	42,432	5,489	8,422
Fiduciaria Cafetera S.A - 94.01%	41,666	4,963	36,703	2,270	1,487
Fiduciaria Davivienda S.A. - 60%	32,102	3,671	28,431	3,760	4,633
Davivalores S.A. - 79%	7,603	1,025	6,578	1,336	-346
Banco and subsidiaries	19,095,673	16,412,371	2,683,302	169,795	188,847
Eliminations	-213,423	-11,165	-202,258	-2,390	-20,267
Standardization	-12,661	0	-12,661	3,700	-476
Consolidated	18,869,589	16,401,205	2,468,383	171,105	168,103
June 2011	18,513,361	16,351,513	2,161,848	168,103	
Variation	2%	0%	14%		
Banco Davivienda over total consolidated	96%	95%	100%		