Semiannual Balance Sheet, June 30, 2015

Banco de Occidente

Significant Data

Million Pesos

	June 2014	June 2015
Total Deposits 1/	19.687.249	19.558.045
Total Placements 2/	21.329.233	23.224.030
Investments 3/	6.109.648	5.185.220
Capital and Legal Reserve	1.609.430	2.296.193
Total Asset	26.678.089	30.321.860
Half Year Profits	267.852	237.605
Monthly stock Dividend 4/	137,00	150,00

Notes:

1/ Include Current Account Deposits, Time Deposit, Saving Deposits, Trust Funds and Banking Collection Services.

2/ Include Credit Portfolio, Provisions, Credits to Employees, Accounts Receivable Credential M/L Customers, Accounts Receivable M/E, excepting Sundry Accounts Receivable M/E.

3/ Include Interbanking Ordinary Funds Sold, Commitments of Sale and Investments.

4/ Dividend Value at the closing accounting Operational Period

5/ the submission of report is made according to the approval by Colombia Finance Superintendence in Unique Catalogue of Financial Information (**UCFI**), for such reason, it is considered only the two last years, given that the historical before 2014 is under COLGAPP.

Board of Directors 2015-2016

Principal

Hector Vesga Perdomo
Ricardo Villaveces Pardo
Iván Felipe Mejía Cabal
Felipe Ayerbe Muñoz
Liliana Bonilla Otoya

Substitutes

Mauricio Gutiérrez Vergara
Adolfo Varela González
Eduardo Herrera Botta
Gilberto Saa Navia
Mauricio Iragorri Rizo

Luis Carlos Sarmiento Angulo
Advisor

Efraín Otero Alvarez
Presidente of Bank

Douglas Berrío Zapata
Legal Vice President

Gerardo Silva Castro
Corporate Vice President

Efraín Velásquez Vela
Credit and Surety Vice President

Mauricio Celin Gallo
Customer Service Vice President

Johnny Leyton Fernández
Risk & Collection Vice President

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Government Banking Vice President

Francisco Monroy Guerrero
Corporate Bank Vice-president 1

Alfonso Méndez Franco
Financial Vice President

Mario Ernesto Calero Buendía
Personal Bank Vice President

Daniel Roberto Gómez Vanegas
Operations & Informatics Vice President

Julio Cesar Guzmán Victoria
Credit Vice President

Eduardo Correa Corrales
Human Resources Vice President

Ignacio Zuloaga Sevilla
Corporate Banking Vice President

Constanza Sánchez Salamanca
Corporate Bank Vice President 2

Wilson Romero Montañez
Statutory Auditor -KPMG LTDA.

Report by the President

In compliance with statutory obligations, we are pleased to submit to Stockholders the Results of Bank Operations during first half-year 2015 operational period

Legal Standards

Among measures and standards issued during the first half-year directly influencing financial sector, the following amendments shall be highlighted:

• Changes in reserve

- **External Resolution No. 5, April 24, 2015 by Colombia Central Bank**: Defines that the bonds nominated in legal tender and paid up in foreign currency issued in international markets of capital less than 18 months will be included within the calculation of reserves required as from the second week of calculation beginning on June 3, 2015

• National Interbanking Electronic Compensation

External Regulatory Circular Letter DSP-152, April 29, 2015 by Colombia Central Bank: Whereby VAT calculation and liquidation, and VAT on Invoicing withholding and liquidation made through invoicing system among Central Bank's entities is suppressed for the inter-operators rates charged each other inter-operators for information of PILA sheets.

• CREE Surtax

Decree No. 427, March 11, 2015, Ministry of Treasury and Public Credit of Colombia. Whereby the Decree 2623 / 2014 is amended and complemented, in connection with surtax of the income tax for equity – CREE, terms to pay the wealth tax and annual declaration of assets abroad. Among the provisions, the following:

a) The amendment of Article No. 12 about the terms to submit the declaration of income and complementary tax.
b) Addition of article 19.1 to regulate the surtax to income tax for equity CREE
c) Addition of article 38.1 to regulate the wealth and complementary of tax normalization to wealth, and
d) Addition of Article 38.2 to inform the terms to submit the annual declaration of asset abroad.

Cash Own Position

External Regulatory Circular Letter DODM 139, May 25, 2015 by Colombia Central Bank: Whereby the External Regulatory Circular SOOM 139 of December 2, 2014, is amended as from June 9, 2015 corresponding to the subject matter 1: "Own Position. Cash Own Position. Gross Position of Leverage and indications of exposure to currency of the Exchange Market middlemen", the Manual of the Operations and Market Development Department. The amendments made exclude from the calculation of Cash Own Position of the exchange market middlemen, the obligations derived from financing operations in foreign currency with term more than one year hedged with a derivative in foreign currency with a term from the disbursement date up to the maturity date of the operation which resources will be used to develop active operations in legal tender.

Results of the Banco

In the first half-year 2015, the stability indexes and recovery of the solid economies due to GDP positive behavior, show significant uncertainty in the Community with the Greek economy requiring a third economic aid and therefore the expansive monetary policies are maintained for more time. The United States economy showed a setback by 0.7% in the GDP, where the strengthening of currency involved 7.6% decrease of exports, increasing its commercial deficit, resulting in the delay of FED decision to enhance the intervention rate.. On the other hand, China economy maintains the positive tendency of production, although the international demand became stagnant compensated with an increase of internal consumption growing from 35% up to 50% of the GDP. These conditions imply a negative pressure on the price of raw materials at worldwide level, which in the event of oil maintains the prices under US$50/barrel, leading to indexes tempering the low growth of world economy in the second half-year 2015.

In this international external environment, Colombian economy shows positive indicators, reaching 2.8% annual growth in the first semester 2015 in the GDP. In this growth the demand stands out, the 7.2% gross capital annual growth shall be underlined, while exports and final consumption decreased by 3.3% and 1.3%, respectively. Concerning the supply, the different economic sectors showing higher dynamism are commerce, repairing, restaurants, and hotels with 5.0% growth, construction 4.9 growth, social services activities, community and personal services, insurance, real estate activities, reached 4.4%.

Above behavior allowing for maintaining the positive tendency in employment conditions, since the unemployment rate on May 2015 reached 8.9%, showing 0.1 percent points increase compared to the same month of the precedent year.

Cumulated inflation recorded at the closing June 2015 was 3.33%, showing a higher level by 0,76 percent points compared to that recorded the preceding year.

On the other hand, the market representative rate was $2.392.46 COP on December 31, 2014 and $2.585,11 COP as of June 30, 2015, representing during this operational period 8.05% devaluation,

In the first half-year 2015, the availability of liquid resources was maintained in financial system transactions, channeled mainly to the placement of portfolio, given by the significant dynamics showed by the gross capital formation, under the stimulus of low rates and government subsidies maintained in sectors such as construction. During January and May 2915, the total portfolio of credit establishments showed 5.04% increase, where the microcredit was the modality with the higher increment 12.41%, and growth while the lower dynamics was showed by Consumption with 3.74% growth.

Concerning interest rate, between January and June 2015, the Board of Banco de la República maintained the intervention rate in 4,50%, the interbanking showed moderate growth going from 4,51% EA on December 2014 compared to 4,62% EA on June 2015. Fixed Time Deposits also showed stability, passing from 4,34% EA on December 2014 up to 4,28% EA recorded on June 2015 and the Legal usure Limit Rate showed an upwards trend, on September-December 2014 recording 28,76% EA, for April-June 2015 operational period, reaching 29,06% EA.

The credit entities, as a whole, showed positive growth between January and April 2015, according to the last figures published by Colombia Finance Superintendence under IFRS. The growth of financial instruments at amortized cost of Credit Entities was 4.41%. In the accumulative profit at the closing May 2015 reported $4.997MMM total..

Within above environment, Banco de Occidente submitted the results below at the closing June 30, 2015 with financial statements under **AFRS**

Total Asset decreased by $643.770MM compared to June 2014, which represents 2.17% annual growth, reaching on June $30.321.859MM. COP total. In semestral terms the Asset decreased $174.115MM COP equivalent to 57% semestral decrease.

Legal and foreign currency Credit Portfolio growed $1.894.797MM COPcompared to June 2014, equivalent to 8.88% annual growth.

Qualified Credit Portfolio in C, D and E, recorded $898.514MM, COP total balance representing 3.87% of the total Credit Portfolio. At Banking System level on the closing May 2015 this ratio reached 3.77%.

The Provision Balance for Asset Protection at the closing June, amounted to $955.654MM COP total with an annual growth of 14.71%. At the closing operational period, the Hedging for Portfolio Provision with regards to qualified credits valued in C, D and E is 106,36%, such index maintaining a higher level recorded by the Total System, which at the closing May 2015 is 56,90%.

The total investment and Interbanking Funds Sold reached $5.185.219MM, decreasing 15.13% compared to the precedent year, and 21.11% compared to December 2014.

.The behavior of Total Deposits at the closing June 30, 2915 reached $19.558.045MM decreasing by $129.203MM compared to June 2014 and $740.195MM related to December 2014, representing 0.66% annual percent decrease and 3.65% semestral decrease. Upon the analysis Deposits composition is evidenced that this decrease mainly is explained by the reduction of Saving Deposits, that reaches $8.972.841MM, decreasing $885.033MM compared to June 2014, showing an annual percent growth.

The balance at the closing June 330, 2014, of the total Bonds issued by the Bank is

$2.291.766MMCOP

Operations invoiced with Credential Credit Card reached $1.219.468MM as of June 2015, which means an $124.054MM increase compared to June 2014, which is equivalent to 11.32% annual increase. The number of cards placed in the market as of June 30, 2015 is 544.450 cards, which means an increase of 61.571 cards, compared to June 2014, which represents 12.75% annual increase.

Bank's total patrimony recorded de $3.903.010MM COP, growing $161.360MM compared to the precedent operation year, $53.420MM compared to December 2014, which represents 4.31% annual growth and 1,39% semestral growth.

The net profit at the closing June 2015 was $237.604MM lower by 11.29% the profit obtained in the precedent year.

The profitability obtained from the Total Asset on June 2015 was 1.57% and Patrimony profit was 12,18%, which means a diminution as against June 2014 reaching 1,81% and 14,32% respectively. The behavior of Credit Entities at the closing May 2015, the last datum available of Colombia Finance Superintendence indicates 2.38% profitability of Total Asset and 7.72 Patrimony profitability

Tax and Legal Contributions

The total tax and legal contributions at the closing first half. Year 2015 reached $149.428MM, accrued higher than that reached in the second half-year 2014 in $1.429MM and representing 1.0% semestral growth. The effective income and complementary tax, indirect tax and legal contributions as against the estimated as of December 2014, which was 38.6% tax. The detail of these figures is given in the table below:

:

Values and (Figures in COP million	I Semester 2015	II Semester 2014	Variation ($)	Variation (%)
A. Income and complementary	72.791	94.107	(21.316)	(22,7%)
B. Patrimony Tax	0	0	0	-
C. Indirect Tax	37.460	39.205	(1.745)	(4,5%)
VAT	20.934	24.999	(4.065)	(16,3%)
Industry & Commerce	13.540	11.488	2.052	17,9%
Property Tax	1.624	1.356	268	19,8%
Surtax and other	1.305	1.289	16	1,2%
Registry & Annotation	58	74	(16)	(21,6%)
D. Finance Superintendence Contribution	2.853	3.755	(902)	(24,0%)
E. Deposit Insurance	23.609	28.481	(4.872)	(17,1%)
F. Charge on Financial Transactions (4/1000)	12.715	9.184	3.531	38,4%
G. Total Tax and Legal contributions (A+B+C+D+E+F)	149.429	174.732	(25.304)	14,5%
Dividends Decreed	134.697	128.150	6.547	5,1%
H. Tax / Dividends Decreed	113,8%	139,8%		
I. Effective Tax rate Income and Complementary Tax	23,5%	9,0%		
J. Effective tax rate Income and Comlementary, Indirect tax and legal Contributions	38,6%	15,5%		

Within this current year the wealth tax was paid against Patrimony, therefore, this tax had been assumed against the Profit, the effective income and commentary tax rate, Indirect tax, and Contributions would be about 44.1%.

Affiliates and Associates

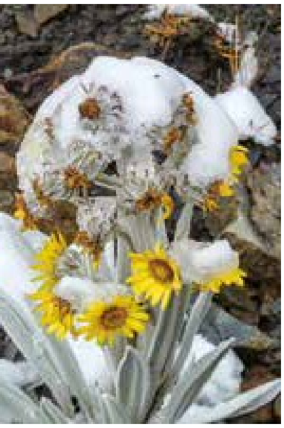
The Affiliate Banco de Occidente - Panamá S.A. at the closing operational period reached US $980.007M Total Asset, representing 2.5% annual growth. The loss at the closing June 30, 2015 was US $2.583M which in percent terms means 34% increase of loss, compared to June 2014.

The Affiliate Fiduciaria de Occidente S.A. at the closing the current operational period recorded 222.513MM total asset, which means 9.28% growth compared to June 30 2014. The semestral profit as of June 30 2015 was $17.952MM recording 22.13% annual growth.

The affiliate Occidental Bank Barbados Ltd. Recorded at the closing June 30, 2015 US$260.410M Asset which represents 1.15% annual growth, On June de 2015 obtained US$750.7M, accrued profit, recording 73,61% decrease as against operational period 2014.

The associate Corporación Financiera Colombiana S.A. shows on June 30, 2015 Asset for $10.360.478MM, which in percent terms represented 22.47% annual growth, obtained $325.096MM semestral profit.

Fondo de Pensiones y Cesantías Porvenir, recorded at the closing period $2.161.189MM Total Asset, reaching 17.78% annual growth. The profit on June 30 2015 was $157.712MM, growing 1.20% compared to June 2014.



Bank and Subsidiaries Relationships

Below the amount of operations made between the Bank and its Subsidiaries included in the Balance Sheet and Statements of Results of the first half-year 2015 and the detail of which per item is given in Note No. 31.

Accounts	Banco de Occidente Panamá	Fiduciaria de Occidente	Occidental Bank Barbados Ltd.	Sales & Services	Grupo Aval
Total Asset	149.489	194.092	79.086	10.586	0
Total Liabilities	841.190	3.547	52.128	3.691	51.274
Total Income	0	16.421	119	72	70
Total Expenses	4.915	33	290	21.845	6.959

Note: Figures in Million COP

Operations with Stockholders and Directors

As of June 30, 2015 the Bank had loans for $274.107MM granted to its stockholders under market conditions. At the same closing date the loans to Directors amounted to $4.771MM, supported basically on credit card operations, credits, housing acquisition, and vehicle, according to the conditions set forth by the Bank to its employees. At the closing of this operational period, there are not credits awarded to stockholders owing in the Bank any stock participation higher than 10%.

Bank Foreseeable Evolution

Against the results obtained by Financial System during period of the year, it is anticipated that the Bank will maintain financial profitability and efficiency favorably comparable to the average of Banking System as it has happened as yet.

After the Closing Operational Period

As provided in article 47, Act 222/1995, it is observed that no any external or internal significant event has occurred potentially affecting the normal development of operations and the results of the Bank, since the closing of balance sheet up to the date of his Report.

Qualification of Risk

At the closing of the current operational period, Banco de Occidente maintains, for eighteenth consecutive year the triple AAA rating, the highest credit qualification for the long-term indebtedness and BRC1+, the highest certainty of payment for short-term debt granted by BRC Standard & Poor's.

Disclosure of Financial Information

In compliance with the provisions in articles 46 and 47 Act 964 / 2005, the Bank hereby certifies that the Financial Statements and other reports relevant to the public do not contain defects, inaccuracies or errors preventing from knowing the true patrimonial situation or operations conducted. Additionally, the disclosure and control systems used to include the information contained in such financial reports relevant to the public are appropriate and based on reliable information and subject to revisions by Bank’s Internal Audit and the statutory auditor KPMG, under the supervision by Audit Committee of the Board of Directors.

Evaluation about the Internal Control System

Pursuant to provisions in Part I, Title I, Chapter IV, item 6.1.3.15, of the External Circular Letter 029 de 2014 (Legal Base), Banco de Occidente and its affiliates evidenced that their internal control system, Risk Management, Control Activities, Information and Communication, Monitoring, Technology Management, and Internal Bodies Management.

Liquidity Risk

In connection with Liquidity Risk, the Bank shows for the first half-year 2015 a significant level of liquid assets, amounting about $4.5 billion, that, even though lower to the levels obtained in the last semester, it takes again the historical levels managed by the Bank and represent an optimal amount to cover he liquidity requirements. According to above, the mean indicator under SFC methodology of Liquidity Risk – IRL at 7 days stood in $4.1 billion and at 30 days stood in $3.3 billion, such values higher than those obtained in the last years and indicating a proper liquidity management. The management stands out and permanent tracking for early alert indicators that had a stable component within the ranges set forth as normal conditions.

Risk of Market

Market Risk Management is represented mainly by fixed income portfolio management, which for the first-half year 2015 stood in $4.5 billion average, with downward trend of product of punctual liquidations to face with liquidity requirements, with 35 months maturity and 91% of Colombia government participation titles , which concluded in a proper level of the market risk exposure - VeR regulatory SFC- $213.091 Million average located within the limits set out in connection with the technical patrimony.

Risk of Laundry Asset and Financial of Terrorism – LA/FT

Banco de Occidente at the closing of first-half year 2015 maintained a consolidated lowest SARLAFT risk, properly performed the system Risk of Laundry Asset and Financing of Terrorism and properly alleviated all its risks.

It shall be stressed that Bank has been introducing significant technological adjustments to ACRM-Monitoring Software allowing to enhance the knowledgment of customers, as well as the continuing investment in human resource offering specialized training, all of which for the purpose of proper mitigation of risk and the underlying risks and this way shielding the organization against the risk of Laundry Asset and Financing of Terrorism.

On the other hand, worthy to mention that all quarterly reports corresponding to the results and effectiveness of management developed were totally and timely submitted to the Board of Directors, as well as the reports to external bodies, individual and consolidated evolution of risk, effectivity of control mechanisms and instruments, taking into consideration the monitoring of customers, unusual operations analysis, the alert signals, reasonability of operations, the results of the annual training program addressed to all employees and the report of conglomerate risk D, This activity is evidenced both in reports submitted by management to ORMS committee and the Board of Directors, and in the internal and statutory audit KPMG.

In the same way, the Statutory Audit KPMG, evidenced to the Bank Board of Directors in compliance with the Audit Plan, the results of the evaluations conducted to LA/FT where the satisfactory results of the evaluation is underlined and that material improvement opportunities did not occur in charge of the Compliance Official.

Operative Risk Management System - ORMS

The Bank continues accomplishing with the provisions in Chapter XXIII of the accounting and Financial Basic Circular Letter “Rules Related to Operative Risk Management”, by the identification, control and monitoring of Operative Risks and Business Continuity.

This way, the new risks are identified on a permanent basis as well as the control of processes, the innovation and applicability of actual controls and the monitoring of risk profile. Additionally, following up and monitoring of record of operative risk events, which allow the implementation of corrective actions addressed to mitigate the occurrence of events and the reduction of risk exposure levels.

Concerning the Business Continuity the maintenance and updating of plans are permanently under control.

At the closing June 30, 2015, the Bank’s Operative Risk Profile involves a low risk qualification.

Minimum requirements of Safety and Quality of Information Management

In compliance with the external Circular Letter 042, October 2012 (formerly Circular Letter 052, 2007, 022, 2010), the Bank continues implementing refining the initiatives based on the accompaniment of the Technology Area..

Free Invoice Circulation

In compliance with the provision in Act 1231 / 2008 and complemented with Act 1676 / 2013, the Bank advises that there are no practices to retain invoices to vendors or suppliers, defining internal policies to ensure the free circulation of invoices issued by the vendors or suppliers.

Legality of Software

In compliance with the provisions in Act 603 / 2000, the Banco de Occidente advises the definition of policies, controls, and sanctions in order to ensure the legality of Software used. The controls for the acquisition, development and maintenance of software, in agreement with the legal requirements prevailing about the copyright, privacy and electronic commerce, are of mandatory compliance by the responsible areas. In this connection, the internal audit makes continue monitoring to verify the proper compliance with the regulatory provisions.

Certification

According to provisions in article 57, Decree 2649/1993, it is certified that the assertions contained in the financial statements of Banco de Occidente as of June 30, 2015 have been previously verified, and that such assertions have been carefully taken from the company's accounting books, that they have no information omission and that all economic facts have been therein recognized.

Duel Motion

Alfonso Osorno Cujar, member of the Board of Directors during 33 years, died the last September 11, in the city of Cali. Alfonso advised, guided and supported us in the growth of the organization. We deeply regret his death.

Personnel

Throughout the semester, the Bank had the active and efficacious cooperation of all the employees. For such reason, the top management, in addition to highlighting this fact, acknowledges to all their valuable participation.

Dividends

The payment of monthly dividend of COP155.00 is submitted to the stockholders' consideration
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On the other hand, it was recorded that the Bank's Board of Directors took as its own the Report by the President, with 100% favorable voting of members attending the meeting.

Efraín Otero Alvarez
President

Concept by the Statutory Audit

KPMG Ltda.
Calle 4 Norte No. 1N - 10
Edificio Torre Mercurio Piso 2
Cali • Colombia

Tel. 57 (2) 6681480
Fax 57 (2) 6684447
www.kpmg.com.co

M/s Stockholders
Banco de Occidente SA:

Report about Financial Statements

I have audited Banco de Occidente S.A.(the Bank) financial statements which include the Statement of Financial Situation as of June 30, 2015 and the statements of results, the other Integral Results, the change of patrimony, and cash-flows for the six months and the relevant notes, including a summary of significant accounting policies and other explanatory information. The financial statements of the first half-year ended on December 31, 2014 prepared in keeping with the Accounting Principles Generally Accepted in Colombia, prevailing for this half-year, I audited and in my report of January 26, 2015 I issued an unqualified opinion about such financial statements, including the opening balances; January 11, 2014 were adjusted for them to be adapted to the Accounting Standards and Financial Information Accepted in Colombia.

Responsibility of Management in connection with Financial Statements

The management is responsible for the proper issuance and presentation of these Financial Statements according to the Accounting Standards and Financial Information accepted in Colombia. This responsibility includes the design, implementation and maintenance of the relevant internal control to prepare and submit the financial statements free from significant material errors, either due to fraud or error, selecting and applying the accounting policies prepared, as well as to establish the reasonable accounting estimates according to the current circumstances.

Responsibility of the Statutory Auditor

My responsibility includes the issue of an opinion about the financial statements based on my audit, I obtained the information necessary to accomplish with my duties and did my examination according to the audit standards generally accepted in Colombia. Such standards require the compliance with the ethic requirements, the planning and the completion of audit in order to obtain the reasonable certainty whether the financial statements are free from significant material errors.

An audit includes the use of procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures singled out are dependent on auditor's judgment, including the evaluation of risk of error, the statutory auditor takes into account the internal control relevant to prepare and submit the financial statements in order to design audit procedures appropriate to the current circumstances. An Audit includes as well the evaluation or use of the proper accounting policies and the reasonability of the accounting statements made by the management, as well as the evaluation or submission of financial statements in general. I do consider that the evidence of audit obtained, provides a reasonable basis to support the opinion issued below.

Opinion

In my opinion the financial statements mentioned above, are faithfully taken from the books and attached to this report, reasonably contain, in any material significance the financial situation of the Bank, as of June 30, 2015, the results of the operations and cash-flows for the six months period ended on that date, according to the Accounting Standards and Financial Information accepted in Colombia.

Emphasis Paragraph

Without qualifying my opinion, I draw the attention to the Notes 26 a) and b) and the Financial Statements, indicating that the Bank, in compliance with the External Circular Letter 034/2014 by Colombia Finance Superintendence, recorded from January 1, 2015 investments in subsidiaries by the patrimony participation method and the investments in Associates at cost, according to the IAS27. The investments in Subsidiaries and Associates, were recognized as of December 31 / 2014 according to the criteria set forth in Chapter I of the Accounting and Finance Basic Circular Letter from Colombia Finance Superintendence at December 31, 2014, and consequently, the uniformity in the application of Accounting and Financial Information Standards accepted in Colombia are not comparable to the precedent period in the record of investments in Subsidiaries and Associates

Other Matters

The financial statements for the first half-year ended on June 30, 2015, are the first financial statements prepared by the Bank management under the Accounting and Financial Information Standards Accepted in Colombia. In the Note 32 to financial statements at June 30, 2015, it is explained the application of the new normative technical framework impacted Bank's financial situation, the results of the operations and the results of cash. Flows previously reported

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Report about other legal and regulatory

requirements based on the results of my tests, in

my opinion:

a) Bank accounting has been managed in keeping the standards and the accounting techniques.

b) The operations recorded in the books and the acts of the managers are consistent with bylaws and the decisions made by the Stockholders of the Bank.

c) Correspondence, receipts of the accounts and books of minutes and registration of stocks have been properly managed and duly kept.

d) There are in place appropriate internal control measures including risk management systems implemented and the conservation and custody of Bank property and the property of third parties under bank management.

e) The provisions and directions of Colombia Finance Superintendence have been accomplished, related to the accounting and management of provision of goods received in payment and with the implementation and impact on the statement of financial situation and on the statement of results of the risk management applicable systems.

f) There is agreement between financial statements attached and the management report issued by Managers, which includes the evidence by the management about the free circulation of invoices issued by vendors or suppliers.

g) Information contained in self-liquidation statements of contributions to the integral social security system, especially the related to the affiliates and their basic income of quotation, has been taken from the records and accounting support. The Bank is not in arrears because of contributions to the integral social security system.

I followed up the answers about the recommendation letters addressed to the Bank's administration and there are no significant matters pending potentially affecting my opinion.

Signed,

Wilson Romero Montañez
Statutory Auditor – Banco de Occidente S.A.
T.P. 40552 – T
Member of KPMG Ltda.

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August 28, 2015

Project of Profit Distribution

1- Profit of the Operational Period		237.604.590.027,31
2- Release of Reserves		
Reserve for marketable investments (Dec. 2336/95)		32.243.682.481,47
Deferred Depreciation Fixed Asset (Art. 130 Tax Statute)		3.529.970.836,13
Total at Stockholders Meeting Disposal		273.378.243.344,91
Distribution Project:		
1. Cash dividend		
A cash dividend for $150,00 monthly per stock is declared, from October 2015 until March 2016, inclusive, over 155.899.719 total stocks subscribed and paid up as of June 30, 2015.	140.309.747.100	
NOTE: The dividends will be paid within the ten (10) first days every month according to the current regulations. According to provision in article 2.23.1.1.4 of Decree 2555/2010, and in the Rules of Colombia Stock Exchange, the dividends corresponding to October 2015, will be paid as from the fourth trading day following the date when the Stockholder General Meeting approve the profit distribution, i.e. as from October 2; in such month the payment of dividends will be made on October 13.		
2. Creation of Reserves		
Reserve for dividend sustainability	35.773.653.317,60	
3. For Legal Reserve	97.294.842.927,31	
Equal Sums	**273.378.243.344,91**	**273.378.243.344,91**

Statement of Financial Situation

June 30, 2015

With other companies at 31 de December and January 1, 2014

(Million Pesos (COP))

Asset

	Notes		June 30 2015	December 31 2014	January 1 2014
Cash and equivalent to Cash	6 y 30	$	1.721.885	2.093.654	2.566.241
Financial Asset of Investment					
At reasonable value with changes in results					
In Certificates of Indebtedness	7		409.961	947.408	755.783
In patrimony instruments	7 y 30		366.940	400.253	-
In Derivative Instruments and cash settlements	9		166.348	226.847	20.893
			943.249	1.574.508	776.676
At reasonable value with changes patrimony (ORI)					
In certificates of indebtedness	7		2.745.289	3.388.149	1.387.795
In patrimony instruments	7 y 30		18.233	18.087	1.140.787
			2.763.522	3.406.236	2.528.582
In certificates of indebtedness at amortized cost, net	8		601.642	631.695	591.670
Total Investments			4.308.413	5.612.439	3.896.928
Credit portfolio and financial leasing operations					
Commercial	10 y 30		12.893.925	11.840.858	11.264.320
Consumption	10 y 30		5.687.342	5.346.509	4.381.018
Mortgage	10		712.273	622.671	502.031
Financial Leasing	10		4.127.036	4.246.184	4.347.144
			23.420.576	22.056.222	20.494.513
Provision for protection	10		(909.959)	(855.545)	(743.112)
Total credit portfolio, net			22.510.617	21.200.677	19.751.401
Other accounts receivable, net	11 y 30		225.472	89.512	44.871
Non-current asset available for sale	12		231	514	3.068
Investments in subsidiary, associate companies and JOINT VENTURE	13		797.233	738.601	613.076
Tangible asset, net					
Property for investment	14		75.644	62.780	61.491
Equipment under operative lease agreement	14		5.039	7.811	16.647
Property and equipment for own use	14		452.773	463.880	448.996
			533.456	534.471	527.134
Intangible asset, net					
Surplus value	15		22.724	22.724	22.724
Other intangible asset	15		92.800	71.098	50.343
			115.524	93.822	73.067
Asset for income tax					
Deferred	16		102.382	129.574	26.497
Other asset			6.647	2.711	972
Total asset		**$**	**30.321.860**	**30.495.975**	**27.503.255**

See notes in financial statements

Statement of Financial Situation

June 30, 2015
With comparative figures as of December 31, and January 1, 2014 (Million COP)

Liabilities and Patrimony

Liabilities

	Notes		June 30 2015	December 31, 2015	January 1 2014
Financial liabilities at reasonable value					
Instruments derivative and spot operations	9	$	188.312	236.450	20.383
Financial Liabilities at amortized cost					
Customers' deposits	17 y 30		19.436.658	20.147.006	17.721.765
Short-term financial obligations	18		968.115	383.668	595.888
Obligations with rediscount entities foreign banks	18		2.302.112	2.291.975	2.033.890
Long-term financial obligations	18 y 30		2.291.766	2.288.566	2.516.954
			24.998.651	25.111.215	22.868.497
Provisions					
For employees' benefits	19		73.273	79.615	78.436
For legal contingencies	20		3.629	3.922	5.397
Other provisions	20		1.785	1.757	1.687
			78.687	85.294	85.520
Liability for income tax and CREE					
Current			136.352	37.339	27.883
Deferred	16		258.854	297.349	159.262
			395.206	334.688	187.145
Other liabilities	21 y 30		757.993	878.738	752.940
Total liabilities			**26.418.849**	**26.646.385**	**23.914.485**
Patrimony					
Subscribed and paid in capital	22		4.677	4.677	4.677
Reserves	22		2.642.928	1.884.789	1.646.264
Premium of placement of stocks			720.445	720.445	720.445
Adoption for the first time			81.849	81.849	81.849
Proof of convergence to NCIF			16.514	7.635	-
Other comprehensive income			198.993	200.723	894.381
Profit of the operational period			237.605	949.472	241.154
Total patrimony			**3.903.011**	**3.849.590**	**3.588.770**
Total liabilities and patrimony		**$**	**30.321.860**	**30.495.975**	**27.503.255**

See notes in financial statements

Statement of Results

For the half-year ended on June 30 2015 with figures compared to the second half-year ended on December 31, 2014 (Million COP, excepting net profit per stock)

	Notes		June 30, 2015	December 31 2014
Income of interest and valuation				
Interest on credit portfolio and leasing operations	30	$	1.101.472	1.053.357
Valuation on invest. in certify, of indebtedness at amortized cost			6.023	4.073
Valuation on invest.in certificate. of indebtedness at reasonable			128.804	97.837
Valuation on invest. In patrimony instruments at reasonable value			-	808.660
Valuation of trading derivatives			633.586	847.327
Participation in profits of companies of patrimonial participation				
Other interest			23.118	25.348
Total income of interest and valuation			**1.910.349**	**2.839.000**
Expenses for interest and valuation	30			
Current accounts			7.166	9.492
Certificates of time deposits			142.923	127.155
Saving deposits			173.909	202.200
Valuation on invest. In instruments of patrimony at reasonable value			23.233	67.459
Valuation of trading derivatives			606.039	889.387
Participation in loss of companies registered by patrimonial Participation			6.601	3.337
Total expenses for interest and valuation			959.871	1.299.030
Financial obligations and other interest			124.553	106.592
Total expense for interest			**1.084.424**	**1.405.622**
Net income of interest and valuation			**825.925**	**1.433.378**
Provisions				
Credit portfolio and leasing operations and interest receivable			559.808	476.353
Goods received in payment and returned			9.124	4.531
Other concept			1.469	836
			570.401	481.720
Net income of interest and after provisions			**255.524**	**951.658**
Income from commissions and rates	25 y 30		141.163	114.542
Expenses for commissions and rates	25 y 30		**96.566**	**103.615**
Net income from commissions and rates			**44.597**	**10.927**
Other income	30			
Profit of investments sold			1.069	13.068
Changes			750.888	1.057.647
Dividends and participations			54.035	81.862
Recovery of credit portfolio, leasing operations and accounts receivable			307.725	234.858
Recovery of profit			29.587	27.855
Other	26		67.368	100.958
Total other income			**1.210.672**	**1.516.248**
Other expenses	30			
Personnel expenses			178.053	178.143
Loss of investments sold			497	455
Changes			749.972	987.900
General administration expenses	27		238.722	259.391
Depreciation and amortization expenses			28.506	31.281
Other			4.647	4.816
Total other expenses			**1.200.397**	**1.461.986**
Profit before income tax and Cree			**310.396**	**1.016.847**
Expense for income tax and Cree			**72.791**	**67.375**
Profit of the operational period		**$**	**237.605**	**949.472**
Profit per stock in COP			1.524	6.090

See notes making part of financial statements

Statement of other Integral Results

For the half-year period ended on June 30, 2015

With comparative figures for the operational period ended on December 31, 2014 (Million COP, excepting net profit per stock)

		June 30, 2015	December 31 2014
Net profit of the operational period	$	237.605	949.472
Items that may be subsequently reclassified to results			
Net profit non-realized in direct fixed investment		(14.513)	(718.389)
Difference of exchange in foreign operation conversion		9.187	23.356
Net non-realized loss in hedging operations of foreign operations		(4.834)	(23.356)
Other integral results of investment accounted for the participation method		3.568	
Revaluation of patrimony instruments		(1.112)	13.557
Income tax related to components of other Integral results (Note 16)		5.751	(4.769)
		(1.953)	(709.601)
Items not reclassified to results			
Actuarial profit in plans of defined benefits		223	2.766
Total other integral results during operational periods, net of tax		(1.730)	(703.835)
Total other integral results of the operational period	**$**	**235.875**	**245.637**

See notes making part of financial statements

Statements of Changes in Patrimony

For operational period ended on June 30, 2015

With comparative figures for the operational period ended on December 31, 2014 (Million Col$ excepting information per stock)

		Reserves				Results of Convergence				Total
		Capital Subscribed And Paid	Legal	Occasional	Premium in Paid-in shares	Adoption the first Time	Result of Convergence	Other integral Results	Profit of Period	Patrimony of Stockholders
Balance on June 30, 2014	**$**	**4.677**	**1.604.753**	**154.516**	**720.445**	**81.849**	**-**	**907.558**	**267.852**	**3.741.650**
Approval of reserves		-	98.051	27.469	-	-	-	-	(125.520)	-
Dividends paid in cash at $ 144.00 COP monthly per stock payable the first ten days every month, since October 2014 up to March 2015, inclusive, over 155.899.719 total stocks subscribed and paid up on June 30, 2014		-	-	-	-	-	-	-	(134.697)	(134.697)
Effect on the result by convergence to NCIF of the semester I		-	-	-	-	-	7.635	-	(7.635)	-
Net Movement from other integral results		-	-	-	-	-	-	(706.835)	-	(706.835)
Net profit of semester		-	-	-	-	-	-	-	949.472	949.472
Balance as of December 31, 2014		**4.677**	**1.702.804**	**181.985**	**720.445**	**81.849**	**7.635**	**200.723**	**949.472**	**3.849.590**
Approval of reserves		-	588.712	211.572	-	-	-	-	(800.284)	-
Wealth Tax (Note 22)		-	-	(42.145)	-	-	-	-	-	(42.145)
Dividends paid in cash at $ 150.00 COP monthly per stock payable within the ten first days every month, since April 2015 up to September 2015, inclusive, over 155.899.719 total stocks subscribed and paid up on December 31, 2014		-	-	-	-	-	-	-	(140.309)	(140.309)
Effect on the results for convergence to NCIF of semester II		-	-	-	-	-	8.879	-	(8.879)	-
Net Movement of other integral results integral		-	-	-	-	-	-	(1.730)	-	(1.730)
Net Profit of semester		-	-	-	-	-	-	-	237.605	237.605
Balance as of June 30, 2015	**$**	**4.677**	**2.291.516**	**351.412**	**720.445**	**81.849**	**16.514**	**198.993**	**237.605**	**3.903.011**

See notes making part of financial statements

Statements of Cash Flow

For the semester ended on June 30, 2015

With comparative figures for the semester ended on December 31, 2014

(Million COP)

		June 30, 2015	December 31 2014
Cash Flows of operational activities:			
Profit of the operational period	$	237.605	949.472
Conciliation of profit of the operational period with the net cash used in the operational activities			
Net used in the operational activities			
Depreciation property and equipment and amortization of intangible asset		28.506	31.281
Provision for credit portfolio, leasing operations and accounts receivable		559.808	476.353
Hedging of credit portfolio, leasing operations and accounts receivable		(307.725)	(234.858)
Recovery of operations writing down portfolio		(29.587)	(27.855)
Provision for goods received in payment and returned		9.124	4.531
Provision of financial asset of investment at amortized cost		30	-
Profit in net investment sale		(572)	(12.613)
(Profit) loss in sale of property and equipment, net		(420)	1.640
(Profit) loss in valuation of financial instruments derivatives, net		(27.547)	42.060
Profit in valuation over investments in certificates of indebtedness at amortized cost		(6.023)	(4.073)
Profit in valuation over investments in certificates of indebtedness at reasonable value		(128.804)	(97.837)
Loss (profits) in valuation over investments in instruments of patrimony at net valuation		23.233	(741.201)
(Profit) loss in patrimonial participation method, net		(10.745)	939
Profit in sale of non-current asset maintained for sale		(629)	(212)
Deferred tax		(5.552)	3.639
Variation in operational asset and liabilities			
Decrease (increase) in financial asset of investment		1.340.038	(513.533)
Net position in derivative instruments and spot operations		39.908	3.842
Increase of credit portfolio and leasing operations		(1.532.436)	(694.468)
(Increase) decrease in other accounts receivable		(135.960)	58.217
Decrease in non-current asset maintained to be sold		912	866
Increase in intangibles		(21.702)	(14.542)
(Increase) decrease in other asset		(3.936)	2.288
(Decrease) increase of customers' deposits		(710.348)	562.023
(Decrease) increase in liabilities for provisions		(6.384)	2.259
Increase (decrease) in liabilities income tax and current CREE		99.013	(67.421)
(Decrease) increase in other liabilities		(123.711)	204.927
Wealth tax		(42.145)	-
Net cash used in operational activities		**(756.049)**	**(64.276)**
Cash flow of investments activities:			
Increase of tangible asset		(36.195)	(53.374)
Increase in operations in subsidiary and associate companies , and associate companies, jointly		(39.966)	(60.234)
Net cash used in investment activities		**(76.161)**	**(113.608)**
Cash flow of financing activities:			
Dividends paid		(137.342)	(131.265)
Increase (decrease) of financial obligations		597.783	(125.832)
Payment of bonds		-	(142.721)
Net cash provided for (used in) financial activities		**460.441**	**(399.818)**
Net decrease of cash and equivalent to cash		(371.769)	(577.702)
Cash and equivalent to cash at the beginning of period		2.093.654	2.671.356
Cash and equivalent to cash at the end of period	$	**1.721.885**	**2.093.654**

See notes making part of financial statements

Note 1. –Reporting Entity

Banco de Occidente S.A. hereinafter the Bank, is a legal person private in nature, duly incorporated as banking establishment, authorized to operate under Resolution No. 3140 of September 24, 1993 from Colombia Finance Superintendence, definite renewal of the operation permit of controlled entities. The Bank was incorporated on September 8, 1964 under public deed 659 from the Fourth Notary Office of Cali.

The Bank headquarters is located in Santiago de Cali. The term set out in the Articles of Incorporation is 99 years as from the date of incorporation. In compliance with its business purpose, the Bank may enter into and perform all the operations and contracts legally allowed to banking establishments commercial in nature, subject to the requirements and limitations of Colombian Laws.

In the development of the business purpose, the Bank grant loans to its customers under the modality of credit portfolio, commercial, consumption, mortgaging for housing, and financial and operative leasing as well as treasury operations in certificates of indebtedness mainly in the Colombian market. All such operations are funded with deposits received from the customers under the modality of current account, saving accounts, certificates of time deposits, outstanding investment instruments of general guarantee in Colombian currency and with financial obligations obtained from correspondent Banks in legal and foreign currency and from re-discount entities created by Colombian Government to promote the several different sectors in Colombian economy.

As of June 30, 2015, Banco de Occidente S.A. has in place a roster of staff authorized of 8.563 employees in 237 branch offices through Colombian territory. The Bank is under the control of Grupo Aval Acciones y Valores S.A., which is its main controller body and in turn exercises 95.00% control of Banco de Occidente Panamá S.A. and 100% of the Occidental Bank Barbados Ltd. And in the country 94.8% of Sociedad Fiduciaria de Occidente S.A. and 45,00% of Ventas y Servicios S.A.

The Bank holds a non-banking correspondent contract with Almacenes Éxito, entity with national coverage.

The financial statements separated herewith attached include the asset, liabilities and results of the branch offices in Colombia, also it does not consolidate Bank financial statements with its affiliates. The financial consolidated statements under IFRS Full are independently separated.

According to Colombian legislation, the Bank needs to separate the consolidated and separated financial statements. The separated financial statements are used as the basis to distribute the dividends and other allocations by the stockholders. The financial statements consolidated are submitted to the Stockholders General Meeting only for information purposes. The financial statements herewith included are the separate financial statements.

Nota 2. - Bases to submit financial statements and summary of the main significant accounting policies.

2.1. Declaration of compliance

Financial statements have been prepared in accordance with the Accounting and Financial Information Standards (AFIS) accepted in Colombia, which include the Decrees 2784 / 2012 and 3023 / 2013, Acts and standards involving accounting implications and the instructions given by control and vigilance entities, addressed to the responsible to prepare financial information comprising the Group 1. The Accounting and Financial Information Standards (AFIS) accepted in Colombia are based on the International Financial Information Report Standards **IFRS** together with its interpretation, issued by the International Accounting Standards Board. IASB, the base standards correspond to those translated to Spanish and issue on January 1, 2012, and the amendments introduced during 2012 by IASB. These are the first financial statements prepared applying the accounting standards and financial information Accepted in Colombia and the IFRS 1, adopted for the first time the International financial information standards.

The Decree 1851 / 2013 and 2267 / 2014, required the application of the new technical framework excepting the provision related to i) the treatment of credit portfolio and its impairment, ii) the classification and valuation of investments.

Article 10, Act 1739 / 2014, provides the possibility to charge the wealth tax against patrimonial reserves without impacting the profits of the operational period. The Bank implemented such provision.

According to External Circular Letter 036 2014 from Colombia Finance Superintendence, the Bank continued provisioning the goods received in payment or returned, regardless of their accounting classification, in accordance with the directions given in the Chapter III of Basic Accounting and Financial Circular Letter.

The Note 32 provides an explanation about the manner of the transaction to the Accounting Financial Information Standards Accepted in Colombia has influenced the financial situation, the financial performance and the cash flows reported by the Bank.

The last individual financial statements of Banco de Occidente, produced under the accounting principles generally accepted in Colombia, and the directions by Colombia Finance Superintendence, for financial institutions are those issued on December 31, 2014.

The financial statements were authorized by the Board of Directors and the Legal representative to be submitted and approved by the Stockholders General Meeting on September 28, 2015, the date when the ordinary general meeting will be held, and when such body will approve and/or, if applicable, will suggest adjusting the financial statements

2.2. Measurement Bases

The financial statements have been prepared based on the historical cost, excepting the following significant items included in the statement of financial situation:

- Investment Financial Investment – Investments at reasonable value for results, (excepting for the treatment of classification and valuation of investments provided in the IAS 39 and financial asset of investment– Investments at Reasonable Value by Results (excepting for the treatment of classification and valuation of investments provided in the IAS 39 and the IFRS 9 contained in the Annex to Decree 2784 / 2012, pursuant to provisions in

Decree 2267 of November 11/2014)).

- The financial instruments derivatives are valued at the reasonable value.
- Financial instruments at the reasonable value with changes in the results are valued at the reasonable value.
- The investment property is valued at the reasonable value.

2.3. Functional and Submission Currency

The main Bank's activity is to provide credit to customers in Colombia and investment in securities issued by the Republic of Colombia or by national entities, whether or not enrolled in the national registry of securities and issuers – RNVE – in COP and in lesser extent in the granting of credits also to Colombian resident people, in foreign currency and investments in securities issued by Banking Entities abroad, values issued by foreign companies of the real sector which shares are registered in one or several stock exchanges recognized at international level, bonds issued by multilateral credit bodies, foreign governments or public entities. The credits and investments in Colombian currency are financed basically with deposits of customers and obligations in Colombia, also in Colombia currency and the credits and investments in foreign currency are funded with financial obligations obtained abroad in foreign currency. The performance of the bank's business is measured and reported to the stockholders and the public at large in Colombian currency. Due to above, the Bank's management considers Colombian currency to be the currency representing the economic effects of the transactions, events and underlying conditions of the Bank and for such reason the financial statements separated are given in Colombian currency and the functional currency

Such financial statements are submitted in Colombian currency, the functional currency of the company. All information is given in million pesos, excepting when contrary indicated, and has been rounded to the closest unit.

2.4. Transactions in Foreign Currency

Transactions in foreign currency are converted into Colombian pesos using the Exchange rate prevailing in the date of transaction. Monetary Asset and Liabilities in foreign currency are converted into the functional currency using the exchange rates prevailing in the date of closing financial statements, and the non-monetary asset in foreign currency are measured to the historical type of Exchange. The profit or loss resulting from the conversion process is included in the Statement of Results

2.5. Cash and equivalent to cash

The cash and the equivalent to cash include the cash at hand, bank deposits and other short-term investments in active markets with original maturities of 3 months or less, and bank overdrafts are shown the current liabilities in the financial situation statement.

Interbanking Funds, report operations, simultaneous and temporary transfer of values

Interbank Funds

Interbank funds are considered those ones directly placed or received by the Bank in other financial entity, without mediating a pact of investment transfer or credit portfolio. They are operations connected to the corporate purpose, which are agreed at a term not longer than thirty (30) calendar days, provided that taking advantage of excesses or supplying liquidity defects it is intended to be pursued with it. Likewise, comprising the transactions denominated "overnight", performed with foreign banks by using funds of the Bank.

The returns of interests derived from the operations, are recorded in the statement of results.

Report or Repo Operations

A repo operation occurs when the Bank acquires or transfers securities, in exchange for the delivery of a sum of money, assuming in such an act and time the commitment to transfer the property to the “alienating” person the same day or on a later date and at a specified price of securities of the same species and characteristics.

The initial amount is calculated with a discount over the market price of securities of the operation; it is established that during the validity of the operation, the initially given values are substituted by others, and restrictions are placed to the mobility of the values of the operation.

The returns recorded in this item are calculated exponentially during the term of the operation and are recognized in the statement of results.

The transferred values of the repo operation must be registered in debt or credit contingent accounts depending on an either open or closed record operation, respectively.

Simultaneous Operations

A simultaneous operation occurs when the Bank acquires or transfers securities, in exchange for the delivery of a sum of money, assuming in such act and moment the commitment to transfer or acquire the property again, the same day or on a later date and at a determined price, of securities of the same type and characteristics.

The initial amount is established with a discount over the market price of the securities of the operation; during the operation validity, the values initially delivered by others are not replaced, and restrictions are not placed to the mobility of the securities of the operation.

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

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

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

Securities Transient Transfer Operations

Securities transfer operations are those ones whereby the Bank transfers the ownership of some securities, with the agreement to transfer back on the same date or subsequent date. In turn, the counterpart transfers the ownership of other securities or any amount of money equal to or higher than the securities subject matter of the operation.

2.6. Investment Financial Asset

Include the investments acquired by the Bank for the purpose to maintain a liquidity secondary reserve, acquire direct and indirect control of any company of financial or services sector, comply with the legal or regulatory provisions, or for the exclusive purpose to remove or reduce the market risk of the asset, liabilities or other items of financial statements are subject..

According to provision by Colombia Finance Superintendence, the basic purpose of valuation is the calculation, the accounting record and the disclosure to the market of reasonable exchange value or Price to which any given value of security could be marketed in any given date, in accordance with their specific characteristics and under the conditions prevailing in the marketplace on such date.

The determination of value or exchange, takes into account all criteria necessary to ensure the compliance with the purpose of investment valuation, such as those listed below:

Objectivity. The determination and assignment of the exchange reasonable price of any value or title is made based on technical and professional criteria recognizing the effects derived from change of behavior of any variable potentially influencing such price.

Transparency and representativeness. The just exchange value or Price of any good or titles is determined and assigned for the purpose to disclose the true, neutral, verifiable and representative economic result of rights incorporated in the relevant value or title.

Permanent evaluation and analysis. The exchange reasonable value or price assigned to any value or title is supported on the permanent evaluation and analysis of market conditions, the issuers of value or price previously assigned, with the frequency established for the investment valuation.

Professionalism. Determining the just value or price of any value or title is based on the conclusions obtained from the analysis and study to be made by the reasonable and diligent expert, addressed to find, obtain, know and assess all the relevant available information in such a way that the Price determined reflect the reasonable amount to be received from the sale.

Below the technique used to classify, assign value, and account for the different types of investment. This, according to the Chapter I of the External Circular Letter 100 / 1995, as amended by the External Circular Letter 034 / 2014; which is the regulatory framework established in Colombia for the classification, valuation and accounting the investment for the individual or separate financial statements, issued by Colombia Finance Superintendence:

Financial Asset of Investment at reasonable value with change in results

Classification	Term	Characteristics	Appraisal	Accounting
Marketable in certificates of indebtedness	Short-Term	Securities and in general any type of investment acquired for the purpose to obtain profit by price fluctuations.	Use the price determined by supplier of prices Infovalmer nominee as official according to instruction in Part III, Title IV, and Chapter IV of the Legal Basic Circular Letter by Colombia Finance Superintendence. For the cases where there is not, in the valuation day, fair exchange prices, the valuation will be made in an exponential manner based on the internal return rate. The value or fair price of market exchange of the respective value, will be calculated by the summation of present value of future flows of the returns and capital. For the securities traded abroad, when the supplier of prices nominee as official for the appropriate segment has not in place a valuation methodology for those investments, as an alternate information source is used the dirt bid price released by a platform of information supply at 16:00 h, Colombia official time This procedure is made on a daily basis..	The difference occurred between current market value and the immediately precedent, is registered as higher or lower of the investment, and its counterpart influences the results of period. This procedure is made on a daily basis. Investments are valued at market price as from the same day of acquisition; therefore, accounting of the changes between the acquisition cost and the market value of investments is made based on purchase date.
Marketable in participations papers	Short term	Investments patrimony papers for the purpose to obtain returns. Via valuation or sale	The participative values recorded in the National Registry of Values and issued and listed in Colombia Stock Exchange shall be valued by the price indicated by suppliers of valuation price authorized by Colombia Finance Superintendence	The difference occurred between the actual market value and the precedent value is recorded as higher or lower of the investment and its counter-account influence the results of the operational period
To hold up to maturity term	Up to its maturity term	Titles and in general any type of investment for which the Bank has the serious purpose and the legal, contractual, financial	Exponentially from the internal rate of return calculated at the moment of purchase.	The present value is accounted as a higher value of investment and its counter-account is recorded in the results of period.

Classification	Term	Characteristics	Appraisal	Accounting
		and operational capacity to keep them up to the maturity of the period of maturity or redemption. The investments up to maturity date cannot perform liquidity operations nor repurchase operations simultaneous or temporary transfer of investments, save whether they are forced or obligatory investments subscribed in the primary market, provided that the counterpart is Banco de la Republica, Public Credit and National Treasure General Director or the entities supervised by Colombia Financial Superintendence Likewise, they could be delivered as guarantee in any central risk chamber of the counterpart in order to back up the compliance with the operations accepted by the chamber for its compensation and liquidation	This procedure is daily performed.	This procedure is made on a daily basis

Financial Asset of investment at reasonable value with changes in patrimony (ORI)

Classification	Term	Characteristics	Appraisal	Accounting
Available for sale –Debt securities	According to the business model used in the Bank as from January 2015 Up to Dec. 31 2014, they could not be sold or re-classified before 6 months staying in the portfolio of investments. The above change was implemented by the Circular 034/2014 by Colombia Finance Superintendence	Titles and in general any type of investment for which the Bank has the serious purpose and the legal, contractual, financial and operational capacity to keep them according to the business as from January 1, 2105 up to December 31, 2014 at least one (6) months from the first day when they were classified in this category. Upon the completion of the 6 months, the first business following day, they may be reclassified as marketable of to maintain up to the maturity. Otherwise, they will continue classified as available for sale. Investments classified in this category may be used (delivered) as guarantee backing up the negotiation of financial instruments derived, when the counterpart is a counterparty central risk	Use the prices given by supplier of prices Infovalmer nominee as official according to instructions set out in Chapter XV, Title I of the Legal Basic Circular Letter by Colombia Finance Superintendence. For securities marketed abroad, when the supplier of prices nominee as official for the appropriate segment has not a valuation methodology for these investments, These investments are used as alternate source of information, the bid dirty price released by a platform of supply of information at 16:00 h Colombian time For the case where there is no, in the valuation day, fair exchange prices, the valuation will be made in and exponential manner based on the internal return rat. The value or fair price of market exchange of the respective value, will be calculated by the summation of present value	The changes occurred in these values or titles are booked in accordance with the following procedure: -The difference between the present value on the day of appraisal (calculated based on the internal rate return (IRR) at the time of purchase) and the immediately prior value is recorded as the higher value of investment with credit or debit to accounts of results. The difference between the market value and the present value (calculated based on the IRR at the time of purchase) is accounted as a cumulated profit or loss realized in patrimony accounts. This procedure is made on a daily basis

Classification	Term	Characteristics	Appraisal	Accounting
		chamber. The securities classified as investments available for sale may be delivered as guarantees in a counterparty central risk chamber of the counterpart in order to back up the compliance with the operations accepted for its compensation and liquidation. Likewise, with these investments liquidity operations may be made, report or repo operations, simultaneously or the temporary transfer of securities.	of future flows on account of capital returns. This procedure is made on a daily basis.	
Available for sale – participative securities	None	Investment granted to the Bank the quality of co-owner of the issuer. Make part of this category, the securities with high medium, low or minimum marketability, or with no quotation and securities keeping the Bank in its quality of controlling or parent company.	Participative values not registered in the securities stock exchange. They are value by the price determined by the supplier of prices. When supplier of prices has not in place any methodology to determine the price, the entities need to increase or decrease the sale cost by the participation percent corresponding to the investor over the subsequent variations of patrimony of the respective issuer	The effect of participation appraisal determined in accordance with the patrimonial variation method, it is accounted in the relevant non-realized profit or loss account (ORI) debited or credited to the investment. The dividends paid in kind or in cash will be recorded adjusting the relevant realized profit or loss account (max. until its cumulated value) and if necessary, also the investment value in the surplus account in such account.

According to regulations by Colombia Finance Superintendence, in the External Circular Letter 050 of November 2012, Banco de Occidente S.A hired an Infovalmer S.A as supplier of prices for valuation, which did not involve any significant impact on the calculation of price valuation of our investments

a. Investment in Subsidiary companies:

Investments in subsidiary companies are accounted by the patrimonial participation method according to the provisions in Article 35, Act 222/1995 as from January 1, 2015. Under participation method, the investments in subsidiary companies are accounted for the carrying value at December 31, 2014, including the valuations, and subsequently they are periodically adjusted by the changes of participation of the holding company in the subsidiaries' net asset and prepared under CIF less the dividends received in cash. The result of the operational period ended on June 30, 2015 includes its participation in the results of period of subsidiaries and in other integral result in the patrimony its participation is included in account of other integral results of subsidiaries. Based on the authorization by Colombia Finance Superintendence and for only one time, the dividends decreed by subsidiaries in the first operational period 2015, were accounted in the statement of results.

Up to December 31 / 2014 thee investments were accounted according to the standards of Colombia Finance Superintendence as investments available for sale at cot and additionally valuations and devaluations debited to the valuations account or credit to devaluation accounts in asset with counter-account in the account of surplus and deficit patrimony account for valuation and/or devaluations. Such valuations or devaluations are determined applying the participation percent of the Bank in in the patrimonial variations of the subsidiary company during the operational period. The dividends received in cash or in stocks of such investments are included in the results of the operational period, when incurred.

b. **Investments in associate companies**:

As from January 1, 2015, investments in associate companies are accounted for at the cost plus or less the accrued valuations or devaluations as of December 3, 2014. The dividends received in cash or in shares of such investments, are recorded in the results of the operational period when occurred. Until December 31, 2014, such investments are accounted for as investments available for sale in the same way as the investments in the subsidiary companies described in item (a) above, i.e. by the patrimonial variation method.

c. Joint Agreements:

A joint agreement is that one whereby two or more parties hold the joint control in the distribution of the control contractually agreed on, existing only when the decisions related to the relevant activities require the unanimous consent of the parties sharing the control.

The joint agreements, in turn, in joint operations, where the parties holding joint control of the agreement, are entitled to the asset and obligations concerning the liabilities related to the agreement, and in joint ventures where the parties holding joint control of the agreement are entitled to the net asset of the agreement.

The joint ventures held by the Bank is recorded according to the gross patrimony of the business jointly for the participation percent held by the Bank.

In the absence of accounting treatment and valuation of the investments in subsidiary, associated companies and joint agreements, the NIC27 shall be considered.

Investments Reclassification

For any investment to be maintained within any of the classification categories, the respective security or title shall comply with the characteristics or conditions of the type of investments it makes part.

At any time, Colombia Finance Superintendence may require for the Bank to reclassify a security or title, whenever it fails to comply with characteristics of the class where it is intended to be classified to the reclassification is required to obtain a better disclosure of financial situation.

- **Reclassification of investments to be maintained up to the maturity to marketable investments**

There is occasion to reclassify any investments to be maintained up to the maturity in the marketable investments, when any of the circumstances below will occur:

a. Significant impairment of issuer's conditions, its parent company, its subsidiary companies, or its related-companies.
b. Changes in the regulation preventing from the maintenance of investment.
c. Processes of merging involving the reclassification or the performance of an investment for the purpose to maintain the previous position of interest rate risk or otherwise, to comply with credit risk policy previously set out by the surviving entity.
d. Other unforeseeable occurrences, following the authorization by Colombia Finance Superintendence

- **Reclassification of investments available for sale to marketable investments or investments to be maintained up to maturity**

An investment of category investments available for sale to any of the other categories may be reclassified when:

a. The composition of business significant activities derived from circumstances such as variations in the economic cycle or the niche of the market where the controlled entity is operating or in its appetite of risk, is defined.
b. The assumptions of adjustment is materialized in the management of investments defined by the model of business has been previously defined.
c. The investor loses its condition as holding or controlling company in the short term as from the date, or significant impairment of issuer's conditions, its parent company, its subsidiary companies, or its related companies.
d. Any of the circumstances anticipated in the conditions for reclassification of investments to be maintained until the maturity of marketable investments, have occurred.

The entities classifying investments based on the provisions in literals a, and b, above, need to report in writing such fact to Colombia Finance Superintendence within the ten (10) business days following the date of reclassification, to be submitted to the relevant delegate institution

- **Provisions applicable to investments reclassification**

Concerning investments reclassification, the following regulations shall be taken into account:

a. When investment to be maintained until maturity is reclassified to marketable investments, the valuation and accounting regulations shall be accomplished. Consequently, the profit or loss unrealized will be recognized as income or expense the date of reclassification.

b. When investments available for sale are reclassified to marketable investments, the result of reclassification of investments will be recognized and maintained in the "Other Integral Result of (OIR)" as unrealized profit or loss, until the sale of the relevant investment.

c. When investments available for sale are reclassified to investments to be maintained up to the maturity, the regulations about valuation and accounting shall be accomplished. Consequently, the unrealized profit or loss recognized in the OIR, need to be cancelled against the value recorded of the investment, inasmuch as the effect of the reasonable value is no longer held, considering the reclassification decision to the category to be maintained until the maturity. This way, the investments need to be recorded as if it has been always classified in the category to be maintained until the maturity. In the same way, as from that date the investment is to be valued under the same conditions of internal rate return of the day precedent to the reclassification.

The Bank, during the period reclassifies investments from the portfolio available for sale toward the marketable portfolio for the immediate sale; above, within the portfolio strategies approved in Finance Committee and consistent with the Business Model, the value of this reclassification as of June 30, 2015 was $ 647.500.

In the events of investment reclassification, Colombia Finance Superintendence shall be advised the reclassification made, no later than within the ten (10) calendar days following the date of reclassification, indicating the reasons supporting such decision and specifying its effects on the statement of results.

The values or titles reclassified for the purpose to make part of marketable investments cannot be reclassified again.

Up to June 30, 2014, the investment in stocks of Corficolombiana was classified as available for sale on December 2014, duly authorized by Colombia Finance Superintendence, resulting in an adjustment increasing the results of the semester by $734,072 and decreasing the OIR account in the patrimony for the same amount.

Investment Back Purchase Rights

Corresponding to restricted investments representing collateral guarantee of investment back purchase commitments.

Over these investments, the Bank keeps the economic rights and benefits associated to the security and retains all inherent rights, even though transfers the legal ownership when performing repo operation.

These securities will continue valuated to daily value and accounting for in the balance sheet and statement of results according to methodology and procedure applicable to investments classified as marketable, until the maturity and available for sale.

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Investments Delivered in Guarantee

Correspond to investments in securities or certificates of debt, which are delivered as guarantee to the operations with financial instruments derived, which liquidation may be in cash, as provided in the contract or in the appropriate rules of security negotiation system, of the operation registry system of compensation or liquidation securities.

These securities are daily valued and included in the balance sheet and statement of results according to methodology and procedure applicable to investments classified as available for sale.

Provisions or Loss for Ranking of Credit Risk
Securities and/or Titles of not rated Emissions or Provisions

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

Category	Risk	Characteristics	Provisions
A	Normal	Meet the agreed terms in the security or title and hold adequate capacity of capital and interest payment.	No applicable.
B	Acceptable	Corresponds to emissions with uncertainty factors that might affect the capacity to continue to comply properly with the debt services. Likewise, its financial statements and other available information involve weaknesses that may affect the financial situation.	The net value cannot be higher than eighty percent (80%) of the acquisition cost, net par value of the amortizations made until the date of valuation.
C	Perceptible	Corresponds to emissions with high or middle probability of failure to comply with the opportune capital and interest payment. Likely, its financial statements and other available information show deficiencies in the financial situation making difficult investment recuperation.	The net value cannot be higher than sixty percent (60%) of the acquisition cost.
D	Significant	Corresponds to those emissions involving potential failure to pay the agreed terms in the title, as well as its financial statement and other available information involving marked deficiencies in their financial situation, so that the probability to recover the investment is highly uncertain.	The net value cannot be higher than forty percent (40%) of the acquisition cost.
E	Irrecoverable	Issuers that according to their financial statements and other available information, the investment is deemed irrecoverable. Likewise, if financial statements are not available with closing date June	The value of these investments must be fully provisioned.

Category	Risk	Characteristics	Provisions
		30 and December 31 each year	

Securities y/or Titles of Emissions or Issuers holding External Rankings

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

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

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

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

2.7. Operations with derivative financial instruments

According to IFRS-9, a derivative financial instrument which value changes over the time based on a variable named underlying, does not require an initial net small investment in connection with the underlying asset and is liquidated in a future date.

In developing its operations, the Bank usually trades in financial markets in financial instruments with forward contracts, swaps, and options complying with the derivative definition.

All operations of derivative speculation are recorded at the initial time for the reasonable value. Subsequent changes in the reasonable value are adjusted debited or credited to results.

The Bank names the hedging derivatives as:

Hedge of a neat investment in foreign currency which is recorded the same as the prior speculations of cash flow. The profit or loss accrued in the patrimony is included in the statement of results when the net investment in any affiliate company abroad, is totally sold or in proportion partially sold.

The hedges of any net investment in a business abroad, will be accounted as hedges of a net investment, including the hedge of a monetary item accounted as part of a net investment will be similarly accounted as the hedges of cash flow; the portion of a profit or loss of instrument of hedge determined as an efficacious hedge will be recognized in other integral result; and the inefficacious portion will be recognized in the result. When any business is totally or partially disposed abroad, the profit or loss of the related hedge of instrument with the efficacious portion of the hedge which has been recognized in other integral result, will be reclassified of the patrimony to results as an adjustment for reclassification.

For hedge purpose, Banco de Occidente made the decision to use hedge accounting of its investments in the affiliate companies abroad, as from January 1, 2014 with obligations in foreign currency as provided in paragraphs 72 and 78 of the IAS39

When using hedge the distortion that could occur it not used, will be prevented because the investments in foreign currency as they are non-monetary asset in the financial statements separated will be not adjusted due to the difference in exchange while the economically liabilities are used as hedge is adjusted with counter account in the statement of results.

The Bank document at the beginning of transacting the relation between the stipulation instrument and the hedged account as well as the purpose of risk and strategy to conduct the speculation relationship. The Bank documents its evaluation both at the date of beginning the transaction and the recurrent bases that the speculation relation is highly effective to compensate the changes of reasonable value or in the cash flows of the items hedged; see details of hedge in the note 9.

The financial asset and liabilities of derivative operations are not compensated in the statement of financial situation. Notwithstanding, when there is a legal and enforceable right to compensate the values recognized, and there exists the intent to liquidate upon a net base and realize the asset and liquidate the liabilities at the same time are given net in the statement of financial situation.

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The investments abroad have a hedge to remedy the variations of Type of Exchange, represented in foreign currency obligation for an equal value in US$ of the investments in every closing, the effect in results and in the OIR originated from such operations of exchange Type represented in foreign currency obligation for an equal value in US$ of the investment at the time of each closing period, the effect of result in the OIR originated by such operations as a whole is a neutral effect.

2.8 Portfolio of Financial Leasing Credits and Operations

According to provisions by Colombia Finance Superintendence, this account records the loans granted by the Bank under the several authorized modalities. Resources used in granting the loans come from own resources, from the public as deposits and from other external and internal funding sources.

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

Credit Policies

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

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

Credit Modalities

The structure of credit portfolio includes three (3) forms of credit and leasing operations:

Commercial

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

Consumption

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

Housing

These are the credits that, irrespective of the amount, are given to natural persons, used to the acquisition of new or used housing, or used for individual housing construction. According to the Act 546/1999, these credits are nominated in UVR or in legal tender and covered by first mortgage guarantee over the housing.

The redemption term is between five (5) years, minimum and thirty (30) yeas, maximum term. The credit can be totally or partially prepaid at any time with no any penalty. If partially prepaid, the debtor is entitled to elect if the amount prepaid decreases the installments or rather decrease the term of the obligation. Additionally, these credits have a remuneration rate, which applies over the balance of debt nominated in UVR or in pesos; the interest is collected in arrears and are capitalized; the amount of credit may be up to seventy percent (70%) of real property value, determined by the purchase value or by the appraisal technically made within the six /6) month before the obtainment of credit.. In the credits used to finance social interest housing, the amount of credit may be up to eighty percent (80%) of price of property. The housing funded will be ensured to cover against fire and earthquake risk.

Criteria for Credit Risk Assessment

The Bank permanently values the risk incorporated in credit asset, both at the time the credits are granted, and throughout their life, included the restructuring cases. For such purposes, the entity designed and implemented a CRMS (Credit Risk Management System) comprised by credit risk management policies and procedures, reference models expected loss estimation and quantification, system of provision to cover credit risk and internal process control.

Granting of credits is based on the knowledge of credit subject, its payment capability, and the characteristics of the contract to be entered into, including, inter alia, the conditions of loan, guarantees, source of payment and the macroeconomic conditions the borrower may be subject to.

In the granting process, variables allowing for determining the credit subjects matched to the Bank risk profile have been established for each type of portfolio. Segmentation and discrimination processes of credit portfolios and their potential credit subjects, are used as a basis for qualification, as well as the application of internal statistic models assessing the several different applicant’s aspects for credit risk quantification. Methodologies and procedures implemented to grant the credit allow for monitoring and controlling the credit exposure of the several different portfolios, as well as the aggregate portfolio, thus preventing an excess of credit concentration by debtor, economic sector, economic group, risk factor, etc.

The Bank makes a continued monitoring and qualification of credit operations consistent with the process to grant the credit, based, among other criteria, on the information related to the historical portfolios and credits behavior; debtors’ specific characteristics and backing up guarantees, debtor’s behavior in other entities, and financial information of prospective borrower allowing for knowing its financial situation; and sector and macroeconomic variables influencing the normal development of such variables.

In the evaluation of territorial public entities, the Bank verifies the compliance with the conditions set forth in laws 358/1997, 550/1999, 617/2000, and 1116/2006.

Assessment and Requalification of the Credit Portfolio

The Bank assesses its credit portfolio risk introducing the corresponding modifications in the respective rankings when there are new analyses or information supporting such changes.

For the proper compliance with this obligation, the Bank considers the debtor’s credit record in other entities and particularly if at the time of evaluation, the debtor has restructured obligations, according to information from central risk or any other source. The behavior of portfolio of clients is updated in connection with pay downs, writing--off, and the magnitude of the late operations.

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

- When credits are in arrears after being restructured, and in such event the credits are to be reclassified.

- At least during May and November, the results of the evaluation and the reclassification applicable shall be recorded at closing of the subsequent.

Credit Risk Ranking

The Bank ranks the credit operations based on criteria aforementioned and ranks the operations into any of the credit risk categories below taking into account the following objective minimum conditions.

Category	**Granting**	**Commercial Portfolio Granted**	**Consumption Portfolio Granted**
"AA"	New credits with ranking "AA" assigned at the moment of granting.	The credits already granted that are not in arrears more than 29 days default of contractual obligations, i.e. between 0 and 29 days in arrears.	The credits which ranking obtained by applying MRCO qualification methodology established for arrears, by the regulation, is equal to "AA".
"A"	New credits with ranking "A" assigned at the moment of granting.	The credits granted in arrears higher than or equal to 30 days and less than 60 days default of contractual obligations, that is, 30-59 days in arrears.	The credits which ranking obtained by applying MRCO qualification methodology established in the regulations is equal to "A".
"BB"	New credits with ranking "BB" assigned at the moment of granting.	The credits already granted currently in arrears higher than or equal to 90 days of default of contractual obligations, that is, between 60 and 89 days in arrears.	The credits which ranking obtained by applying the MRCO qualification methodology is equal to "BB".
"B"	New credits with ranking "B" assigned at the moment of granting.	The credits already granted in arrears more than or equal to 90 days and less than 120 days default of contractual obligation, that is, between 90 and 119 day in arrears	The credits which qualification obtained by applying MRCO qualification Methodology established by the regulations is equal to "B".
"CC"	New credits with qualification assigned at the time the credits is granted as "CC	The credits already granted in areas for more than or equal to 120 days and less than 150 days of default of contractual obligations, i.e. 120 and 149 days in arrears of contractual obligation	The credits which qualification obtained by applying MRCO qualification methodology established by the regulation, is equal to "CC".
"Default"	In this category will be classified the new credits when the applicant is reported by any entity in Central of Risk CIFIN in qualification D, E or written-off portfolio.	The credits granted showing arrears of more than or equal to 150 days.	Consumption Credits in arrears for more than 90 days.

For homologation purposes, commercial and consumption portfolios risk qualification in the indebtedness reports and in the financial statements, the Bank applies the table below:

<table>
<tr><th rowspan="2">Grouped category</th><th colspan="2">Report category</th></tr>
<tr><th>Commercial</th><th>Consumption</th></tr>
<tr><td rowspan="2">A</td><td rowspan="2">AA</td><td>AA</td></tr>
<tr><td>A actual delay between 0- to 30 day</td></tr>
<tr><td rowspan="2">B</td><td>A</td><td>A actual delay more than 30 days</td></tr>
<tr><td>BB</td><td>BB</td></tr>
<tr><td rowspan="3">C</td><td>B</td><td>B</td></tr>
<tr><td>CC</td><td>CC</td></tr>
<tr><td>C</td><td>C</td></tr>
<tr><td>D</td><td>D</td><td>D</td></tr>
<tr><td>E</td><td>E</td><td>E</td></tr>
</table>

When, by virtue of the implementation of reference models adopted by Colombia Finance Superintendence, the Bank qualifies its clients as in default; these clients are homologated as follows:

Grouped Category E = Those clients in default which PDI assigned is equal to one hundred percent (100%).

Grouped Category D = The other clients ranked as in default.

For homologation purposes in consumption portfolio, the current arrears the table above refers to, is understood as the maximum recorded by debtor in the products..

Other criteria considered by the Bank to rank credit operations are the following: For commercial portfolio, the qualification given at the time when the credit was authorized during the closing months corresponding to the quarter of credit disbursement, the qualification in the granting process with the own characteristics of each borrower and other factors which may be considered of the higher risk.. For consumption portfolio, the classification given in the granting only at the closing month when the disbursement was made..
Housing portfolio, considering the criterion of age of arrears, is qualified into:

Category	Criteria (No. of month in arrears)
"A" Normal Risk	With updated installments or due 2 months
"B" Acceptable Risk	Overdue more than 2 months and up to 5 months
"C" Appreciable Risk	Overdue more than 5 months or up to 12 months
"D" Significant Risk	Overdue more than 12 months and up to 18 months
"E" Failure of payment	Overdue more than 18 months

Classification of Mortgage Credit Portfolio

Category "A": Credit with NORMAL risk. The credits ranked in this category reflect an appropriate structure and compliance. Financial statements of debtors or the cash-flows of the project, as well as the other credit information indicate proper payment capacity. From the amount and origin of income standpoint for the debtor to comply with the payment obligations.
Category "B": Credit with ACCEPTABLE risk. The credits in this category are properly attended and protected, even though there exist some difficulties potentially transiently and permanently affecting debtor's payment capacity or the cash-flows of the Project, in such a way that if not amended, may negatively influence the normal credit collection or contract.

Category "C": Deficient credit with APPRECIABLE risk. In this category the credits or contracts showing insufficiencies of debtor's payment capacity are included, or in the cash flows of project impairing the normal collection of the obligation under the terms agreed upon
.
Category "D: Bad debts with SIGNIFICANT risk**,** is that including any of the categories of deficient, and a higher

grade, in such a way that the probability of collection is highly difficult**.** :

.
Category "E": UNRECOVERABLE credit. This is any credit which collection is considered as impossible at all.

Restructuring Process

Restructured credit means that one which by signing any legal business, aimed at modifying the originally agreed conditions in order to allow the debtor to attend appropriately his obligation in connection with the current or potential impairment of its payment capacity. Additionally, restructuring are considered the agreements entered in the context of the Acts 550/1999, 617/2000, and 1116 de 2006 or the additions and substitution thereof, as well as extraordinary restructuring and novations.

Fiscal Restructuring Act 617/2000

In restructuring derived from the subscription of Fiscal and Financial Consolidation Programs under the provisions in Act 617/2000, the Nation issued guarantees for obligations assumed by territorial entities controlled by Colombia Finance Superintendence, provided that the requirements set forth in such Act and agreement are accomplished before June 30, 2001. Such guarantee could be up to forty point zero percent (40.0%) for credits in force on December 31, 1999, and up to one hundred point zero percent (100.0%) for the new credits used for fiscal adjustment.

This restructuring featured because they reversed the provisions constituted about the obligation subject matter of restructuring in the portion backed up by the Nation, while the portion of obligation subject matter of restructuration were not backed up by the Nation, maintained the qualification they had as of June 30/2001

Should restructuring agreement is accomplished; the debtor is qualified in the category held before restructuring or in any of higher risk.

For qualification improvement purposes, the qualification after the corresponding restructuring, the terms of the agreement are to be currently accomplished.

In the event of default of agreement by the territorial public entity, the debt existing as of the date of default, which is not supported by Nation guarantee, it will qualify in "E" risk category.

Extraordinary Restructurings

For structuring made as from the date the External Circular Letter 030/1999 takes force, issued by Colombia Finance Superintendence, and up to December 31, 1999, the Bank could reverse provisions provided that restricting agreement would allow to qualify the debtor in "A", or otherwise, at least two installments had been made or a payment to capital had been made and a certification of compliance had been obtained from the Management Covenant and debtor's payment capacity, in line with the terms of Agreement.

Restructuring Agreements

For restructured credits until the validity of Act 550/1999, when beginning restructuring negotiation, the Bank suspended the accrual of interest over the credit prevailing and maintained the qualification they had as of the date of negotiation. Notwithstanding, if the client was ranked in "A" risk category, it was reclassified at least to "B" category and a provision equivalent to one hundred point zero percent (100.0%) was constituted from the accounts receivable.

In the event of any failure of negotiation, the credits were qualified in "E" category uncollectible credit.

When any client is admitted to the restructuring process under the terms of Act 1116/2006, The Bank suspends the accrual of returns and qualifies the client in any risk category consistent with the actual situation. If client's situation impairs or it is assumed that the ongoing agreement fails to meet Bank's expectations, the qualification is reviewed, and the client reclassified in the appropriate risk category. If an agreement is not reached, or judicial liquidation is declared, the client is classified as in default.

Especial Criteria to Qualify Restructured Credits

The credits restructured can retain the prior ranking provided that the restructuring agreement involves any improvement of debtor's payment capacity and/or of the probability of default. If restructuring provides any grace period to pay the capital, only such qualification is maintained when those periods will not exceed one (1) year term as from the execution of the agreement.

The credits may enhance qualification of otherwise modify its default condition, after restructuring; only when debtor documents a behavior of regular and effective payment of capital consistent with a normal credit behavior, provided however that its payment capacity is maintained or improved.

- **Write-off of Loans and Financial Leasing Operations**

Credit portfolio, in the opinion of the Administration unrecoverable or remote or uncertain retrieval, and they are one hundred percent (100%) provisioned, is susceptible of punishment following unsuccessfully attempting collection actions, in accordance with the concepts issued by the collection lawyers and bank management lawyers.

Punishment neither does relieve the officers of the liability for credit approval and management, nor releases them form the obligation to pursuing collections activities.

The Board of Directors is the sole body competent to approve the writing-off operations considered unrecoverable.

- **Provision for Credit Portfolio, Account Receivable and Financial Leasing Operations**

The Bank to cover the credit risk is based on the system of provisions, calculated over the outstanding balance by the application of reference models of Commercial Portfolio (MRC) and consumption portfolio (MRCO). For he credits under modalities of housing portfolio, the provision is determined in function of the client's delay.

Commercial and Consumption Portfolio

The Bank applies the methodology of calculation of provisions in cumulative or de-cumulative phase based on the monthly assessment of the behavior of deterioration, efficiency, stability and growth indicators, described below, provided that they are accomplished during three consecutive months:

Assessment	**Indicator**	**Cumulative Stage**	**De-cumulative Stage**
Impairment	Actual semester variations of individual provisions of total portfolio B, C, D y E	< 9%	> = 9%
Efficiency	Quarterly accumulate of net provisions from recoveries as percentage of accumulate income for portfolio and leasing.	< 17%	> = 17%
Stability	Quarterly cumulated of net provisions of recoveries from portfolio as percentage of quarterly accumulated of adjusted gross financial margin.	> 0 y < 42%	< 0 or > = 42%
Growth	Annual actual growth rate of gross portfolio.	> = 23%	< 23%

As from the accounting closing May de 2011, the changes for calculation of these indicators were implemented, according to the provisions in the External Circular Letter 017 of May 4/2011 including the item 1.3.4.1 of Chapter II in Circular Letter 100/1995. Above includes deflation of Impairment Indicators (real quarterly variation of individual provisions of total Portfolio B, C, D and E) and Growth (real annual growth rate of gross portfolio). Additionally, the interest income of portfolio accrued during the quarter the sub-items 410241, 410242 and 410243 were discounted from the indicator calculation (consumption default interest)

With the indicators detailed above, the individual provision of portfolio was calculated as the summation of the Pro-cyclic Component and the individual Contra-cyclic component

Individual Procyclical Component (IPC): corresponds to the portion of credit portfolio individual provision reflecting credit risk of each debtor, in the present. IPC is the expected loss calculated using Matrix A.

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

Expected loss estimation (provisions) results from the application of the formula below:

$$Expected\ Loss = IPC + CIC$$

Where

$$IPC = PI_{Matrix\ A} * PDI * EDI$$

$$CIC = \max A\ \left(CIC_{i,t,-1} * \left(\frac{EDI_{i,t}}{EDI_{i,t-1}}\right);\ (PE_B - PE_A)_{i,t}\right.$$

The segmentation processes and credit portfolio discrimination and of their potential credit subjects, are used as the basis for estimation of expected loss in the Reference Model of Commercial Portfolio (MRC) based on differentiated tracking by the asset level of debtors under the following criteria:

Portfolio	**Concept**
Big-sized Companies	More than 15.000 MMLSP of Asset
Medium-Sized Companies	Between 5.000 and 15.000 MMLSP of Asset
Small-Sized Companies	Less than 5.000 MMLSP of Asset
Natural Persons	Natural Persons which are debtors of commercial credit

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

- **General - Automobile**: Credits granted to purchase automobile.
- **General - Others**: Credits granted to purchase consumption goods other than automobile. In this segment credit cards are not included.
- **Credit Card**: Rotatory credit to purchase consumption goods used via a plastic card

For portfolio follow-up and qualification, the Bank applies the reference models as defined by Colombia Finance Superintendence. For Commercial portfolio, in the qualification process, a methodology of qualification is used for the portfolio non evaluated on an individual basis, based On classification models of clients considering the probability of default, adjusted with macroeconomic and sector factors. This methodology is implemented since December 2010

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

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

a. Probability of Default

Corresponds to the probability that within twelve (12) months span period, the debtors will incur in default.

The probability of default was defined based on the following matrices established by Colombia Finance Superintendence:

Commercial Portfolio

Qualifc.	Big Company		Medium Company		Small Company		Natural Persons	
	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B	Matrix A	Matrix B
AA	1.53%	2.19%	1.51%	4.19%	4.18%	7.52%	5.27%	8.22%
A	2.24%	3.54%	2.40%	6.32%	5.30%	8.64%	6.39%	9.41%
BB	9.55%	14.13%	11.65%	18.49%	18.56%	20.26%	18.72%	22.36%
B	12.24%	15.22%	14.64%	21.45%	22.73%	24.15%	22.00%	25.81%
CC	19.77%	23.35%	23.09%	26.70%	32.50%	33.57%	32.21%	37.01%
Default	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Consumption Portfolio

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

This way for each debtor, commercial and consumption segment, the probability to migrate between its current qualification and the default qualification in the coming twelve (12) months is obtained, according to the cycle of credit risk general behavior.

b. Loss due to default (PDD)

It is defined as the economic impairment incurred by the Bank in the event that any default situation will occur. PDD for debtors qualified in default category will involve a gradual increase according to the days elapsed after classification in such category.

The guarantees backing up the operation are necessary to calculate the expected loss in the event failure to pay, and hence, to determine the level of provisions.

The Bank considers as appropriate guarantees those assurances duly executed having a value determined based on technical and objective criteria offering a legally efficacious of the payment of the obligation supported and which possibility of compliance is reasonably adequate.

To evaluate the support offered and the possibility of compliance with each guarantee, the Bank considers the following factors: Nature, value, hedging and liquidity of guarantees, as well as the potential cost of compliance and legal requirements necessary make them enforceable.

PDD by type of guarantee is the following:

Commercial Portfolio:

Type of Guarantee	P.D.D.	Days after default	New PDD	Days after default	New PDD
Non-admissible Guarantee	55%	270	70%	540	100%
Subordinate Credits	75%	270	90%	540	100%
Financial Collateral admissible	0 – 12%	-	-	-	-

Commercial and Residential Real Estate	40%	540	70%	1.080	100%
Goods given in Real Estate Leasing	35%	540	70%	1.080	100%
Goods given in leasing other than real estate leasing	45%	360	80%	720	100%
Other collaterals	50%	360	80%	720	100%
Collection Rights	45%	360	80%	720	100%
With no guarantee	55%	210	80%	420	100%

Consumption Portfolio

Type of Guarantee	P.D.D.	Days after default	New PDD	Days after default	New PDD
Non-admissible guarantee	60%	210	70%	420	100%
Admissible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate property	40%	360	70%	720	100%
Goods given in real estate property leasing	35%	360	70%	720	100%
Goods given in leasing different from real estate leasing	45%	270	70%	540	100%
Other collaterals	50%	270	70%	540	100%
Collection rights	45%	360	80%	720	100%
With no guarantee	75%	30	85%	90	100%

To homologate the several different guarantees given in the credit contracts with the segments above listed, the Bank classifies within each group of guaranties the following:

1. Inadmissible guarantee: As such are included, among other, the joint debtors, endorsers, and warrant guarantee.

2. Admissible Financial Collateral: Includes the guarantees below:

   - Collateral security deposit: This guarantee implies zero percent (0%) PDD
   - Stand By Letters considered appropriate guarantees, zero percent PDD .
   - Credit insurance: This guarantee has twelve percent (12%) PDD
   - Sovereign Guarantee of the Nation (Act 617 / 2000): This guarantee has zero percent (0%) PDD.
   - Guarantees issued by Security Funds: This guarantee has twelve percent (12% PDD
   - Pledge on securities issued by financial institutions: This guarantee has twelve percent (12%) PDD

3. Collection rights: Represented by:
   - Irrevocable Mercantile Fiducias of guarantee.
   - Pledging of income of territorial and decentralized entities of any order.

4. Real Estates and residential property: Classified as such the following guarantees:
   - Mortgage Fiducias
   - Real estate Guarantees.

5. Goods given in Leasing: the goods given in the following leasing agreements are classified in this category:
   - Real Estate Leasing.
   - Housing Leasing .

6. Goods delivered in leasing different from real estate. The goods given in the following leasing agreements are included in this category:
   - Leasing of machinery and equipment.
   - Leasing of vehicles.
   - Leasing of furniture and fixture.
   - Leasing ships, trains and aircraft.
   - Leasing of computing equipment.
   - Leasing livestock.
   - Leasing of software.

7. Other collaterals: The following guarantees are included in this category:
   - Pledge over processed inventory.
   - Pledge over supplies – basic goods.
   - Pledge over equipment and vehicles.
   - Bonds of pledging.

8. Without guarantee: The Bank classifies within this category all guarantees not included in the items above and all obligations with no any guarantee.

This way, for each debtor a different PDD is obtained according to the type of guarantee backing up the operation.

Given that guarantees constitute an important factor in the calculation of the expected loss, the policies and criteria of the Bank applied to them are described below:

Policy of Guarantees

- The guarantee is a legal mechanism used to back up the obligations assumed by the clients to the Bank.
- When credits are given, the approving entities condition the delivery of money to the compliance with some conditions, among which, the constitution and delivery of guarantees.
- The purpose of guarantees is to back up and ensure the compliance with the obligation (capital plus interest, fees and other charges) in the event of any contingency or default.
- There exist two types of appropriate or non-appropriate guarantees. Appropriate guarantees are those ones duly executed with a value established based on the technical and objective criteria offering an efficacious legal support of the compliance with the obligation guaranteed, giving to the Bank a preferred or best right to obtain the payment of the obligation the possibility of which is reasonably sufficient.
- The credit operations approved supported by any appropriate guarantee, care not susceptible of counting for or disbursing unless the guarantee had been duly constituted and legally executed, unless an explicit authorization by the approving entity.
- The guarantees will be chosen in accordance to its liquidity, that is, the facility to perform the goods involved. The evaluation of guarantees must be based on technical appraisals made by expert professionals.

c. The value exposed of the asset

In the commercial portfolio and consumption portfolio, it is understood as exposed value of the asset the outstanding balance of capital and interest and other receivables.

As of December 31. 2012, in compliance with the provisions in the External Circular Letter 026 / 2012, the Bank made an additional individual provision over the portfolio of consumption equivalent to the Procyclical individual component 0.5% over the outstanding capital of each consumption credit of the reference month multiplied by the corresponding PDD.

Housing Portfolio

General Provision

Corresponding, at least, to one percent (1%) over the total gross credit portfolio to the Housing modality.

The Bank maintains at any time, provisions no less than those percentages below indicated over the outstanding balance

Category	Capital % Portion Backed up	Capital % Portion non-backed up	Interest and other concepts
A- Normal	1	1	1
B- Acceptable	3.2	100	100
C- Appreciable	10	100	100
D- Significant	20	100	100
E- Uncollectible	30	100	100

For Housing Portfolio, if during two (2) consecutive years the credit remains in the category “E”, the percent of provision over the guaranteed portion increases sixty point zero percent (60.0%). Should one additional year elapses under these conditions, the percent of provision over the guaranteed portion increases to one hundred percent (100.0%).

Effect of the appropriate guarantees over the constitution of individual provisions

For the purposes of individual provisions constitutions, the guarantees only cover the capital of credits. Consequently, the outstanding balances to be amortized of the credits covered by securities holding the character of appropriate in the percentage corresponding by the application of such percentage:

- In dealing with housing credit in the portion not covered by guarantee, to the difference between the value of the outstanding balance and one hundred percent (100%) of the amount backed up. For the backed up portion at one hundred percent (100%) of the outstanding balance backed up
- In dealing with microcredit, to the difference between the amount of outstanding balance and the seventy percent (70%) of the value of guarantee. In these cases, depending on the nature of guarantee and the time of default of the respective credit, for the constitution of portions only the percentages of total value of guarantee indicated in the following charts are considered:

Non-mortgage Guarantee	
Time in Arrears	Percent of coverage
0 to 12 months	70%
More than 12 months to 24 months	50%
More than 24 months	0%

Mortgage or Fiducia Appropriate Guarantee	
Time in default	Percentage of coverage
0 to 18 months	70%
More than 18 month to 24 months	50%
More than 24 month to 30 month	30%
More than de 30 months to 36 month	15%
More than 36 months	0%

Lining up Rules

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

a. Following the constitution of provisions and qualification homologation, monthly and for each debtor, the Bank performs the internal lining up, and for such purpose, it is carried to the higher risk category the credits of the same modality granted to debtor.

   According to the relevant legal provisions, the Bank is under the obligation to consolidate financial statements; it assigns equal qualification to the credits of the same modality granted to a debtor.

2.9 Non-current asset maintained to be sold

The goods received in payment of credits and the non-current asset maintained to be sold at not more than one-year term and the sale of which is considered as highly probably to occur, are recorded as "non-current asset maintained for sale". Such goods are recorded for the lower value in the books at the value of transfer to that account or its reasonable value less the sale estimate cost. The goods received in payment failing to accomplish with the conditions to be maintained for sale, are recorded in other accounts of the balance sheet according to their nature, such as investments, property and equipment for own use or property of investment for the cost value.

According to provisions in External Circular Letter 06 / 2014, by Colombia Finance Superintendence, the goods received in payment or returned need to be provisioned, irrespective of its accounting classification, in keeping with instructions provided in Chapter II of the Accounting and Financial Basic Circular letter. According to above, the goods received in payment or returned are provisioned as follows:

Immovable Property

A provision is made in monthly aliquots within the tax year following the receipt of the property, equivalent to thirty percent (30%) of acquisition cost, and increased in monthly aliquots within the second year by thirty percent (30%) additional until reaching sixty percent (60%). Upon the completion of legal term to the sale, and the extension has not been authorized, the provision is increased to eighty percent (80%), unless extension is obtained, in such event, the twenty percent (20%) may be made within the term of the extension.

When acquisition cost of the immovable property is lower than the value of the debit recorded in the balance sheet, the difference is immediately recognized in the statement of results.

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

Movable Property

For movable property, a provision equivalent to thirty five zero percent (35.0%) of the acquisition cost of the property received in payment is made within the following year the property is received, and increased in the second year by thirty five zero percent (35.0%) until reaching seventy zero percent (70%) of the value booked of the property received in payment before provisions. Upon the completion of the legal terms to sell the asset, without any extension is obtained, the provisions will be one hundred zero percent (100.0%) of the value of property before provision, unless an extension is obtained, and in such event the additional thirty Zero percent (30.0%) may be made during the extension.

Without prejudice of the provisions aforementioned, the movable goods received in payment corresponding to investment papers are valued by applying criteria that for such purpose, are provided in chapter I of the Accounting and Financing Basic Circular Letter, taking into account its classification as marketable investments, available for sale of to be maintained up to the maturity.

The provisions made over property received in payment or property delivered back from leasing operations, may be reversed, they are spot sold, if those goods are placed in portfolio or in financial leasing operations, the profit derived as a result of the transfer of asset to the account portfolio of credit and financial leasing operations, shall be deferred in the term where operation was agreed on.

Regulations about Legal Term for Sale

The goods received in payment shall be sold within two years following the date of acquisition; they may, however, accounted for as fixed asset, when they are necessary in the ordinary line of business and the limits of investment of asset are accomplished.

It is possible to apply for Colombia Finance Superintendence to extend such term of sale, and such application may be submitted in any case properly in advance to the legal expiry term set forth.

In the respective application, it is necessary to demonstrate that, notwithstanding the procedures of management for the alienation have been followed; it has not been possible to obtain the sale. In any case, the extension of term cannot exceeded, two years, as from the date of maturity of their initial legal term, and during such period it is necessary to continue with the tasks aimed at the sale of these unproductive assets.

2.10 Goods delivered in Leasing

The goods delivered in leasing by the Bank are classified at the time when the financial or operative agreement is executed. Any leasing is classified as financial leasing when all the risks and benefits inherent to the property are transferred. A lease agreement is classified ad operative agreement if the agreement does not transfer all the risks and benefits inherent to the property. The lease agreements classified as financial leasing are included in the balance sheet within the item of “Credit portfolio and financial leasing operations” and are accounted for in the same way as the other credits granted. (cfr. Note 10). The lease agreements classified as operative are included in the account of Property and Equipment and are depreciated t in the less time between the useful life of the property and the term of the leasing agreement.

2.11 Financial Guarantees

Those contracts requiring for the Bank to make specific payments to refund to creditor for the loss incurred when any specific debtor fails to comply with its obligation pursuant to the original or modified conditions, of an indebtedness instrument; irrespective of its legal form. The financial guarantees may be issued either as bond or as financial endorsement.

In its initial acknowledgement, the financial guarantees submitted are accounted for recognizing an obligation at reasonable value. Which usually the actual value of commissions and returns to be obtained for such contracts during the life of contract, taking in consideration in the asset the amount of fees and returns to be collected in the beginning of the operations and the accounts receivable for the actual value of cash flows future and pending to be received.

The financial guarantees, whichever the holder, instrumentation or other circumstances, are periodically analyzed for the purpose to determine the credit risk they are subject to, and as applicable, to estimate the need provide any provision, determined by applying similar criteria to those ones set forth to quantify the loss due to impairment of financial asset.

The provisions made over the financial guarantee contract considered impaired are recorded in the liabilities as “Provisions of risks and contingent commitments” charged to results.

The income obtained from guarantee instruments are recorded in the account income for fees of the accounts of results and are calculated by applying the type set forth in the relevant contract over the nominal amount of the guarantee.

2.12 Properties and Equipment for own use

The properties and material equipment for own use include the assets owned or under financial leasing, maintained by the Bank for current or future use and expected to be used during more than one operational period.

The properties and equipment for the own use are recorded in the balance sheet at its acquisition cost, less the relevant accrued depreciation, and if applicable, the estimate loss resulting from the purchase of the net accounting value of every item with the appropriate recoverable value.

Depreciation is reckoned applying the straight-line method, over the acquisition cost of the asset, less the residual value, it being understood that the lands where the building and other facilities are constructed have an indefinite useful life, and hence, they are not subject to depreciation. Such depreciation debited in the results is calculated based on the following useful lives:

Asset	**Years**
Buildings	
Foundation-Structure and Roof	50 to 70
Walls and divisions	20 to 30
Finishing	10 to 20
Machinery and Equipment	**10 to 25**
Furniture and Fixture	**3 to 10**
Vehicles	**5 to 10**
Computing equipment	**3 to 5**

For immovable property, the Bank establishes 3 components of the facility, to wit:
Foundation – structure, roof, divisions, and finishing, with the ranges of residual values:

Component	**Residual Value**
Foundation – structure and roof	0 – 20%
Walls and divisions	0 – 10%
Finishing	0 – 10%

The improvements made to lease real estate property may be subject to capitalization if it is expected to be used for more than one operational period and are depreciated in lease agreement period.

The Bank's criterion to determine the useful life and the residual value of those asset, and mainly of the building of own use, was based on independent appraisals, provided that have not been made more than 3 year ago, excepting that there are indications of impairment.

In every accounting closing, the Bank determines whether or not there are, both external and internal indications for any property to be or not impaired. Should there exist evidences of impairment, the entity analyzes whether indeed there exists such impairment by comparing the carrying value of the asset to the recovery value (as the higher between its reasonable value less the disposal cost and its use value). When the carrying value exceeds the recovery value, the carrying value is adjusted up to the recovery value, modifying the future charges as amortization according to its new remaining useful life.

In the same way, where there exist indications that the value of a material asset has been recovered, the Bank estimates the recovery value of the asset and recognizes such new value in the account of results, recording the reversion of loss for impairment accounted for in the prior operational periods, and consequently adjust in the same way the future charges as amortization. In no any event, the reversion of loss due to impairment of any asset may suppose the increase of the carrying value above the value the good would have if impairing loss in prior operational periods had not been recognized.

The conservation and maintenance expenses of property and equipment are recognized as expense in the operational period when they were incurred and recorded in the item "Administration Expenses".

2.13 **Properties of investment**

According to the Accounting International Standards AIS 40 “Properties of Investment”, the properties of investment are defined as those lands or facilities considered as a whole, partially or both two conditions, held by the Bank to obtain income, asset valuation or both two purposes, rather than use by the Bank. The investment properties are initially recorded at the cost, which includes all the costs associated to the transaction, and subsequently such assets are measured in the balance sheet at the reasonable value. Such reasonable value is determined based on the appraisals periodically made by independent experts using two-level valuation techniques described in the IFRS13 “Measurement of Reasonable Value”.

2.14 **Goods received in leasing**

The goods received in leasing in the initial receipt, are also classified in financial or operative leasing in the same way as those goods delivered in leasing described in the item, 2-11 above. The leasing agreements classified as financial leasing are included in the balance sheet as property and equipment for the own use or as property of investment according to their purpose, and are accounted initially in asset and in the liabilities for a value equal to the reasonable value of the leased, or otherwise for present value of the minimum payment of lease, if the lease is lower. The present value of the minimum payments of lease is determined using the interest rate implicit in lease agreement or otherwise a mean interest rate of the bonds placed by the bank in the market. Any initial direct cost of the lease is added to the amount recognized as asset. The value recorded as liabilities is included in the account of financial liabilities and recorded in the same way as those liabilities. The leasing agreements classified as operative are recorded in the expenses.

2.15 **Intangible Assets**

a) Plus-value

Plus-value recorded by the Bank in the financial statements corresponds to a fusion made by the Bank in the precedent operational periods with Banco Unión and Banco Aliadas, which according to the transition standard set out in IFRS 1, the Bank accepted to exemption of recording under IDRS for varying value at January 1, 2014. Such plus-value is not amortized and is subject to impairment evaluation on an annual basis by an independent expert, and for such purposes the Bank makes a valuation by an independent expert of value of business related to the plus-value (Line of Business of Banco Union) and based on such valuation any impairment is determine, if any, and so, such impairment is recorded accordingly charged to the results; subsequent recoveries in valuation of Bank the impairments previously recorded are not reversed.

b) Other intangible

The other intangible owned by the Bank correspond, mainly to computer software, which are measured initially by the cost incurred in the acquisition or in the internal development phase.. The costs incurred in investigation phase are directly carried to results. Following the initial recognition, such assets are amortized under straight-line method during their useful life, in the event of computer software, between 1 to 15 years.

The costs incurred in the computer software under development phase are capitalized taking into account the following evaluations made by Bank management:

a) The project technically is possible to be completed for its production in such a way to be used in the Bank operations.

b) The intent of Bank is to complete to be used in the development of its business, not just for sale.

c) The Bank is in capacity to use the asset.

d) The asset produces economic benefits to the Bank inuring in the completion of a great number of transactions under lower cost.
e) The Bank has available both technical and financial resources to complete the development of the intangible asset to be used.
f) The outlays incurred during the development of the Project is susceptible to be capitalized, made part of the higher value of this asset.

g) The outlays incurred after making ready the asset in the conditions required by the management to be used, will be recorded as expense affecting the statement of results.

2.16 **Financial Liabilities**

A financial liability is any contractual obligation of the Bank to deliver cash or other financial asset to other entity or person to exchange financial assets or financial liabilities under potential unfavorable conditions to the Bank or a contract that will be or may be liquidated using the own patrimonial instruments of the entity.. The financial liabilities are initially recorded at its transaction value in the date when they are originated, which, unless contrary determined, is similar to its reasonable value, less the transaction costs directly related to the issuance. Subsequently such financial liabilities are measured at its amortized cost according to the method of the effective interest rate determined at the initial time charged to results as financial expenses.

The financial liabilities related to financial instruments derivatives are measured at the reasonable value; see note about accounting policies item 2.8, above.

The financial liabilities only are written off from the balance sheet when the obligations generated have been extinguished or when acquired (whether with the intent to cancel them or with the intent to relocate them again).

2.17 **Benefits to employees**

According to the International Accounting Standard IAS 19 “Benefits to Employees” for its accounting recognition all the ways of consideration given by the Bank in exchange of services supplied by the employees, are divided into three classes:

a) Short-term Benefits

According to Colombian labor regulations, such benefits correspond to salary, legal and extra legal premiums, vacations, severance, and parafiscal contributions to government entities paid before 12 months following the end of the operational period. Such benefits are accrued by the accrual method charged to results.

b) Post-employment benefits

These are benefits paid by the Bank to its employees at the time of withdrawal of the Bank or after completing the employment period, different from indemnities. Such benefits, according to the Colombian labor legal provisions, correspond to retirement pension assumed directly by the Bank, severance payable to employees continuing in the labor regime before the Act 50, and some extra legal benefits or conventional benefits agreed on in the collective conventions.

The liability of post-employment benefits is determined based on the present value of the future payments estimated to be made to employees, calculated based on the actuarial studies prepared by the credit unit method projected, using, for such purpose, actuarial assumptions of mortality rate, increment of salaries and personnel turnover, and interest rates determined related to the market returns prevailing of bonds at the end of period of issue by the National Government or high quality business obligations. Under the credit unit method projected, the future benefits to be paid the employees are allocated to each accounting period when the employee is supplying the services. Therefore, the relevant expense for such benefits recorded in the statement of results of Bank include the cost of the current service assigned in the actuarial calculation plus the financial cost of the liability calculated. The variances in the liability due to changes of the actuarial assumptions are recorded in the patrimony, in the account "Other integral result".

Vacations in the actuarial liability for changes of labor benefits given to the employees with retroactive effect are recorded as an expense in the first of the following dates:

- When any modification has been made to the labor benefits.
- When provisions for restructuring costs are recognized by any subsidiary company or any business of the Bank.

c) Other long-term benefits to the employees

All those payments different from short-term benefits to employees and subsequent to the employment period or indemnity for cessation. According to collective conventions and rules of the Bank, such benefits basically correspond to seniority payment.

The liabilities for long-term benefits to employees are determined in the same way than those post-employment benefits described in literal b) above, only different because the changes in the actuarial liability for changes in actuarial assumptions are recorded in the statement of results.

d) Benefits of labor agreement termination with the employees

Such benefits correspond to payment to be made by the Bank resulting from an unilateral decision of Bank to terminate the labor agreement or due to any decision made by the employee, to accept any offer of the Bank to terminate the agreement or a decision of the employee to accept an offer of the Bank of benefits in exchange of labor agreement termination. According to Colombian labor legislation, such payments correspond to indemnities for dismissal and other benefits unilaterally given by the Bank to employees in those events.

The benefits for employment termination are recognized as liability in the first of the dates below:

- When the Bank communicates the employee the decision to dismiss from the employment.
- When provisions for restructuring costs are recognized by any subsidiary company or business of the Bank involving the payment of benefits for labor agreement termination.

2.18 **Income tax**

The expense for income tax corresponds to the current tax and deferred tax. The expense is recognized in the statement of results except, partially, if corresponds to items recognized in the account of other integral result in the patrimony.

The current income tax is calculated based on the tax laws prevailing in Colombian the date of closing financial statements. The Bank management periodically assesses positions taken in the tax returns concerning the situation where tax regulation applicable is subject to interpretation and provides provisions when applicable, based on the amounts expected payable to tax authorities.

The Bank calculates the income tax provision based on the net taxable income and the precedent especial regime of the presumptive income taking as a basis 3% of net patrimony of the precedent taxable year, at 25% rate. In the same way, a provision of income tax for the equity (CREE) is calculated at 9% rate. The taxpayers responsible for CREE have the exemption of payments of parafiscal contributions (SENA - ICBF) and health contribution.

Self-withholding of CREE Tax

As from September 1, 2013, for all collection purposes and management of income tax for equity -CREE, all passive subject to the tax will have the quality of self-withholders.

Surtax to Income Tax for Equity – CREE

The Act 1739/2014 in article 21 provides 5% Surtax to income tax for equity – CREE - for the taxable operational periods 2015, 2016, 2017 and 2018 to be paid by the taxpayers indicated in article 20, Act 1607 / 2012, and it will be calculated over the same taxable base determined for CREE; it shall be made clear that the surtax has a COP800 minimum base.

The surtax is subject, in the taxable periods, to an advance payment 100% the surtax amount, calculated on the taxable rate of CREE tax of the precedent year. The advance payment of surtax is paid in two annual installments on the dates indicated by the Directorate of Tax and National Customs.

According to the provision in article 22, in Act 1739/2014, the CREE surtax will be different for each one of the years to be paid.

2.19 **Deferred Tax**

The IAS 12 of the profit tax for calculation purposes and recognition of deferred tax the following definitions:

The temporary differences are those existing between the carrying amount of any asset or liability in the statement of financial situation and its fiscal base. The temporary difference may be the following:

- Temporary taxable differences, are those temporary differences giving rise to taxable amounts when determining the profit (loss) corresponding to future operational periods, when the carrying amount is recovered or the liability is liquidated; or
- Temporary deductible differences, or those temporary differences giving rise to amounts which are deductible when determining the profit (loss) corresponding to future periods, when the carrying value of the asset is recovered or the liability is liquidated.

The fiscal basis of an asset or liability is the amount attributed, for taxation purpose, to such asset or liability.

The tax base of an asset is the amount to be deductible from the economic benefits that, for taxation purposes, obtains the entity in the future, when the carrying amount is recovered of such asset. If such economic benefits are not taxed, the tax base will be equal to its carrying value.

The fiscal base of any liability is equal to the carrying value less any amount potentially deductible in connection with such item in future periods. In the event of income from ordinary activities received in advance, the tax base of the relevant liability is its carrying value, less any eventual amount which is not taxable in future periods.

Recognition of deferred tax

a. Temporary taxable differences:

Any liability taxable in nature for any reason of any taxable temporary difference will be recognized unless it will be the result from:

- The initial recognition of mercantile credit purchased; or
- The initial recognition of an asset or liability in any transaction which is not a combination of business and additionally, at the time the transaction was made, it affected neither the accounting profit nor the fiscal profit (loss). Nevertheless, a deferred liability fiscal in nature need to be recognized, for temporary taxable differences associated to investments in subsidiary, braches or associated entities or participations in joint ventures, except that the two following conditions will occur:

  - The controller, investor or participant is in condition to control the time of reversion of the temporary difference; and
  - It is probable the temporary difference will not revert in a foreseeable future.

b. Deductible temporary differences:

An asset for deferred tax will be recognized by reason of all the deductible temporary differences in the extent that it will be probable that the entity future fiscal gains to charge against such deductible temporary differences, except that the asset for deferred tax appears due to the initial recognition of an asset or liability in any transaction that:

- Is not the combination of businesses; and that,
- At the time of transaction, it has impacted neither the accounting profit nor the fiscal profit (loss). Nevertheless, it is necessary for an asset of deferred tax to be recognized, for the deductible temporary differences associated to investments in subsidiary, branches and associate entities, as well as with participations in joint ventures, only in the extent that it is probable that:

  - The temporary difference reverses in a foreseeable future; and
  - There are available tax profits against which the temporary differences may be used.

- When the amount of taxable temporary differences related to the same tax authority and the same tax entity, is not sufficient,, only asset for deferred tax will be recognized in the extent that any of the assumptions below will occur:

  - When it is probable for the entity to have enough tax gains, related to the same tax authority and the same tax entity, in the same operational period when the deductible temporary differences will reverse (or in the periods where the tax loss, resulting from an asset for deferred tax, can be compensated with prior or subsequent profits, or,

  - When the entity is in condition to capitalize fiscal planning opportunities to create fiscal gains in the opportune period.

- It is necessary to recognize an asset for deferred tax, provided that they may be compensated with fiscal gains of subsequent periods, loss or fiscal credits not used up to that time, although only in the extent of probably availability of future fiscal gains to be used to charge such loss or unused fiscal credits

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- As of the closing date of every period, the entity will recognize the asset for deferred tax that have not been previously recognized. At this time, the entity will proceed to record an assed of this nature, previously not recognized, as long as it is probable for the future fiscal gains to allow the retrieval of the asset for deferred tax.

2.20 **Provisions**

Provisions for dismantlement and legal lawsuits, are recognized when the Bank is under the legal or assumed obligation as a result of past facts, it is probable the use of resources to solve the obligation and the amount has been estimated in a reliable manner.

When there are several obligations, the probability of any use of cash it is necessary to be determined considering the type of obligations as a whole. Any provision is recognized even if the probability of use of cash with regards to any item included in the same class of obligations may be small.

When it results important, the financial effect produced by the discount the provisions are valued by the present value of the outlays expected to be necessary to liquidate the obligation using a discount rate before tax reflecting the evaluations of the current market of value of money over the time, and the specific risks of the obligation. The increase of provision due to the elapsing of time is recognized as a financial expense.

2.21 **Income**

The income is measured by the reasonable value of the consideration received or receivable and represent amounts receivable for goods delivered, net from discounts, devolutions and the value aggregate tax. The Bank recognizes the income when the consideration thereof may be measured in a reliable manner, and the economic future benefits will flow to the entity and when the specific criteria for every activity have been accomplished, as described below:

a) Interest

The interest is recorded in the account of expenses and income paid or received in advance. Interest, indexation, exchange adjustment, rental, and income for other concepts will be not payable when a credit is in arrears as follows: commercial credit – 3 months; consumption – 2 months; and housing - 2 months.

The income from financial returns and financial leasing and other concepts are recognized at the time when they are payable, except the interest, indexation, and exchange adjustment and other concepts resulting from:

- Commercial credits more than 3 months in arrears.

- Consumption credits more than 2 months in arrears.

- Housing credits more than 2 months in arrears.

Therefore, they will not affect the results until they had been actually paid. While the collection is made, the relevant record is made in the memorandum accounts.

In those events where, as the result of restructuring agreements or any other modality of agreement, it is considered the capitalization of interest recorded in memorandum accounts or written-off portfolio balances included in capital, interest and other concepts, will be accounted as deferred payment in code 290800 interest resulting from restructuring processes and its amortization to the statement of results will be made in proportional manner to the values effectively collected.

b) Income from commissions

Commissions are recognized as income in the statement of results separately, as follows:

i. Commissions for banking services, when the relevant services are supplied;
ii. annual commissions from credit cards and recorded and amortized based on the straight-line method, during the useful life of product.
iii. commissions incurred in the granting of new loans are recorded in the income jointly with the costs incurred in the disbursement.

c) Programs of customers' loyalty

The Bank implements a loyalty program, whereby the customers accrue points for the purchases made with credit card issued by the Bank, entitling the customers to redeem the points in Exchange of awards according to the policies and the plan of awards prevailing at the date of redemption. The reward points are recognized as an identifiable component separated from the initial sale operation, assigning the reasonable value of the consideration received between the points of the awards and the sale components, so that the loyalty points are initially recognized as deferred income of the reasonable value. The income of the reward points are recognized in the results when exchanged.

2.22 **Wealth Tax**

On December 2014, The National Government issued the Act 1739, creating the wealth tax to be paid by all Colombian entities holding a net patrimony higher than $ 1.000, such tax liquidated as described in Note 16. Such Act provides that, for accounting purposes in Colombia, such tax can be recorded debited to patrimonial reserves within patrimony. The Bank made the decision to stay within such exception and has recorded the wealth tax caused on January 1, 2015 debited to patrimonial reserves.

2.23 **Legal Reserve**

According to provisions prevailing, 10% of the net profit in every operational period should be provided as legal reserve, until the balance of such reserve will be equivalent at least 50% of the capital subscribed.

The legal reserve may be reduced to less of the percent indicated above, excepting to combine accrued loss exceeding the total amount of the profits obtained in the relevant operational period and those profits undistributed of the prior operational periods, or when the amount released is destined to capitalize the company by the distribution of dividend in stocks; notwithstanding, any amount voluntarily appropriated in excess of 50% of the subscribed capital will be considered of free availability by the Stockholders General Meeting.

2.24 **Net profit per stock**

To determine the net profit per stock, the Bank divides the net result of period by the common outstanding stocks; during the semester ended on June 30, 2015 and December 31, 2014 the common outstanding stocks were 155.899.719 stocks.

2.25 **New accounting pronouncements issued by IASB at international level:**

Below the detail of new accounting pronouncements issued by IASB at international level, which are prevailing or other not prevailing as yet, may be adopted at international level but in Colombia cannot be adopted because they have not been incorporated in regulatory Decree of Act 1314 - 2009:

IFRS 9 "Financial Instruments: Classification and measurement"

This new standard replaces IFRS 39 and makes reference to classification, measurement and recognition of financial assets and liabilities, financial asset impairment and hedging accounting.

IFRS 9 requires for financial assets to be classified into three categories of measurement: at the amortized cost, at the reasonable value with patrimonial changes, and at reasonable value with changes in the results The determination is made in the initial recognition Classification is dependent on entity's business model for administration of financial instruments and the contractual characteristics of the instrument.

For the financial liabilities the standard contains the most of the requirement of IFRS 39; nevertheless, it includes the reasonable value for the credit risk of the entity in other integral results rather than recording it in the results.

The IFRS 9 incorporates the impairment requirements related to the recognition of expected credit loss of the entity over its financial assets and its commitments of granting credit, under this approach, it is no longer necessary for a credit event to be produced to recognize the loss for financial asset impairment. The entity will always support its analysis on expected credit loss. The amount of the impairment will be updated at the closing operational period to reflect the changes in the credit risk, since its initial recognition supplying more opportune information about the credit impairment**.**

The hedging accounting defined in the IFRS 9, adds requirements aligning the hedge accounting to the management of risks, establish an approach based on the hedging accounting principles and manage the inconsistences and weaknesses in the hedging accounting model of the IFRS 39.

The Bank is currently analyzing the impact of the application of this standard.

Modifications to IFRS 11 – Joint Agreements

New guidelines are included for the accounting recognition of acquisition of any participation in any joint operation, where it is indicated that the investor needs to apply the accounting principles business combinations according to IFRS 3, provided that such participation implies a "business". The modifications will be effective for the periods starting as from January 2 016. The Bank is currently in the process of analysis the potential impact of the implementation of this standard; notwithstanding, it is not expected a significant impact on the operation results and Bank´s financial position.

This standard is effective for periods starting as from January 1, 2018. Its earlier application is allowed. The Bank is currently analyzing the impact of the application of this standard.

Modifications to IFRS 13 – Valuations at reasonable value

The IFRS 13 amends the definition of reasonable value establishing that it is the Price to be received for the sale of an asset, or to be paid for the transfer of a liability in any transaction made between market participants on the date of valuation. Therefore, the reasonable value is the price of sale not just of purchase, and therefore initial differences may occur between the consideration of transaction for acquisition of assets or assumption of liabilities and its reasonable value

According to IFRS 13, the measurement at reasonable value of any non-financial asset needs to consider the market participant capacity to bring about economic benefits using the asset in its best use or for the sale of the asset to other market participant who would use the asset in its maximal and best use. The maximal and best use is the use that would maximize the value of asset or the group of assets and liabilities where the asset would be used. The maximum and best use need to consider the use physically possible, legally admissible, and financially viable. It shall be considered the use of asset from the standpoint of the market participants, irrespective of the entity intending to make use of the asset. In connection with liabilities and patrimonial instruments, the measurement of the reasonable value supposes that the financial liability or the non-financial liability or the patrimonial instrument, is transferred to the market participant on the date of valuation. The transfer supposes that:

a) The liability would be maintained pending and the participant assuming the liability needs to comply with the obligation.

b) The patrimonial instrument would be maintained pending and the participant assuming would be entitled and obligations associated to the instrument.

Although there is no any market to determine the price of liability or patrimonial instrument, it is possible to observe if such items are maintained by third parties as assets.

If there is not a price quoted or a liability or patrimonial instrument identical or similar, but an identical item is maintained as an asset by third parties, the entity must determine the reasonable value from its perspective of market participant maintaining an asset identical on the date of valuation. This interpretation was valid for annual periods starting from January 2014.

The Bank is currently analyzing the impact of the application of this standard.

Modifications to IAS 36 – Impairment of asset value

Modification issued on May 2013. As a result of issue of IFRS 3, the IASB decided to change the IAS 36 requiring additional disclosures to those impaired assets, the retrieval value of which is the reasonable value less the sale costs. Based on the above considerations, the Bank needs to disclose the level of hierarchy of the reasonable value, the techniques of valuation used and the hypothesis used by the management to determine the reasonable values less the sale costs. The changes to IFRS 36 are of retrospective application and were effective for annual periods beginning as from January 2014.

The Bank is currently analyzing the impact of the application of this standard.

IFRIC 21 - Liens

Issued in May 2013. This is an interpretation of IAS 37, “Provisions, contingent liabilities and contingent assets”. IAS 37 provides the criteria to recognize a liability, one of which is the requirements whereby the entity is under the obligation as a result of a past event (known as a fact generating the obligation giving rise to a liability to pay a lien which is known as a fact generating obligations). The interpretation clears out that the event generating the obligation giving rise to a liability to pay lien is the continuity of the activity producing the payment of lien in the period following the generation of income of the mentioned activity. This means, in this event, that the generation of income in precedent period is necessary but not sufficient to create a present obligation. This interpretation was effective for the annual periods beginning on January 2014.

The Bank is currently analyzing the impact of the application of this standard.

IFRS 14 "Regulatory deferred accounts" (issued in January 2014 and effective for an annual periods beginning on or after January 1, 2016)

IFRS 14 Allows for the adopter for the first time to continue recognizing amounts relative to regulation of rates in accordance with the requirements of previous accounting principles when they adopt IFRS for the first time; notwithstanding, to underline the comparability to the entities already applying IFRS and do not recognize such amounts, the pronouncement requires that such effect of rate regulation needs to be submitted separately from other items. An entity already submitting its financial statement under IRS is no eligible to apply the standard.

Modifications to IAS 39 – Financial instruments: Recognition and measurement
Modification issued on June 2013, indicating that it is not necessary to suspend the accounting of hedges if any derivative of hedge has been substituted for a new derivative, provided that some criteria are accomplished. The changes of IAS 39 are for retrospective application and were effective for annual periods beginning since January 2014.

The Bank is currently analyzing the impact of application of this standard.

Other standards, modifications and interpretations effective for annual periods starting on January 1, 2014 are nor relevant to the Bank.

The following new standards, interpretations and modifications to the standards released, are not in force as of December 31, 2014 and have not been applied in production of these financial statements

IFRS 15 "Income of contracts with customers"

Income derived from contracts with customers - IFRS 15
The IFRS 15 provides a general framework to determine when any entity must recognize income representing the transfer of goods or services offered to customers for a transaction price the entity considers to be entitled to receive in Exchange of such goods or services.

This standard will take force for periods beginning on January 1, 2017. Its early adoption is allowed and is of retrospective application. The Bank is implementing the analysis of the potential impact on the adoption of this standard; notwithstanding, it is not expected a significant impact on the results of the operations and on the Bank's financial position.

Modification to IC 27 – Separate Financial Statements

Issued on August 2014, this modification allows for the controlling entities to use the patrimonial participation method to recognize their subsidiaries, associates, and joint ventures in their financial statements separated. This modification begins to take force for periods starting on January 1, 2016. Its early adoption is allowed and are of retrospective application. The Bank is currently in the analytical process of the possible impact on the adoption of this modification; notwithstanding, it is not expected any significant impact on the operational results and financial position of Bank.

Modification to IAS 28 – Investments in associate companies and joint ventures, and IAS 10 – Consolidated Financial Statements

Issued in September 2014, resolves the actual discrepancies between IFRS 10 and IAS 28 concerning the recognition of sales or contributions in no-monetary asset made by an investor to its associated companies or joint ventures. The profit or loss of transaction will be recognized by investor if the non-monetary assets transferred constitute a “business” as defined in IFRA 3 – Combination of Businesses. Such modifications takes validity for period beginning on January 1, 2016, its early adoption is allowed as well as the prospective application. The Bank is currently analyzing the potential impact on the adoption of those modification; notwithstanding, it is not expected to have a significant impact on the operations results and the financial position of the Bank.

Note 3. Critical accounting judgments and estimates in the application of accounting policies

Preparing Financial Statements in compliance with the CIF requires for the management to make judgments, estimates and assumptions affecting the application of Accounting policies and the amounts recognized in financial statements and carrying value of the assets, liabilities, income and outlays reported. The actual results may differ from such estimates within the following tax year. The judgments and estimates are continuously evaluated and based on the management experience and other factors, including the expectation of future events considered reasonable under the actual circumstances. The management also makes some judgments in addition to those ones involving estimates in the application of accounting policies. The judgments involving significant effects on the amounts recognized in financial statements consolidated, and the estimates potentially involving a significant adjustment in the carrying value of the assets and liabilities in the subsequent year include the following:

Ongoing business: The management of Bank prepares financial statements based on an ongoing business. In the production of this judgment the management considers the financial position, its actual intents, the result of the operations and the Access to financial resources in the financial market and analyzes the impact of such factors on the Bank’s future operations. As of the date of this report, the management is not aware of any situation indicating that the Bank has not the capacity to continue as ongoing business during the second half-year 2015 and first half-year 2016.

Provision impairment of loans: According to regulations by Colombia Finance Superintendence, the Bank reviews periodically loan portfolio to evaluate whether any impairment needs to be recorded debited to the results of the operational period following the guidelines set forth by this Office indicated in Note 2.8 above. The management makes judgments in the event of commercial credit portfolio and commercial leasing, in determination of its qualification of credit risk according to its payment capacity evaluated based on the financial statements from 12 months old and the reasonable value of guarantees granted in order to evaluate if there exists any data indicating cash flow diminution estimated of the customer. In dealing with consumption portfolio under granting process, the Bank uses internal scoring models assigning a qualification by the risk level; such qualification is subsequently adjusted taking into account basically arrears in the payments according to indicated in Note 2.8 above. The scoring by level of risk of the mortgage portfolio and housing portfolio its score is based, mainly, on the number of days the customer is in arrears

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Upon the completion of qualification of the different portfolios by level of risk, the calculation of provisions is made, using the provision percent tables established specifically for each type of credit by Finance Superintendence also indicated in note 2.8 above, taking into account for such purpose, the guarantees supporting the obligations.

Additionally, and also based on directions given by Colombia Finance Superintendence the Bank makes a general provision for credit portfolio and mortgage and housing credits for 1% of the total portfolio debited to results

Taking into account the impairment provision of financial asset of credit portfolio are calculated based on specific percentages set out by Colombia Finance Superintendence, the Bank management does not do any sensitivity analysis of the changes in those percentages, inasmuch as this Office is the only authorized to implement such changes.

The Bank's management estimates that provisions for loans impairment made as of June 30 2015 and December 31, 2014, are enough to hedge the possible loss materialized in the credit portfolio prevailing in those dates.

Reasonable Value of financial instruments derivatives: Information about the reasonable values of financial instruments and derivatives evaluated using assumptions not supported on market observable data is disclosed in note 5.

Determining classification of investments: According to the provisions by Colombia Finance Superintendence, the Bank classifies the financial assets by investments marketable, maintained up to the maturity and available for sale; such classification was made by the Bank until December 31, 2014 at the time of each investment constitution taking into account such factors as: Liquidity of Bank, profitability, the need of resources for placement as credit portfolio and macroeconomic factors existing at the time of the investment. As from January 2015, the Bank performs the classification following the business model indicated below, as provided in the External Circular letter 034, 2014:

Marketable Investments

The Bank classifies in the marketable portfolio the investments in fixed income structure as part of the liquidity management strategy derived the dynamic central vocation of financial intermediation. This portfolio is in conformity with the purpose to obtain the contractual flows according the returns offered by the Issuer bank, acting the support to face with potential requirements of liquidity and as guarantee for the acquisition of liquidity passive operations (Repos) with the Central Bank.

The main types of securities to support this need of liquidity may be the following:

- Public Debt TES (TF, UVR, TCO, IPC, inter alia)
- Nation investment different from TES
- Foreign Debt
- Corporate Debt

Investments available for sale

The Bank classifies in the available portfolio for sale the investments in fixed income structured as part of the liquidity management and may sell in the event of sale opportunities for the purpose to provide profitability to portfolio.

The main types of securities to support this need of liquidity are the:

- Public Debit TES (TF, UVR, TCO, IPC, inter alia)
- Nation Investment different from TES
- Foreign Debt
- Corporate Debt

Investments to be held up to maturity

The Bank classifies in the portfolio to be held up to the maturity the portfolio made up by Agricultural Development Securities (ADS) and Debt Reduction Securities (DRS) to accomplish with the article 8, External Resolution 3 / 2000 of the Central Bank and made mandatory investment

Deferred Income Tax*:* The Bank assesses the completion in the time of active deferred tax. The active deferred tax represents income tax recoverable through future deduction of taxable profits and are recorded in the statement of financial situation. The active deferred tax is recoverable in the extent that the obtainment of tax benefit is probable. The future tax income and the amount of probable future tax benefits are based on medium-term plans prepared by the management. The business plan is based on the management expectations considered as seasonable under the actual circumstances. As a prudent action to determine the existence of deferred tax the financial and taxation projections have been made taking into account exclusively a vegetative growth of the inflation projected for 5 years 3% annual

As of June 30, 2015, and December 31, 2014, the Bank's management considers the items of active deferred income to be recoverable in function of the future estimate taxable profits. Deferred liability tax over profits of the subsidiaries has not been recorded, that the Bank does not expect to carry in a near future, because the Bank controls the policy of dividends of subsidiaries and it is not intended to distribute dividends or to sell such investments in a near future. Note 16.

Initial recognition of transactions with related parties: In the ordinary development of business, the Bank enter into transactions with related parties. IFRS 9 requires initial recognition of financial instruments based on the reasonable values, the judgment applies to determine whether the transactions are made at market values of the interest rates when there is no active market for such transactions. The bases of judgment is to value similar transactions with non-related parties and an analysis of the cash. The terms and conditions of transaction with related parties are disclosed in Note 30.

Plus-value: On an annual basis the Bank management evaluates the impairment of plus-value recorded in its financial statements; such evaluation is made in the closing September 30 every year based on the study conducted for such purpose by independent experts hired for such purpose. Such study is made based on the valuation of business line related to Plus-Value (lines of business of Banco Unión), using the discounted cash flow, taking into account such factors as: Country economic situation and sector where the Bank operates, historical financial information, and Bank's income and costs projected for the next five years and subsequent perpetual growth taking into consideration the Bank's profit capitalization indexes, discounted from the free-risk interest rates adjusted by risk Premiums under the actual circumstances. Bellow the main assumptions used in such valuations.

Macroeconomic Assumptions

Macroeconomic Assumptions						
Index	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Annual National CPI	3,7%	3,1%	3,0%	2,9%	3,1%	3,0%
DTF (EA Annual Average)	4,5%	4,5%	4,7%	4,9%	4,8%	4,9%
Income Tax Rate	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%
CREE Tax + Surtax	9,0%	14,0%	15,0%	16,0%	18,0%	18,0%

The macroeconomic assumptions for projection horizon 2014/2019 were taken from Bancolombia S.A., and according to the same tax reform approved on January 2015 is considered the income tax + CREE.

Discount rate

a. **Free-Risk (Fr) rate):** Taken as free-risk rate of return of American Treasury Bonds with 30 years maturity 30. *Frf = 3,45%. Source: Ministry of Treasury and Public Credit, January 16, 2015.*

b. **Country Risk (Cr)**: This rate represents the Premium of risk of sovereign bonds of the Republic of Colombia (with maturity date 2044) over the risk-free rate (described in item a. above). This premium reflects the appreciation made by the capital market of the investment risk en Colombia, against the economic policies.

Cr= 2,46%. Source Ministry of Treasury and Public Credit, January 16, 2014.

c. **Market Risk (Mr) Premium:** A market risk premium was taken for the American market. Since Colombian market allows for the Access of investors from other markets and given that in Colombia, the same as in the most emergent economies, there exists no any mean return rate for a diversified portfolio, it is reasonable to assume that such investors intend to obtain a risk premium no less than that obtained in the American market. *Rm=5,75%. Source: Damodaran. URL www.damodaran.com [16/01/15]*

d. **Beta (β):** As coefficient beta the range calculated by Demodaran applied to several banking entities in Colombia, giving as result 0.96

As a result of the valuation it was determined that it is necessary to include a provision for the impairment corresponding to plus-value as of June 30, 2015 and December 31, 2014 .

Valuation of investment properties: The investment properties are reported in the balance sheet at its reasonable value determined in reports prepared by independent experts at the end of each reporting period. Due to the actual conditions of the country the frequency of transactions of properties is low, nevertheless, the management estimates that there are sufficient activities of market to provide comparable prices for ordered transactions of similar properties when the reasonable value is determined of the investment properties, excepting for goods received in payment, classified as investment properties which are recorded according to indications for this type of goods in the note 2.13 above.

In preparing the reports of valuation of investment properties of the Bank the forced sale transactions are excluded. The management has reviewed the assumptions used in the valuation of the independent experts and considers that factors such as: inflation, interest rates, etc, have been properly determined considering the market conditions at the end of period reported; notwithstanding the above, the management considers that valuation of investment properties is currently subject to a high degree of judgment and an increased probability that the actual income from the sale of such assets may differ from its carrying value.

Estimates for contingencies: The Bank estimates and records an estimate for contingencies in order to cover the potential loss for the labor events, civil and mercantile lawsuits, and fiscal repairs or other ones according to the circumstances that, based on the opinion of the external legal advisers and/or internal lawyers are considered as probable of loss and may be reasonably quantified. Given the nature of a great number of claims, actions and/or processes, it is not possible, in some instances, to propose an accurate forecast or quantify the amount of loss in a reasonable manner, and therefore, the actual amount of the outlays effectively made for claims, actions and/or processes is usually different from the amounts initially estimated and provisioned, and such differences are recognized in the year when they are identified.

Pension Plans: The measurement of pension, costs and liabilities obligations are dependent on a great variety of long-term premises determined on the actuarial bases, including estimates of the present value of the future payments projected of pensions to the participants of the plan, considering the probability of future potential events, such as increased minimum urban salary and demographic experience. Such premises can involve an effect on the amount and the future contributions, if any variation will occur.

The discount rate allows establishing future cash flows at present value on the date of measurement. The Bank determines a long-term rate representing the investment market rate of high-quality fixed income or for government bonds, which are denominated in COP, the currency to be used to pay the benefit, and considers the opportunity and the amounts to pay the future benefits, to which the Bank has selected the bonds of government.

The Bank uses other key premises to value the current liabilities, calculated based on the Bank's specific experience combined to the statistics published and market indicators (See Note 19, describing the most relevant assumptions used in the actuarial calculus and relevant sensitivity analysis).

Note 4. - Risk Administration and Management

The Bank's activities involve several financial risks: market risk (including foreign currency exchange risk, reasonable value risk for interest rate, cash flow risk due to interest rates, Price risk, credit risk, and liquidity risk). In addition to above, the Bank faces with operational and legal risks.

According to the regulations issued by Colombia Finance Superintendence, the Bank management risk process makes part within the guidelines drawn up by the Top Management, in accordance with the general directives of management and administration approved by the Board of Directors.

The Bank has in place a Credit and Treasury Risks Committee, made up by members of the Board of Directors; such committee meets periodically to discuss, measure, control, and analyze the credit risk management (SARC) and treasury of Bank (SARM). In the same way, there exists the Asset and Liabilities Technical Committee, which makes decisions related to assets and liabilities and liquidity management through the Liquidity Risk Management System (LRMS), the analysis and tracking of the Operative Risk and Continuity of Business (ORCB-PCN) is developed in the Audit Committee of Board of Directors. The legal risks are monitored by the Secretary General Office of the Bank.

From the administrative standpoint, the Bank management risk is the responsibility of the risk and collection vice president, which in turn, is comprised by the credit and operative risk management, the treasury risk management, the mass collection management and banking security and information management.

Below the analysis of the different risks the Bank is subject, is included:

a. Market Risks:

1. **Market risk of financial assets in certificates of indebtedness of fixed income and derivatives of interest rate:**

   The market risk of financial asset in certificates of indebtedness of fixed income arises as a result that the Bank manages a portfolio of such certificates classified as marketable securities. The risk arises as a result of increased market interest rates and unfavorable changes in credit risks associated to the issuer of financial instrument.

   As indicated in Note 3 above, the investment portfolio of fixed income is structured as a part of the liquidity management strategy based on the dynamics financial intermediation central vocation. This portfolio is made up for the purpose to obtain the contractual flows according to the returns offered by the Issuer and maximize Bank's income. Additionally, the Bank has in place a portfolio of fixed income investments classified as available for sale, to be sold in the event of sale opportunities for the purpose to provide profitability to the portfolio.

To reduce the market risk of this portfolio, the Bank enter into transactions of financial instruments derivatives from the interest rates minimizing by the compensation of positions of adverse variations in the market risk. Also, enter into transactions derivatives from the interest rate with customers in financial intermediation process to close the position. As a general guideline, the Bank is based on a restriction in the maximum number, as it is a consolidation stage of product, a minimum 10 years term by operation (the market operates up to 25 years), the max. term allowed of the mean portfolio no more than 4.5 years, capacity to operate exclusively fixed rate against IBR indicators (Banking indicator of Reference) and FTD (Fixed Time Deposit) which are the more transacted in Colombian economy, a maximal level of loss daily allowed of $10 and monthly top of $50 with a VeR of $500. With these limits, it is allowed to control the exposures and reduce the negative events in acceptable levels by the top management and rent, according to the expectations of the different products aiding the entity to go in deep and diversify the range of products offered.

According to the standards set forth by Colombia Finance Superintendence, the market risk management of Bank's investment portfolio is included in the guidelines given by the Top Management, in line with the general directives of management and administration approved by the Board of Directors.

The Bank has in place a Financial Risk of Treasury Committee that meets periodically to discuss, measure, control and analyze the risk of management of Market (SARM) and Liquidity (SARL). Additionally, there are in place Finance, Audit and Ethics Committees complementing the Corporate Government of such risks.

The Top Management and the Board of Directors of the Bank, take active part in the risk management and control, by analyzing a protocol of reports established and the conduction of several different Committees, which in an integral manner implements both technical and based follow-up to the several different variables influencing the markets at internal and external level, for the purpose to support the strategic decisions.

The risks assumed in the conduction of operations, are consistent with the Bank's general business strategy and are planned in structure of limits for the positions in different instruments according to the specific strategy, the strengths of the markets where the Bank operates. Its impact on the weighting of assets by risk and solvency level as well as the balance structure.

Such limits are monitored on a daily basis and monthly reported to the Board of Directors. On a quarterly basis in this same report the management of individual risk results are submitted.

This way, the analysis and follow up of the different risks occurred in the Bank operations, is essential to the decision making and the evaluation of the macroeconomic conditions, to achieve an optimal combination of risk, profitability and liquidity.

Additionally, in order to minimize the interest rate and exchange rate of some items of the balance sheet, the Bank implements compensation strategies in derivatives of speculation by taking positions in instruments such as Forwards, Futures and Swaps.

As a complement to the analysis of results of Treasury management, a daily and consolidated analysis of management of results is made allowing for submitting, from the financial standpoint the accounting results, segmented by each one of the products and business currently managed, which implies as benefit a more understanding and sensitiveness about the management of treasury, as well as the impact on the results given the movements of the market.

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The Bank uses the standard model of market risk measurement, control and market risk management of the interest rates, the exchange rates and the stock Price in the books of Treasury and Banking, consistent with the requirements of Colombia Finance Superintendence contained in Chapter XXI of Accounting and Financial Circular Letter, and specifically the Annex 1 in such Chapter. These measurements are made on a daily basis for each one of the exposures under risk of the Bank.

In the same way, the Bank has in place internal management parametric models based on Value in Risk (ViR)) methodology which allow to complement market risk management based on the identification and analysis of variances in the risk factors (interest rates, exchange rates) on the value of the different instruments included in portfolio. Such models are JP Morgan Risk Metrics with 99% confidence level and Price historical simulation.

The use of ViR methodology allows to estimate the profit and capital in risk, as well as compare activities in several different markets and identify the positions with higher contribution to risk of the Treasury business. In the same way ViR is used to determine the limits of the positions of negotiators and quickly review positions and strategies in the extent they change the market conditions.

The methodologies used to measure ViR are periodically evaluated and subject to backtesting assays allowing for determining its effectiveness. In addition, the Bank has in place tools to undertake the stress tests and/or sensitiveness of portfolios under simulation of extreme scenarios.

Additionally, there are in place limits associated to each one of the products included in the different portfolios which are segmented in Local Currency and Foreign Currency.

Similarly, the Bank has established counterpart and negotiation quotas by operator for each one of the market negotiation platforms where the Bank is operating. Such limits and quotas are daily managed by the Middle Office of the Bank.

In the same way, there is available a process to follow up the clean prices and inputs of valuation released by suppler of prices Infovalmer where those prices with significant differences are daily identified between that provided by the supplier of prices and the observed in alternate information suppliers such as Bloomberg, Brokers, among others. This following up is made for the purpose to feedback the supplier about the most significant difference of prices and those ones reviewed. This process is complemented with the periodical revision of portfolio valuation methodologies of fixed income investments and derivatives.

According to the standard model, the value in market risk (ViR) on June, 2015 was $175.071 with effect of 101 basic points, compared to the Bank’s individual solvency ViR indicators of transmission to Colombia Finance Superintendence submitted by the Bank during the first half-year 2015 and the second half-year 2014, are summarized below:

	First Half-Year 2015			
Risk Factor	**Min.**	**Mean**	**Max.**	**Last**
Interest Rate Local Currency	$ 120.455	155.533	178.835	120.455
Interest Rate Foreign Currency	1.177	1.986	3.331	3.331
Interest Rate in UVR	42.177	47.373	53.338	49.494
Exchange Rate	1.791	2.512	3.233	1.791
ViR Total	**$ 175.071**	**205.912**	**225.400**	**175.071**

	Second Half-Year 2014			
Risk Factor	**Min.**	**Mean**	**Max.**	**Last**
Interest Rate Local Currency	$ 136.935	156.314	190.012	190.012
Interest Rate Foreign Currency	715	898	1.281	808
Interest Rate in UVR	35.343	41.883	46.106	44.740
Exchange Rate	614	1.596	2.326	2.050
ViR Total	**$ 174.513**	**200.691**	**237.611**	**237.611**

According to the model under the Bank internal methodology model, the market Value in Risk (ViR) as of June 2015 was $34.750. ViR risk under this methodology submitted by the Bank during the first Half-year 2015 and second half-year 2014 is summarized below:

	First Half-Year 2015			
Currency	**Min.**	**Mean**	**Max.**	**Last**
Local Currency	$ 23.658	45.282	63.791	31.273
Foreign Currency	2.147	4.466	10.350	3.477
VeR Total	**$ 29.236**	**49.748**	**70.708**	**34.750**

	Second half-year 2014			
Currency	**Min.**	**Mean**	**Max.**	**Last**
Local Currency	$ 25.763	35.225	67.370	57.817
Foreign Currency	405	3.081	11.106	7.009
VeR Total	**$ 26.977**	**38.306**	**77.673**	**64.826**

As management tool to manage investment portfolios different sensitivity analyses are made of such portfolios in different basic points. Below, the sensitivity results of the first half-year 2015 and second half-year 2014 are given:

	First semester 2015				
	Value Portfolio	**25 PB**	**50 PB**	**75 PB**	**100 PB**
Investment at reasonable value with changes in the operational period	$ 409.961	(4.312)	(8.567)	(12.767)	(16.915)

Investments at reasonable with changes in ORI	2.745.289	(24.360)	(48.390)	(72.103)	(95.514)
Total	**$ 3.155.250**	**(28.672)**	**(56.957)**	**(84.870)**	**(112.429)**

	Second semester 2014				
	Value Portfolio	**25 PB**	**50 PB**	**75 PB**	**100 PB**
Investments at reasonable value with changes in the operational period	$ 947.408	(4.312)	(8.567)	(12.767)	(16.915)
Investments at reasonable value with changes in ORI	3.388.149	(24.360)	(48.390)	(72.103)	(95.514)
Total	**$ 4.335.557**	**(28.672)**	**(56.957)**	**(84.870)**	**(112.429)**

Within the monitoring task, the daily control of operations in Local and Foreign Currency is made against the policies and limits approved by the Board of Directors which are in line with the risk profile of the entity. Additionally, it is verified the total operations made are at the market pricing.

In the same way, a monitoring at business rhythm is made of the trading positions in local currency made by treasury, which allows to know the result of the position of this portfolio and its evolution against the Value in Risk and Stop loss authorized.

With regards to related and affiliated parts by the Middle Office the Board of Directors is informed on a monthly basis the detail thereof, indicating the type and amount of operation. The same as the other operations, they are subject to revision of market prices.

Concerning the topic of following the verifiable means, on a daily basis and by the randomly sampling process, the monitoring of Calls, Emails, and Chats is made evaluating as well the market conditions of negotiations, the conduct of employees of treasury.

Lastly and as complement to the control process mentioned above, the management of users of transactional systems MEC, SETFX, AND XSTREAM systems has been centralized in the Middle Office through the revision of roles and profiles and the relevant certification by the immediate heads

2. Risk of the interest

The Bank is subject to the effects of fluctuations of the market interest rates influencing its financial position and future cash flows. The risk arises as a result of placements in investments and credit portfolio at variable interest rates and place them with liabilities with cost at fixed or vice versa interest rate. The interest margins may increase as a result of the changes in interest rate and also may decrease and generate loss if appear unforeseeable movements in such rates. The Bank's management monitors on a daily basis and set out limits on the level of price of the assets and liabilities due to changes in interest rates.

The Bank analyzes the exposure to the interest type in dynamic manner. Several scenarios are simulated taking into account the refining, renovation of positions existing, financing alternatives and hedging. Based on such scenarios, the Bank calculates the impact on the result for any given change in interest type. For each simulation, the same change in the interest type is used for all currencies. The scenarios use only assets and liabilities representing the most significant positions subject to an interest type.

Depending on the different scenarios, the Bank manages its risk of interest type about the analysis being affected on a monthly basis in the portfolio and financial committees currently existing in the Bank to manage the interest risk in the light of most representative assets and liabilities. Usually, the Bank obtains long-term external resources with variable interest, such as rediscounts with second for financial entities, which interest rates are implicitly compensated with portfolio credits..

The Table below summarizes the Bank exposure to interest rates. The Table represents the amount accrued of asset and liabilities of the Bank for its carrying value broken down by contractual maturity of re-price of the interest rate as of June 30, 2015 and as of December 31, 2014.

Semester ended on June 30, 2015

DETAIL OF ACCOUNT	AVERAGE OF SEMESTER	INCOME EXPENSE OF INTEREST	MEAN INTEREST	VARIATION 50 PB IN THE INTEREST RATE	
				Favorable	Unfavorable
Interest-bearing Financial Assets					
Active operations of monetary market in Colombian Pesos (COP)	$ 79,922	20,735	51.89%	1	(1)
Active operations of monetary market in Foreign Currency	148,153	399	0.54%	87	(87)
	228,076	21,134	18.53%	88	(88)
Investments certificates of debt at reasonable value in COP Colombia	3,782,349	110,626	5.85%	42,615	(42,615)
Investments in certificates of deb at reasonable value in foreign currency	197,561	2,345	2.37%	1,119	(1,119)
	3,979,910	112,971	5.68%	43,734	(43,734)
Investments in certificates of debt at amortized cost in COP	628,289	6,011	1.91%	1,231	(1,231)
	628,289	6,011	1.91%	1,231	(1,231)
Credit portfolio in COP	19,959,970	846,832	8.49%	49,900	(49,900)
Credit portfolio in Foreign Currency	1,546,068	21,827	2.82%	3,865	(3,865)
	21,506,038	868,659	8.08%	53,765	(53,765)
Total Financial Asset bearing interest in COP	**$ 24,450,530**	**984,204**	**8.05%**	**93,747**	**(93,747)**
Total Financial Asset bearing interest in Foreign Currency	**$ 1,891,782**	**24,572**	**2.60%**	**4,984**	**(4,984)**
Total Financial Asset bearing interest	**$ 26,342,312**	**1,008,775**	**7.66%**	**98,818**	**(98,818)**
Financial Liabilities with Financial Cost					
Passive Operations of monetary market in COP	$ 1,017,892	13,711	2.69%	10	(10)
Passive Operations of monetary market in Foreign Currency	1,381	518	74.94%	113	(113)
	1,019,274	14,229	2.79%	123	(123)
Deposits of customers in savings account and TD in COP	9,664,574	173,909	3.60%	-	-
	9,664,574	173,909	3.60%	-	-
Deposits of customers in Fixed Time Deposits in COP	5,307,445	142,923	5.39%	35	(35)
	5,307,445	142,923	5.39%	35	(35)
Financial Obligations in Colombian Pesos (COP)	2,955,700	100,079	6.77%	34	(34)
Financial Obligations in Foreign Currency	1,645,725	8,696	1.06%	-	-
	4,601,425	108,775	4.73%	34	(34)
Total Financial Liabilities with Financial Cost in COP	**$ 18,945,612**	**430,622**	**4.55%**	**79**	**(79)**
Total Financial Liabilities with financial cost in foreign currency	**$ 1,647,106**	**9,213**	**1.12%**	**113**	**(113)**
Total Financial Liabilities with Financial Cost	**$ 20,592,718**	**439,835**	**4.27%**	**193**	**(193)**
Total Net Financial Asset subject to risk of interest rate in COP	**$ 5,504,918**	**553,582**	**20.11%**	**93,667**	**(93,667)**
Total Net Financial Asset subject to risk of interest rate foreign currency	**$ 244,676**	**15,358**	**12.55%**	**4,871**	**(4,871)**
Total Net Financial Assets subject to risk of interest rate	**$ 5,749,594**	**568,940**	**19.79%**	**98,625**	**(98,625)**

Semester ended on December 31, 2014

DETAIL OF ACCOUNT	AVERAGE OF SEMESTER	INCOME EXPENSE OF INTEREST INTERESES	M E A N INTEREST	VARIATION 50 PB IN THE INTEREST RATE	
				Favorable	Unfavorable
Financial interest-bearing asset					
Active operations of monetary market in Colombian Pesos (COP)	$ 266,379	19,265	14.46%	3	(3)
Active operations of monetary market in Foreign Currency	147,988	399	0.54%	48	(48)
	414,367	19,663	9.49%	51	(51)
Investments certificates of debt at reasonable value in COP	3,587,868	62,838	3.50%	56,642	(56,642)
Investments in certificates of debt at reasonable value in foreign currency	201,623	2,477	2.46%	667	(667)
	3,789,492	65,315	3.45%	57,309	(57,309)
Investments in certificates of debt at amortized cost in COP	614,964	3,214	1.05%	1,502	(1,502)
	-	-	0.00%	-	-
Credit portfolio in COP	614,964	3,214	1.05%	1,502	(1,502)
	18,142,578	708,894	7.81%	45,356	(45,356)
Credit portfolio in Foreign Currency					
	1,533,779	21,827	2.85%	3,834	(3,834)
Total Financial Asset bearing interest in	11,874,992	730,721	7.43%	49.19	(49)
Total Financial Asset bearing interest in Foreign Currency	**$ 16,129,710**	**794,211**	**7.02%**	**103,503**	**(103,503)**
Total Financial Asset bearing interest	**$ 564,104**	**24,703**	**2.62%**	**4.55**	**(4,551)**
Financial Liabilities with Financial Cost	**$ 16,693,814**	**818,914**	**6.69%**	**108,053**	**(108,053)**
Financial Liabilities with Financial Cost					
Passive Operations of monetary market in COP	$ 10,674,305	124,685	2.34%	-	-
Passive Operations of monetary market in Foreign Currency	-	-	0.00%	-	-
	10,674,305	124,685	2.34%	-	-
Deposits of customers in savings account and TD in COP	4,956,564	92,926	3.75%	29	(29)
	-	-	0.00%	-	-
Deposits of customers in Fixed Time Deposits	4,956,564	92,926	3.75%	29	(29)
Financial Obligations in Colombian Pesos (COP)	129,524	5,432	8.39%	8	(8)
Financial Obligations in Foreign Currency	259,041	518	0.40%	5	(7)
	388,565	5.95	3.06%	13	(15)
Obligaciones financieras en pesos Colombianos	2,727,808	97,844	7.17%	38	(38)
Obligaciones financieras en moneda extranjera	1,644,395	8,718	1.06%	-	-
	4,372,204	106,562	4.87%	38	(38)
Total Financial Liabilities with Financial Cost in COP	**$ 18,488,201**	**320,887**	**3.47%**	**75**	**(75)**
Total Financial Liabilities with financial cost in foreign currency	**$ 1,903,437**	**9,236**	**0.97%**	**5**	**(7)**
Total Financial Liabilities with Financial Cost	**$ 20,391,638**	**330,123**	**3.24%**	**80**	**(82)**
Total Net Financial Asset subject to risk of interest rate in COP	**$ 4,123,588**	**473,324**	**22.96%**	**103,427**	**(103,427)**
Total Net Financial Asset subject to risk of interest rate foreign currency	**$ (20,046)**	**15,467**	**-154.31%**	**4,545**	**(4,542)**
Total Net Financial Assets subject to risk of interest rate	**$ (4,103,541)**	**488,791**	**23.82%**	**107,973**	**(107,971)**

If during the semester ended on June 30, 2015, the interest rates have been 50 points lower with other variables unchanged, the profit of semester of the Bank had been increased by $98,615 (December 31, 2014 $107,973), mainly as a result of lower expense for interest on the variable passive interest.

If during the semester ended on June 30, 2015, the interest rates had been 50 basic points higher rates with all other variable unchanged, the profit of semester of the Bank had been decreased by $98,624 (December 31, $107,970), mainly as a result of a diminution in the reasonable value of marketable.

The Bank is subject to risk of prepaid loans granted at fixed interest rates including housing mortgage loans, which give the borrower the right to repay the loans in advance with no any sanction. The profit of the Bank in operational periods ended on June 30, 2015, and December 31, 2014 had not changed in a significant manner in the index of prepayments because credit portfolio and the prepayment right is for an amount similar to those of the credit. .

3. Risk of Foreign Currency Exchange Rate Variation

The Bank operates at international level and is subject to variation of exchange rate, resulting from expositions to several currencies, mainly with regard to the USA Dollar and Euro.

The risk of exchange rate for foreign currency results from assets and liabilities recognized in credit portfolios, financial obligations, investment in subsidiaries and branch office abroad and in future commercial transactions.

The banks in Colombia are authorized by the Central Bank to sale and purchase foreign currency and to maintain balances in foreign currency in accounts abroad. The legal regulations in Colombia oblige the Bank to maintain a daily own position in foreign currency determined by the difference between the rights and obligations denominated in foreign currency registered inside and outside of balance sheet at least three business days, which may exceed twenty percent (20%) of the technical patrimony; in the same way, such three business days in foreign currency may be negative, without exceeding five percent (5%) the technical patrimony given in US dollar..

Similarly, it is necessary to accomplish with the own spot position determined by the difference between assets and liabilities denominated in foreign currency, excluding the derivatives, and some investments. The three business day's average of this position may not exceed fifty percent (50%) the technical patrimony of the entity, and will be not negative.

Additionally, it is necessary to accomplish with the limits of gross position of leverage, which is defined as the summation of the rights and obligations in contracts with future compliance denominated in foreign currency; the spot obligations denominated in foreign currency with compliance between one banking day (1+1) and three banking days (1+3) and other derivatives about the exchange type. The three days average of the gross position of leverage, will not exceed five hundred fifty percent (550%) the amount of technical patrimony of the entity.

The determination of maximum or minimum amount of the daily own position and the own spot position in foreign currency will be established based on the Bank's technical patrimony the last day of the last second calendar month. Such limits are those legally defined, although usually the Bank uses lower limits. Below the legal limits of own position and spot own position are described:

Own Position: Mean of the third average between 5% and 20% of the entity's technical patrimony.
Spot Own Position: Average of the third between 0% and 50% of the entity's Technical Patrimony.

Additional to the legal limits, for the own position there is an internal limit of value in which corresponds to $700 daily.

As of June 30, 2015 and December 31, 2014, the exchange rates in foreign currency were the listed below in connection with Colombian currency:

Type of currency	June 30, 2015	December 31, 2014
USA Dollar (USD / COP)		
At the closing	$ 2.598,68	2.392,46
Average of Semester	2.482,97	2.037,99
Euros (EUR / COP)		
At the closing	2.907,66	2.909,23
Average of Semester	$ 2.769,27	2.621,70

Basically all Bank's asset and liabilities in foreign currency are maintained in USA Dollars. The detail below of the asset and liabilities in foreign currency maintained by the Bank as of June 30, 2015, December 31, 2014 and January 1, 2014:

June 30, 2015

Account	USD	Euros	Other currencies given in USA dollar	Total million Colombian pesos
Asset				
Cash and equivalent to cash	247.239	34.550	608	1.439.488
Investments in Certificates of Debt at reasonable value	207.111	-	-	3.315.079
Investments in Certificates of Debt at amortized cost	-	-	-	601.672
Instruments derivatives of negotiation	83.875	65.618	-	16.855
Financial Asset by credit portfolio at amortized cost	1.569.750	(236)	233	20.756.634
Other Accounts Receivable	11.121	29	4	1.156.792
Investments in controlled companies associated with hedge of exchange rate	160.961	-	-	654.475
Total Asset	**2.280.058**	**99.961**	**844**	**27.940.996**
Liabilities				
Deposits of Financial Institutions	372.974	2.981	70	22.592.222
Deposits of customers	(438.601)	610.598	-	16.315
Long-term Financial Obligations	1.529.425	87.878	233	684.577
Instruments derivatives of hedging				
Other liabilities	8.098	-	48	952.032
Total Liabilities	**1.471.896**	**701.458**	**351**	**24.245.145**
	808.162	**(601.497)**	**494**	**3.695.851**
Position Active Note (Liabilities)				

December 31, 2014

Account	USD	Euros	Other currencies given in USA dollar	Total million Colombian pesos
Asset				
Cash and equivalent to cash	193.755	24.778	1.581	1.873.540
Investments in Certificates of Debt at reasonable value	207.285	-	-	4.528.525
Investments in Certificates of Debt amortized cost	-	-	-	631.695
Instruments derivative	1.634.386	(2.521)	-	(1.405.018)
Financial Asset for Credit Portfolio at amortized cost	1.491.410	2.249	-	19.536.825
Other Accounts Receivable	12.420	22	2	1.008.354
Investments in controlled or associated companies With hedging by exchange rate	109.386	-	-	647.302
Total Asset	**3.648.641**	**24.528**	**1.582**	**26.821.224**
Liabilities				
Deposits of financial institutions	246.088	5.584	186	22.946.968
Deposits or customers	2.368.574	(84.374)	-	(2.047.750)
Long-term Financial Obligations	1.545.840	102.968	-	643.167
Other liabilities	10.010	-	57	909.067
Total liabilities	**4.170.512**	**24.178**	**243**	**22.451.452**
Active Net Position (Liabilities)	**(521.871)**	**350**	**1.339**	**4.369.772**

January 1, 2014

Account	USD	Euros	Other currency given in USA dollar	Total million Colombian Pesos
Asset				
Cash and equivalent to cash	159.343	28.394	890	2.377.614
Investments in Certificates of Debt at reasonable value	129.415	-	-	3.138.380
Investments in Certificates of Debt amortized cost	-	-	-	591.670
Instruments derivatives of negotiation	83.654	39.836	-	(102.596)
Financial Asset for Credit Portfolio at amortized cost	1.088.903	7.329	-	18.491.665
Other accounts receivable	29.238	1.066	1.100	807.709
Investments in controlled or associate companies with hedging by type of exchange	86.019	-	-	543.625
Total Asset	**1.576.572**	**76.625**	**1.990**	**25.848.067**
Liabilities				
Deposits of financial entities	220.960	3.206	447	20.903.192
Deposits of clients	248.232	16.855	-	(244.705)
Long-term Financial obligations	1.100.505	56.472	-	876.913
Other liabilities	3.977	-	46	728.383
Total liabilities	**1.573.675**	**76.534**	**493**	**22.263.783**
Active Net Position (Liabilities)	**2.898**	**91**	**1.498**	**3.584.284**

Bank's management has established policies requiring for the subsidiaries to manage their risk of exchange type in foreign currency against their functional currency. The Bank's subsidiaries are required to hedge economically their position of exchange type using for such purpose operations with derivatives especially with forward contracts.

The Bank holds several investments in subsidiaries and branch offices abroad, the net assets of which are exposed to conversion risk of the financial statements for consolidation purposes. The exposure resulting from the net assets in operations abroad are hedged mainly by obligations in foreign currency.

El efecto estimado por el aumento de cada 0,10/US$1 con respecto al tipo de cambio al 30 de Junio de 2015 sería un incremento de $91 en los activos, $84 en los pasivos y de $7 en los resultados ($175, $174 y $1, respectivamente, en valores nominales, al 31 de diciembre de 2014).

4. Risk of price:

The Bank is exposed to risk of price of financial assets in patrimonial instruments, due to change of stock price in stock exchange. The most significant risk is in investments in stock owned by Compañía Corficolombiana, a subsidiary company of Aval Group, also holding company of Banco de Occidente, where the Bank held as of December 31, 2014 4,5951% participation and 4,6022% on June 30, 2015. During the semester ended on 2014, the Bank sold a participation in such entity of 9.,3455 % thereby obtaining $12.385, profit.

The Bank classifies its variable income investments in equity securities where the Bank has neither control nor significant influence on the category of available investments available for sale, even though its basic purpose is not obtain profits for fluctuations of market price, neither to quote in stock exchange or there is low marketability, nor expecting the maturity of investment, nor making part of the portfolio supporting its liquidity in the financial intermediation, nor expect to use it as guarantee in passive operations, because its raison d'etre is strategic, directly coordinated with the holding company.

According to the business model, these investments will be sold when any of the conditions below are accomplished:

- The investment needs to accomplish with the conditions of Bank's investment policy (e.g., the credit qualification of the asset decreases under the required by Bank's investment policy);
- When it is required to introduce significant adjustments to the maturity structure of the asset to face with unexpected changes in maturity structure of Bank's assets.
- When the Bank requires to make significant capital investments, for instance, the acquisition of other financial entities.
- When it is required to make major outlays to acquire or construct property and equipment and there is not enough liquidity for such purpose.
- In The event of company's reorganization process of Banco de Occidente holding company.
- Comply with requirements or unusual needs credit outlays.

In addition to above, the Bank is exposed to price risk of properties classified as investment, which are recorded at the reasonable value and the purpose of which is to obtain income from the rental. The Bank semiannually updates the reasonable value of such assets based on the appraisals made by independent experts.

b. Risk of credit:

The Bank is exposed to credit risk, in the event that the debtor makes a financial loss to the Bank due to default of its obligations. The exposure to credit risk of the Bank occurs as a result of its credit activities and transactions with counterparties giving rise to financial assets.

The maximal Bank exposure to credit risk occurs in the carrying value of financial assets in the Bank financial situation statement, The potential impact in carrying value of the assets and liabilities to potentially reduce the exposure to credit risk is no significant.

For guarantees and commitments to extend the amount of credits, the maximal exposure to credit risk is the amount of the commitment. For such purposes, see Note 23. The credit risk is alleviated by the collateral guarantees as described in Note 10.

The Bank daily assumes credit risk in two areas: the credit activities, including commercial, consumption and mortgage credit operations and the treasury activity, including interbanking operations, investment portfolio management, operations with derivatives and negotiation of foreign currency operations, inter alia. In spite that these are independent business, the nature of insolvency risk of the counterpart is equivalent, and therefore, the criteria for them to manage, are the same.

The principles as rules to manage the credit and the credit risk in the Bank are included in the principles and rules to manage the credit and credit risk in the Bank are found in the Operating System Credit Risk Management, (OSCRM), developed both for the traditional banking activity and for the treasury activity. The evaluation criteria to measure the credit risk follow the guidelines issued by the Financial Risk Committee.

The top authority related to credit activity is the Board of Directors that guides the general policy and is empowered to grant the highest levels of credit allowed. In the banking operation the powers to grant quotas and credits are dependent from the amount, term and guarantees offered by the customer. The Board of Directors has delegated its credit power to different units and officials, who process the credit applications and are responsible for the analysis, monitoring and results.

On the other hand, in the treasury operations, the Board of Directors approves the quotas of operations and counterpart. The risk control is made through three essential operating mechanisms: annual assignment of operation quotas and daily control, quarterly solvency evaluation for emissions and reports of investment concentration by economic group.

Additionally, for the approval of credits, among other considerations, the probability of default, the quotas of counterpart, and the rate of recovery of guarantees received, the terms of credits and the concentration by economic sectors.

The Bank has in place an account with an Operating System Credit Risk Management, (OSCRM), managed by the Operative Credit Risk Division and includes, inter alia, the design, implementation, and evaluation of policies and tools of risk defined by Financial Risk Committee and the Board of Directors. The progression made in OSCRM allowed to obtain significant achievements in the integration of measuring credit risk tools in the process of granting and following up of the Bank.

The Bank, for the consumption portfolio account has in place scoring models for credit risk evaluation. In the initial customers' evaluation, logistic regression models are used, based on socio-demographic variables and some ones of the behavior with the sector, and allow determining whether or not the applicant is subject of credit according to the Bank's policy concerning the minimum score required. There are also following up models mainly using customer's payment behavior variables and some socio-demographic variables and allow for scoring the customers and determining the probability of default in the next operational period.

For commercial portfolio, there are ranking models, specifically logistic regression model, which variables are mainly financial indicators. With these variables entry models are obtained and for follow-up models, variables of payment behavior and added as the maximal condition of default in the last year, counters of default, inter alia. Accordingly, there are in place entry and follow-up models for Industry, Commerce, Services, Constructors, Territorial Entities, and Financial Entities.

In the granting model the Macroeconomic adjustment to the Probability of Default) PD) is taken into account applied for the purposes to identify and consider the relationship and tendency potentially existing between the behavior macroeconomic variables and the probability of default.

For commercial portfolio, the 20 more representative economic sectors are assessed by the Bank related to Gross Expired Portfolio. Additionally, the behavior and Growth and Expired are evaluated compared to GDP.

The credit risk of financial instruments outside the balance sheet is defined as the possibility to obtain loss due to default of the counterpart to comply with the agreement terms. The Bank uses the same credit policies to assume the contractual obligations in instruments, outside the balance sheet through the policies set out for approval credits, limits, and monitoring procedures.

Portfolio Concentration

Under credit risk management, continue monitoring of risk concentration is made through the limit of exposure or commercial portfolio concentration, which established that in no any economic activity (CIIU at 4 digits) may arise doubts for more than 9% of Commercial Portfolio without exceeding 40% of Bank’s Total Patrimony.

As of June 30, 2015 an December 31, 2014, the investments portfolio is made up, mainly by securities issued or endorsed by Colombia Governments institutions representing more than 93% of portfolio.. The remainder of portfolio includes obligations issued or endorsed by domestic and foreign institutions. As of June 30, 2015 and December 31, 2014, Colombian sovereign debt maintained BBB classification for long-term debt foreign currency and long-term local currency BBB+ according to Fitch.

In developing its operations, the Bank implements restructuring of customers’ credits with financial difficulties. Such restructuring actions include mainly the extension of term initially agreed on, periods of grace to make the payments, rebates of interest, debt forgiveness or a portion of the debt or any combination of the above proposals. As of June 30, 2015 and January 1, 2014, the following is the summary of restructured credits due to financial difficulties:

		June 30	**December 31**	**January 1**
		2015	**2014**	**2014**
Commercial	$	215.319	195.664	178.034
Consumption		33.538	33.511	32.600
Housing		442	-	-
Financial Leasing		86.660	97.263	81.086
Total	**$**	**335.959**	**326.438**	**291.720**

c. Risk of Liquidity:

The risk of liquidity related to the impossibility of the Bank to accomplish with the obligations assumed with the customers and counterparts of financial market at time, currency and place, and for such purpose the Bank reviews on a daily basis its resources available.

The Bank manages the liquidity risk with the standard model provided in Chapter VI of the Basic Accounting and Financial Circular Letter of Colombia Finance Superintendence and consistent with the provisions related to liquidity risk management through the basic principles of the Liquidity Risk Management System (LRMS) providing the minimum reasonable parameters to supervise the entities in their operations to efficiently manage the liquidity risk they are subject to.

To measure the liquidity risk, the Bank weekly calculates Liquidity Risk Indicators (LRI) at the terms 7, 15, and 30 days, according to the provision in the standard model given by Colombia Finance Superintendence.

As a part of the liquidity risk analysis, the Bank calculates the volatility of deposits, the indebtedness levels, the asset and liabilities structure, the degree of liquidity of assets, the availability of financing lines and general effectiveness of asset and liabilities management; above, in order to maintain enough liquidity (including liquid assets, guarantees and collaterals) to face with potential difficult own or systemic scenarios.

As of June 30, 2015 and December 31, 2014, the following summary of Bank liquidity analysis according to the provisions provided for such purposes by Colombia Finance Superintendence.

30 June 30, de 2015

DESCRIPTION	BALANCE OF JUNE 30 2015	From 1 to 7 Days	From 8 to 15 Days	From 16 to 30 Days	FROM 1 TO 30-DAYS TOTAL	from 31 to 90 Days
ASSET						
Liquid Asset						
Bank cash deposits	$ 1.620.159	-	-	-	-	-
Monetary market operations	-	25.494	-	-	25.494	-
Investment negotiable in certificates of debt	2.338.795	25.980	23.805	39.719	89.503	
49.380						
Investments to be held up to maturity	550.283	54	4.648	157.654	162.356	26.040
Subtotal	**4.509.237**	**51.528**	**28.453**	**197.373**	**277.353**	**75.420**
Contractual asset maturities						
Ordinary Interbank funds sold.	-	79.193	-	-	79.193	-
Investment Transfer Rights	-	626.020	-	-	626.020	-
Credit Portfolio	-	399.936	473.229	959.643	1.832.809	2.616.803
Derivative Financial Instruments	-	90.501	112.145	232.359	435.005	499.471
Other	-	162.021	185.167	347.188	694.376	8.820.202
Flow of Income with contractual maturities of asset and Positions outside the Balance - FIVC	**-**	**1.357.672**	**770.541**	**1.539.191**	**3.667.404**	**11.936.476**
Passive Contractual Maturities						
Monetary Market Operations	-	651.445	-	-	651.445	-
Term Deposit Certificate - CDT and CDAT´s	-	268.249	237.738	867.294	1.373.281	1.870.139
Derivative Financial Instruments	-	94.952	-	343.531	438.483	411.261
Financial Obligations	-	107.969	71.076	145.512	324.557	675.037
Other Liabilities	-	104.022	118.883	222.905	445.811	3.715.885
Flow of Expenses with Contractual Maturities of the liabilities and Positions outside the Balance - FEVC	**-**	**1.226.636**	**427.698**	**1.579.242**	**3.233.576**	**6.672.322**
Net Flow (estimate) of non-contractual Maturity - FNVNC	**14.321.831**	**334.176**	**381.915**	**716.092**	**1.432.183**	**2.864.366**
Net Flow		**(203.141)**	**(39.072)**	**(756.143)**	**(998.355)**	**2.399.788**
Requirement of net estimate liquidity - RLN	**$**	**390.203**	**202.403**	**766.219**	**1.166.440**	**2.384.172**
IRL Partial		**1156%**	**761%**	**470%**	**387%**	**127%**

December 31, 2014

DESCRIPTION	BALANCE OF DECEMBER 31 2014	From 1 to 7 Days	From 8 to 15 Days	From 16 to 30 Days	FROM 1 TO 30 DAYS - TOTAL	From 31 to 90 DAYS
ASSET						
Liquid Asset						
Cash and Bank Deposits	$ 1.860.235	-	-	-	-	-
Marketable Investments in certificates of debt	3.940.880	-	5.116	13.348	18.465	
153.272						
Inversiones para mantener hasta el vencimiento	575.755	4	4.315	109.017	113.336	10.151
Subtotal	**6.376.870**	**4**	**9.431**	**122.366**	**131.801**	**163.424**
Asset Contractual Maturity						
Ordinary Interbank Funds Sold.	-	221.712	-	-	221.712	-
Investment Transfer Rights	-	176.776	-	-	176.776	5.125
Credit Portfolio	-	314.109	355.997	889.645	1.559.751	2.621.118
Derivatives Financial Instruments	-	85.602	180.197	178.459	444.258	456.333
Others	-	140.595	160.680	301.276	602.551	8.393.889
Flow of income with contractual Maturities of the asset and Positions outside the Balance - FIVC	**-**	**938.795**	**696.874**	**1.369.380**	**3.005.049**	**11.476.465**
Contractual Liabilities Maturities						
Monetary Market Operations	-	216.020	-	-	216.020	-
Time Deposit Certificates - CDT and CDAT´s	-	350.020	212.034	661.165	1.223.219	1.831.228
Derivatives Financial Instruments	-	58.101	-	103.406	161.507	331.272
Financial Obligations	-	49.564	54.130	173.109	276.803	618.268
Other Liabilities	-	108.478	123.975	232.452	464.905	3.121.016
Flow of Expenses with Contractual Maturities of the liabilities and Positions outside the Balance - FEVC	**-**	**782.183**	**390.139**	**1.170.132**	**2.342.455**	**5.901.784**
Net Flow (estimate) of non-contractual Maturity - FNVNC	**15.184.107**	**354.296**	**404.910**	**759.205**	**1.518.411**	**3.036.821**
Net Flow		**(197.684)**	**(98.175)**	**(559.957)**	**(855.816)**	**2.537.860**
Requirement of net estimate liquidity - RLN	**$**	**284.120**	**198.762**	**559.957**	**965.216**	**2.234.651**
IRL Partial		**1587%**	**934%**	**594%**	**467%**	**141%**

An analysis has been made by the Bank of maturities of financial liabilities non-derivatives, showing the following contractual maturities:

June 30, 2015

DESCRIPTION	Up to one month	More than one month and no more than 3 months	More than 3 months and no more than one year	More than 1 year and no more than five years	More than five years	Total
FINANCIAL LIABILITIES AT RESONABLE VALUE	$ 848.952	51.974	51.973	-	-	952.899
	848.952	**51.974**	**51.973**	**-**	**-**	**952.889**
AT AMORTIZED COST						
Customers' Deposits	15.672.664	1.824.610	617.017	889.877	644.128	19.648.296
Short-term Financial Obligations	952.886					952.886
Obligations with rediscount entities	300.472	528.474	649.208	456.114	341.949	2.276.217
Long-term financial Obligations	-	71.024	752.550	478.163	968.070	2.269.806
	16.926.022	**2.424.108**	**2.018.775**	**1.824.154**	**1.954.147**	**25.147.205**
TOTAL PASIVOS FINANCIEROS	**$ 17.774.974**	**2.476.082**	**2.070.748**	**1.824.154**	**1.954.147**	**26.100.094**

December 31, 2014

DESCRIPTION	Up to one month	More than 1 month and no more than 3 months	More than 3 months and no more than 1 year	More than 1 year and no more than 5 years	More than five years	Total
FINANCIAL LIABILITIES AT REASONABLE VALUE	$ 367.255	-	-	-	-	367.255
	367.225	**-**	**-**	**-**	**-**	**367.255**
AT AMORTIZED COST						
Customers' Deposits	16.473.167	1.783.462	950.299	633.058	594.019	20.434.005
Short-term Financial Obligations	367.255					367.255
Obligations with rediscount entities	393.898	544.892	668.847	311.735	346.967	2.266.339
Long-term financial Obligations	-	-	429.724	852.472	987.610	2.269.806
	17.234.320	**2.328.354**	**2.048.870**	**1.797.265**	**1.928.596**	**25.337.405**
TOTAL FINANCIAL LIABILITIES	**$ 17.601.545**	**2.328.354**	**2.048.870**	**1.797.265**	**1.928.596**	**25.704.660**

As a complement to information forwarded to Superintendence, a report is produced to the top management where the summary of the main variations and indicator evolution is indicated. Below the results of the Liquidity Risk Indicator are given for the first half-year 2015 and second half-year 2014:

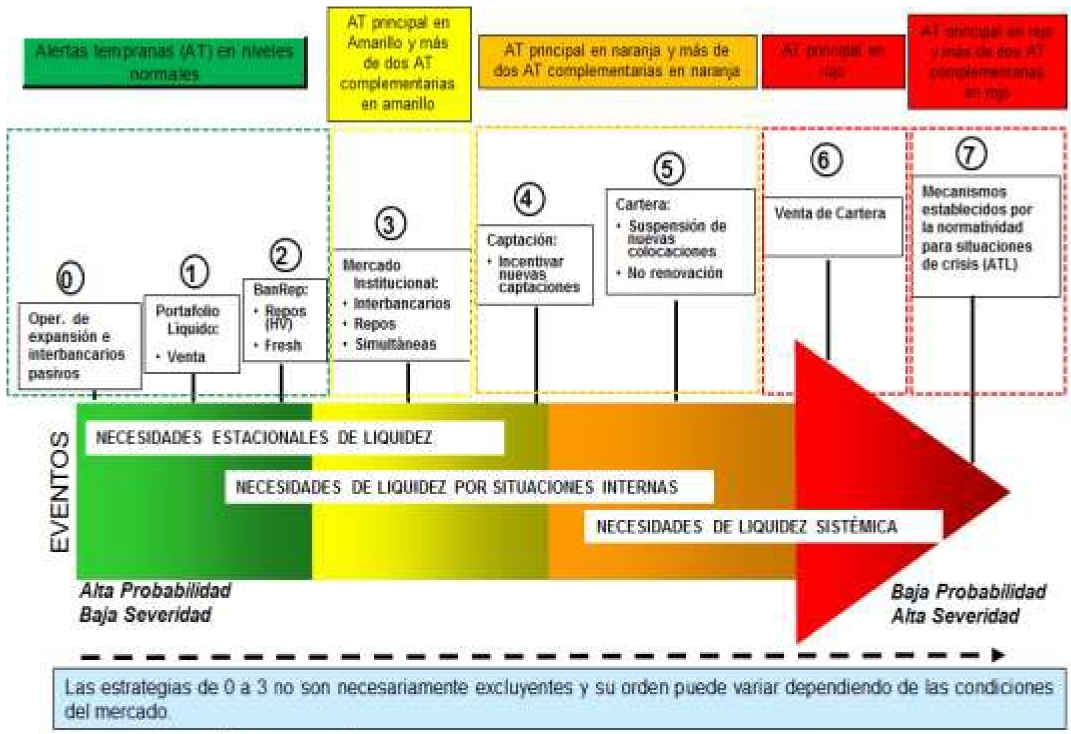
	30-Jun-15	31-Dec-14	Change $	%	Average	Max.	Min.	Stress
Available	$ 1.620.159	1.860.235	(240.076)	-13%	2.020.709	2.584.753	1.342.483	1.342.483
Investment of Liquid Asset	2.889.485	4.516.635	(1.627.150)	-36%	3.646.002	4.589.975	2.496.204	2.496.204
Total Net Liquid Asset	**4.509.644**	**6.376.870**	**(1.867.226)**	**-29%**	**5.666.711**	**6.617.824**	**4.509.644**	**3.838.688**
Required of liquidity at 7 days	(390.203,00)	(284.120,00)	(106.083,00)	37%	(333.790)	(229.379)	(509.894)	(3.838.688)
Liquidity Risk Indicator at 7 days	**4.119.441**	**6.092.750**	**(1.973.310)**	**-32%**	**5.332.920**	**6.232.562**	**4.119.441**	**-**
Ratio IRL at 7 days	1156%	2244%	1089%	-49%	1795%	2634%	966%	100%
Required of Liquidity at 30 days	(1.166.440)	(965.216)	(201.223)	21%	(1.177.349)	(965.216)	(1.670.940)	(3.838.688)
Liquidity risk Indicator at 30 days	**$ 3.343.204**	**5.411.654**	**(2.068.450)**	**-38%**	**4.489.362**	**5.462.748**	**3.328.682**	**-**
Ratio of IRL at 30 days	**387%**	**661%**	**-**	**-41%**	**491%**	**662%**	**338%**	**100%**

	31-Dec-14	30-Jun-14	Change $	%	Average	Max.	Min.	Stress
Available	$ 1.860.235	2.025.116	(164.881)	-8%	1.965.538	2.432.463	1.104.840	1.104.840
Liquid Asset Investments	4.516.635	2.821.967	1.694.668	60%	3.827.991	4.567.393	2.821.967	2.821.967
Total Net Liquid Asset	**6.376.870**	**4.847.083**	**1.529.787**	**32%**	**5.793.529**	**6.557.200**	**4.847.083**	**3.926.807**
Required of Liquidity at 7 days	(284.120)	(296.751)	12.631	-4%	(223.265)	(181.473)	(296.751)	(3.926.807)
Liquidity risk Indicator at 7 days	**6.092.750**	**4.550.332**	**1.542.419**	**34%**	**5.570.263**	**6.331.044**	**4.550.332**	**-**
Ratio of IRL at 7 days	2244%	1633%	611%	37%	2631%	3192%	1633%	100%
Liquidity Required at 30 days	(965.216)	(872.441)	(92.775)	11%	(871.155)	(768.722)	(999.840)	(3.926.807)
Liquidity Risk Indicator at 30 days	**$ 5.411.654**	**3.974.642**	**1.437.012**	**36%**	**4.922.375**	**5.606.903**	**3.974.642**	**-**
Ratio of de IRL at 30 days	**661%**	**556%**	**-**	**19%**	**667%**	**761%**	**556%**	**100%**

Additional to calculation or IRL indicator, the Bank implements monitoring of key indicators of early alert against behavior of liquidity within the daily liquidity position among which the liquidity daily position, the minimum portfolio to manage liquidity, concentration of deposits and the proportion of high-quality liquid asset. Similarly, there is place documentation of a contingency plan including different action alternatives against a potential liquidity requirement.

Closing June 30, 2015 and December 31, 2014

					Severity Levels		
	Actual	Prior	Normal Conditions		Mild	Moderate	Severe
Principal indicator	Biweek 24-30 Jun	Biweek 10-23 Jun					
1. Liquidity Position Indicator default)	2,5%	0,4%	<=5%	>5% <=10%	>10% <=12,5%	>12,5% <=15%	>15%
Complementary Indicators	30-jun	30-dic					
2. Portfolio min. For Liquidity Management	19,5%	23,8%	>=17,5%	<17,5% >=15%	<15% >=12,5%	>12,5%>10%	<10%
3. Porcent min. Of Portfolio valid for Guarantee	91,3%	93,8%	>=80%	<80%>= 60%	<60%>= 55%	<55%>= 50%	<50%
4. Access to quota of Central Bank	$ 871.226	$ 56.000	<=$ 350.000	>$ 350.000 <=$ 500.000	>$ 500.000 <=$ 1.000.000	>$ 1.000.000 <= $ 1.500.000	>$ 1.500.000
5. Deposits Concentration	June	December					
5.1 Participation of the	11,5%	10,9%	<=20%	>20% <= 25%	>25% <= 30%	>30% <= 35%	> 35%
5.2 Participation of client highrdt balance	3,7%	2,8%	<=7,5%	>7,5% <= 10%	>10% <= 12,5%	>12,5% <= 15%	> 15%
	June	December					
6. Minimmum of highrdt-quality liquid asset	95,4%	96,7%	>=90%	<90% >=80%	<80% >=75%	<75% >=70%	<70%



*Con portafolio válido para garantías

Through Finance Committee, the Financial Risk Committee of Treasury and the Board of Directors, the Top Management is award of the Bank liquidity situation and makes the necessary decisions taking into account the high-quality liquid asset t to be maintained, the tolerance in liquidity of minimum liquidity management, the strategies to grant the loans and the raising of funds, the policies about the investment of liquidity surplus, the changes of existing products characteristics as well as the new products, diversification of sources of funds, to avoid the concentration of deposits in few investors or savers, the hedging strategies, the results of the Bank and the changes in the balance structure.

Below an analysis of financial asset and financial liabilities maturities, given at the carrying value, determined based on the remaining period between the date of financial situation statement and the contractual expiry date for the first half-year 2015 and second half-year 2014:

TOTAL	BALANCE	First Semesters 2015 UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 AND 6 MONTH
ASSET POSITIONS				
AVAILABLE	1.642.313	1.642.313	-	-
INTERBANK FUNDS	79.572	79.572	-	-
MARKETABLE INVEST. CERTIF. DEBT DEUDA	409.961	33.843	29.882	72.823
INVESTMENTS UP TO MATURITY	601.672	162.360	26.060	153.442
INVEST. AVAILABLE FOR SALE DEBT CERT	2.745.289	62.398	11.767	227.482
PORTFOLIO	23.196.776	1.835.521	2.452.045	2.605.899
DERIVATIVES	157.239	786.328	840.826	-
TOTAL ASSET	**28.832.823**	**4.602.335**	**3.360.581**	**3.059.646**
LIAABILITIES POSITIONS				
CURRENT ACCOUNTS	5.092.094	158.845	158.286	80.268
TDs	5.363.201	1.373.281	1.870.139	320.695
SAVING DEPOSITS	8.972.841	-	270.199	406.273
INTERBANK FUNDS	952.899	952.899	-	-
DERIVAIVES	188.312	-	-	(39.560)
BANK CREDITS	2.302.113	325.963	625.761	616.671
CERTIF. OF INVEST. IN CIR	2.291.766	7.079	108.745	398.851
TOTAL LIABILITES	**25.163.227**	**2.818.068**	**3.033.130**	**1.783.197**
LIQUITY GAP	**3.669.596**	**1.784.267**	**327.451**	**1.276.449**
Accumulated	**-**	**1.784.267**	**2.111.718**	**3.388.167**

TOTAL	BALANCE	Second Semester 2014 Up to 1 Month	Between 1 and 3 Mo	Between 3 and 6 months
POSICIONES ACTIVO				
AVAILABLE	1.871.881	1.871.881	-	-
INTERBANK FUNDS	221.774	221.774	-	-
MARKETALE INVEST. CERTIF. OF DEBT	947.408	14.372	91.541	119.986
INVEST. UP TO MATURITY	631.695	113.338	10.163	167.347
INVEST. AVIABLE FOR SALE, Cert. of Debt	3.388.149	2.494	82.810	67.814
PORTFOLIO	21.849.024	1.559.751	2.171.712	2.171.712
DERIVATIVES	226.847	65.664	13.432	9.741
TOTAL ASSET	**29.136.778**	**3.849.273**	**2.369.659**	**2.536.601**
LIABILITIES POSITIONS				
CURRENT ACCOCUNTS	5.726.364	631.163	-	120.115
TDs	5.284.550	1.223.219	1.831.228	352.990
SAVING DKEPOSITS	9.127.976	24.722	213.649	309.808
INTERBANK FUNDS	367.255	367.255	-	-
BANK CREDITS	2.291.975	270.557	290.715	290.715
INVEST. CERTIFICATES IN CIR	2.288.566	6.246	36.837	33.740
TOTAL LIABILITIES	**25.086.687**	**2.523.162**	**2.372.430**	**1.107.369**
LIQUIDITY GAP	**4.050.091**	**1.326.111**	**(2.771)**	**1.429.232**
Accumulated	**-**	**1.326.111**	**1.323.340**	**2.752.272**

To accomplish with Central Bank and Colombia Finance Superintendence requirements, the Bank needs to maintain in cash and bank restraint as portion of the legal reserve required according to the percent's below over the daily average of deposits in the following accounts:

Item	Required
Deposits and payabilities on demand and before 30 days	11%
Deposits of official entities	11%
Deposits and payabilities after 30 days	11%
Saving Ordinary Deposits	11%
Saving Time Deposits	11%
Back purchase commitments negotiated investments	11%
Other accounts different from deposits	11%
Time deposits Certificates:	
Term less than 540 days	4,5%
Term equal to or more than 540 days	0%

The Bank has been properly accomplishing with this requirement

d. Operative Risk

The Bank with the Operative Risk Management System (ORMS) implemented according to guidelines set forth in Chapter XXIII, Accounting and Financial Basic Circular Letter (External Circular Letter 100, 1995), by Colombia Finance Superintendence.

Thanks to ORMS the Bank has reinforced the understanding and control of risks in the processes, activities and operative lines; this way the Bank has successful reduced the errors and identified enhancement opportunities supporting the development and operation of new products and/or services.

The Operative Risk Management manual of the Bank contains the policies, standards and procedures ensuring the management of business within the levels defined related to the risk. There is also in place the Manual of Business Continuity for the Bank operations in the event of interruption of the critical processes.

There is in the Bank an itemized registry of the Operative Risk events supplied by the Bank's information systems and the Risk Mangers, with registry in the expense accounts assigned for the proper accounting monitoring.

On a monthly and quarterly basis, the ORMS and the Board of Directors, respectively, committee is informed about the most relevant aspects occurred in connection with operative risk, such report including monitoring of the implementation corrective actions aimed at mitigating the qualified risks in extreme and high zones, the evolution of loss due to operative risk, the action plans based on the materialized events, inter alia. In the same way, the changes of risk profile are reported, based on the identification of new risks and controls in the current and new processes.

The Operative Risk Unit, is managed by the Management of Operative Risk and Business Continuity, who report to the Credit and Operative Risk Management, and this later in turn, reports to Risk and Collection Vice Presidency.

The Operative Risk and Business Continuity Management, is responsible for Operative Risk Coordination, four analysts of the Operative Risk and three analysts of Business Continuity.

The net loss recorded for operative risk events in the first semester,2015 were $ 903, itemized as follows: Claims, (84%), Sundry - Operative Risk (6%), Other Lawsuits Judicial Administrative Proceedings (5%), Fines and Sanctions, Other Authorities (4%), Offices adequacy and Installations, - Operative Risk (0.6%), Other Fines and Sanctions (0.4%).

According to Basle Risk Classification, the events were the result of External Fraud (84%, $ 761), Filing and administration of Processes (11%, $ 101). Legal (3%, $29) and other (2%, $11).

In the external fraud, the most frequent were the result of frauds with non-presential credit cards frauds ($338) and forgery or copying the magnetic band ($174) of debit and credit card.

For errors in filing and administration of processes the main event is originated from DIAN Administrative Sanction, due to errors at the time of receipt (Income, VAT, Withholding at source, Patrimony, Democratic Security) for the taxable year 2012 ($21).

In legal two guilty verdicts occurred against the Bank, for customers' claims resulting from the fraudulent use of the products by third parties ($28).

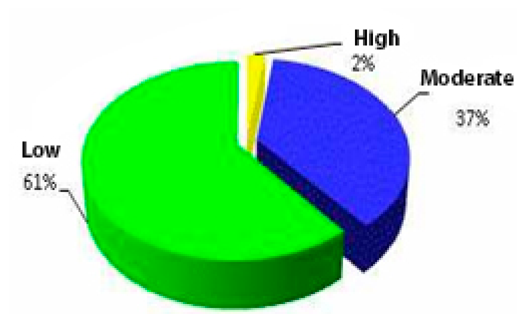
In connection with the operative risk profile of June 30, 2015, 222 proceedings are considered, for which the Bank identified the risks and controls. To produce the risk profile, the debugging of duplicated risks and controls was taking into account, the changes in the structure, charges, applicative and procedures (updating), as well as the new proceedings documented by Process and Projects Division.

The evolution of figures resulting from each profile updating of Bank operative risks of December 31, 2014 and June 30, 2015 is shown below:

	June 30, 2015	December 31, 2014
Processes	222	231
Risks	1.277	1.268
Failures	4.440	4.518
Controls	5.248	5.381

Billow the Bank's consolidated risk profile is given at the closing June 2015:

Residual Risks June 2015		
Extreme	0	0%
High	29	2%
Moderate	473	37%
Low	775	61%
TOTAL	**1.277**	**100%**



Business Continuity Plan

In accordance to definition by Colombia Finance Superintendence and as a part of Operative risk management, the Business Continuity Plan makes reference to the detailed set of actions describing the procedures, systems and resources necessary to return and continue the operation in the event of interruption.

In the first semester 2015, the permanent updating work of continuity model (updating strategies, plans and directories) was made, as well as the permanent monitoring to the compliance with the agreement of service level for the respective updating thereof, and completion of both technological and operative tests.

Lastly, and to comply with the External Circular Letter 042 of Colombia Finance Superintendence, a monitoring was implemented on a permanent basis about the continuity of third parties offering critical services to the Bank, such scheme reinforced with Asobancaria support.

e. Risk of Laundry Asset and Financing of Terrorism

Within the framework of the regulation by Colombia Finance Superintendence and specially following the directions given in the Legal Basic Circular Letter, Part I Title IV Chapter IV, the Bank submits satisfactory results of the management in connection with the Risk of Laundry Asset and Financing of Terrorism (LA/FT), which are consistent with the regulations prevailing, to the policies and methodologies adopted by Bank's Board of Directors and the Recommendations of the International Standards related to this matter.

The activities completed concerning LA/FT were developed taking into account the methodologies implemented by the Bank, allowing to continue with the mitigation of risk the company is subject to, such results successfully obtained as a result of the application of controls designed for each one of the risk factors defined in the Legal Basic Circular Letter Part I, Title IV Chapter IV of Colombia Finance Superintendence (Client, Product, Channel and Venue), maintaining a Consolidated Risk Level quite low, such aspect corroborated for the absence of events or situations contrary to the good image of Banco de Occidente in connection with LA/FT.

Following the recommendations of International Bodies and the national legislation about LA/FT, the risk of Laundry Asset and Financing of Terrorism identified by the Bank are properly managed within the concept of continued enhancement and addressed to reasonably minimize the existence of such risks in the organization.

For the continue development of this matter, the Bank has available technological tools allowing to implement the know client policy, knowledge of market, transactional habits of customers, inter alia, for the purposes to identify unusual operations and report suspect operations to the Information and Financial Analysis Unit (IFAU). Worthy to mention that our entity performs continued enhancement of the functions supporting LA/FT development in the Compliance Division, related to the different applications and methodologies, allowing for mitigating the eventual risk of Laundry Asset and Financing of Terrorism.

This risk managements system, is reinforced by the segmentation of risk factors developed by the entity using mining tools of data with recognized technical value, allowing for controlling risk factor (client, product, channel, and venue) to obtain the risk identification and monitoring of the operations made in the entity in order to detect unusual operations based on the segments profile.

On the other hand, the Bank implement its training institutional program addressed to the employees, whereby directives are given concerning the regulatory framework and the control mechanisms available about LA/FT prevention in the organization, thus promoting

SARLAFT culture, which is satisfactorily accomplished and according to the program.

In compliance with the provisions in the legal regulations and according to the amounts and characteristics required in Part I, Title IV, Chapter IV of the Legal Basic Circular Letter of Colombia Finance Superintendence, the Bank submitted in due time the institutional informs and reports to the controlling entities.

The Bank has available the policy stating that the Entity's operations are to be completed within the highest ethical standards and control, prioritizing the ethical and moral principles to the achievement of the commercial goals, such aspect from the practical standpoint have been translated into the implementation criteria, policies and procedures used to manage LA/FT risk, which have been introduced to mitigate such risk reaching the minimum level possible of occurrence.

According to the results of the different stages related to LATFT and the reports of the controlling bodies, Internal Audit, and Statutory Audit, as well as the pronouncement of the Board of Directors in connection with the reports submitted quarterly by the Compliance Official, the entity maintain a proper LA/FT risk management.

During the first semester 2015 monitoring to reports submitted by Internal Audit and Statutory Audit was made in connection with LAFT, In order to comply with the recommendations addressed to System Optimization. According to the reports received, the results of Compliance Official Management about LA/FT are considered as satisfactory and do not require opportunities for Material Enhancement.

f. Legal Risk

The Legal Vice-Presidency supports the legal risk management task in the operations conducted by the Bank and the actions to be implemented against them. Specifically, defines and establishes the procedures necessary to properly control the legal risk of the operations, ensuring for them to be accomplished in keeping with the legal provisions duly documented, analyzes and draws up the contract supporting the operations made by the different units of the business. The Financial Vice-Presidency supports the tax legal risk management, in the same way that Human Resources Vice Presidency supports the labor legal risk.

The Bank, consistent with the instructions issued by Colombia Finance Superintendence, valued the claims of the actions against the Bank based on the analysis and concepts issued by the relevant lawyers; and in the events required the relevant contingencies are duly provisioned.

In connection with the copyrights, the Bank uses only software or licenses legally obtained and does not allow for its equipment to use programs different from those ones officially approved.

In Note 20 to financial statements, the actions against the Bank are detailed.

Nota 5. – Estimate of reasonable values

The reasonable value of financial asset and liabilities (such as financial asset in certificates of debt and patrimonial and derivatives actively quoted in the Stock Exchange or in the Inter- banking Markets) uses the prices supplied by an official Price supplier authorized by Colombia Finance Superintendence, who determines the prices using weighted averages of transactions occurred during the day of negotiation.

Any active market is a market where the asset and liabilities transactions are made with the sufficient frequency and volume in order to provide information of Price in a continuous manner. A dirty Price is that one including the accrued and pending interests over the title, since the date of issue or the last payment of interest up to the date of the sale/purchase operation.

The reasonable value of financial asset and liabilities not negotiated in an active market is determined by valuation techniques determined by the Bank's pricing supplier. The valuation techniques used for unauthorized financial instruments such as options, swaps of foreign currency and derivatives of the Exchange Stock market include the use of valuation curves of interest rates or currency developed by pricing suppliers based on market data and extrapolated to the specific conditions of the instruments valued. Discounted cash flow analysis, models option prices and other valuation techniques commonly used by market participants using at the maximum the market data and rely at least possible on entities' specific data.

The Bank can use models internally developed for financial instruments that active markets do not have. Such models are usually based on methods and valuation techniques usually standardized in financial sector. The models of valuation are mainly used to value financial patrimonial instruments not quoted in the stock exchange, the certificates of debt and other instruments of indebtedness to which the markets were or have been inactive during the financial operational period. Some inputs of such models are not be observable in the market, and therefore, they are estimated based on assumptions.

The exit of any model always is an estimate or approximation of a value that cannot be exactly determined, and the valuation techniques used may not reflect totally all the relevant factors to the Bank's positions. Therefore, the valuations are adjusted, if deemed necessary, to allow additional factors, including the country risk, liquidity risks and counterpart risks.

The reasonable value of not monetary assets such as investment properties or guarantees of credits for determination purpose is made based on appraisals made by independent experts with enough experience and knowledge of the real estate market or asset under valuation. Usually, these valuations are made by reference to market data or based on the replacement cost when there is not enough data of the market.

The hierarchy of reasonable value has the following levels:

- The entries of Level 1 are quoted prices (unadjusted) in active markets for asset or liabilities identical to those the entity may access in the date of appraisal.

- The entries of Level 2 are entries different from the quoted prices included in Level 1 that are either directly or indirectly observable for the asset or liability..
- The entries of the Level 3 are not observable entries for the asset or liability.

The level in the hierarchy of the reasonable value within which the measurement of the reasonable value is totally classified is determined based on the entry of the lowest level significant for total measurement of reasonable value. For such purpose, the significance of any entry is valued in connection with the measurements of the total reasonable value. Should any measurement of the reasonable value uses observable entries requiring significant adjustments based on non-observable entries, such measurement is of Level 3. The evaluation of the significance of any specific entry to the measurement of reasonable value totally requires the judgment, taking into account specific factors of the asset or liability.

The determination of the "observable" requires a significant judgment by the Bank. The Bank considers the observable data those ones of the market already available, distributed or regularly updated that is reliable and verifiable, has not copyrights, and supplied by independent sources actively participating in reference market.

(a.) <u>Measurements of reasonable value based on recurrent</u>

Measurements of reasonable value based on recurrent, are those ones that the International Accounting Standards (IAS) require or allow in the financial situation statement at the end of every accounting period.

The table below analyzes, within the reasonable value hierarchy, the assets and liabilities (per class) of the Bank, measured at the reasonable value as of June 30, 2015 and December 31, 2014 based on recurrent.

ASSET MEASUREMENT REASONABLE VALUE RECURRENTS	Reasonable Values Using internal models Level 1	Level 2	Total	Effect of the reasonable assumptions on reasonable value Variation Technique	Principal entry data	More favorable	Less favorable
Investments in certificates							
Issued or guaranteed by Colombia Government	$2.810.339	51.672	2.862.011	Interest ates	Transaction Systems	42.542	(42.539)
Issued or guaranteed by other Colombian Financial Entities	21.269	99.431	120.700	Interest Rates	Transaction Systems	429	(430)
Guaranteed by real Colombian Sector	7.969	76	8.045	Interest Rates	Transaction Systems	149	(150)
Guaranteed by other financial institutions	-	156.830	156.830	Interest Rates	Transaction Systems	12	(12)
Other	-	7.663	7.663	Interest Rates	Transaction Systems	8	(7)
Investments in patrimonial instruments	366.940	-	366.940				
Negotiation Derivatives							
Currency Forward	-	142.415	142.415	Interpolation	Transaction Systems	491	(1.615)
Interest Rate Forward	-						
Interest Rate Swap	-	22	22	Interpolation	Transaction Systems	1	(1)
Currency Swap	-	6.832	6.832	Interpolation	Transaction Systems	487	(338)
Other	-	7.968	7.968	Interpolation	Transaction Systems	155	(110)
Property Investment at reasonable value	-	75.645	75.645	Approach of market	Construction maintained & Used		
TOTAL ASSET AT REASONABLE VALUE OR RECURRENT REASONABLE	3.206.517	548.554	3.755.071			44.272	(45.202)
LIABILITIES							
Negotiation Derivatives							
Forward Currency	-	157.029	157.029	Interpolation	Transaction Systems	(1.372)	805
Swap Interest rate	-	9	9	Interpolation	Transaction Systems	(2)	1
Swap currency	-	16.163	16.163	Interpolation	Transaction Systems	(138)	397
Other	-	6.026	6.026	Interpolation	Transaction Systems	12	25
TOTAL LIABILITY AT REASONABLE VALUE	-	179.227	179.227			(1.500)	1.228
Patrimonial Instruments valued patrimonial variation	$ -	-	18.233				

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	Reasonable Values Internal models Level 1	Level 2	Total	Effect of reasonable assumptions on reasonable value using Total Valuation For level 2	Technique Principal entry data	More Favorable	Less Favorable
Asset MEASUREMENTS AT RECURRENT VALUES							
INVESTMENTS IN CERTIFICATES OF DEBT AT REASONABLE VALUE							
Issued or guaranteed by Colombian government	$3.645.045	385.189	4.030.594	Interest Rates	Transactional Systems	56.504	(56.504)
Issued or guaranteed by Colombia financial institutions	9.909	105.852	115.761	Interest Rates	Transactional Systems	387	(387)
Issued or guaranteed by entities of Colombian sector	7.479	-	7.479	Interest Rates	Transactional Systems	153	(152)
Issued or guaranteed by other financial institution abroad	-	174.048	174.048	Interest Rates	Transactional Systems	240	(241)
Other	-	7.674	7.674	Interest Rates	Transactional Systems	25	(25)
Investments in patrimonial instruments	400.252	-	400.252				
Derivates of negotiation	-	206.039	206.039	Interpolation	Transactional Systems	481	(481)
Forward of currency							
Swap interest rate	-	8	8	Interpolation	Transactional Systems	1	(1)
Swap currency	-	4.030	4.030	Interpolation	Transactional Systems	243	(27)
Other	-	16.768	16.768	Interpolation	Transactional Systems	248	(187)
Properties of investments at reasonable value	-	62.780	62.780	Approach of the market	Construction maintained and used		
TOTAL ASSET AT RECURRENT REASONABLE VALUE	$4.063.045	962.388	5.025.433			58.282	(58.005)
LIABILITIES							
Derivatives of negotiation	-	212.188	212.188	Interpolation	Transactional Systems	423	(423)
Forward of currency							
Swap interest rates	-	9	9	Interpolation	Transactional Systems	2	1
Swap Currency	-	10.838	10.838	Interpolation	Transactional Systems	(125)	610
Other	-	13.411	13.411	Interpolation	Transactional Systems	91	121
TOTAL LIABILITIES AT REASONABLE VALUE	$ _	236.466	236.446			391	309
Patrimonial instruments at patrimonial variation	$ _	_	419.670				

The investment the value of which is based on market prices quoted in active markets, and hence, classified in the level 1, include active patrimonial investments in the stock exchange, some investments issued or endorsed by Colombian Government, other Colombian financial institution and entities of Colombia real sector.

The financial instruments quoting in the markets that are not considered as active, and are valued according to quotation of the market, quotations of brokers or alternative sources of price supported by observable entries, are classified in the Level 2. Other investments issued or guaranteed by Colombian Government are included, other Colombian financial institutions, entities of Colombian real sectors, foreign governments, other financial institutions abroad, entities of the real sector abroad, derivatives investment properties. Since investments of the Level 2 include positions not negotiated in the active markets and/or are subject to transfer restrictions, the valuation may be adjusted to reflect the absence of liquidity or not transfer, generally based on information available of the market.

As indicated in the note above, the reasonable value of investment properties, is determined based on the appraisal made by independent experts as of December 31, 2014, which were prepared under the sales comparative approach methodology, determining the value of assets according to comparison with other similar which are being transacted or have been transacted in the real estate market; this comparative approach considers the sale of similar or substitute goods as well as data obtained of the market, and establishes an estimate of the value using the processes including the comparison. As of June 30, 2015 changes of the reasonable value of such assets were not made, inasmuch as according to writing certifications of the adjusters there have not been significant changes in the entry data used to prepare the appraisals.

The patrimonial instruments valued at patrimonial variation include investments of private patrimony by $18.233 and $419.670 at the closing June 30, 2015 and December 31, 2014, respectively.

According to external Circular Letter 034 / 2014 of Colombia Finance Superintendence, the investments not quoted in stock exchange and without significant influence or control, are determined adjusting the investments of by proportional participation in the patrimonial variations of the entities where the Bank holds investments determined based on financial statements or certifications issued by such entities six months aged.

The Table below shows the transferences between levels 1 and 2 for the semesters ended on June 30, 2015 and December 31, 2014:

June 30, 2015

	Level 1 to Level 2	Level 2 to Level 1
MEASUREMENTS OF REASONABLE VALUE		
Asset		
Fixed income Investments at reasonable Value $	**110**	**237.008**

The investments transferred from the Level 1 are related to positions which negotiation was inactive as of June 30, 2015, but was recognized on December 31, 2014. The investments transferred to Level 1 are related to positions to which there was significant commercial activity as of June 30, 2015, but were inconsistently negotiated on December 31, 2014 or near to such date.

December 31, 2014

MEASUREMENTS OF REASONABLE VALUE

Asset		**Level 2 a Level 1**
Investments at fixed income reasonable value	$	**1.620.005**

Investments transferred from Level 2 to Level 1 are related to the positions which negotiation was active as of December 31, 2014, but was not negotiated as of June 30, 2015.

The table below includes the movements of patrimonial instruments valued at patrimonial variation for the semesters ended on June 30, 2015 and December 31, 2014:

		Patrimonial Investment
Balance on July 1, 2014	**$**	399.658
Profits or loss included in other integral result		3.395
Purchasing		16.615
Balance on December 31, 2014		**419.670**
Transfers outside the level 3		(401.583)
Profit included in other integral result		146
Balance on June 30, 2015	**$**	**18.233**

The Table below includes the summary of Bank's financial asset and liabilities recorded at the amortized cost on June 30, 2015 and December 31, 2014 compared to the values determined at reasonable value.

		June 30, 2015		December 31, de 2014	
Asset		**Carrying Value**	**Estimate of Reasonable Value**	**Carrying Value**	**Estimate of Reasonable Value**
Fixed income at amortized Cost	$	601.672	592.824	631.695	621.003
Credit Portfolio		21.375.298	22.918.521	20.109.340	21.828.028
Total financial asset		**21.375.298**	**22.918.521**	**20.109.340**	**21.828.028**
Liabilities					
Customers Deposits		19.436.658	21.072.818	20.147.006	21.067.961
Financial Obligations		4.593.878	4.624.377	4.580.541	4.590.456
Total Liabilities	$	**24.030.536**	**25.697.195**	**24.727.547**	**25.658.418**

Methodologies of reasonable value for fixed income securities in the time zero correspond to the adjustments of the difference between purchase Price (IRR purchase) and the market price published by supplier of prices INFOVALMER. For the subsequent measurement this reasonable Price about each one of the investments is determined by daily valuation using the market Price published by the same supplier of prices.

Methodology of reasonable value of Banco de Occidente liabilities (TDs and Bonds) is made by the application PWPREI, which values the Bank's standardized liabilities in Pesos, using the information released by supplier of prices INFOVALMER.

Note 6. – Cash and equivalent to cash

Cash and equivalent to cash include the following on June 30 2015, December 31 and January 1, 2014:

	June 30, 2015	December 31, 2014	January 1, 2014
In Col pesos			
Cash	$ 457.988	466.466	378.060
In Colombia Central Bank	954.173	1.283.809	1.625.196
Bank and other financial entities , at sight	40	82	36
Deposits e investments in certificates. of debt with maturity less than three months	27.287	123.183	374.322
	1.439.488	**1.873.540**	**2.377.614**
In Foreign Currency			
Cash	23.645	22.265	16.446
In Colombia Central Bank	-	658	530
Bank and other financial entities, at sight	203.282	94.267	96.236
Deposits investments in certificates of debt with maturity less than three months	53.470	102.924	75.415
	282.397	**220.114**	**188.627**
	$ **1.721.885**	**2.093.654**	**2.566.241**

Below the detail of credit quality determined by independent rating agents, of major financial institutions where the Bank holds funds in cash:

Creditworthiness	June 30, 2015	December 31, 2014	January 1, 2014
Central Bank	$ 1.435.806	1.773.198	2.020.232
Grade of investment	120.013	92.881	96.185
Without rating or unavailable	166.066	227.575	449.824
TOTAL	$ **1.721.885**	**2.093.654**	**2.566.241**

Cash and equivalent to cash for $ 954.173 in June 30, 2015 make part of the legal reserve required to comply with the liquidity legal requirements ($1.283.809 on December 31, 2014).

Note 7. – Financial asset in certificates of debt and patrimonial instruments at reasonable value

The balance of Financial Asset in certificates of debt and investments in patrimonial instruments at reasonable value include the following at June 30, 2015, December 31, and on January 1, 2014:

		June 30, 2015	December 31, 2014	January 1, 2014
CERTIFICATES OF INDEBTEDNES				
In Col Pesos				
Issued or guaranteed by <Colombia Government	$	2.862.012	4.030.595	1.957.811
Issued or guaranteed by other financial institutions		86.051	89.554	48.227
Issued or guaranteed by entities of the real sector		75	-	-
		2.948.138	**4.120.149**	**2.006.038**
In foreign currency				
Issued or guaranteed by other financial institutions		199.143	207.929	131.318
Issued or guaranteed by entities of the real sector		7.969	7.479	6.222
		207.112	215.408	137.540
TOTAL CERTIFICATES OF INDEBTEDNESS		**3.155.250**	**4.335.557**	**2.143.578**
PATRIMONIAL INSTRUMENTS				
With adjustment of results				
In Colombian Pesos				
Corporate stocks		366.940	400.253	-
With adjustment to patrimony				
In Colombian pesos				
Corporate Stocks (*)		18.233	18.087	1.140.787
TOTAL PATRIMONIAL INSTRUMENTS		**385.173**	**418.340**	**1.140.787**
TOTAL FINANCIAL ASSETS IN CERTIFICATES OF INDEBTEDNESS AND INVESTM ENTS IN PATRIMONAL INSTRUM. AT REASONABLE VALUE	**$**	**3.540.423**	**4.753.897**	**3.284.365**

(*) Include investments valued on the patrimonial variation of the relevant issuer, according to the item 6.2.5 of External Circular Letter 034. 2014 of Colombia Finance Superintendence ($18.233 on June 2015, $18.087 on December 2014 and $16.568 on January 1, 2014).

The maturities of financial asset in certificates of indebtedness at reasonable value are the following:

		June 30, 2015	**December 31, 2014**	**January 1 2014**
Less 1 year between	$	427.238	645.263	459.671
More than 1 year 5 years		1.582.767	2.396.217	1.097.218
Between + than 5 -10 yrs		1.065.714	1.215.880	445.061
More than 10 years		79.531	78.197	141.628
TOTAL	**$**	**3.155.250**	**4.335.557**	**2.143.578**

The certificates of indebtedness include certificates affecting the result and patrimony in ORI, as follows:

		June 30, 2015	December 31, 2014	January 1, 2014
CERTIFICATES OF INDEBTEDNESS				
With changes in the results	$	409.961	947.408	755.783
With changes in ORI		2.745.289	3.388.149	1.387.795
TOTAL	**$**	**3.155.250**	**4.335.557**	**2.143.578**

Financial Asset al reasonable value are carried at reasonable value based on observable data of the market also reflects the credit risk associated to the asset; therefore, the Bank does not analyze or monitor impairment indicators.

Below a detail of creditworthiness is given determined by independent risk rating agents, of the main counterparts in certificates of indebtedness and investments in patrimonial instruments where the Bank holds financial asset at reasonable value:

		June 30, 2015	December 31, 2014	January 1, 2014
Credit quality				
Issued and Guaranteed by the Nation and/or the Central Bank				
Central	$	2.862.012	4.030.595	1.957.811
Grade of investment		660.103	705.215	1.309.986
Speculative		75	-	-
Without Rating or not available		18.233	18.087	16.568
TOTAL	**$**	**3.540.423**	**4.753.897**	**3.284.365**

The variations in reasonable values reflect basically variations in the market conditions mainly due to changes in the interest rates and other economic conditions of the country where there are investment. On June 30, 2015 and December 31, 2014 the Bank considers that there not exist significant loss in reasonable value of financial asset due to credit risk impairment conditions of such asset.

On June 30, 2015, financial asset at reasonable value are ensuring repo operations for $ 623.829 (December 31, 2014 for $176.583). Additionally, the financial instruments sale at reasonable value of $57.263 ($56.925 at December 2014) have been delivered as collaterals to third parties to support financial obligations with other Banks (See Note 18).

Analysis of sensitivity to change interest rates of financial asset in sale at reasonable value is disclosed in Note 4.

Information about the sale of investments at reasonable value with related parties is disclosed in Note 5.

About financial asset in certificates of indebtedness and patrimonial instruments at reasonable value there exist neither legal or economic restrictions, pledging, nor encumbrance, nor limitation of the ownership.

Financial Asset in patrimonial instruments at reasonable value with adjustment to other integral results have been designed taking into account they are strategic investments for the Bank and therefore, there will be not sold in the near future and there is an uncertainty more degree in the determination of reasonable value generating significant fluctuations from one to the other period. During the semester ended on June 30, 2015 dividends have been recognized in the statement of results of such investments for $1.749 ($36.580 during the semester ended on December 31, 2014). In the same way, during the mentioned semesters transfers of the ORI account have not occurred corresponding to accrued profit for the sale of such investments.

Note 8. – Financial asset of investment at amortized cost

The balance of financial asset of investment at amortized cost includes the following at June 30, 2015, December 3, 2014 and at January 1, 2014:

		June 30, 2015	December 31, 2014	January 1, 2014
CERTIFICATES OF DEBT				
In Col. Pesos				
Issued or guaranteed by				
Colombian Government	$	35.191	60.303	101.200
Issued or guaranteed by other entities of Colombia Govnmt.		566.481	571.392	490.470
TOTALCERTIFICATES OF DEBT		601.672	631.695	591.670
Provision for credit risk impairment		(30)	-	-
TOTAL FINANCIAL ASSET CERTIFICATES OF DEBT AT NET AMORTIZED COST	**$**	**601.642**	**631.695**	**591.670**

Below a credit quality detail is given by independent risk rating agents of the main counterparts in certificates of indebtedness where the Bank holds financial asset at amortized cost:

Credit Quality		30 de junio de 2015	31 de diciembre de 2014	1 de enero de 2014
Grade of investment	$	601.672	631.695	591.670
TOTAL	**$**	**601.672**	**631.695**	**591.670**

The following is the movement of provision for impairment of credit risk of financial asset in investments at amortized cost during the semester ended on June 30, 2015:

		June 30, 2015
Balance at beginning year		-
Provisions during the year	$	(30)
Balance at the end year	**$**	**(30)**

The following is the summary of financial asset of investment at amortized cost by maturity dates:

		June 30, 2015	December31, 2014	January 1, 2014
Less 1 year	$	601.672	626.333	533.385
Between 1 + 1 year & 5 yrs		-	5.362	58.285
TOTAL	$	**601.672**	**631.695**	**591.670**

Note 9. – Derivative instruments, spot operations and accounting of hedging

a. Financial instruments derivatives of negotiation:

The table below gives the reasonable values as of June 30, 2015, December 31, 2014 and January, 2014, of forward contracts, futures, swaps options, of interest rate and foreign currency the Bank is involved:

Concept	June 30, 2015		December 31, 2014		January 1, 2014	
	Amount Notional	Reasonable value	Amount National	Value Reasonabl	Amount Notional	Value Reason.
ASSET						
Contracts Forward purchase foreign currency USD	$ 3.507.057	138.451	2.098.678	200.305	444.710	9.725
Contracts Forward sale foreign currency USD	315.389	3.342	488.478	5.637	966.853	8.105
Contracts Forward purchase foreign currency EUR	68.351	46	-	-	-	-
Contracts Forward sale foreign currency EUR	17.013	576	2.521	98	39.835	815
SUBTOTAL	**3.907.810**	**142.415**	**2.589.677**	**206.040**	**1.451.398**	**18.645**
Contracts swaps foreign currency	56.021	6.832	21.566	4.030	31.558	363
Contracts swaps interest rate	324.109	23	316.327	8	156.510	6
SUBTOTAL	**380.130**	**6.855**	**337.893**	**4.038**	**188.068**	**369**
Contracts futures purchase foreign currency	800.258	-	479.068	-	703.054	72
Contracts futures sale of foreign currency	-	-	81.822	-	-	-
Contracts futures sale of national bond	21.248	-	5.125	-	-	-
SUB-TOTAL	**821.506**	**-**	**566.015**	-	**703.054**	**72**
Purchase options foreign currency call	145.502	7.734	140.359	16.561	100.305	1.348
Purchase options foreign currency put	63.548	234	60.844	207	38.672	459
SUB-TOTAL	**209.050**	**7.968**	**201.203**	**16.768**	**138.977**	**1.807**
TOTAL Asset	**5.318.496**	**157.238**	**3.694.788**	**226.847**	**2.481.497**	**20.893**
ASSET						
Contracts Forward purchase foreign currency USD	215.704	1.201	619.911	7.854	979.434	7.269
Contracts Forward sale foreign currency USD	3.604.026	155.440	2.179.338	202.816	636.290	12.059
Contracts Forward purchase foreign currency EUR	6.404	360	-	-	-	-
Contracts Forward sale foreign currency EUR	864	28	84.374	1.519	16.855	139
SUB-TOTAL	**3.826.998**	**157.029**	**2.883.623**	**212.189**	**1.632.579**	**19.467**
Contracts swaps foreign currency	51.934	16.163	62.756	10.839	-	-
Contracts swaps Interest rate	452.485	10	332.040	10	84.313	2
SUB-TOTAL	**504.419**	**16.173**	**394.796**	**10.849**	**84.313**	**2**
Contracts futures purchase foreign currency	26.712	-	-	-	-	-
Contracts futures sale of foreign currency	798.937	-	578.326	-	-	-
SUB-TOTAL	**825.649**	**-**	**578.326**		-	-
Purchase options foreign currency call	68.831	4.599	105.351	12.621	44.770	409
Purchase options foreign currency put	113.136	1.428	114.493	790	44.849	504
SUBTOTAL	**181.967**	**6.027**	**219.844**	**13.411**	**89.619**	**913**
TOTAL LIABILITIES	**5.339.033**	**179.229**	**4.076.589**	**236.450**	**1.806.511**	**20.383**
NET POSITION	**$ (20.537)**	**(21.991)**	**(381.801)**	**(9.603)**	**674.986**	**510**

Derivative instruments agreed on by the Bank are usually transacted in organized markets and with local and foreign customers and counterparts of the Bank The derivative instruments hold net favorable (asset) or unfavorable conditions (liabilities) as a result of fluctuations in the exchange rates of foreign currency and in the market of interest rate or other variables relative to their conditions. The accumulate amount of reasonable values of the asset and liabilities in derivative instruments may vary significantly from time to time. At June 30, 2015 there exist no any derivatives contract in other contracts that need to be separated, accounted for and disclosed according to the provisions in IAS 39.

The maturity of derivatives instruments of negotiation at June 30, 2015 are the following:

Concept		Up to one Year	More than one year	Total
ASSET				
Contracts forward purchase foreign currency USD	$	135.511	2.940	138.451
Contracts forward sale foreign currency USD		3.342	-	3.342
Contracts forward purchase foreign currency EUR		46	-	46
Contracts forward sale foreign currency EUR		576	-	576
SUB-TOTAL		**139.475**	**2.940**	**142.415**
Contracts swap foreign currency		6.832	-	6.832
Contracts swap interest rate		23	-	23
SUB-TOTAL		**6.855**	**-**	**6.855**
Options purchase foreign currency		7.046	688	7.734
Options purchase foreign currency		223	11	234
SUBTOTAL		**7.269**	**699**	**7.968**
TOTAL ASSET		**153.599**	**3.639**	**157.238**
LIABILITIES				
Contracts forward purchase foreign currency USD		1.201	-	1.201
Contracts forward sale foreign currency USD		154.736	704	155.440
Contracts forward purchase foreign currency EUR		360	-	360
Contracts forward sale foreign currency EUR		28	-	28
SUBTOTAL		**156.325**	**704**	**157.029**
Contracts swap foreign currency		9.644	6.519	16.163
Options purchase foreign currency		10	-	10
SUB-TOTAL		**9.654**	**6.519**	**16.173**
Options purchase foreign currency		4.437	162	4.599
Options purchase foreign currency		1.026	402	1.428
SUB-TOTAL		**5.463**	**564**	**6.027**
TOTAL LIABILITIES		**171.442**	**7.787**	**179.229**
NET POSITION	**$**	**(17.843)**	**(4.148)**	**(21.991)**

Financial instruments derivatives of negotiation contain the credit component of such contracts as of June 30, 2015 the effect of the CVA/DVA in the statements of results was an income of $222.

Definition of adjustment of model due to credit risk– CVA/DVA for derivative instruments of the Bank.

To incorporate the credit risk to valuation methodology of valuation, under IFRS 13 derivative instruments of Bank, it was decided to carry out under the premise of discount rate affectation, within the valuation of such instruments at the relevant closing date. Above is make developing groups or sets, within the portfolio of derivatives, according to the currency (e,g.: pesos, euros or dollars) of the instrument, the accounting nature of valuation (asset of liability) and the type of counterpart the operation is made.

For the derivatives transacted in any standardized market, or otherwise novated before any Central Risk Chamber of the Counterpart, because there is a central risk chamber of Counterparty, and therefore, it is not required to perform the exercise. For the derivatives negotiated in the OTC market (Options Forwards, URS, and CCS) that do not include such concept, the analysis was made.

This way, the risk calculation was made to all derivative not-standardized or novated instruments, hold by the entities. For the determination of the adjustment for credit risk for portfolios.

Below, the detail of credit quality is given by independent rater's agents, of the main counterparties in the asset and liabilities derivative instruments.

Creditworthiness		June 30, 2015	December 31, 2014	January 1, 2014
Invest. Grade	$	(21.991)	(9.603)	510
TOTAL	**$**	**(21.991)**	**(9.603)**	**510**

The spot operations as of June 30, 2015, is as follows:

		30 de junio de 2015
Operaciones de Contado		
Operaciones de contado activo	$	9.110
Operaciones de contado pasivo		(9.083)
Posición neta	$	27

b. Financial Instruments and hedging accounting:

In developing the operation the Bank owns the following investments in the affiliates abroad as of June 30, 2015, December 31, 2014 and January 1, 2014:

June 30 2015

Entity	Balance un USD dollars		Balance in million pesos
Banco de Occidente Panamá S.A.	28.179.351	$	73.229
Occidental Bank (Barbados) Lt.	18.239.035	$	47.397

December 31, 2014

Entity	Balance in USD		Balance in million pesos
Banco de Occidente Panamá S.A.	28.179.351	$	67.418
Occidental Bank (Barbados) Lt.	17.503.497	$	41.876

January 1, 2014

Entity	Balance in USD		Balance in million pesos
Banco de Occidente Panamá S.A.	28.179.351	$	54.296
Occidental Bank (Barbados) Lt.	16.425.181	$	31.648

Since such investments are in Dollars, the functional currency of the affiliates above, the Bank is subject to risk of COP exchange variation, the functional currency of the Bank, against dollar. To hedge the risk the Bank has entered into debt operations in foreign currency and as such, has designed obligations in foreign currency for USD 46.418.385 as of June 30, 2015 hedging 100% of the investments prevailing in those affiliates, the short-term maturity of financial obligations, therefore, upon the maturity of such obligations, the Bank will indicated some new obligations in foreign currency to maintain the hedging 100% of investment. Since obligations are in the same currency that are recorded abroad, the hedging is considered perfect and hence, no any ineffectiveness of hedging is recorded; accordingly, hedging ineffectiveness was not recognized in the statement of results. In the ORI $4.834 and $23.356 as of June 30, 2015 and December 31, 2014, respectively, resulting from the efficacy of hedging.

Note 10. – Credit portfolio and financial leasing operations, net

1. Credit portfolio by Modality

Below, the distribution of credit portfolio in the Bank by modality is shown:

		June 30 2015	December 31 2014	January 2014
Ordinary Loans	$	16.822.981	15.664.052	14.292.243
Loans with resources from other entities		511.180	461.072	408.719
Factoring without resource		6.804	49	439
Letters of credit hedged		109.175	76.749	56.050
Overdrafts in bank current accounts		107.260	54.582	49.217
Discounts		25.554	81.525	43.955
Credit Cards		1.157.306	1.067.587	884.781
Early withdrawals		-	-	190.420
Mortgage portfolio for housing		204.885	134.281	32.138
Credits to employees		15.785	16.217	16.518
Real Estate given in leasing		502.410	484.798	466.754
Movable goods given in leasing		3.732.566	3.806.389	3.857.913
Guarantees hedged		870	1.723	1.141
Interests		167.329	153.091	140.409
Payment by account to clients		28.544	28.984	21.354
Financial component of leasing operations		23.977	21.257	28.891
Other		3.950	3.866	3.571
Total gross credit portfolio		23.420.576	22.056.222	20.494.513
Provision credit card and operations Of financial leasing (*)		(909.959)	(855.545)	(743.112)
Total net credit portfolio	**$**	**22.510.617**	**21.200.677**	**19.751.401**

(*) The item of provisions includes general provision of housing credits and housing leasing the balance of which at June 30, 2015 for $7.073, December 31, 2014 for $1.343 and January 1. 2014 for $322.

At the closing December 31, and January 1, 2014, the general provision only is calculated on the housing credit exclusively, as from 2015 in adoption of CUIF by Colombia Finance Superintendence under External Circular Letter 021/2014 to classify the housing leasing as housing credits, the general provision of portfolio 1% is adopted.

2. Credit portfolio by type of risk

Below the classification of portfolio by type of risk is shown:

Classification		June 30 2015	December 31 2014	January 1 2014
Commercial				
"A" Normal Risk	$	11.996.972	11.098.786	10.611.563
"B" Acceptable Risk		497.675	361.355	383.098
"C" Appreciable Risk		159.022	163.254	93.666
"D Significant Risk		177.408	152.784	124.494
"E" Uncollectible Risk		62.848	64.679	51.499
Consumption				
"A" Normal Risk		5.245.884	4.955.362	4.045.302
"B" Acceptable Risk		135.602	130.042	99.088
"C Appreciable Risk		100.013	85.525	72.507
"D" Significant Risk		132.211	113.262	107.818
"E" Uncollectible Risk		73.632	62.318	56.303
Housing				
"A" Normal Risk		678.938	550.610	441.882
"B" Acceptable Risk		10.308	32.736	28.667
"C" Appreciable Risk		377	14.898	9.020
"D" Significant Risk		19.458	21.544	19.793
"E" Uncollectible Risk		3.192	2.883	2.668
Financial Leasing				
"A" Normal Risk		3.636.408	3.822.374	4.100.426
"B" Acceptable Risk		283.314	220.978	114.258
"C" Appreciable Risk		64.331	66.123	32.162
"D" Significant Risk		107.304	94.413	48.114
"E" Uncollectible Risk		35.679	42.296	52.185
Total portfolio by rating	**$**	**23.420.576**	**22.056.222**	**20.494.513**

3. Credit Portfolio movement of provision

The following is the movement of credit portfolio and financial leasing operation movement during the semesters ended on June 30, 201 and December 31, 2014:

Semester ended on June 30, 2015

Total

Provisions for loss of portfolio	Commercial	Consumption	Mortgage Housing	Financial Leasing	Total
Initial Balance	(358,257)	(308,029)	(30,067)	(159,192)	**(855,545)**
Writing-off of period	47,332	111,351	1,087	27,877	**187,647**
Provision of period	(173,179)	(248,277)	(12,340)	(60,181)	**(493,977)**
Recovery of provision	99,667	99,163	20,369	32,717	**251,916**
Final Balance	**384,437)**	**(345,792)**	**(20,951)**	**(158,779)**	**(909,959)**

Semester ended on December 31, 2014

Total

Provisions for loss of portfolio	Commercial	Consumption	Mortgage Housing	Financial Leasing	Total
Initial Balance	(351,439)	(284,913)	(27,745)	(140,048)	**(804,145)**
Writing-off of period	45,353	111,470	1,898	16,981	**175,702**
Provision of period	(158,976)	(228,426)	(9,975)	(62,376)	**(459,753)**
Recovery of provision	106,805	93,840	5,755	26,251	**232,651**
Final Balance	**(358,257)**	**(308,029)**	**(30,067)**	**(159,192)**	**(855,545)**

4. Credit portfolio maturity period.

Below the distribution of credit portfolio in the Bank by maturity period is shown:

June 30, 2015

		Up to 1 year	1 and 3 years	3 y and 5 years	More than 5 yrs	Total
Commercial	$	8.508.423	2.718.713	900.153	766.636	12.893.925
Consumption		1.718.628	2.631.084	1.196.523	141.107	5.687.342
Housing		61.040	119.531	114.624	417.078	712.273
Financial Leasing		1.280.227	1.527.669	685.379	633.761	4.127.036
Total Portfolio	$	**11.568.318**	**6.996.997**	**2.896.679**	**1.958.582**	**23.420.576**

December 31, 2014

		up to 1 year	1 and 3 years	3 and 5 years	+ than 5 years	Total
	$					
Commercial		7.729.511	2.489.989	859.378	761.980	11.840.858
Consumption		1.591.490	2.427.456	1.172.410	155.153	5.346.509
Housing		54.368	106.372	101.916	360.015	622.671
Financial Leasing		1.450.885	1.457.902	683.581	653.816	4.246.184
Total Portfolio	$	**10.826.254**	**6.481.719**	**2.817.285**	**1.930.964**	**22.056.222**

January 1 2014

		Up to 1 year	1 and 3 years	3 and 5 years	+ than 5 years	Total
Commercial	$	7.008.244	2.784.276	759.417	712.383	11.264.320
Consumption		1.336.815	1.949.897	965.948	128.358	4.381.018
Housing		45.942	88.979	84.253	282.857	502.031
Financial Leasing		1.462.466	1.556.911	676.931	650.836	4.347.144
Total Portfolio	$	**9.853.467**	**6.380.063**	**2.486.549**	**1.774.434**	**20.494.513**

5. Credit portfolio by type of currency

Blew the classification of credit portfolio by type of currency:

	June 30, 2015			December 31, 2014			January 1, 2014		
	Legal Tender	Foreign Currency	Total	legal tender	Foreign currency	Total	legal tender	Foreign currency	Total
Commercial	$ 11.371.373	1.522.552	12.893.925	10.369.852	1.471.006	11.840.858	10.185.322	1.078.998	11.264.320
Con Consumption	5.642.214	45.128	5.687.342	5.300.234	46.275	5.346.509	4.345.668	35.350	4.381.018
Housing	712.273	-	712.273	622.671	-	622.671	502.031	-	502.031
Financial Leasing	4.123.609	3.427	4.127.036	4.240.707	5.477	4.246.184	4.339.126	8.018	4.347.144
Total	**$ 21.849.469**	**1.571.107**	**23.420.576**	**20.533.464**	**1.522.758**	**22.056.222**	**19.372.147**	**1.122.366**	**20.494.513**

6. Credit portfolio by economic sector.

Below the detail of credit portfolio by economic sector

Sector	June 30, 2015					
				Leasing		
	Commercial	Consumption	Housing	Financial	Total general	% Part.
Salaried	116.579	4.227.002	515.943	48.433	4.907.957	20,956%
Wholesale and retail trade, repairing of auto motors and motorcycles	2.503.543	266.592	23.126	850.316	3.643.577	15,557%
Manufacturing industry	1.763.440	76.684	6.200	572.230	2.418.554	10,327%
Construction	1.934.299	31.023	6.711	367.787	2.339.820	9,990%
Transport and storing	732.833	50.801	13.467	492.406	1.289.507	5,506%
Financial and Insurance activities	1.050.971	7.977	1.302	87.403	1.147.653	4,900%
Renter of capital	282.220	683.389	77.814	45.337	1.088.760	4,649%
Real Estate Activities	401.066	23.953	4.778	456.145	885.942	3,783%
Mining and Quarrying exploitation	694.262	2.642	-	105.519	802.423	3,426%
Agriculture, livestock, hunting, forestry and fishing	589.267	51.478	4.167	99.484	744.396	3,178%
Human care and social assistance Activities	445.634	50.276	16.679	252.044	764.633	3,265%
Professional, scientific and technical Activities	412.661	95.165	28.183	189.892	725.901	3,099%
Public and defense administration, mandatory affiliation plans	614.199	1.009	174	24.084	639.466	2,730%
Electricity, gas, vapor and conditioned air supply	594.035	448	0	36.201	630.684	2,693%
and support services activities	221.569	30.353	5.018	124.735	381.675	1,630%
Information and communications	173.613	10.540	440	96.912	281.505	1,202%
Accommodation and food services	73.445	38.202	4.237	79.303	195.187	0,833%
Other services activities	82.849	22.025	2.167	49.163	156.204	0,667%
Education	85.618	7.679	966	53.184	147.447	0,630%
Water distribution, evacuation and sewage water treatment, Waste management and environment sanitation activities	60.040	2.252	160	67.332	129.784	0,554%
Artistic, and entertainment, recreation activities	61.564	6.336	741	29.058	97.699	0,417%
Home activities as employers; non-differentiated activities of the						
and services for own use	81	1.346			1.427	0,006%
Activities of organizations and territorial entities	137	170	-	68	375	0,002%
Total by economic destination	**12.893.925**	**5.687.342**	**712.273**	**4.127.036**	**23.420.576**	**100%**

Sector	December 31, 2014					
	Commercial	Consumption	Housing	Financial Leasing	Total general	% Part.
Salaried	131.229	3.949.222	432.783	60.165	4.573.399	20,735%
Wholesale and retail trade; repairing of vehicles Auto motors and motor cycles	2.331.705	248.593	19.550	839.404	3.439.252	15,593%
Manufacturing industries	1.654.573	70.134	5.779	538.772	2.269.258	10,289%
Construction	1.490.646	29.480	6.443	448.313	1.974.882	8,954%
Transport and storing	695.513	47.458	13.676	622.910	1.379.557	6,255%
Financial and insurance activities	988.172	7.340	1.201	79.437	1.076.150	4,879%
Renter of capital	288.045	676.081	81.049	53.343	1.098.518	4,981%
Mining and quarrying activities	710.826	2.502	-	119.626	832.954	3,777%
Real estate activities	284.694	22.297	4.343	488.600	799.934	3,627%
Agriculture, livestock, hunting, Forestry and fishing	565.959	44.431	4.738	94.631	709.759	3,218%
Human care and social assistance activities	405.885	48.279	14.777	232.559	701.500	3,181%
Supply of electricity, gas, vapor, and conditioned air	599.517	264	-	46.046	645.827	2,928%
Public and defense administration and social security Mandatory affiliation plans	561.121	981	183	13.525	575.810	2,611%
Scientific and technical professional activities	315.158	89.912	25.633	169.132	599.835	2,720%
Administrative and support services activities	232.325	28.331	4.550	131.222	396.428	1,797%
Information and communication	222.555	9.399	606	45.221	277.781	1,259%
Accommodation and communications	78.662	35.140	3.718	72.645	190.165	0,862%
Other activities of services	78.151	19.628	2.245	41.573	141.597	0,642%
Education	91.594	7.451	573	35.488	135.106	0,613%
Water distribution, residual water evacuation and treatment Waste management and sanitation waste activities	60.327	1.956	170	71.911	134.364	0,609%
Artistic, and entertainment, recreation activities	54.074	6.233	654	41.571	102.532	0,465%
Home activities as employers; non-differentiated activities of the Individual homes as producer of goods and services for own use			-	-		
	51	1.307			1.358	0,006%
	76	90	-	90	256	0,001%
Total by economic destination	**11.840.858**	**5.346.509**	**622.671**	**4.246.184**	**22.056.222**	**100%**

Sector		1January 1, 2014					
		Commercial	Consumption	Housing	Leasing Financial	Total general	% Part.
Wholesale and retail trading; repairing auto motor vehicles Motor cycles	$	2.095.647	205.348	14.113	782.299	3.097.407	15,113%
Salaried		140.809	3.121.579	325.706	70.294	3.658.388	17,851%
Manufacturing Industries		1.690.653	56.934	3.729	584.710	2.336.026	11,398%
Construction		1.253.169	24.974	6.749	464.774	1.749.666	8,537%
Transport and storing		713.059	42.632	10.549	714.392	1.480.632	7,225%
Financial and insurance activities		847.620	6.209	901	78.866	933.596	4,555%
Renter of capital		328.087	646.452	84.709	69.699	1.128.947	5,509%
Exploitation of mines and quarries		679.488	2.356	364	163.906	846.114	4,128%
Public administration and defense, social security of mandatory affiliation		749.488	964	208	18.436	769.096	3,753%
Real Estate activities		325.231	22.483	5.200	414.115	767.029	3,743%
Human care and social assistance activities		349.078	46.248	13.273	214.790	623.389	3,042%
Agriculture, livestock, hunting, forestry, and fishing		452.135	38.582	4.960	97.530	593.207	2,894%
Supply of electricity, gas, vapor, and conditioned air		504.342	392	-	52.729	557.463	2,720%
Professional scientific and technical activities		307.255	79.604	21.387	163.862	572.108	2,792%
Administrative and support activities		224.810	24.567	2.567	137.900	389.844	1,902%
Information and communications		229.777	7.753	863	54.735	293.128	1,430%
Accommodation and food services		84.801	25.091	3.088	58.452	171.432	0,836%
Other service activities		77.601	15.991	2.149	44.699	140.440	0,685%
Distribution water, evacuation and residual water treatment, Management of waste and environment protection activities sanitation		59.035	1.329	602	76.703	137.669	0,672%
Education		93.226	5.917	454	30.192	129.789	0,633%
Artistic activities, entertainment and recreation		58.909	4.968	460	53.896	118.233	0,577%
Activities in home employers,; not-differentiated activities of the Individual homes, as producers of goods and services		-		-			
the own use			643		44	687	0,003%
Activities of territorial organizations and		100	2	-	121	223	0,001%
Total by economic destination	**$**	**11.264.320**	**4.381.018**	**502.031**	**4.347.144**	**20.494.513**	**100%**

7. Credit portfolio by geographic location of debtor.

Below the detail of credit portfolio b location of debtor:

		June 30, 2015				
		Commercial	**Consumption**	**Housing**	**Leasing Financial**	**Total**
Colombia	$	12.708.866	5.687.342	712.273	4.127.036	23.235.517
Panamá		4.568	-	-	-	4.568
United States		9.360	-	-	-	9.360
Other Countries		171.131	-	-	-	171.131
Total	**$**	**12.893.925**	**5.687.342**	**712.273**	**4.127.036**	**23.420.576**

		December 31, 2014				
		Commercial	**Consumption**	**Housing**	**Leasing Financial**	**Total**
Colombia	$	11.701.025	5.346.509	622.671	4.246.184	21.916.389
Panamá		3.113	-	-	-	3.113
United States		12.505	-	-	-	12.505
Other Countries		124.215	-	-	-	124.215
Total	**$**	**11.840.858**	**5.346.509**	**622.671**	**4.246.184**	**22.056.222**

		January 1, 2014				
		Commercial	**Consumption**	**Housing**	**Leasing Financial**	**Total**
Colombia	$	11.175.646	4.381.018	502.031	4.347.144	20.405.839
Panama		-	-	-	-	-
Estados unidos		4.611	-	-	-	4.611
Otros Países		84.063	-	-	-	84.063
Total	$	11.264.320	4.381.018	502.031	4.347.144	20.494.513

8. Credit portfolio by type of guarantee

Below the detail of credit portfolio at June 30, 2015, December 31, 2014 and January 1, 2014:

June 30, 2015

		Commercial	Consumption	Housing	Leasing Financial	Total
Unguaranteed Credits	$	7.353.858	3.813.622	2.222	54.587	**11.224.289**
Credits guaranteed by other banks		301.297	2.569	-	1.351	**305.217**
Collaterized credits:						**-**
Housing		22.011	823	204.249	-	**227.083**
Other real estate property		625.474	31.702	-	5.130	**662.306**
Investiments in patrimonial instruments		375.019	8.758	-	-	**383.777**
Cash or equivalent to cash deposits		13.108	-	-	1.040	**14.148**
Other asset		4.203.158	1.829.868	505.802	4.064.928	**10.603.756**
Total	$	**12.893.925**	**5.687.342**	**712.273**	**4.127.036**	**23.420.576**

December 31, 2014

		Commercial	Consumption	Housing	Leasing Financial	Total
Unguaranteed Credits	$	6.951.367	3.553.418	-	9.379	**10.514.164**
Credits guaranteed by other banks		257.658	2.815	-	1.658	**262.131**
Collaterized credits						**-**
Housing		17.854	812	134.763	-	**153.429**
Other real estate property		492.137	31.202	-	3.546	**526.885**
Investiments in patrimonial instruments		381.272	7.916	-	-	**389.188**
Cash or equivalent to cash deposits		11.441	-	-	1.420	**12.861**
Other asset		3.729.129	1.750.346	487.908	4.230.181	**10.197.564**
Total	$	**11.840.858**	**5.346.509**	**622.671**	**4.246.184**	**22.056.222**

January 1, 2014

		Commercial	Consumption	Housing	Leasing Financial	Total
Unguaranteed Credits	$	6.599.180	2.830.487	-	7.923	**9.437.590**
Credits guaranteed by other banks		199.240	2.488	-	2.291	**204.019**
Collaterized credits:						
Housing		16.523	11	32.240	-	**48.774**
Other real estate property		474.108	20.324	-	4.287	**498.719**
Investments in patrimonial instruments		437.484	5.420	-	-	**442.904**
Cash or equivalent to cash deposits		11.990	-	-	1.755	**13.745**
Other Asset		3.525.795	1.522.288	469.791	4.330.888	**9.848.762**
Total	$	**11.264.320**	**4.381.018**	**502.031**	**4.347.144**	**20.494.513**

9. Credit Portfolio - Financial Leasing – Accounts Reconciliation

As of June 30, 2015, December 31, 2014 and January 01, 2014 the following is the reconciliation of accounts between the gross investment in financial leases and the present value of minimum payments to be received as of the dates mentioned herein:

	30 June 2015	31 December 2014	01 January 2014
Total gross lease payments to be received in future	$ 5.454.475	5.559.638	5.631.730
Plus estimated residual value of assets under lease agreement (not guaranteed)	929	1.229	1.058
Gross investment in financial lease contracts	**5.455.404**	**5.560.867**	**5.632.788**
Minus non realized financial incomes	(1.328.368)	(1.314.683)	(1.285.644)
Net investment in financial lease contracts	**4.127.036**	**4.246.184**	**4.347.144**
Provision for the deterioration of net investment in financial lease contracts	**$(158.779)**	**(159.192)**	**(134.473)**

The following is a breakdown of the gross investment and the net investment in capital leases to be received as of June 30, 2015 and December 31 and January 01, 2014 in each of the following periods:

	30 June 2015 Investment		**31 December 2014 Investment**		**01 January 2014 Investment**	
	Gross	Net	Gross	Net	Gross	Net
Up to one year	$1.476.084	1.103.241	1.584.215	1.212.339	1.591.174	1.212.894
From 01 to 5 years	2.861.629	2.133.737	2.901.712	2.181.301	3.007.289	2.324.911
More than 5 years	1.117.691	890.058	1.074.940	852.544	1.034.325	809.339
Total	**$ 5.455.404**	**4.127.036**	**5.560.867**	**4.246.184**	**5.632.788**	**4.347.144**

In financial leasing operations, the Bank, in its capacity of less or gives the lessee some goods for its use for a specified period for the consideration of a fee and the lessee will at the end have the right to acquire the assets through a preset purchase option agreed from the starting which generally corresponds to a price which is substantially lesser than the market value at the time of exercising the purchasing option. In most contracts the payment is calculated with reference to the DTF rate adding some nominal points. Insurances, maintenance and any charge on the assets are on the lessee liability. Moreover, leasing operations are available without an option to purchase which have guaranteed residual from the beginning or if they are not guaranteed, residuals correspond to a low percentage with respect to the value of the asset. In most of the previous contracts, the fee is calculated with reference to the DTF adding or subtracting some nominal points, where the lessee is liable to pay the VAT, insurances and the maintenance of the asset.

Note 11. - Other accounts receivable, net

The following is a breakdown of other accounts receivable as of June 30, 2015, December 31 and January 01, 2014:

	30 June 2015		31 December 2014	01 January 2014
Dividends and participations	$	11.025	8.594	8.521
Commissions and fees		366	353	327
Leases		236	167	137
Sale of goods and services		4628	2.979	1.058
Headquarters-subsidiaries		178	56	982
Taxes		137.464	-	2.933
Prepayment of contract to suppliers		-	-	16
Prepayments to staff		199	170	36
Miscellaneous		78.010	81.799	37.746
Others		83	241	102
		232.189	94.359	51.858
Allowance for other account receivables		**(6.717)**	(4.847)	(6.987)
Total other accounts receivable, net	$	**225.472**	89.512	44.871

The following is the movement of allowances for year halves ended in June 2015 and December 2014:

	30 June 2015		31 December 2014
Starting balance	$	4.847	6.587
Provision charged to incomes		10.615	9.696
Recoveries of other account receivables		**(334)**	**(291)**
Write-offs		(8.411)	(11.145)
Final balance	$	6.717	**4.847**

Note 12. - Non-current assets held for sale

The following is a breakdown of non-current assets held for sale:

	30 June 2015	31 December, 2014	01 January 2014
Chattels	$ 1	514	2.561
Real estate used for living purposes	230	-	507
Total	**$231**	**514**	**3.068**

- As of June 2015, the account of goods held for sale under the category of personal properties which amount to $ COP 1 corresponds to one vehicle.

- In the opening balance sheet as of January 01, 2014 five (5) properties were classified as held for sale worth $ 507. With respect to chattels, fifteen (15) Contracts for vehicles were classified for a value of $ 2,257 and fourteen (14) contracts corresponding to other assets worth $ 304.

The real estate properties classified as non-current assets held for sale are referenced to the provisions of IFRS 5. It is herein considered that their sale is highly probable, which means that there is a promise of sale signed and that the property can be alienated under its present conditions (both physical and legal), and the time estimated to sell the property is determined to be over a maximum period of 12 months. Additionally, these assets are sold with reference to the fair value issued by the appraising entity.

The detail of the profit and/or loss is included herein, resulting from the sale of assets classified as held for sale during the halves ended on December 31, 2014 and June 30, 2015:

	Assets intended to be sold		
	Carrying value	**Value of selling**	**Profits**
Real estate properties	$ 425	637	212
Total as of December 31/2014	**425**	**637**	**212**
Real estate properties	2.296	2.925	629
Total as of 30 June 2015	**$ 2.296**	**2.925**	**629**

Note 13. - Investments in subsidiary, associates and joint ventures

The following is a detail of the movement of accounts in investments in subsidiaries, associates and joint ventures for the semesters ended on June 30, 2015 and December 31, 2014:

	Subsidiaries	Associates	Joint ventures	Total
Balance as of 01 January 2014	**$235.758**	**371.065**	**6.253**	**613.076**
Received dividends	15.253	8.622	-	23.875
Adjust to fair value by results	39.553	2.849	-	42.402
Fair value of purchased assets and liabilities	-	-	(682)	(682)
Purchases during the period	1.105	-	-	1.105
Adjustment for difference in exchange	(2.094)	-	-	(2.094)
Balance as of 30 June 2014	**$289.575**	**382.536**	**5.571**	**677.682**
Received dividends	7.525	16.616	-	24.141
Adjust to fair value by results	10.180	2.431	-	12.611
Fair value of purchased assets and liabilities	-	-	(938)	(938)
Purchases during the period	1.749	-	-	1.749
Adjustment for difference in exchange	23.356	-	-	23.356
Balance as of 31 December 2014	**$332.358**	**401.583**	**4.633**	**738.601**
Shares recorded in profits (losses) of subsidiaries	11.330	-	-	11.330
Received dividends	12.666	17.848	-	30.514
Fair value of purchases of assets and liabilities	-	-	(634)	(634)
Participations recorded in equity changes	3.568	-	-	3.568
Adjustment for difference in exchange	13.854	-	-	13.854
Balance as of 30 June 2015 (1)	**$373.803**	**419.431**	**3.999**	**797.233**

(1) As of January 1, 2015, the equity sharing method was registered, in accordance with External Circular 034 of 2014 from the Financial Superintendence of Colombia.

The detail of investments in subsidiaries, associates and joint ventures is seen herein below:

	30 June 2015	31 December 2014	01 January 2014
Subsidiaries	**$ 373.803**	**332.385**	**235.758**
Fiduciaria de occidente S.A.	202.515	186.567	116.656
Ventas y Servicios S.A.	10.377	9.708	6.557
Banco de Occidente Panama S.A.	79.548	67.623	61.473
Occidental Bank (Barbados) Lot	81.363	68.487	51.072
Associates	**419.431**	**401.583**	**371.065**
Porvenir S.A.	418.016	400.168	369.715
A.T.H.	1.415	1.415	1.350
Joint Ventures	3.999	.4.633	6.253
ATH	3.999	4.632	6.253
Total	**$ 797.233**	**738.601**	**613.076**

a. Details of investments in subsidiaries:

			Carrying value as of : 30 June 2015		
Name of the company	**Participation**	**Main address**	**Assets**	**Liabilities**	**Profits**
Fiduciaria de Occidente S.A.	94,98%	Bogotá	$ 222.513	30.649	17.952
Ventas y Servicios S.A.	45,00%	Bogotá	82.489	64.054	1.507
Banco de Occidente Panamá S.A.	95,00%	Panamá	2.550.368	2.512.485	(6.359)
Occidental Bank (Barbados) Lt.	100,00%	Barbados	$ 675.030	618.467	1.532

			Carrying value as of : 31 December 2014		
Name of the company	**Percentage share**	**Main address**	**Assets**	**Liabilities**	**Profits**
Fiduciaria de Occidente S.A.	94.98%	Bogotá	$ 222.355	38.107	12.934
Ventas y Servicios S.A.	45.00%	Bogotá	64.306	44.987	1.599
Banco de Occidente Panamá S.A.	95.00%	Panamá	2.401.514	2.372.310	(5.788)
Occidental Bank (Barbados) Lt.	100.00%	Barbados	$ 612.039	561.824	183

			Carrying value as of : January 01, 2014		
Name of the company	**Percentage share**	**Main address**	**Assets**	**Liabilities**	**Profits**
Fiduciaria de Occidente S.A.	94.98%	Bogotá	$ 162.816	37.343	21.278
Ventas y Servicios S.A.	45.00%	Bogotá	42.804	30.736	1.808
Banco de Occidente Panamá S.A.	95.00%	Panamá	1.664.522	1.632.049	(9.853)
Occidental Bank (Barbados) Lt.	100.00%	Barbados	$ 396.887	357.141	441

The Fiduciaria de Occidente S.A – corporate object -Fiduoccidente is holding commercial trust wherein agreements are made of mercantile trust and trust mandates non-transferring the dominion, in conformity with the legal provisions. Its fundamental purpose is to acquire, dispose of, encumber, and manage movable and immovable properties and intervene as a debtor or creditor in all kinds of credit operations.

BANCO DE OCCIDENTE (Panama) S.A is a company incorporated under the laws of the Republic of Panama which started banking operations in that country on June 30, 1982 under the international license issued by the National Banking Commission of the Republic of Panama.

Occidental Bank (Barbados) Ltd. was incorporated under the laws of Barbados on May 16, 1991, and it is authorized to handle banking business within the territory of Barbados.

The object of Ventas y Servicios S.A. is the supply of technical or administrative services to which the fifth article of the 1990 Act refers to, such as: computer programming, marketing, creating and organizing of files of consultation and the performance of statistical calculations and reports in general. Ventas y Servicios S.A. is consolidated under the dominant influence at the administrative level exerted by the headquarters on said company.

Activities carried out by above entities are strategic to the achievement of the Bank objectives.

During the first half of 2015 dividends received from subsidiaries as follows:

FIDUCIARIA DE OCCIDENTE S.A.	Cash	$ 5.496
	Shares	$10.785
OCCIDENTAL BANK (BARBADOS) LTD.	Cash	$1.881

The Financial Superintendence of Colombia exceptionally and for once authorized the recognition by the Bank dividends declared by subordinate entities in the year ended on December 31, 2014 as an income in the first half of 2015.

There are no legal or economical restrictions, pledges or attachments, on investments pledges and no limitations on their ownership.

As of January 01, 2015, according to the External Circular 034 of 2014 from the Financial Superintendence of Colombia, the Bank took as an initial balance of investments in subsidiaries as of January 01, 2015 a cost corresponding to the valuation and accounting according to Chapter 1 of the External Circular 100 of 1995 in force until December 31, 2014, based on this balance, the Bank identified the changes in equity between 01 January and 30 June 2015, recording the equity method on these variations, therefore, its cost was recognized at a higher value than the value represented by the Bank's participation in the equity of its subsidiaries.

As a result, the uniformity in the application of the accounting standards and of financial information accepted in Colombia is affected in reference to the previous period.

The following table shows the effect on the statement of results and in the statement of other comprehensive incomes from the application of equity method as of June 30, 2015:

Entity	ORI by MPP application		P&L for MPU application
Fiduciaria de Occidente S.A.	$	(9.454)	14.617
Ventas y Servicios S.A.		54	615
Banco de Occidente Panamá S.A.		10.065	(5.182)
Occidental Bank (Barbados) Lt.	$	2.904	1.327

b. Detail of investments in associates:

			Carrying value as of :			
			30 June 2015			
Name of the company	**Percentage share**	**Main address**	**Assets**		**Liabilities**	**Profits**
Porvenir	24.16%	Bogotá	$	2.161.189	909.487	157.712
A.T.H.	20.00%	Bogotá	$	54.370	47.023	94

			Carrying value as of :			
			31 December 2014			
Name of the company	**Percentage share**	**Main address**	**Asset**		**Liabilities**	**Profits**
Porvenir	24.16%	Bogotá	$	1.955.162	767.209	123.138
A.T.H.	20.00%	Bogotá	$	57.734	50.434	490

			Carrying value as of :			
			01 January 01 2014			
Name of Company	**Percentage share**	**Main address**	**Asset**		**Liabilities**	**Profit**
Porvenir	24.16%	Bogotá	$	1.676.957	641.351	107.202
A.T.H.	20.00%	Bogotá	$	61.825	55.135	17

During the semesters ended on June 30, 2015 and December 31, 2014 dividends from associated companies were received as recorded in the statement of results for $ 17,848 and $ 16,616, respectively.

Investments in associates were recorded at cost under IAS 27 Separate Financial Statements; however, during 2014 they were recorded by changes in the equity under Chapter 1 of the External Circular 100 of 1995 in force until December 31, 2014.

Therefore, the uniformity in the application of the accounting standards and financial information accepted in Colombia is affected in relation to the previous period.

As of June 30, 2015, investments in associates are stated at cost with no effect on the statement of results or in equity.

c. Detail of investments in joint ventures:

Name of the company	Percentage share	Main address	Carrying value as of : 30 June 2015 Asset		Liabilities	Profit
A.T.H.	25%	Bogotá	$	45.109	28.518	7.169

Name of the company	Percentage share	Main address	Carrying value as of : 31 December 2014 Asset		Liabilities	Profit
A.T.H.	25%	Bogotá	$	49.826	31.297	(3.540)

Name of the company	Participation share	Main address	Carrying value as of : 01 January 01 2014 Asset		Liabilities	Profit
A.T.H.	25%	Bogotá	$	54.060	29.047	2.806

During the semesters ended on June 30, 2015 and December 31, 2014 no dividends were received from joint ventures.

According to the rules of the Financial Superintendence of Colombia investment for the valuation of investments, the fair values of investments that are not listed in the stock exchange are determined by adjusting the investments by the proportional share in the equity changes of the companies where the Bank has investments determined based on the financial statements or certificates issued by these entities of up to six months old.

For the development of its operations, ATH has entered into an accounts agreement together with other financial institutions of Grupo Aval in order to develop all business operations related to the centralized management of operations of electronic transfer of data and funds through ATMs, Internet or any other electronic means.

ATH participates as the manager to that agreement to develop on its sole behalf and under its personal credit the object of the agreement.

Note 14. - Tangible assets, net

(a) The following is the movement of the accounts of tangible assets (property and equipment for its own use, property in leasing and investment properties) as of the closings of June 30, 2015, December 31, 2014 and January 1, 2014:

	Properties and equipment for its own use	Properties and equipment given under operational lease	Properties of investment	Total
Fair cost or value				
Balance as of January 01, 2014	**$593.470**	**20.037**	**61.491**	**674.998**
Capitalized purchases or expenses (net)	121.618	677	6.076	128.371
Withdrawals/sales/net	(72.711)	(3.603)	(6.874)	(83.188)
Changes in fair value	435	-	2.087	2.522
Balance as of 31 December 2014	**642.812**	**17.111**	**62.780**	**722.703**
Capitalized purchases or expenses (net)	23.530	474	14.811	38.815
Withdrawals/sales/net	(4.109)	(3.247)	(1.947)	(9.303)
Balance as of 30 June 2015	**$662.233**	**14.338**	**75.644**	**752.215**
Cumulative depreciation:				
Balance on January 1-2014	**($117.212)**	**(3.156)**	**-**	**(120.368)**
Depreciation charged to results	(34.451)	(8.417)	-	(42.868)
Withdrawals/sales	1.391	2.336	-	3.727
Balance as of 31 December 2014	**(150.272)**	**(9.237)**	**-**	**(159.509)**
Depreciation charged to results	(19.774)	(2.606)	-	(22.380)
Withdrawals/sales	(436)	2.629	-	2.193
Balance as of 30 June 2015	**($170.482)**	**(9.214)**	**-**	**(179.696)**
Loss for deterioration				
Balance as of January 01, 2014	**($27.262)**	**(234)**	**-**	**(27.496)**
Deterioration reversal	**-**	171	**-**	171
Charge for deterioration in the period	(1.398)	-	-	(1.398)
Balance as of 31 December 2014	**(28.660)**	**(63)**	**-**	**(28.723)**
Charge for deterioration in the period	(10.318)	(22)	-	(10.340)
Balance as of 30 June 2015	**($38.978)**	**(85)**	**-**	**(39.063)**
Tangible assets, net:				
Balance as of January 01, 2014	**$448.996**	**16.647**	**61.491**	**527.134**
Balance as of 31 December 2014	**$463.880**	**7.811**	**62.780**	**534.471**
Balance as of 30 June 2015	**$452.773**	**5.039**	**75.644**	**533.456**

(b) Property and equipment for its own use:

The following is a breakdown of the balance as of June 30, 2015, December 31 and January 01, 2014 by type of property and equipment for its own use:

For its own use	Cost	Cumulative depreciation	Loss for deterioration	Value
Lands	$ 70.442	-	-	70.442
Buildings	332.734	(31.104)	(24.130)	277.500
Equipment, furniture and office fixture	57.053	(33.799)	(4.138)	19.116
Computers	136.505	(102.349)	(9.899)	24.257
Vehicles	8.178	(869)	(593)	6.716
Mobilization equipment and machinery	3.000	(726)	(218)	2.056
In process constructions	52.423	-	-	52.423
Enhancements in others' properties	1.898	(1.635)	-	263
Balance as of 30 June 2015	**$ 662.233**	**(170.482)**	**(38.978)**	**452.773**
Lands	$ 70.442	-	-	70.442
Buildings	331.383	(18.959)	(18.072)	294.352
Equipment, furniture and office fixture	54.279	(32.107)	(2.960)	19.212
Computers	134.613	(96.842)	(7.341)	30.430
Vehicles	3.782	(754)	(206)	2.822
Mobilization equipment and machinery	1.473	(464)	(81)	928
In process constructions	44.558	-	-	44.558
Enhancements in others' properties	2.282	(1.146)	-	1.136
Balance as of 31 December 2014	**$ 642.812**	**(150.272)**	**(28.660)**	**463.880**
Lands	$ 68.655	-	-	68.655
Buildings	309.521	-	(17.466)	292.055
Equipment, furniture and office fixture	43.833	(30.165)	(2.474)	11.194
Computers	123.299	(86.278)	(6.958)	30.063
Vehicles	4.520	(769)	(255)	3.496
Mobilization equipment and machinery	1.937	-	(109)	1.828
In process constructions	36.697	-	-	36.697
Enhancements in others' properties	5.008	-	-	5.008
Balancer as of 01 January 2014	**$ 593.470**	**(117.212)**	**(27.262)**	**448.996**

- The figure of $ 54.321 related to constructions in-progress and improvements in third parties properties, in property and equipment for its own use as of 30 June 2015, mainly includes the following:

Works	Amount	
Edificio Nuevo Avenida Colombia	$	45.349
Smart office pisos 16,17 y 18		1.734
Edificio Calle 72 Piso 10 torre B		1.442
Santa Marta		571
Chivo N.I. Full		535
Central de Transportes Cali		433
LE Champ Barranquilla		383
Edificio Centro Internacional Piso 16		369
Of. Country Bogota		318
Calle 94 Bogotá		284
Calle 15 Cali		275
Of. Antonio Nariño Popayan		230
Cucuta		181
Smart Office Barranquilla		134
Cartago		102
Others		1.981
Total in-process constructions	**$**	**54.321**

As soon as such assets service life is completed they will be transferred internally to the account of the relevant asset.

The entire Bank's property and equipment and the goods handed in under operating leasing are adequately protected against fire, weak power, and other risks through insurance policies in force. The Bank has insurance policies to protect its property and equipment worth $ 676,669 and $ 614,590 as of June 30, 2015 and December 31, 2014 respectively, which covers risks of theft, fire, lightning, explosion, earthquake, strike, riot and others.

On the Bank's properties and equipment there are no mortgages or pledges.

The Bank establishes an impairment of property and equipment when their carrying amount exceeds their recoverable value. The Bank assesses at the end of each reporting period, if there is any sign of impairment of the value of any asset, and if such sign exists, the asset's recoverable amount is estimated.

To assess whether there is any indication that the value of an asset might have been impaired, the following factors are considered:

External sources of information:

(a)There are observable indications that the asset value has declined during the period significantly more than it would be expected as a result of the passage of time or its normal use.

(b) During the period have taken place or will take place in the near future, some significant changes with an adverse effect on the entity, concerning the legal, economic, technological or market environment where the entity operates or in the asset's target market.

(c) During the period, the market interest rates or other market rates of return on investments have been increased, in a manner that will probably affect the discount rate used to calculate the value in use of the asset, so that their recoverable amount is significantly reduced.

(d) The carrying amount of the company net assets is bigger than its stock exchange capitalization.

Internal information sources:

(e) Evidence is available about the obsolescence or physical damage of an asset.

(f) During the period some significant changes in the scope or manner in which the asset is used or is expected to be used have occurred or it is expected that they occur in the near future adversely affecting the entity.

(g) Evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be, worse than expected.

c) Property and equipment given under operating leases:

The following is a breakdown of the balance as of June 30, 2015, December 31 and January 1, 2014 by type of property and equipment given under operating leases:

Given under operating lease	Cost		Cumulative depreciation	Loss for deteriorating	Total
Equipment, furniture and office accessories	$	473	(373)	(1)	99
Computers		7,835	(5,720)	(42)	2,073
Vehicles		4,140	(1,790)	(34)	2,316
Mobilization equipment and machinery		1,890	(1,331)	(8)	551
Balance as of 30 June 2015	$	14,338	(9,214)	(85)	5,039
Equipment, furniture and office accessories	$	580	(361)		218
Computers		10,131	(5,764)	(23)	4,334
Vehicles		3,764	(1,454)	(21)	2,289
Mobilization equipment and machinery		2,636	(1,658)	(8)	970
Balance as of 31 December 2014	$	17,111	(9,237)	(63)	7,811
Equipment, furniture and office	$	707	(14)	(7)	686
Accessories Computers		13,090	(1,450)	(152)	11,488
Vehicles		3,312	(886)	(49)	2,377
Mobilization equipment and machinery		2,928	(806)	(26)	2,096
Balance as of 01 January 2014	$	**20,037**	**(3,156)**	**(234)**	**16,647**

The following is the summary of the minimum lease payments to be received in the coming installments for the goods given under operating leases as of June 30, 2015, December 31 and January 1, 2014:

	June 30, 2015		December 21, 2014	January 1, 2014
Up to 1 year	$	3.334	5.577	11.821
Betwen 1 and 5 years		1.464	1.887	5.678
Total	$	4.798	7.464	17.499

During the semesters ended on June 30, 2015 and December 31, 2014 no incomes were recorded in the results for the year for rental payments contingent received on goods delivered under operating leases.

In operational leases the Bank in its capacity as lessor gives some properties to the lessor for the latter's use for a term that is set in compensation for a payment of rent. After the deadline of the lease is expired, the lessee may purchase the asset at its fair price, or extend the lease contract or return the asset. In most contracts the payment of rent is calculated considering the DTF either adding or deducting some nominal points and for extensions, fixed payments are set. The VAT, insurance policies, maintenance and all charges over the asset will be payable by the lessee. The returned assets are place again or sold by the Bank.

(d) Investment assets.

The following is the detail of the balance as of 30 June 2015, 31 December 2014 and 01 January 2014 by types of investment assets.

Investment properties		Cost	Cumulative adjustments to their fair value	Carrying value
Lands	$	38.013	-	38.013
Buildings		37.631	-	37.631
Balance as of 30 June 2015	**$**	**75.644**	**-**	**75.644**
Lands	$	29.002	763	29.765
Buildings		31.691	1.324	33.015
Balance as of 31 December 2014	**$**	**60.693**	**2.087**	**62.780**
Lands	$	29.312	-	29.312
Buildings		32.179	-	32.179
Balance as of 01 January 2014	**$**	**61.491**	-	**61.491**

The following amounts have been recognized in the Statement of results from the management of investment properties during the halves ended on June 30, 2015 and December 31, 2014:

	June 30 2015	December 31 2014
Revenues of sales	$ 951	963
Valuation incomes	-	1.001
Operational direct expenses arising from investment properties generating rental incomes	61	75
Operational direct expenses arising from investment properties not generating rental incomes	391	216
Net	**$ 499**	**1.673**

Investment properties are valued annually at their fair value based on market values determined by qualified independent experts who have enough experience in the valuation of similar properties. The important methods and assumptions used to determine the fair value in conformity with provisions of IFRS 13 were as follows:

Market Comparative Method.

This item refers to the devaluation technique intended to establish the market value of the property, from the study of proposals or recent transactions of properties similar and comparable to those subject to the appraisal. Such offers or transactions should be classified, analyzed and interpreted to reach the estimated market value.

Sales Comparison Approach.

The sales comparison approach allows determining the property value that is valued by comparison to other similar properties that are under transactions or have been recently transacted in the realtors' market.

This comparative approach considers the sales of similar or substitute properties as well as market data and sets an estimated value using processes including the comparison. Overall, a good whose value (the property subject to valuation) is compared to sales of like assets that are sold in the open market. Advertisements and offers can also be taken into considerat6ion.

As of this date, the Bank has no restrictions on the collection of rental income or the realization of assets classified under Property of Investment.

Note 15 - Intangible assets, net

(a) The following is the movement of intangible assets accounts for the semesters ended on June 30, 2015 and December 31, 2014:

		Plus value	Intangibles	Total intangible assets
Cost:				
Balance as of January 1/2014	$	22.724	50.343	73.067
Additions/purchases (net)		-	20.776	20.776
Balance as of December 31 2014		**22.724**	**71.119**	**93.843**
Additions/purchases (net)		-	22.019	22.019
Balance as of June 30 2015	**$**	**22.724**	**93.138**	**115.862**
Cumulative amortization				
Balance as of January 01 2014	$	-	.	.
Amortization for the year charged to results		-	(21)	(21)
Balance as of December 31 2014		-	(21)	(21)
Amortization for the semester charged to the results account		-	(317)	(317)
Balance as of June 30 2015	**$**	**-**	**(338)**	**(338)**
Intangible assets, net:				
Balance as of January 01 2014	**$**	**22.724**	**50.343**	**73.067**
Balances as of December 31 2014	**$**	**22.724**	**71.098**	**93.822**
Balances as of June 30 2015	**$**	**22.724**	**92.800**	**115.524**

In the statement closing dates above the Bank does not show any loss for detriment of these intangibles.

The technical study of valuation of the plus-value for the acquisition of Banco Union was prepared by the company named Estructuras Financieras S.A.S which is an independent company specializing in financial valuations. The conclusion of the surplus value evaluation recorded by the Bank as of September 2014 concluded that there are no impairment indexes to the business lines acquired by the Bank

Capital gain

The recorded capital gain corresponds to the merger of the Bank with Banco Union occurred in previous years to the process of implementing of NCIF which for purposes of evaluation has been assigned to the Bank as a whole in the form of a cash-generating unit to that capital gain.

The recoverable amount of the cash generating unit was determined according to calculations of value in use. These calculations used cash flow projections approved by the management covering periods of five years and three months. The following are the main assumptions used in those valuations:

Macro-economic assumptions						
Index	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
CPI national yearly	3,7%	3,1%	3,0%	2,9%	3,1%	3,0%
DTF (EA annual average)	4,5%	4,5%	4,7%	4,9%	4,9%	4,9%
Income tax rate	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%
CREE+ tax, surcharge	9,0%	14,0%	15,0%	16,0%	18,0%	18,0%

According to IAS 36 the projected cash flows in budgets or most recent financial forecasts have been approved by the

Bank's management, excluding any estimates of cash inflows or outflows expected to arise from future restructurings or from assets performance enhancements. Projections based on these budgets or forecasts shall cover a maximum period of five years.

The macroeconomic assumptions for the forecast horizon of 2014/2019 were taken from BANCOLOMBIA and according to the latest tax reform approved on January 2015 the income tax + CREE have been considered. .

To set the rate to discount flows the framework is the concept of cost of capital, from the CAPM model (Capital Asset Pricing Model). This model is defined in terms of a risk-free rate, added with a component of market risk premium, which can increase or decrease depending on the behavior of the asset market, whose value will be performed particularly (beta coefficient). The construction of the discount rate to be used in the valuation of the business lines acquired by the Bank in the acquisition of Banco Union is as follows:

(a). **Risk-free rate (Rf**). The return rate of the US Treasury bonds was taken as a risk free rate with a maturity of 30 years. Rf = 3.45%. Source: Ministry of Finance and Public Credit, January 16, 2015.

(b). Country risk (Rc): This rate represents the risk premium of sovereign bonds of the Republic of Colombia (maturing by year 2044) on the risk-free rate (described in paragraph a.). This premium reflects the appreciation made by the capital markets of investment risk in Colombia, compared to managing of their economic policies.

Rc = 2.46%. Source: Ministry of Finance and Public Credit, January 16, 2014.

(c). Market risk premium (Rm): A market risk premium was taken for the U.S. market. Since the Colombian market allows the access of investors from other markets and since in Colombia, as in most emerging economies, there is no market average rate of return for a diversified portfolio, it is reasonable to assume that such investors hope to obtain a risk premium of no less than that obtained in the US market. Rm = 5.75%. Source: Damodaran. URL www.damodaran.com [16/01/15].

(a) Beta (β): As a Beta coefficient the Damodaran calculated range was applied for several banking entities of Colombia, resulting in 0.96.

Estimated capital cost for valuation of acquisition of Banco Union

Estimated capital cost for acquisition valuation of Banco de Occidente: Banco Union			
Variable	**Rate 1**	**Rate 2**	**Rate 3**
Risk free rate	2,45%	2,45%	2,45%
Country risk	2,46%	2,46%	2,46%
Market Risk Premium	5,75%	5,75%	5,75%
Beta	1,12	0,96	0,79
Capital cost (USD)	**11,41%**	**10,41%**	**9,41%**
Devaluation (Pesos/US dollar)	2,9%	2,9%	2,9%
Capital cost (COP)	**14,64%**	**13,61%**	**12,58%**

With the above scenarios, the valuation of each of the business lines of Banco Union (acquired through a merge process) totaled more than $ 500,000, greatly exceeding the balance of the capital gain which amounts to $ 22,724, based on this result, it was determined that it is not necessary to make any allowance for deterioration related to the capital gain as of June 30, 2015 and December 31, 2014.

Details of intangible assets other than capital gain

		June 30 2015		
		Cost	Cumulative amortization	***Carrying value***
IT software and applications	***$***	***93.138***	***(338)***	***92.800***
Balance as of June 30 2015	***$***	***93.138***	***(338)***	***92.800***

		December 31 2014		
		Cost	Cumulative amortization	***Carrying value***
IT software and applications	***$***	***71.119***	***(21)***	***71.098***
Balance as of December 31 2014	***$***	***71.119***	***(21)***	***71.098***

		January 01 2014		
		Cost	Cumulative amortization	***Carrying value***
IT software and applications	*$*	*50.343*	-	50.343
Balance as of January 01 2014	***$***	***50.343***	**-**	**50.343**

Note 16 – Allowance for income tax and CREE tax

The tax provisions in Colombia in relation to income tax and other taxes provide, among other things, the following:
1. From January 01 2013, the fiscal revenues in Colombia are taxed at the rate of 25% by way of income tax plus 9% by way of income tax for equity "CREE TAX" and 10% on incomes from capital gains.

On December 23, 2014, by 1739 Act, a surcharge to the income tax for equity was established - CREE for years 2015, 2016, 2017 and 2018, which is the responsibility of taxpayers who must pay this tax and shall be applicable to a taxable base above $ 800, at the rates of 5%, 6%, 8% and 9% per year, respectively.

2. As of the taxable year 2007 and only for tax purposes, taxpayers may adjust annually the cost of their real and personal properties considered as fixed assets. The adjustment rate will be that set by the Tax and Customs Agency of Colombia by an order.

3. In accordance with provisions of Act 1111 of 2006, the Bank's net income should not be less than three percent (3%) of its net equity on the last day of the immediately preceding fiscal year.

4. As of June 30, 2015 and 2014, the Bank has no tax loss balances or excess of presumptive income on ordinary income to be offset.

5. The income tax and CREE tax liability as of June 30, 2015 includes the following:

	June 30 2015
Current income tax and CREE	$ 118.559
Excess allowance for taxes	3.641
Tax uncertainties	14.314
Previous periods adjustments	(162)
Total	**$ 136.352**

According to the above, the income tax expense for semesters ended on June 30, 2015 and December 31, 2014 includes the following:

	Semesters ended in	
	June 30 2015	**December 31 2014**
Income tax for current period (1)	$ 73.205	49.277
CREE tax (1)	29.156	20.815
CREE surcharge (1)	16.198	
Sub-total taxes for current period	**118.559**	**70.092**
Adjustment of previous terms (2)	(36.586)	521
Excess of allowance for period	3.641	756
Adjustment for uncertain tax provisions of previous terms (3)	(7.272)	(7.634)
Deferred taxes		
Net deferred taxes in the period	(5.551)	3.640
Subtotal, deferred taxes (4)	**(5.551)**	3.640
Total(5)	**$72.791**	67.375

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Subtotal, deferred taxes (4)	**(5.551)**	**3.640**
Total(5)	**$72.791**	**67.375**

The Council of State, by order 20998 dated February 24, 2015, ordered the provisional deletion of paragraph 1 of Article 3 of Decree 2701 dated November 22, 2013, which sets the tax base of income tax for Equity - CREE, and includes the recovery of deductions as a net income of that tax, therefore, Banco de Occidente taking into account this consideration by the Council of State, requested an amendment project from DIAN for the amount of $ 33,585 of the income tax report by CREE of the taxable year 2014 filed at DIAN on June 30, 2015 and a recovery was recorded in the first half totaling $ 33,000, likewise, in the second half of 2015 a draft correction shall be filed with DIAN with respect to the income tax for CREE for 2013 for the amount of $ 34,106.

Tax uncertainties

The following is the movement of tax uncertainties during semesters ended on June 30, 2015 and December 31, 2014:

		Tax uncertainties
Balance as of January 01 2014	**$**	24.446
Increase (reduction) of uncertainties during the semester		9.867
Reversed amount for non-used allowances		(6.583)
Financial cost		1.490
Balance as of 30 June 2014	**$**	**29.220**
		Tax uncertainties
Balance as of 01 July 2014	**$**	29.220
Increase (reduction) of uncertainties during the semester		(4.000)
Financial cost		(3.634)
Balance as of December 31, 2014	**$**	**21.586**
Balance as of January 01, 2015		**Tax uncertainties**
Increase (reduction) of uncertainties during the semester	**$**	21.586
Reversed amount for non-used allowances		(1.162)
Financial cost		(4.902)
Balance as of June 30, 2015		(1.208)
	$	**14.314**

Uncertainties in open tax positions

The liability for current income tax as of June 30, 2015 includes $ 14,314 corresponding to related uncertainties regarding expenses on employees, write-offs and losses. The Bank management believes that those exposures are more likely, to be offset if they are challenged by the tax authorities ($ 21,586 as of December 31, 2014). Penalties and interests on arrears related to such tax uncertainties are accrued and recorded as operating expenses.

The balance as of December 31 2015 which is expected to be used entirely or released, when the rights of inspection by the tax authorities regarding the tax returns expire are as follows:

Year	Value	
2016	$	5.717
2017		7.023
2018	$	1.574

Deferred taxes with respect to subsidiaries, associates and joint ventures:

As of June 30, 2015 the Bank has not recorded any deferred taxes liabilities with respect to temporary differences from investments in subsidiaries in the amount of $ 631 ($ 91 as of Dec. 31, 2014), since the Bank has the ability to control the reversal of such temporary differences and the Bank is not interested in reversing them in the near future

Deferred taxes by type of temporary difference:

The differences between the bases of assets and liabilities for purposes of NCIF and the tax bases of such assets and liabilities for tax purposes result in temporary differences that generate deferred taxes calculated and recorded as of June 30, 2015 and December 31, 2014 based on the tax rates currently in effect for the years in which those temporary differences will reverse.

		Balance as of 1/ July 2014	Credited to, (charged to) results	Credited to, (charged to) ORI	Balance as of December 31 2014
Deferred taxes, assets					
Valuation of fixed income investments	$	-	5.884	(4.769)	1.115
Valuation of derivatives		15.460	76.755	-	92.215
Allowance for credit portfolio		4.363	4.682	-	9.044
Differences between accounting and of the cost of properties, equipment and of investment		9.862	(8.519)	-	1.343
Differences between accounting and tax for charges deferred of intangible assets		9.455	8.865	-	18.320
Non deductible liabilities		2.136	818	-	2.954
Benefits to employees		11.640	(7.059)	-	4.581
Subtotal (1)	**$**	**52.916**	**81.426**	**(4.769)**	**129.574**
Liabilities deferred taxes					
Valuation of fixed income investments		(52.472)	(12.512)	-	(64.984)
Valuation of variable income investments		(4.408)	1.845	-	(2.563)
Valuation of derivatives		(27.802)	(60.668)	-	(88.470)
Differences between accounting and tax of credit portfolio		(1.662)	(349)	-	(2.011)
Allowance for credit portfolio		-	(1.211)	-	(1.211)
Differences between accounting and tax of the cost of properties, equipment and of investment		(48.842)	(16.487)	-	(65.328)
Differences between accounting and tax of accrual, properties depreciation, and equipment		(68.954)	3.898	-	(65.056)
Capital gain		(7.726)	-	-	(7.726)
Subtotal (1)	**$**	**(212.283)**	(85.066)	-	
Total	**$**	**(159.367)**	**(3.639)**	**(4.769)**	**(167.775)**

		Balance as of 31 December 2014	Credited to, (charged to) results	Credited to, (charged to) ORI	Balance as of June 30, 2015
Deferred taxes, assets					
Valuation of fixed income investments	$	1.115	(6.866)	5.751	-
Valuation of derivatives		92.215	(15.990)	-	76.226
Differences between accounting and tax bases for credit portfolio		-	7.036	-	7.036
Allowance for credit portfolio		9.044	1.419	-	10.463
Differences between the accounting and tax bases For the cost of properties, equipment, and investment assets		1.343	(527)	-	816
Differences between the accounting and tax bases of deferred charges of intangible assets		18.320	(15.524)	-	2.796
Non deductible liability allowances		2.954	(1.096)	-	1.858
Benefits to employees		4.581	(1.395)		3.186
Subtotal		**129.574**	**(32.943)**	**5.751**	**102.382**
Liability deferred taxes					
Valuation of fixed income investments		(64.984)	12.209	-	(52.775)
Valuation of variable income		(2.563)	(687)	-	(3.250)
Derivatives valuation		(88.470)	23.595	-	(64.876)
Differences between the accounting In the credit portfolio		(2.011)	2.011	-	-
Allowance for credit portfolio		(1.211)	1.211	-	-
Differences between the accounting and tax bases In the cost of properties, equipment, and properties Of investment		(65.328)	-	-	(65.328)
Differences between the accounting For accruals, depreciation of properties Equipment		(65.055)	156		(64.899)
Capital gain		(7.726)	-	-	(7.726)
Subtotal	**$**	**(297.349)**	**38.495**	**-**	**(258.854)**
Total	**$**	**(167.775)**	**5.552**	**5.751**	**(156.473)**

The tax calculated on the basis of income before the income tax of the Bank which was determined in the table above differs from the theoretical amount that would have been obtained using the tax rate applicable to profits in accordance with current tax legislation listed in the preceding paragraphs as follows:

		Semesters ended on June 30, 2015	December 31, 2014
Profits before income tax	$	**310,396**	1.016.847
Expenses of theoretical taxes calculated according to the applicable tax rates		121,056	345.728
Non deductible expenses		14,809	592
Tax on equity or wealth		-	5.802
Dividends received not making an income Profits (loss) in sale or valuation of investment not making an income		(23,691)	(24.911)
Interests and other non-taxable incomes		9,061	(253.795)
Tax benefit for the purchase of production assets		(5,479)	(5.194)
Effect on the deferred tax for changes in tax rates		(2,748)	(4.621)
		-	10.130
Adjustment for previous terms		(35,042)	1.277
Adjustments for uncertain tax positions of previous periods		(5,175)	(7.634)
Total expenses of taxes in the term	$	**72,791**	67.375

The increase in the applicable weighted average tax rate is due to a change in the profitability of subsidiaries of the Bank in the respective countries, wealth tax and surcharges as provided by the law.

Reports of income tax and complementary taxes to the taxable years 2014 and 2013 are subject to review and acceptance by tax authorities. The Bank management and its legal counsels consider the amounts accounted as liabilities for taxes payable to be sufficient to meet any claim that could arise with respect to such years.

The analysis of assets and deferred tax liabilities according to their future reversals is the following as of June 30, 2015 and December 31, 2014:

		June 30, 2015	December 31, 2014
Assets for deferred taxes:	$	19.773	22.434
Assets for deferred taxes to be recovered in a term of more than 12 months			
- Assets for deferred taxes to be recovered in a term of more than 12 months		82.609	107.140
		102.382	**129.574**
Deferred taxes liabilities			
- Deferred taxes liabilities to be recovered in a term of more than 12 months		(160.156)	(135.559)
- Deferred taxes liabilities to be recovered in a term of more than 12 months		(98.698)	(161.790)
		(258.854)	**(297.349)**
Deferred taxes liabilities (net)	$	**(156.473)**	**(167.775)**

Assets and liabilities for deferred taxes recorded during the six months period ended on June 30, 2015, were calculated considering for their recoverability, the surcharge on the income tax for equity - CREE for years 2015, 2016, 2017 and 2018 of 5 %, 6%, 8% and 9% per year, respectively.

Effect of current and deferred taxes in each component of other comprehensive income account in equity:

The effects of current and deferred taxes in each component of other comprehensive income account are as itemized below:

	semesters ended on					
	June 30, 2015			**December 31, 2014**		
	Amounts before taxes	Expense (income) of tax	Net	Amounts before taxes	Expense (income) of tax	Net
Entries that can be subsequently reclassified into results						
Difference in exchange in foreign operations	$ (916)	(312)	(605)	(69.747)	(23.714)	(46.033)
Profits (losses) net, not realized in operations of foreign transactions coverage	916	312	605	69.747	23.714	46.033
Profits (loss) not realized of available for sale investments	-	(5.751)	(5.751)	-	4.769	(4.769)
Subtotals	-	(5.751)	(5.751)	-	4.769	(4.769)
Total other comprehensive results during the period	**$ -**	**(5.751)**	**(5.751)**	**-**	**4.769**	**(4.769)**

Wealth tax

As per 1739 Act of 2014, the wealth tax was set which generating fact is the possession of wealth as of January 1 of 2015, 2016 and 2017, to be paid by the taxpayers of income tax. As of December 31, 2014, the conditions for determining the wealth tax to be applicable in 2015 are as follows:

Equity range	Rate
>0 < 2	(taxable base)* 0,20%
>= 2 < 3	(taxable base - 2) *0,35%+4
>= 3 < 5	(taxable base - 3) *0,75%+ 7,5
>= 5	(taxable base - 5) *1,15% + 22,5

The wealth tax for 2015 was charged against occasional reserves for the amount of $ 44,145.

Transfer Pricing

Since the taxable year of 2004 taxpayers of income tax and supplementary taxes which have entered into transactions with related parties abroad, are required to determine for the purposes of the income tax and supplementary taxes their ordinary and extraordinary income, costs and deductions, and their assets and liabilities considering, for these transactions, the prices or profit margins on which independent third parties would agree (at market value). To date, the Bank's management and its advisers have not yet completed the study for year 2014 and based on the results, no additional allowances will be required for the income tax arising from the price analysis for 2015, which may affect the results of the period.

Note 17. Customers' deposits

The following is a breakdown of balances of deposits received from customers of the Bank in compliance with its operations to capture deposits:

Detail		June 30, 2015	December 31, 2014	January 1, 2014
b y classification				
At amortized cost	$	19.436.658	20.147.006	17.721.765
By nature				
At sight				
Current accounts		5.092.094	5.726.364	5.581.111
Saving accounts		8.978.715	9.133.694	8.320.285
Other sight funds		2.647	2.399	2.252
Total by nature		**14.073.456**	**14.862.456**	**13.903.648**
In long term				
Term deposit certificates		5.363.202	5.284.550	3.818.117
Total deposits		**19.436.658**	**20.147.006**	**17.721.765**
By currency				
In COP		19.423.460	20.134.965	17.713.536
In US dollars		13.198	12.041	8.229
Total per currency		**19.436.658**	**20.147.006**	**17.721.765**

A breakdown of the maturity of certificates of term deposits valid as of June 30, 2015 is as follows:

Year		Amount
2015	$	3.552.648
2016		771.463
2017		226.006
2018		112.067
2019		107.000
After 2019		594.018
Total	**$**	5.363.202

A summary of the effective interest rates accrued on customer deposits is as follows:

	June 30, 2015	
	Deposits in COP	
	Min. rate	Max. rate
	%	%
Checking accounts	-	3,2
Saving accounts	1	4,85
Term deposit certificates	0,05	9,08

	December 31, 2014	
	Deposits in COP	
	Min. rate	Max. rate
	%	%
Checking accounts	-	3,15
Saving accounts	1,2	4,98
Term deposit certificates	0,05	8,06

	January 01, 2014	
	Deposits in COP	
	Min. rate	Max. rate
	%	%
Checking accounts	-	3,15
Saving accounts	1,3	4,67
Term deposit certificates	0,05	8,56

Interests’ settlement frequency: For term deposit certificates the interests settlement frequency is made according to agreements with each customer considering their term deposit certificate; a daily settlement is applicable to saving accounts.

The following is a detailed account of concentration of deposits received from customers by economic sector:

Sector		June 30, 2015		December 31, 2014		January 01, 2014	
		Amount	%	Amount	%	Amount	%
Government or entities of the Colombian government *	$	4.763.329	24,51	4.506.457	22,37	4.232.451	23,88
Manufacture		368.882	1,90	456.822	2,27	368.276	2,08
Real estate		224.402	1,15	223.747	1,11	223.773	1,26
Trade		713.545	3,67	886.534	4,40	757.349	4,27
Agriculture and Cattle Raising		102.413	0,53	109.521	0,54	105.067	0,59
Individuals		1.610.973	8,29	1.500.979	7,45	1.310.483	7,39
Others **		11.653.114	59,95	12.462.946	61,86	10.724.366	60,51
Total	$	**19.436.658**	**100,00**	**20.147.006**	**100,00**	**17.721.765**	**100,00**

* Government includes the O and U sectors (as per ISIC classification) for the public administration and defense and social security plans of compulsory affiliations and activities of extraterritorial organizations and bodies respectively.
** The most representative item included under this category corresponds to financial and insurance activities (K Sector), which for the closing of June 2015 presented a total balance by $ 6,968,749, representing 60.26% of the total category.

As of June 30, 2015, 4,429 customers were on the list with balances above $ 250 for a total value of $ 17,381,769 (As of December 31, 2014 the number of customers was 4,771 totaling $ 18,014,645).

For customer deposits the accrued spending in results for interest, for saving accounts, term deposit certificates and checking accounts as of closing of half-year ending of June 30, 2015 and December 31, 2014 was $ 323,998 and $ 338,847, respectively.

Note 18 - Financial liabilities

a) Short-term financial liabilities

The following is the summary of financial liabilities obtained by the Bank in the short term as of June 30, 2015, December 31 and January 1, 2014, with the essential purpose of financing the Bank operations:

	June 30, 2015		December 31, 2014	June 30, 2015
Colombian pesos				
Purchased inter-banking funds	$	43.000	40.000	-
Commitments of sale of investments in concurrent operations		6.373	127.883	40.392
Commitments arising from operations in the short term		24.993	-	12.162
Commitment of sale of investments in REPO closed operations		551.691	-	350.061
Corresponding banks		872	844	163
Subtotal		**626.929**	**168.727**	**402.779**
Purchased inter banking funds		274.730	151.147	129.136
Commitments of sale of investments in concurrent operations		52.113	48.225	49.805
Corresponding banks		14.343	15.569	14.168
Subtotal		**341.186**	**214.941**	**193.109**
TOTAL	**$**	**968.115**	**383.668**	**595.888**

As of June 30, 2015 the financial short-term liabilities for simultaneous and repos operations amounted $ 610,177 were collateralized by investments of $ 623,830 (as of December 31, 2014 for $ 176,108 secured by investments worth $ 176,584).

The following is a summary of the effective interest rates that are accrued on the short-term financial liabilities:

	June 30, 2015			
	In COP		In currency	
Inter banking funds rates	Minimal rate	Maxim rate	Minimal rate	Max. rate
	%	%	%	%
Inter banking rates and REPO and simultaneous transactions	4,44	4,45	0,08	1

	December 31, 2014			
	In COP		In currency	
Inter banking funds rates	Minimal rate	Max. rate	Minimal rate	Max. rate
	%	%	%	%
Inter banking rates and REPO and simultaneous transactions	4.45	4,45	0,2	0,35

	January 01, 2014			
	In COP		In currency	
Inter banking funds rates	Minimal rate	Maxim rate	Minimal rate	Max. rate
Inter banking rates and REPO and simultaneous transactions	%	%	%	%
	-	-	0.3	0,35

For short-term financial liabilities the spending accrued in results for interests from operations of the interbank fund type money market funds, transfer commitments in repo and simultaneous operations and other interests as of the closing date of semesters ended on June 30, 2015 and December 31, 2014 was $ 15,778 and $2,868, respectively.

(b) Financial liabilities with rediscount entities and Foreign Banks

Colombian government has set certain credit programs to promote the development of specific sectors of the economy, including foreign trade, agriculture, tourism, housing construction and other industries. The programs are managed by various government entities such as Bank of Foreign Trade ("BANCOLDEX"), the Fund for Financing the Agribusiness Sector ("FINAGRO") and Financial of Territorial Development ("FINDETER").

The following is a breakdown of loans obtained by the Bank from the above entities as of June 30, 2015, December 31, 2014 and January 1, 2014:

	Interest rates, valid as of the closing date	June 30, 2015	December 31, 2014	January 01, 2014
Bank of Foreign Trade ("BANCOLDEX")	Between -1,00% and 8,88%	$ 290.957	254.151	320.905
the Fund for Financing the Agribusiness Sector ("FINAGRO")	Between 0,50% and 6,60%	88.209	91.677	110.372
Financial of Territorial Development ("FINDETER").	Between -4,00% and 9,79%	287.848	278.987	428.843
Banks abroad	Between 0,10% and 3,35%	1.609.202	1.641.524	1.146.302
Others	n/d	25.896	25.636	27.468
Total		$ **2.302.112**	**2.291.975**	**2.033.890**

The following is a breakdown of maturities of financial liabilities with rediscount entities effective as of June 30, 2015:

Year	Amount
2015	$ 1.532.257
2016	259.236
2017	146.145
2018	112.387
2019	59.028
After 2019	193.059
Total	**$ 2.302.112**

For financial liabilities with rediscount entities and foreign banks accrued results for interest as of closing dates of semesters ended on June 30, 2015 and December 31, 2014 was $ 24,952 and $ 26,286, respectively.

(c) Long-term financial liabilities by bonds issuance

Companies are authorized by Financial Superintendence of Colombia to issue or place bonds or bonds of general security. The entirety of bonds issuances by the Bank has been made with no security and they represent only the liabilities of each issuer.

The breakdown of liabilities as of June 30, 2015, December 31, 2014 and January 1, 2014, for issuance and maturity dates in legal tender currency was as follows

Issuer	Issuance date	June 30, 2015	December 31, 2014	January 01, 2014	Expiration date	Interest rate
General security						
Bonos Ord Leasing de Occidente	28-Jun-07	$ -	-	53.841	28-jun-14	IPC + 6,60
Bonos Ord Leasing de Occidente	25-Aug-08	21.024	21.024	21.024	25-Aug-15	IPC + 6,60
Bonos Ord Leasing de Occidente	25-Aug-08	52.902	52.902	52.902	25-Aug-18	IPC + 7,00
Bonos Ord Leasing de Occidente	30-mar-09	-	-	50.086	30-mar-14	IPC + 5,00
Bonos Ord Leasing de Occidente	30-mar-09	123.450	123.450	123.450	30-mar-16	IPC + 6,00
Bonos Ord Leasing de Occidente	30-Apr-09	1.000	1.000	1.000	30-ene-19	IPC + 5,75
Subordinate bonds	9-Aug-07	-	-	80.000	9-Aug-14	IPC + 5.90%
Ordinary bonds, of first issuance of program	25-Nov-10	122.000	122.000	122.000	25-nov-15	IPC + 3,15%
	25-Nov-10	6.000	6.000	6.000	25-nov-15	DTF + 1,35%
Ordinary bonds, of second issuance of program	02-Mar-11	-	-	298.800	02-mar-14	IBR + 1,50%
	02-Mar-11	-	-	61.900	02-mar-14	IPC + 2,49%
	02-Mar-11	39.300	39.300	39.300	02-mar-16	IPC + 3,05%
	25-Nov-10	12.500	12.500	12.500	25-nov-10	IPC + 3.15%
Ordinary bonds, of third issuance of program	22-Sep-11	-	-	3.500	22-sep-14	IBR + 1,80%
	22-Sep-11	-	-	5.380	22-sep-14	6.65%
	22-Sep-11	59.180	59.180	59.180	22-sep-16	IPC + 4,0%
	22-Sep-11	12.760	12.760	12.760	22-sep-16	7.25%
	22-Sep-11	32.000	32.000	32.000	22-sep-18	IPC + 4,20%
	22-Sep-11	134.300	134.300	134.300	22-sep-21	IPC + 4,50%
Subordinate bonds, first issuance of program	09-Feb-12	80.000	80.000	80.000	09-feb-19	IPC + 4.34%
	09-Feb-12	120.000	120.000	120.000	09-Feb-22	IPC + 4.65
Ordinary bonds, of fourth issuance of program	9-Aug-12	50.000	50.000	50.000	9-Aug-15	DTF + 1,67%
	9-Aug-12	100.950	100.950	100.950	9-Aug-22	IPC + 4.10%
	9-Aug-12	149.050	149.050	149.050	9-Aug-27	IPC + 4.27%
Subordinate bonds, second issuance of program	30-Jan-13	200.000	200.000	200.000	30-Jan-25	IPC + 3.58%
Ordinary bonds, of fifth issuance of program	29-may-13	231.100	231.100	231.100	29-May-16	IBR + 1.30
	29-May-13	19.540	19.540	19.540	29-May-20	IPC + 2.90%
	29-May-13	2.750	2.750	2.750	29-May-28	IPC + 3.10%
Ordinary bonds, of sixth t issuance of program	21-Nov-13	218.200	218.200	218.200	21-Nov-15	IBR + 2.08%
	21-Nov-13	70.750	70.750	70.750	21-Nov-17	IPC + 2.89%
	21-Nov-13	61.050	61.050	61.050	21-Nov-20	IPC + 4.35%
Ordinary bonds, of seventh issuance of program	08-May-14	150.030	150.030	-	08-May-17	IBR + 1.39%
	08-May-14	122.180	122.180	-	08-May-21	IPC + 3.70%
	08-May-14	77.790	77.790	-	08-May-24	IPC + 4.00%
Bonds interests		21.960	18.760	43.641		
Total		**$2.291.766**	**2.288.566**	**2.516.954**		

a. Ordinary subordinate bond issuances: in 2012 I and 2013 I. Ordinary Bonds issuances in 2008, 2009, 2010, 2011 (two issuances) , 2012 II, 2013 (two issuances) 2013 II and 2013 III and 2014 I

b. Authorized amount to issue:

Year			Amount
2008		$	400.000
2009		$	500.000
2010		$	550.000
2011	I	$	400.000
2011	II	$	247.120
2012	I	$	200.000
2012	II	$	300.000
2013	I	$	200.000
2013	II	$	253.390
2013	III	$	350.000
2014	I	$	350.000

Note: The issuance made in 2010 for $ 550,000 occurred in two tranches. The first was on November 25, 2010 for an amount placed of $ 359,500 and the second occurred on May 10, 2011 for a total amount of $ 190,450, corresponding to the issuance of 2010.

(c) The legal representative of bondholders is Helm Fiduciaria S.A

(d). for 2010 issuances ($ 550,000), 2011 ($ 400,000 and $ 247,120), 2012 ($ 200,000 and $ 300,000) and 2013 ($ 200,000, $ 253,390 and $ 350,000) the face value and the minimum investment is $ 10,000,000 and $ 10,000,000 (in pesos) respectively. For 2008 issuances ($ 400,000) and 2009 ($ 500,000) the face value and minimum investment is $ 100,000 and $ 1,000,000 (in pesos) respectively

The future maturities as of June 30, 2015 of outstanding investment securities on long-term debt are:

	Year	Amount
	2015	$ 451.684
	2016	465.790
	2017	220.780
	2018	84.902
	2019	81.000
After	2019	987.610
	Total	**$ 2.291.766**

For financial liabilities in the long-term of bond issuance accrued in results for interest as of closing of six month periods ended on June 30, 2015 $ 83,822 and as of December 30, 2014 and $ 77,437.

Note 19 – Allowances for employees' benefits

According to the Colombian labor legislation and based on bargain and collective labor agreements, employees are entitled to short-term benefits such as salaries, vacations, legal and extralegal bonuses and severance and interests of long-term layoffs such as: extra bonuses and retirement benefits including severance paid to employees who continue to work under the scheme by Act 50 of 1990 and legal and extralegal retirement pensions.

The following is a detailed account of the allowances balances for employee benefits as of June 30, 2015, December 31 and January 1, 2014

		June 30, 2015	December 31, 2015	January 30, 2015
Short term benefits	$	29,426	34,251	31,383
Employees retirement benefits		9,386	9,468	9,443
Long term benefits		34,461	35,896	37,610
TOTAL	**$**	**73,273**	**79,615**	**78,436**

Employees retirement benefits:

In Colombia retirement pensions when employees are retired after reaching a certain age and working time are payable by public or private pension funds based on preset contribution plans where companies and employees contribute on a monthly basis the amounts defined by the law so that employees may have access to the employee retirement pension; however, some employees hired by the Bank before 1968 who complied with the requirements of age and years of service, their pensions are directly assumed by the Bank.

The Bank recognizes extralegal bonuses to employees who retire on reaching the required age and years of service to have the right to receive the pension granted by the pension funds; this bonus is made upon the employee retirement.

The following is the movement of the retirement benefits of employees and long-term benefits for the semesters ended on June 30, 2015 and December 31, 2014:

	Pension plans			Other benefits	
		June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Balance at the beginning	$	3,482	3,626	41,881	43,427
Costs incurred in during the semester :					
Interest costs		123	255	1,426	4,015
Previous services costs		-	-	1,994	4,525
Total costs-benefits		123	255	3,420	8,540
Changes in actuarial assumptions		157	26	(2,598)	(7,031)
Payments to employees		(202)	(425)	(2,417)	(5,034)
(profits)/loss for direct arrangements With employees		-	-	-	1,979
Balances as of the end of half year	**$**	**3,560**	**3,482**	**40,286**	**41,881**

The variables used to calculate the projected liability for the different retirement benefits and long-term employee liabilities are shown below:

	June 30, 2015	December 31, 2014	January 01, 2014
Deductions rate	7,60%	7,60%	7,50%
Inflation rate	3,00%	3,00%	3,00%
Salary increase rate	3,00%	3,00%	3,00%
Pensions increase rate	3,00%	3,00%	3,00%
Employees turnover rate	4.7%	10.2%	10.9%

The expected life of employees is calculated based on mortality tables published by the Superintendence of Finances in Colombia which have been built according to the experiences of mortality supplied by the various insurance companies operating in Colombia.

The liability sensitivity analysis for employees' retirement benefits of the various financial and actuarial variables is as follows keeping other variables constant:
Pensions

	VARIABLE USED		Variable increase		Variable reduction	
Deduction rate	7,60%	3.482.167.354	8,60%	3.330.286.026	6,60%	3.644.705.487
Salaries increase rate	3,00%	3.482.167.354	4,00%	3.649.561.438	2,00%	3.323.099.538
Pensions increase rate	3,00%	3.482.167.354	4,00%	3.649.561.438	2,00%	3.323.099.538
One year increase in life expectancy	9,18	3.482.167.354	10,18	3.793.052.444	8,18	3.159.209.056

Other benefits

	VARIABLE USED		Variable increase		Variable reduction	
Deduction rate	7,60%	50.038.123.474	8,60%	45.970.605.381	6,60%	54.750.929.884
Salaries increase rate	3,00%	50.038.123.474	4,00%	54.900.684.521	2,00%	45.783.126.587
Pensions increase rate	3,00%	50.038.123.474	4,00%	54.900.684.521	2,00%	45.783.126.587
One year increase in life expectancy	51,52%	36.767.883.734	53,52%	37.591.762.712	49,52%	35.912.009.453

Employee benefits in the long-term:

The Bank provides its employees with extra-long term premiums over their labor lives depending on the number of years of service, every five, ten, fifteen and twenty years, etc., calculated as days of salary (between 15 and 180 days) for each payment .

• The average working life for each benefit as of 30 June 2015 is:

Senior Premium and retirement bonus	25.65	Years
Pensioned	8.72	Years
Traditional severance payments	7.02	Years

• In order to set the mortality rate the actuary used the "Colombian Mortality Table RV-2008".
• Economic assumptions for actuarial calculations:

1. Discount Rate:	7.60%
2. Wage Increase:	3.00% per annum
3. Social Security increase:	3.00%
4. Cost of Living Increases	3.00%
5. Mortality:	Colombian Mortality Table RV2008.
6. Retirement age:	62 yrs for men and 57 yrs for women.

• Description of Employee Benefits.

Retirement pensions: The Bank pays to retired employees their retirement pensions and there are pensions shared with the state.

Employee severance under the previous law: There are employees belonging to previous labor regimes under which their severance payments are assumed by the Bank at the time of their retirement. The new regimes involve this benefit in certain determined contribution plans.
Seniority premiums: The Bank provides its employees with payments five-year term payments based on their staying at the Bank as employees.

Retirement pension bonus: The Bank provides a bonus at the time of retirement for employees who receive their retirement pensions. The value assigned to professional staff is $10 and to the operating personnel is $ 5.

• The Bank shall, with its own resources, cover the future cash flows by extralegal payments and for the pension benefits.

Note 20 – Allowances for legal contingencies and other provisions
The following is the movement in allowances for legal contingencies and other allowances during the halves ended on June 30, 2015 and December 31, 2014

		Disassembling allowances Legal allowances	Assets	Total allowances
Balance as of January 01, 2014	**$**	5.397	1.687	29.843
Increase of allowances in the semester		1.444	-	4.069
Use of allowances		(221)	-	(221)
Amount reversed for not used allowances		(189)	-	(6.772)
Financial cost				(2.515)

Balance as of June 30, 2014	$ 6.431	**1.687**	**24.404**

	Disassembling allowances		
	Legal allowances	Assets	Total allowances
balance as of July 1, 2014	**$** 6.431	1.687	24.404
Increase of allowances in the semester	160	70	3.873
Amount reversed for not used allowances	(2.669)	-	(2.669)
Financial cost	-	-	371
Balance as of December 31, 2014	**$ 3.922**	**1.757**	**25.979**

	Disassembling allowances		
	Legal allowances	Assets	Total allowances
Balance as of January 1, 2015	**$** 3.922	1.757	25.979
Increase of allowances in the semester	28	28	3.114
Use of allowances	(73)	-	(73)
Amount reversed for not used allowances	(248)	-	(5.150)
Financial cost			(1.284)
Balance as of June 30, 2015	**3.629**	**1.785**	**22.586**

Tax allowances

The six tax claims filed against the Bank arising from the development of its corporate business which pose a risk, which deal mainly with the tax on industry and commerce, signs and boards in the municipalities of Bogota and Cartagena in which the determination is discussed on the calculation of the tax base with regard to the determination of the calculation of investment yields in the savings section for the case of Bogota and the inclusion of miscellaneous income when these did not form the basis for their determination, plus a customs penalty all of which are duly provisioned in the amount of $ 1,027.

Legal character allowances

The 35 civil lawsuits filed against the Bank arising from the development of its corporate purpose, which poses a risk, which deal mainly with customers' complaints who consider that: (i) some checks of their accounts were improperly paid or (ii) without their authorization, the withdrawal of funds through electronic channels was allowed. Such cases are duly provisioned in the amount of $ 2,602.

Note 21 - Other liabilities

Other liabilities include the following

a. Accounts receivable

	June 30, 2015	December 31, 2014	January 01, 2014
Commissions and fees	$ 2.176	1.581	1.562
Sales taxes payable	5.938	7.213	-
Equity tax	21.072	-	33.772
Other taxes	1.414	-	461
Dividends and surplus payable	73.131	70.164	63.602
Leases	669	1.008	1.021
Contribution on transactions	13.069	6.574	12.078
Promising purchasers	2.644	7.260	1.249
Suppliers and services payable	168.113	150.164	148.397
Withholdings and labor contributions	45.262	51.132	67.188
Insurances	21.938	-	-
Non-cashed drawn checks	6.963	3.196	2.591
International clearance	3.981	2.990	1.361
NDR forwards not delivered	2.547	21.696	780
CRCC Forward	6.150	5.646	5.800
Payment to third parties - Occired	8.157	5.641	8.649
Capital and interests on peace bonds	21.374	20.723	20.730

Capital and interests on security bonds		4.605	4.613	4.647
Miscellaneous		19.432	80.058	29.415
Total accounts payable	**$**	**428.635**	**439.659**	**403.303**

b. Other liabilities

		June 30, 2015	December 31, 2014	January 01, 2014
Pre-paid incomes	$	21.311	20.952	20.853
Interests resulting from re-structuring processes		10.113	10.434	5.922
Letters of credit-deferred payment		2.569	1.806	-
Deferred partial payments		841	-	-
Partial payments to be applicable to partial payments to collect		11.224	15.684	19.914
Miscellaneous		11.591	10.617	9.749
Total other liabilities	**$**	**57.649**	**59.493**	**56.438**

c. Other funds, deposits and receivables

	June 30, 2015	December	January 01,
Trust funds and special accounts	2.753	7.801	6.680
Especial deposits (1)	121.281	145.832	54.865
Accounts receivable for services supply (2)	147.675	225.953	231.654
Total other funds, deposits and receivables	**271.70**	**379.58**	**293.199**
Total other liabilities	**757.993**	**878.738**	**752.940**

(1) As of June 30, 2015, December 31 and January 1, 2014 in the special deposits account for guarantee of $ 85,878, $ 72,578 and $ 18,432, were recorded, while in the collections account, deposits were made for $ 30,029, $ 66,232 and $ 26,456, respectively.

(2) As of June 30, 2015, December 31 and January 1, 2014 the account of receivables for the supply of services showed the following amounts for cashier checks for $ 126,091, $ 201,077 and $ 208,379, and in the abroad drawings account the amounts were $ 21,584, $ 24,876 and $ 23,275, respectively.

Note 22 – Equity

The number of authorized, issued and outstanding shares as of June 30, 2015, December 31 and January 1, 2014 were as follows:

		June 30, 2015	**December 31, 2014**	**January 01, 2014**
No. of authorized shares, issued and outstanding		200.000.000	200.000.000	200.000.000
No. of shares:				
Subscribed and paid		155.899.719	155.899.719	155.899.719
Subscribed and paid capital	**$**	**4.677**	**4.677**	**4.677**

Retained Earnings on Properties in Reserve

The composition as of June 30, 2015, December 31 and January 1, 2014 of reserves is as follows:

	June 30 2015	December 31, 2014	January 1, 2014
Legally ordered reserve	$ 2.291.516	1.702.804	1.491.046
Occasional reserve, at the disposal of the highest corporate body	351.412	181.985	155.218
Total	**$ 2.642.928**	**1.884.789**	**1.646.264**

Legal Reserve

In accordance with the currently applicable legal regulations, the Bank should create a legal reserve by appropriating ten percent (10%) of the net profits of each year until reaching an amount equal to fifty percent (50%) of the subscribed capital stock to compensate for losses on excess of retained earnings. The legal reserve cannot be lower than the above percentage except to cover losses in excess of retained earnings.

Mandatory and Voluntary Reserves

Mandatory and voluntary reserves are approved for their establishment by the Shareholders meeting at its regular meeting held annually.

Protected by Article 10 of Law 1739 of 2014 the national government established that “taxpayers liable to pay the wealth tax may charge this tax against equity reserves without affecting the profits obtained during the period in both the separate or individual balance sheets, as well as in the consolidated balance sheets”. The Bank l, through the shareholder meeting 120 dated January 26, 2015, in the first half of 2015 charged to equity reserves the value of $ 42,145 for the payment of wealth tax for 2015.

Dividends declared

Dividends are declared and paid to shareholders based on the net income of the previous semester. Dividends declared were as follows

	June 30 2015	December 31, 2014
Profits received during the preceding semester under COLGAAP	**923.569**	**294.265**
Dividends paid by cash	Dividends paid By cash at the rate of $ 150.00 pesos a month per share, payable within the first ten days of each month from April 2015 to September 2015 inclusive, over a total of 155,899,719 shares subscribed and paid as of 31 155.899.719	Dividends paid By cash at the rate of $ 144.00 pesos monthly per share, payable within the first ten days of each month, from October 2014 to March 2015, inclusive, for total of 155,899,719 shares subscribed and outstanding ordinary shares 155.899.719
Total dividends declared	**$ 140.309**	**134.697**

Note 23 - Commitments and contingencies

a. Commitments

Credit commitments

In developing its normal operations the Bank provides guarantees or letters of credit to its customers whereby it is irrevocably committed to make payments to third parties if the customers fail to fulfill with their liabilities to such third parties, applying the same credit risk for credits portfolio. The granting of collaterals and letters of credit are subject to the same approval policies of disbursement of loans in terms of credit quality of customers and the collaterals that are considered appropriate to the circumstances are obtained.

Commitments for extension of credits represent unused portions of authorizations to provide credits in the form of loans, use of credit cards or letters of credit. With respect to the credit risk on commitments to extend credit lines, the Bank is potentially exposed to loss in an amount equal to the total amount of unused commitments, if the unused amounts were to be withdrawn; however the amount of the loss is less than the total amount of commitments, it is less than the non-used commitments since most commitments to extend credits are contingent once the customer maintains the specific standards of credit risks. The Bank monitors the terms of maturity of commitments in relation to credit quota because the long-term commitments have a higher credit risk than the short-term commitments.
The following is a breakdown of guarantees, letters of credit and loan commitments in unused credit lines as of June 30, 2015 and December 31, 2014

	June 30, 2015		December 31,2014	
	National amount	Reasonable amount	National amount	Reasonable amount
Sureties	$ 696.112	696.112	690.469	690.469
Non used letters of credit	114.617	114.517	79.166	79.166
Others	1.926.733	1.926.733	1.896.904	1.896.904
Total	1.957.939	1.957.939	1.836.058	1.836.058
	$ 4.695.302	**4.695.302**	**4.502.597**	**4.502.597**

Outstanding balances of unused credit lines and sureties do not necessarily represent future cash requirements since these quotas may expire and not being used fully or partially. The following is a breakdown of credit commitments by types of currency

	June 30, 2015	December 31,2014
Colombian pesos	$ 4.117.690	3.997.747
US dollars	570.432	482.092
Euros	7.180	22.300
Others	-	458
Total	**$ 4.695.302**	**4.502.597**

Commitments to disburse capital expenditures

As of June 30, 2015, the Bank had the following contractual commitments of disbursements for capital expenditures (intangibles and others):

CSI COMPLEX SYSTEMS INC COLOMBIA	Implementation of foreign trade software	782.069	2.032	Intangible
CSI COMPLEX SYSTEMS INC COLOMBIA	Technical adequacies to Bank Trade and payment module application	249.122	647	Intangible
RECURSOS ADMINISTRATIVOS	Purchase of computer center balancing for contingency	154.640	402	Intangible
IBM DE COLOMBIA & CIA S CA	ERP (ECC - AFI) SYSTEM	844.291	2.194	Intangible
IBM DE COLOMBIA & CIA S CA	AVAL-New scope for AFI implementation connection project	227.565	591	Intangible
SERVICIOS INTEGRALES PARA CANALES ELECTR	Services for SOLEM `professionals for the continuity of ICBS projects	1.241.114	3.225	Intangible
CSI COMPLEX SYSTEMS INC COLOMBIA	Travel expenses, CSI supplier's resources	120.000	312	Intangible
ORACLE COLOMBIA LIMITADA	Purchase and support of licenses for one year	370.525	963	Intangible
SERVICIOS ESPECIALIZADOS DE TECNOLOGIA E	2519ADM-Change of MRA platform -CQPRO00001753	126.009	327	Others
ORACLE COLOMBIA LIMITADA	Consulting for IDM –implementation- users' management Project	254.812	662	Others
IBM DE COLOMBIA & CIA S CA	Rental at a fixed term of the P795 contingency machine	981.375	2.550	Others
TCS SOLUTION CENTER SUCURSAL COLOMBIA	Works on the services bus in CBS -Liabilities Project and outsourcing.	544.727	1.416	Others
PLUS HOLDING INTERNATIONAL LIMITED	LT-RCACQ19378-Modiles reengineering for transactions monitoring.	111.150	289	Others
TCS SOLUTION CENTER SUCURSAL COLOMBIA	TCS developments	334.710	870	Others
IBM DE COLOMBIA & CIA S CA	BPM licenses-installation services	585.752	1.522	Others
VISION SOFTWARE SA	VMWARE licenses for CCC in the computers center migration	133.044	346	Others
IBM DE COLOMBIA & CIA S CA	BPM project implementation	394.133	1.024	Others
ORACLE COLOMBIA LIMITADA	BENCHMARK Phase 2 ODA8 execution	134.992	351	Others
IBM DE COLOMBIA & CIA S CA	SOFTWARE IBM, PASSPORT ADVANTAGE, IPS Project, TSM, BPM licenses	1.247.384	3.242	Others
EVOLUTION TECHNOLOGIES GROUP SAS	TI-MT-VOICQ29398-Project of security for HP fortified products.	134.028	348	Others
ORACLE COLOMBIA LIMITADA	Legalization of requirements ODA17	278.460	724	Others
IBM DE COLOMBIA & CIA S CA	Q018374 contingency machine lease contract	108.692	282	Others
CSI COMPLEX SYSTEMS INC COLOMBIA	Foreign Trade software for the development of Bank Trade phase	125.000	325	Others
IBM DE COLOMBIA & CIA S CA	Infrastructure for the AVAL Connection Project	1.258.560	3.271	Others
ACCENTURE LTDA	Mobile bank in Smartphone and tablets. Banks under KONY platform	181.685	472	Others
SAP COLOMBIA SAS	SAP licenses through a contract entered between SAP and ATH	173.592	451	Others
ORACLE COLOMBIA LIMITADA	Development and implementation of CBS active –FLEX CUBE	6.050.964	15.725	Others
ORACLE COLOMBIA LIMITADA	- ODA22 implementation process -Continuity of Oracle resources	1.316.568	3.421	Others
TCS SOLUTION CENTER SUCURSAL COLOMBIA	Renewal of BUS development resources	157.800	410	Others
LICENCIAS ON LINE SAS	Security Project in electronic channels	321.021	834	Others
ORACLE COLOMBIA LIMITADA	ORACLE supply of licenses	314.994	819	Others
ORACLE COLOMBIA LIMITADA	Renewal of professional services of consulting-implementation	842.116	2.188	Others
GREEN SQA SA	AVAL connection Project- Specialized tests services	116.344	302	Others
IBM DE COLOMBIA & CIA S CA	BPM People for process implementation	1.003.428	2.608	Others
IBM DE COLOMBIA & CIA S CA	Licensing for BPM	250.586	651	Others
RECURSOS ADMINISTRATIVOS	Virtualization for ORACLE application and replacement of INTEL X86 servers	379.959	987	Others
PLUS HOLDING INTERNATIONAL LIMITED	LT - RCACQ48484 – Re-engineering of Phase II monitor	231.986	603	Others
RECURSOS ADMINISTRATIVOS	Purchase from IBM the POWER 8, DIRECTORS and VTL machines	4.309.673	11.199	Others
IBM DE COLOMBIA & CIA S CA	TI – Technological updating Project P SERIES, VTL and RED	205.368	534	Others

	machines			
GATI CONSULTORES	Services supply agreement un History Project	776.771	2.019	Others
ORACLE COLOMBIA LIMITADA	ORACLE resources continuity – Implementation process	601.040	1.562	Others
ORACLE COLOMBIA LIMITADA	Accompaniment to support infrastructure due to CBS passive exits	156.090	406	Others
ORACLE COLOMBIA LIMITADA	IDM Licenses	139.264	362	Other
	Total	**US$28.271.402**	**73.468**	

Operating leasing commitments

In developing its operations the group's subsidiaries entered into some contracts for receiving under operational lease properties, plant and equipment and certain intangibles. The following is a breakdown of payment liabilities of operating lease payments in the coming years

	June 30, 2015	December 31, 2014
No more than one year	$ 3.598	5.782
More than one year, and less than five years	1.555	2.125
More than five years	93.243	101.221
Total	**$ 98.396**	**109.128**

Describe in general terms the terms and conditions of significant contracts of assets received under operating contract.

b. Contingencies

Legal contingencies

From time to time in the normal line of business operations, some claims are made against the Bank or any of its subsidiaries on the basis of their own estimates and with the help of external consultants the Bank management is of the opinion that it is not likely that major losses occur incurred in relation to such claims, and therefore no allowances have been recognized.

For June 30, 2015, the Bank supports the following legal proceedings against it, which prove to be material actions (equal or greater than $ 3,100):
(i) A group action in the 15th Civil Court of the Circuit of Medellin under file No. 5001310315-20140004500, filed by Mrs. Diana Patricia Benitez Benitez and others, of which, in addition, there are six additional defendants, including Meta Petroleum, Transmasivo SA and Masivo Carga S.A. The process is caused by a traffic accident which caused the death and bodily injures to several people, in which a tractor truck was allegedly involved whose trailer is owned by the Bank, under a leasing agreement of which the Transmasivo SA Company is the lessee. The Bank proceeded to respond to the claim in due time and the process is in the stage of notice serving to the other defendants and collaterals. The claims amount to the sum of $ 7,326. It is considered that the odds of losing the case are remote, considering that any damages caused to the assets given under leasing shall be borne by the lessee, as provided in the contract.

(ii) An ordinary civil proceeding in the Third Civil Circuit Court of Pasto under docket 201300 232, filed by Mrs. Gloria Janeth Caicedo. Through this process the plaintiff seeks to declare as terminated a leasing agreement on imports, claiming an alleged lack of compliance by the Bank, a situation which, according to her, resulted in damages to her in the amount of $ 5,702. The Bank answered the complaint in a timely manner and the next stage is the practice of evidences. It is considered that the odds of losing the case are remote.

(iii) A civil claim instituted in a criminal proceeding handled by the Public Prosecutor No. 3 in the Sectional location of Girardot, under docket e No. 253073. The lawsuit was filed within the criminal investigation conducted by the death and bodily injures caused by a traffic accident occurred in 2006, in which a vehicle owned by the entity was allegedly involved which is currently under a leasing contract. The claim was answered in a timely manner by the Bank and the lessee and the insurance companies were summoned in guarantee. The lawsuit was brought by some relatives of the deceased and seeks to be compensated in the amount of $ 3,215. Currently the process is in the investigations stage. It is considered that the odds of losing the case are remote, bearing in mind that damages caused to the assets given in leasing shall be borne by the lessee, as provided by the contract.

(iv) An ordinary civil case brought by the company named Inversiones y Construcciones Fatima Lora y Cia. Ltda and Reinaldo Jose Aponte Enciso against the Bank before the Fourth Civil Court of the Circuit of Santa Marta, under docket No. 201100015. The process is originated by the seller of a property that the Bank acquired for its further delivery under a leasing contract, who requested the declaration of "non-existence or annulment" of the sales contract and the compensation for damages. The amount is $ 6,000. The Bank obtained a favorable court decision on July 8, 2015.

(v) A popular action promoted by Mr. Jose Reynaldo Bolaños against the Banco de Occidente and other financial institutions before the Administrative Eighth of the Circuit Court of Cali, under docket 2009-00224. The process is originated against the financial institutions that participated in the restructuring of the public debt of the city of Cali in 1999, by considering that in these restructuring interests were capitalized without fulfilling with the legal requirements for that effect. Still there is no judgment of first instance and there is no evidence proving the facts of the claim, for that reason as of the closing date of June 30, 2015 it is not yet required to estimate provisions for that process. The claims were estimated in the sum of $ 41,339.

(vi)A popular action started by Carlos Julio Aguilar against Banco de Occidente and other financial institutions before the

Administrative Eleven Circuit Court of Cali, under docket 2004-1924. The process is started against the financial institutions participating in the Performance Plan in the Department of Valle in 1998, by considering that the charging of interest on interest was agreed. Still no judgment of first instance has taken place, and there is no evidence proving the facts of the claim, for that reason as of June 30, 2015 it is not yet required to estimate provisions for that process. The claims were estimated in the sum of $ 15,900.

Note 24 - Management of adequate capital

The Bank's objectives regarding the management of its adequate capital are aimed at: (a) complying with the capital requirements set by the Colombian government; and (b) maintain an adequate equity structure enabling to maintain the Bank as an on-going business.

According to the requirements of the Financial Superintendence of Colombia, financial institutions must maintain a minimum equity as determined by the current legal requirements, which cannot be less than 9% of assets weighted by risk levels. Those levels of risk are also established by the legal regulations.

During the periods ended on June 30, 2015 and December 31, 2014 the Bank has properly complied with the capital requirements.

The following is the detailed account of the solvency index of the Bank as of June 30, 2015 and December 31, 2014:

TECHNICAL EQUITY	**June 30, 2015**
Basic equity	2.885.302
Additional equity	527.506
Technical equity	$ **3.412.808**

Max limit of assets growth

Less:			
Assets and contingents weighted by risk level			
Category II	20%	$	86.057
Category III	50%	$	448.350
Category IV	75%	$	0
Category IV	80%	$	3.154.379
Category V	90%	$	95.387
Category VII	95%	$	3.107
Category VIII	100%	$	19.764.229
Category IX	110%	$	124.846
Category X	120%	$	11.444
Category IX	130%	$	1.928
Contingencies			1.589.440
Total assets and contingencies		$	25.279.167
Market risk Value $			1.945.231
Solvency ratio		**%**	**12.54**

TECHNICAL EQUITY			**December 31, 2014**
Basic equity			$ 2.423.847
Additional equity			832.451
Technical equity			$ **3.256.298**
Max limit of assets growth.			
Less:			
Assets and contingents weighted by risk level			
Category II	20%	$	70.468
Category III	50%	$	613.019
Category IV	75%	$	81
Category V	80%	$	2.958.609
Category VI	90%	$	91.136
Category VII	95%	$	3,123
Category VIII	100%	$	18.399.817
Category IX	110%	$	124,223
Category X	120%	$	12,640
Category XI	130%	$	26
			1.521.171

Total assets and contingencies	$	23.794.313
Market risk Value	$	2.640.127
Solvency ratio	**%**	**12.32**

TECHNICAL EQUITY		**January 1, 2014**
Basic equity	$	2.212.882
Additional equity		970.887
Technical equity	$	**3.183.769**

Max limit of assets growth.

Less:
Assets and contingents weighted by risk level

Category II	20%	$	86.151
Category III	50%		455.500
Category V	80%		3.029.173
Category VI	90%		300.249
Category VII	95%		3.085
Category VIII	100%		18.588.042
Category IX	110%		112.173
Category X	120%		45.268
Category XI	130%		13.373
Total assets and contingencies		$	**22.633.014**
Market risk Value		$	1.246.015
Solvency ratio		%	**13,33**

Note 25. Incomes and expenses for Bank services and fees

A breakdown of income and expenses for Bank services and fees for each semester completed as of June 30, 2015 and December 31, 2014 is as follows:

		June 30, 2015	**December 31, 2014**
Incomes for Bank services and fees			
Incomes for banking services	$	35.931	34.894
Incomes for bank sureties and letters of credit		4.530	4.110
Incomes for entities affiliated to credit/debit cards		57.640	58.136
Incomes for insurances		37.257	11.070
Others incomes earned		5.805	6.332
		141.163	114.542
Expenses for banking services and fees			
Incomes for banking services		12.279	13.806
Incomes for contributions collections services		1.488	1.716
Remunerations for card operations		67.882	72.220
Fees (1)		14.808	15.523
Other paid fees and services		109	350
		96.566	103.615
Net incomes for services and fees	**$**	**44.597**	**10.927**

(1) As of June 30, 2015 and December 31, 2014 under the account of fees for financial advisory for $ 6,960 and $ 5,685, respectively were recorded.

Note 26 - Other incomes

A breakdown of other incomes, for each semester closing as of June 30, 2015 and December 31, 2014 is as follows:
Other incomes

	June 30, 2015	December 31, 2014
For valuation of positions in short of open REPO operations, simultaneous and temporary values transfer	851	1.283
Valuation of cash operations	28	8
for the sale of non current assets		
Available for sale	1.888	2.618
For the sale of properties and equipment	512	86
Leases	1.013	992
Recovering of operational risk	396	160
Compensations	2.272	1.810
Sale of check books	9.564	10.232
Payment for the handling of bank services	17.848	17.014
ATM services	5.556	5.165
Return for the insurance policy	-	25.030
Others, miscellaneous	27.440	36.560
Total other incomes	$ 67.368	100.958

Note 27 - General administrative expenses

A breakdown of general administrative expenses for each semester closing as of June 30, 2015 and December 31, 2014 is as follows:

	June 30, 2015	December 31, 2014
Taxes and burdens	$ 50.175	48.391
Office space and equipment rentals	23.909	27.513
Contributions, affiliations and transfers	31.701	31.128
Insurance	24.361	29.516
Maintenance and repairs	6.554	5.691
Adequacy and facilities	3.090	3.728
Cleaning and security services	6.043	5.777
Advertising	18.838	29.558
Utilities	13.923	14.435
Data electronic `processing	3.840	3.718
Travel expenses	3.633	3.875
Transport	3.990	4.030
Office supplies and stationery	2.835	3.270
Donations	1.074	90
Other outsourcing services	5.505	6.516
Other management expenses	39.251	42.155
	$ 238.722	**259.391**

Note 28 – Analysis of operating segments

Operating segments are components of the Bank responsible for developing business activities that can result in incomes or incur in expenses and whose operating results are regularly revised by the Board of Directors of the Bank and for which the specific financial information is available. According to the above the Bank has defined as business segments four sub-segments, to-wit: the Corporate Banking, Retail Banking, Credit Cards and Notes and Other Operations.

a. Description of products and services from which each reportable segment derives its revenues.

The Bank's financial information currently available at the level of Business Units (Banks/ Segments) corresponds to the main amounts of a statement of results statement as of the end of each semester within which some items as compensated are handled such as the item that appears for transfer interests, where some interest are recognized on deposits and some interests are charged on deposits depending on the duration and rate agreed.

Next, the identification of the major products and services for the bank's operating segments is presented herein as follows:

•Corporate Segments
Investment Products and Services (Current Account, Savings Account, CDT), working capital funding and investment projects using own resources or re-discounted resources (ordinary portfolio, treasury loans, overdrafts, promotional portfolio, financial leasing, operational leasing), payments and collection services, transactions in foreign currency (letters of credit, sureties, endorsements, standby, money transfers), checkbooks, national deposits, funds transfer, remittances, payments taxes and utility payments, remittances, payments of taxes and utility payments.

• Segment of individual persons
Investment Products and Services (Checking Account, Savings Account, CDT), financing of consumption goods and investment projects (personal loans, overdrafts, rotational loans, loans for the purchase of vehicles, loans for the purchase of motorcycles, mortgages, leasing for housing), check books, remittances, tax payments and payment of utilities.

• Segment of Credit Card and notes
Funding products with a rotational limit, such as credit cards and note credits in agreement with companies with a deduction from payroll plan.

b. Factors that the management uses to identify the reportable segments:

The operating segments identified above correspond to the internal composition of the business units that the Bank, within its corporate structure, determined and adopted from the first half of the previous year.

The banking group is integrated into four business sub-segments including: the consolidation of the corporate banking services that consolidates the segments of the government banking, the corporate banking and the companies banking I and II, likewise, there is a segment for the persons' banking and the segment for credit cards and notes.

The consolidated information is revised by the Board of Directors of the Bank and it is available to the securities market considering that the Bank has its shares and securities registered in the National Securities Registry of Colombia.

c. Measurement of the net profit and of assets and liabilities of operating segments

The Bank's Board of Directors revises the consolidated financial information of each of its operating segments prepared according to the accounting standards for financial reports accepted in Colombia.

The Board of Directors assesses the performance of each segment based on the net income of each segments and of certain indicators of credit risk.

d. Information on net profits, assets and liabilities of reportable operating segments.

The following is a detailed accounting of the financial information that is summarized and reportable for each segment as of June 30, 2015 and December 31, 2014 for the periods ended on those dates.

Half of June 30, 2015

BANCO DE OCCIDENTE
STATEMENT OF RESULTS BY COMMERCIAL SEGMENTS
JANUARY-JUNE 2015

Item	Total companies' Bank	Banking for persons	Credit cards and notes	Other operations	Total COLGAAP bank	P&L adjustments at NCRF	Total NCRF Bank
Interests received LC+FC portfolio	$ 722,976	298,330	169,961	3,567	1,194,833	**(49.485)**	**1.145.348**
Interests paid,	242,180	16,964	529	187,329	447,001	-	**447.001**

LC+FC							
Net fees, LC+FC +misc.	66,910	28,768	37,227	(21,423)	111,482	5.720	116.752
Net incomes, LC	547,706	310,134	206,659	(205,185)	859,314	(44.215)	815.009
Allowance for net portfolio and other allowances	79,917	73,029	55,478	12,470	220,894	3.098	223.991
Transfer interests (offset)	49,533	(89,529)	(51,442)	91,439	0	-	0
Net financial incomes	517,322	147,576	99,739	(126,216)	638,420	(47.313)	591.107
Subtotal, overhead expenses	248,350	96,066	71,836	120,092	536,343	(26.924)	509.420
Subtotal, other items of incomes and expenses	23,983	304	499	202,710	227,496	1.213	228.709
Gross operational profits	292,955	51,813	28,403	(43,598)	329,573	(19.177)	310.396
Income tax	107,838	14,375	11,077	(29,310)	103,979	31.188	72.791
DG distribution (offset)	16,566	5,122	2,519	(24,206)	-	-	-
Accounting profits	$ 168,551	32,316	14,807	9,919	225,594	12.011	237.605

Half of December 31, 2014

BANCO DE OCCIDENTE
STATEMENT OF RESULTS BY COMMERCIAL SEGMENTS
JULY-DECEMBER 2014

Item	Total companies' Bank	Banking for persons	Credit cards and notes	Other operations	Total COLGAAP bank	P&L adjustments at NCRF	Total NCRF Bank
Interests received by LC+FC portfolio	$ 678,372	312,414	157,747	4,266	1,152,799	(58,911)	1,093,889
Interests paid, LC+FC	268,808	15,766	451	158,280	443,304	-	443,304
Net fees, LC+FC +misc.	68,776	25,442	39,626	(30,304)	103,541	5,583	109,124
Net incomes, LC	478,341	322,090	196,922	(184,318)	813,036	(53,328)	759,708
Allowance for net portfolio and other allowances	69,597	94,100	31,808	9,953	205,459	(1,480)	203,978
Transfer interests	101,598	(96,987)	(45,731)	41,120	(0)	-	(0)
Net financial incomes	510,342	131,003	119,383	(153,151)	607,577	(51,848)	555,729
Subtotal, overhead expenses	250,559	114,798	80,714	133,210	579,281	(61,799)	517,482
Gross operational profits	259,783	16,205	38,670	(286,361)	28,296	9,951	38,247
Subtotal, other items of incomes and expenses	20,420	1,092	243	950,132	971,887	6,713	978,600
Income tax	87,708	6,936	13,147	(48,200)	59,591	7,784	67,375
Accounting profits	**$ 192,495**	**10,360**	**25,766**	**711,971**	**940,592**	**8,879**	**949,472**

Note 29. - Offsetting of financial assets and financial liabilities

The following is a breakdown of financial instruments subject to compensation as required by contracts as of June 30, 2015, December 31, 2014 and January 1, 2014:

As of June 30, 2015

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities, and offset in the financial situation statement	Net amount of financial assets presented in the financial situation statement	Net amount
Paragraph that applies IFRS 7-13C	(a)	(b)	(c)=(a)-(b)	(e)= (c)-(d)
Assets Derivative financial instruments	5.126.527	4.969.290	157.238	157.238
Total assets subject to offset	**5.126.527**	**4.969.290**	**157.238**	**157.238**
Liabilities Derivative financial instruments	5.005.817	5.194.127	188.310	188.310
Total liabilities subject to offset	**5.005.817**	**5.194.127**	**188.310**	**188.310**

As of **December 31, 2014**

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities, and offset in the financial situation statement	Net amount of financial assets presented in the financial situation statement	Net amount
Paragraph that applies IFRS 7-13C	(a)	(b)	(c)=(a)-(b)	(e)= (c)-(d)
Assets Derivative financial instruments	3.429.170	3.202.325	226.847	226.847
Total assets subject to offset	**3.429.170**	**3.202.325**	**226.847**	**226.847**
Liabilities				
Derivative financial instruments	3.643.014	3.879.460	236.450	236.450
Total liabilities subject to offset	**3.643.014**	**3.879.460**	**236.450**	**236.450**

As of January 1, 2014

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities, and offset in the financial situation statement	Net amount of financial assets presented in the financial situation statement	Net amount
Paragraph that applies IFRS 7-13C	(a)	(b)	(c)=(a)-(b)	(e)= (c)-(d)
Assets Derivative financial instruments	2.329.104	3.879.460	236.450	236.450
Total assets subject to offset	**2.329.104**	**3.879.460**	**236.450**	**236.450**
Liabilities				
Derivative financial instruments	2.312.767	2.333.150	20.383	20.383
Total liabilities subject to offset	**2.312.767**	**2.333.150**	**20.383**	**20.383**

The Bank has derivative financial instruments which are enforceable in conformity with the Colombian laws or the country where the counterpart is located. In addition the Colombian laws for the Bank to offset derivatives instruments for its liabilities.

Note 30 - Related parties

According to IAS24 one related party is a person or entity that is related to the entity that prepares its financial statements on which it is possible to exert a control or joint control over the reporting entity; exercise a significant influence over the reporting entity; or being considered as a member of the key management personnel of the reporting entity or of a parent of the reporting entity. Within the definition of a related party the following is included: (a) persons and/or relatives family related to the entity; entities that are members of the same group (parent company and subsidiary), associates or joint ventures of the entity or of entities in the group, plans of post-employment benefit for the benefit of employees of the reporting entity or of the related entity.

The parties related to the Bank are as follows:

1. Shareholders having a share equal to or greater than 10% together with transactions made with their related parties as defined in IAS C24.
2. Members of the Board of Directors: the principal and alternate members of board of directors are included together with transactions made with their related parties as defined in IAS 24.
3. Management Key Personnel: This item includes the Bank President and Vice Presidents who are the people involved in the Bank planning, direction and control.
4. Subordinate companies: includes the companies where the Bank has control according to the definition of control in the Business Code and IFRF 10 of consolidation.
5. Associated companies and all other entities making the Aval Group: companies where the Bank has a significant influence, which is generally considered when having a share interest between 20% and 50% of its capital and the entities comprising Grupo Aval SA

All transactions made with related parties occur at market conditions, where the most representative balances as of June 30, 2015, December 31 and January 1, 2014, with related parties are included in the following bank accounts:

June 30, 2015

		Shareholders *	Members of The board of directors	Mgt. Key staff	Subsidiary companies	Associate Companies and Grupo Aval entities
Assets						
Cash and its equivalent	$	-	-	-	84.091	66
Financial assets in investments		-	-	-	373.803	794.815
financial assets in credit operations		-	2.624	2.210	31	26.013
Accounts receivable		-	-	-	2.762	11.986
Liabilities						
Deposits		595	-	-	254.582	125.385
Accounts payable		50.679	-	-	1.585	304
Financial liabilities		-	-	-	644.390	-
Other liabilities	$	-	-	-	-	122

December 31, 2014

		Shareholders *	Members of The board of directors	Mgt. Key staff	Subsidiary companies	Associate Companies and Grupo Aval entities
Assets						
Cash and its equivalent	$	-	-	-	17.311	118
Financial assets in investments		-	-	-	332.385	811.165
F inancial assets in credit operations		-	7.574	1.665	17	24.699
Accounts receivable		-	-	-	1.819	11.581
Deposits		22.931	-	-	148.395	48.350
Accounts payable		48.652	-	-	2.200	165
Financial liabilities	$	-	-	-	693.098	-

January 1, 2014

		Shareholders *	Members of The board of directors	Mgt. Key staff	Subsidiary companies	Associate Companies and Grupo Aval entities
Assets						
Cash and its equivalent	$	-	-	-	22.572	235
Financial assets in investments		-	-	-	237.380	382.108
financial assets in credit operations		-	18.210	2.107	10	28.797
Accounts receivable		-	-	911		13.363
Liabilities						
Deposits		197.595	-		129.685	32.054
Accounts payable		43.876	-		4.067	196
Financial liabilities	$	-	-		396.980	-

There are unsecured loans made to directors, that is, loans with a personal signature, as of June 30, 2015, December 31 and January 1, 2014 for the sum of $ 468, $ 493 and $ 1,773, respectively.

There are no loans to directors without paying interests; all of the loans are placed at market rates.

Banco de Occidente key directors participate in the boards of directors other entities related Grupo Aval, on which the Bank after performing its own analysis did not detect that due to that participation a significant influence was exercised over the operational and financial policies of such associated entities.

The most representative transactions for the semesters ended as of June 30, 2015, December 31, 2014 and January 1, 2014, with related parties are as follows:

(a) Sales, services and transfers

June 30, 2015

	Shareholders*	Subordinate companies	Associated companies and Grupo Aval companies
Incomes for interests	$ -	42	643
Financial expenses	20	23	780
Incomes for services/fees	70	73	2.250
Expenses/fees/services	6.939	-	1.523
Other operational incomes	-	18.379	39.160
Operational expenses	-	27.063	2.421

December 31, 2014

	Shareholders*	Subordinate companies	Associated companies and Grupo Aval companies
Incomes for interests	$ -	28	384
Financial expenses	18	4.363	1.507
Incomes for services/fees	71	300	1.839
Expenses/fees/services	5.685	-	1.226
Other operational incomes	-	13.150	806.031
Operational expenses	$-	23.877	1.957

January 1, 2014

	Shareholders*	Subordinate companies	Associated companies and Grupo Aval companies
Incomes for interests	$ -	56	432
Financial expenses	819	2.700	391
Incomes for services/fees	78	130	2.147
Expenses/fees/services	4.643	-	1.668
Other operational incomes	-	15.837	65.633
Operational expenses	$-	18.311	785

* **Shareholders with participation higher than 10% are included**.

The outstanding amounts are unsecured and will be settled in cash. No sureties have been given or received. No expense has been recognized in the current period or in prior periods with respect to bad or doubtful accounts related to amounts owed by related parties.

b. Compensation of the management key staff:

The key management includes the President and Vice-Presidents. The compensation received by the management key management personnel includes the following for the semesters ended on June 30, 2015, December 31, 2014 and January 1, 2014:

Description		**June 30 2015**	**December 31 2014**
Salaries	$	5,676	5,910
Benefits to employees in the short term		282	452
Other long term benefits		180	123
Total	**$**	**6,139**	**6,486**

The compensation to the management key staff includes salaries, benefits other than cash and contributions to a post-employment defined plan s (see note 19).

c) Loans and other items with related parties.

Others		Board of directors members	Mgment key staff	Subsidiary companies	Associate companies and Grupo Aval entities
June 30, 2015	$	2.624	2.210	31	26.013
December 31, 2014		7.574	1.665	17	24.699
January 1, 2014	$	18.210	2.107	10	28.797

Note 31. Events after the closing date of the financial statements preparation

There are no facts subsequent that have occurred as of June 30, 2015 and the presentation of the financial statements herein that could significantly affect the Bank results and equity.

Note 32 - Adoption of International standards on Financial Reporting for the first time

32.1. Exemptions and exceptions

The Bank in accordance with provisions of Decree 2784 from the National Government issued in 2012 and in the International standard on Financial Reporting IFRS 1 "First-time Adoption of International Financial Reporting Standards" partially applied those standards as indicated in Note 2 for the first time on January 1, 2014. According to such standards, the Bank in the opening financial situation statement entered the operations below:

• Statement of Financial Position as of December 31, 2014.
• Application of the same accounting principles through the periods presented (June 30, 2015, December 31, 2014 and January 1, 2014).
• Retrospectively applied the existing standards as of December 31, 2012 as required by Decree 3023 of December 2013.
• Application of certain optional exemptions and certain mandatory exceptions which are allowed or required by IFRS 1, to the figures as of the transition date valid on January 1, 2014.

The following exemptions and exceptions are included that were applied for converting the statement of opening financial position independent from Banco de Occidente S.A. regarding the Colombian Accounting Standards to the Accounting Standards and of Financial Reporting as indicated on January 1, 2014:

Exemptions:

1. Attributed cost:

The IFRS 1 allows the Bank to individually measure certain properties and equipment at their fair value or using a revaluation under the previous Colombian accounting principles (GAAP) as a cost attributed to such assets as of the transition date. The Bank has decided to use this exemption and for the purpose of the real estate properties registration an appraisal was made as of December 31, 2013, and for all other types of assets, it was determined to continue with the carrying amounts as determined under the Colombian accounting principles (GAAP).

2. Designation of previously recognized financial instruments:

The IFRS 1 allows an entity to designate financial assets and liabilities as measured at their fair value in accordance with IFRS 9 on basis of the facts and circumstances existing on the date of transition to IFRS.

3. Fair value measurement of financial assets or liabilities at their initial recognition:

In the normal course of the Bank's operations in the initial recognition, certain transactions of financial assets or liabilities may differ from their fair value in which case such transactions must be adjusted under certain parameters to their fair value. IFRS 1 allows that the application of this accounting standard can be made prospectively to transactions carried out from the date of transition to IFRS, i.e., January 1, 2014.

4. Benefits to Employees:

IFRS 1 does not require the retrospective recognition of actuarial gains and losses related to the actuarial calculations of employees' benefits. Under this exemption, the Company recognized the cumulative actuarial gains and losses that existed as of the transition date against the retained earnings for all benefits to employees as applicable.

5. Cost per loan:

IFRS require that financial costs that an entity has in the process of construction of property and equipment are capitalized in the cost of such assets under certain parameters. IFRS 1 allows that this capitalization process is performed on assets under construction as of the transition date.

6. Business Combinations

An entity adopting the IFRS for the first time may elect not to apply retroactively the IFRS 3 "business combinations". The Bank has decided to take that exemption dated as December 31, 2013 and therefore in the opening balance it has recorded the assets and liabilities acquired in the business combinations carried out in previous years at their carrying value recorded on that date, including the balance of unamortized surplus value as of that date, corresponding to the merger with Banco Union.

Exceptions:

1. Lowering of accounts of financial assets and financial liabilities:

IFRS 9 requires the compliance with certain requirements for writing off some balance sheet financial assets. IFRS 1 requires that an entity adopts the IFRS for the first time complies with this requirement prospectively for transactions occurring as of the date of transition to IFRSs.

2. Classification and measurement of financial assets:

The determination of financial assets and liabilities to be measured at their amortized cost is made on the basis of facts and circumstances existing as of the date of transition to IFRS.

3. Coverage accounting

The Bank will apply the hedge (coverage) accounting from the date of transition only for the hedging relationships complying with the requirements set in IAS 39 "Financial Instruments - Recognition and Measurement. The required documents will not be reconstructed retrospectively"

32.2 Changes in accounting policies due to the implementation of NCRF:

In addition to exemptions and exceptions described above, the main differences are explained herein below, between the main accounting policies previously used by the Bank in accordance with generally accepted accounting principles in Colombia (Colombian GAAP) and the accounting standards and financial reporting accepted in Colombia.

(a) Presentation of Financial Statements.

Colombian GAAP: The standards of the Financial Superintendence of Colombia required the presentation of a balance sheet, a statement of results, a statement of changes in equity and a statement of cash flows of the Bank together with the corresponding notes.

NCRF: According to the International Accounting Standard IAS 1 "Presentation of Financial Statements" a complete set of financial statements comprises: (a) a statement of financial position at the end of the period, (b) a statement of results and other comprehensive statement of results for the period presented jointly or separately, (c) a statement of changes in equity, (d) a statement of cash flows for the period, and (e) notes comprising a summary of the most significant accounting policies and other explanatory information that is much comprehensive and deeper than the information previously included in the local financial statements.

(b). Property and equipment:

Colombian GAAP: Property and equipment used to be recorded at their cost adjusted for inflation until 2001, which did not include for example, the abandonment costs; subsequently assets were depreciated mainly based on their operational lives of 20 years for buildings, 10 years for machinery and equipment and furniture and fixtures and 5 years for vehicles and computer equipment, not including determination of residual value. In addition to the above, based on appraisals made within periods not exceeding three (3) years, the valuations of these assets were calculated by the difference between the appraised value and the book value of the asset. These valuations were recorded in the assets in a special account known as valuations with counter-entries in the equity account called surplus by revaluations. If the appraisal value was lesser than the book value, then the difference was recorded as a provision charged to the statement of results.

NCRF: Property and equipment for the Bank own use are carried at their cost which includes the estimated costs of abandonment and financial costs incurred in the process of building calculated based on certain parameters. Depreciation is calculated based on the useful life defined by independent experts for the various assets and to calculate that depreciation, their residual value is taken into consideration according to the opinion of independent experts. The Bank defined as a subsequent measurement for property and equipment the cost method exactly as permitted by NCRF.

At the end of each balance sheet date, the Bank analyzes whether there is any evidence, both external and internal, that a material asset may be impaired. If there is evidence of impairment, the entity will analyzes if in fact such deterioration exists by comparing the carrying value of the asset to its recoverable amount (as the higher value between its fair value minus the disposal costs and its value in use). When the carrying amount exceeds the recoverable value, the carrying value is adjusted up to its recoverable value, modifying future charges for amortization, according to the assets remaining useful life.

The real estate properties that the Bank has, for the purpose of receiving revenues, valuation of assets or both, rather than their use for purposes of the Bank are recorded in a separate account as investment properties, at their cost account initially and subsequently they are measured at their fair value; changes in their fair value are recorded in the statement of results.

(c). Deferred taxes:

Colombian GAAP: Deferred taxes used to be recorded as deferred assets or liabilities for the temporary differences that used to result in a bigger or lesser payment of taxes in the current year; however, the Superintendencia Financiera de Colombia had restricted the registration of deferred taxes for assets on tax losses and excess of presumptive income.

NCRF: Deferred taxes are recognized on temporary differences arising between the tax bases of assets and liabilities and the amounts recognized in the consolidated financial statements that will result in amounts that are deductible or taxable when determining the gain or tax loss corresponding to future periods, when the carrying amount of the asset has been recovered or the amount of the liabilities have been liquidated. However deferred tax for liabilities are not recognized if they arise from the initial recognition of surplus value; no deferred tax is accounted for if the initial recognition of an asset or liability arises in a transaction different from a business combination that as of the time of the transaction does not affect the accounting or tax profit or loss. The deferred tax is determined using tax rates that are prevailing as of the balance sheet date and are expected to be applied when the deferred tax asset is realized or when the deferred tax liability is offset. Deferred tax assets are recognized only to the extent when it is likely that future taxable income will be available against which the temporary differences can be utilized.

(d). Employees benefits:

Colombian GAAP: Under Colombian accounting standards (GAAP) only liabilities for post-employment of pension benefits were recorded. These liabilities were calculated based on actuarial studies using actuarial assumptions for mortality rates, salary increases, staff turnover and interest rates determined by reference to the DTF average interest rate for the last 10 years. The value of that liability was amortized against the statement of results in max deadlines set by the National Government. The employees' benefits in the long-term used to be generally registered when they were canceled or else by the accrual system in the years that they became payable.

NCRF: The post-employment benefits include not only the retirement pensions but severances to pay to employees included in the labor regime prior to Act 50 and post-retirement benefit.

The actuarial liability for post-employment benefits is determined according to actuarial studies prepared by the method of projected unit using the same actuarial assumptions of mortality rates, salary increases and staff turnover, but interest rates are determined with reference to the current market yields of bonds at end of the period, issued by the National Government or other high-quality corporate liabilities. Under the method of credit unit the system used to project the future benefits to be paid to employees are allocated to each accounting period in which the employee renders the service. Therefore, the expenditure for these benefits as recorded in the Bank statement of results includes the present service cost assigned to the actuarial calculation plus the financial cost of the calculated liability. Variations in liabilities due to changes in actuarial assumptions are recorded in equity under the "other comprehensive results" account.
Liabilities for employees' benefits in the long term are determined in the same way as post-employment benefits described above, with the only difference that changes in the actuarial liabilities for changes in actuarial assumptions are also registered in the statement of results.

(e). Goods delivered under a lease agreement:

Colombian GAAP: The goods delivered on lease were classified as loan portfolio basically when the leases agreements included for the lessee a purchase option at a bargain price; all other contracts of goods supplied under a lease were included in the property and equipment account at the cost of the asset and they were depreciated over time being lesser between the useful life of the asset and the lease agreement term under the methodology of financial depreciation.

NCRF: The goods delivered under a lease agreement by the Bank are classified at the time of signing the contract as financial or operational lease. A lease is classified as financial when it substantially transfers all the risks and advantages inherent to the property. A lease is classified as operational if it does not substantially transfer all the risks and rewards inherent to the property. The lease agreements that are classified as financial are included in the balance sheet under the caption of "Financial assets for loan portfolio at amortized cost" and they are accounted the same way as for all other loans granted. The lease agreements that are classified as operational are included in the account of property and equipment and they are accounted for and depreciated over the term of the contract term until reaching their residual value.

(f). Registration of surplus value

Colombian GAAP: Under the Colombian accounting standards (GAAP) the mercantile credits arising from business acquisitions are recorded in the financial statements in a separate account of intangible assets and amortized over a maximum period of 20 years, charged to the statement of results based on percentages set by the Superintendencia Financiera built exponentially. Once the amortization is made the impairment analysis was performed.

NCRF: In the separate financial statements the surplus value recorded on business acquisitions makes part of the cost of investment and it is not amortized by charges to the statement of results. Instead the investment is assessed on an annual basis for impairment and if such deterioration exists, a provision is recorded with a charge to the statement of results.

(g). Deferred charges

Colombian GAAP: Under the Colombian accounting principles, certain expenditure made by the Bank for reasons such as remodeling, studies and projects, equity tax, property tax, contributions and affiliations etc, used to be recorded as deferred charges and they were amortized against charges to results by the straight-line method in terms not exceeding five (5) years periods.

NCRF: The above accounting entries, when they are incurred in are taken directly to the statement of results, except for the studies and projects where depending on the analysis, under NCRF some projects are considered as intangible.

(h). Loyalty programs:

Colombian GAAP: The Colombian accounting standards (GAAP) did not have a specific rule laid down for the recording of this kind of programs, therefore, the Bank acting with the rule of prudence in mind, used to have some provision as a liability to meet the redemptions of points based on its best estimate of redemption according to the experiences of previous years.

NCRF: The reward points that are recognized in loyalty programs are deemed as an estimated liability on a percentage of the total of points assigned to the cardholders who comply with the conditions of the Bank loyalty program as of the closing date. Such estimate is made on a fair value of points exchange for mileages traveled.

32.3. Reconciliations between the Bank's balance sheet as of December 31, 2013 prepared under the Colombian GAAP and the Opening of Financial Position Statement prepared under accounting standards and of financial reporting accepted in Colombia:

The following is the reconciliations of the balance sheet of the Bank's as of December 31, 2013 prepared under Colombian accounting standards (GAAP) and the Opening of Financial Position Statement prepared under accounting standards and of financial reporting accepted in Colombia, as of January 1, 2014, effective as of December 31, 2012 included as an annex to Decree 3023 of 2013 and an analysis of the main reconciling items in the main accounts of this statement of financial position:

32.3.1 Opening Statement of Financial Situation

		December 31 2013 ColGAAP	Effect of transition to NCIF	January 1 2014 under NCIF
Available	$	2.118.566	447.675	2.566.241
Active positions in market operations		447.286	(447.286)	-
Investments		4.340.176	169.828	4.510.004
Credit portfolio		18.702.681	1.048.720	19.751.401
Financial derivative instruments		42.826	(42.826)	-
Accounts receivable, net		351.851	(306.980)	44.871
Goods received in payment & goods returned, net		25.233	(25.233)	-
Properties and equipment, net		245.347	281.787	527.134
Goods given in leasing		407.002	(407.002)	-
Other asset, net		434.689	(407.220)	27.469
Intangibles		-	73.067	73.067
Non-current asset maintained to be sold		-	3.068	3.068
Valuations		444.188	(444.188)	-
Devaluations		(197)	197	-
Total Asset	**$**	**27.559.648**	**(56.393)**	**27.503.255**
Deposits and liabilities	$	17.962.742	(240.977)	17.721.765
Passive positions in market operations		581.556	(581.556)	
Derivative financial instruments		42.450	(22.067)	20.383
Credits of Banks and other obligations		2.006.422	3.140.310	5.146.732

Accounts payable	502.401	250.539	752.940
Securities of investment circulating	2.473.313	(2.473.313)	
Other liabilities	158.093	29.051	187.144
Liabilities estimated and provisions	29.228	56.293	85.521
Total Liabilities	**$ 23.756.205**	**158.280**	**23.914.485**

32.3.2. Financial Situation at December 31, 2014

	December 31 2014 Cool GAAP	Transition Effect NCIF	December 31 2014 NCIF
Available	$ 1.871.517	222.137	2.093.654
Active positions in market operations	221.712	(221.712)	-
Investments	5.921.106	429.935	6.351.041
Credit Portfolio	20.093.356	1.107.322	21.200.678
Financial derivative instruments	249.865	(249.865)	-
Accounts receivable, net	633.533	(544.022)	89.511
Goods received in payment & goods returned, net	20.330	(20.330)	-
Properties and equipment, net	286.690	247.781	534.471
Goods given in leasing	359.890	(359.890)	-
Other asset, net	274.218	(141.934)	132.284
Intangibles	-	93.822	93.822
Non-current asset maintained to be sold	-	514	514
Valuations	508.602	(508.602)	-
Devaluations	(356)	356	-
Total Asset	**$ 30.440.463**	**55.512**	**30.495.975**
Deposits and liabilities	$ 20.434.006	(287.000)	20.147.006
Passive positions in market operations	367.255	(367.255)	-
Derivative financial instruments	259.472	(23.022)	236.450
Credits of Banks and other obligations	2.266.339	2.697.870	4.964.209
Accounts payable	574.827	319.664	894.491
Securities of investment circulating	2.269.806	(2.269.806)	-
Other liabilities	187.088	131.847	318.935
Liabilities estimated and provisions	20.061	65.233	85.294
Total Liabilities	**$ 26.378.854**	**267.531**	**26.646.385**

32.3.3. Reconciliation of net equity of investors acceding to the Bank

Concept		January 1 2014	December 31, 2014
Patrimony under PCGA in Colombia	**$**	**3.803.443**	**4.061.609**
Debtors Impairment		(8.259)	(12.753)
Reasonable value of financial asset		70	70
Other increasing (decreasing) in current asset (Joint ventures – Accounts in participation)		6.253	862
Reasonable value of property in investment		15.064	19.933
Measuring the cost given in properties		283.089	282.064
Cost of property, plant and equipment		(137)	(137)
Removal valuations in properties in the asset		(302.932)	(311.147)
Reclassification of goods given in operative leasing		2.796	(33.588)
Removal of deferred		(31.274)	(23.601)
Deferred tax		(71.207)	(67.736)
Other Asset		(2.793)	(3.750)
Recognition or adjustment in provisions		(26.746)	(26.746)
Liability for other long-term employees' benefits		(31.277)	(22.302)
Provisions for dismantlement		(1.687)	(1.687)
Provision operative leasing		892	892
Guarantees		(947)	(947)
Customer loyalty programs		(11.122)	(11.122)
Patrimony tax		(32.671)	1.461
Non-current goods maintained for sale		(1.785)	(1.785)
Patrimony under IFRS	**$**	**3.588.770**	**3.849.590**

32.3.4. Reconciliation of net profit

Reconciliation of profit of the semesters ended on December 3, 2014, June 30, 2014, between ColGP and NCIF:

		December 31, 2014	June 30 2014
Profit under Colombian standards	$	940,593	260,217
Reversion accumulated income, lease fees Operative Leasing		(81,773)	(86,391)
Accumulated loss application MPP Investments in ATH		(939)	
Cumulated income Reason.-Value – Own property transfer to property of invest.		7,652	(2,783)
Cumulated refund Personnel Cost: Actuarial Studies (Net)		4,721	4,254
Adjust. Depreciation cumulated expense: Buildings, own equipment furniture		(4,707)	3,682
Reversion accumulated expense depreciation Good Leasing		63,157	68,623
Refund cumulated expense amortization deferred		11,011	11,011
Refund expense rent recorded as asset		2,893	(873)
Expense portfolio provision		(1,480)	(3,014)
Expense deferred carried to expense		(6,788)	(6,788)
Tax accumulated – deferred tax expense/tax uncertainty		(7,787)	12,451
Reversion expense cumulated patrimony tax		17,066	17,066
Other sundry adjustments, net		5,853	(9,603)
Profit under NCIF		**949,472**	**267,852**

32.3.5. Below the reconciliation of statement of results for the semester ended on December 31, 2014:

	Dec. 31 2014 COLGAAP	Adjust. NCIF	Dec. 31 2014 NCIF
Income of interest	$ 1.750.654	252.819	2.003.473
Expense for interest and the like	362.999	82.440	445.439
Net income of interest	**$ 1.387.655**	**170.379**	**1.558.034**
Loss of financial asset impairment	245.383	(27.212)	218.171
Net income of interest loss for impairment of loans	**1.142.272**	**197.591**	**1.339.863**
Income for commissions and fees (include detail here or in the note)	114.451	91	114.542
Expenses for commissions & fees (include detail here or in the note)	88.091	15.523	103.614
Other income	496.494	(357.684)	138.810
Other expenses	664.945	(192.193)	472.752
Profit before income tax	**1.000.181**	**16.667**	**1.016.848**
Expense of income tax	59.588	7.788	67.376
Net profit of semester	**$ 940.593**	**8.879**	**949.472**

For NCIF purposes, for the semester ended on December 31, 2014 there was no other material differences between the statement of cash flows submitted under NCIF and the statement of cash flows submitted under ColGAAP
.

32.3.6. Explanation of reconciliation items

The main conciliation items in the opening Statement of Financial Situation between ColGAP and IAS are:

- Cost assigned of properties

In the definition of opening balance sheet balances of the properties, the Bank, in the first instance, removed the valuations recorded in the asset as of December 31, 2013, under Colombian PCGA, for $302.932 against the reciprocal account in the patrimony of surplus of valuations. Subsequently applied the exemption above indicated in Section 3.1 in the item (1) of the voluntary exemptions set forth by IFRS 1 that were applied by the Bank, according to which the costs and depreciations and accumulated amortizations of properties, plant and equipment generating a net increment of the balances of those accounts for $283.089.

- Writing-off or reclassification of deferred charges

In the deferred charges accounts under Colombian PCGA elements such as deferred charges of organization and preoperative and improvements to properties were observed that, according to their characteristics comply with the definition of property and equipment set forth in NCIF, according to which $2,831 were transferred from the deferred mainly to charges accounts and building. Additionally, concepts of costs and expenses may be recognized as asset and this way they were written-off against the accumulated profit account deferred charges for $31.274.

- Recognition of liabilities for benefits to employees

In the definition of opening balance sheet balances of liabilities related to benefits to employees, the Bank applied the exemption aforementioned in the section 3.1 in item (4) of voluntary exemptions set forth by IFRS 1 that were applied by the Bank, according to which were increased by $31.277 the values of the liabilities that had been recognized for benefits to employees of post-employment and long-term that had been recognized under prior PCGA against the retained earnings, and the actuarial earnings and loss were not reconstrued for them to be reflected in a separate manner in the patrimony in the account other integral results.

- Recognition of deferred tax

The adjustments and reclassifications made to prepare the opening balance sheet and the revision of calculation methods considered in the determination of deferred tax generated a negative impact on patrimony under Colombian PCAG for $71.207. The liability deferred tax, neat recognized by the Bank in the opening balance sheet under the IFRS has a value of $81.125.

- Valuation Properties of investments

Corresponds mainly to reclassification of goods received in dation of payment and properties and equipment subject to technical appraisal to accomplish with the policy adopted by the Bank to recognize such asset at the reasonable value, the net effect of the reclassification on patrimony was $15.064.

- Loyalty programs

In connection with the Loyalty Programs, under Colombian Banking GAAP the Bank does not accounts for provisions, and rather directly is carried to results the redemption of points of the plans established for purchase with credit cards. Under NCIFRS, however, a deferred income is recognized taking into account that NCIFRS 13

“Client Loyalty Programs” provides that the measurement of credits-awards is the reasonable value of such liabilities for $11.122 with negative impact on patrimony.

- Recognition of provisions adjustments

Correspond, mainly to the record of uncertain tax positions amounting to $24.446 on account of portfolio, accidents, and care of employees condonation.

- Patrimony Tax

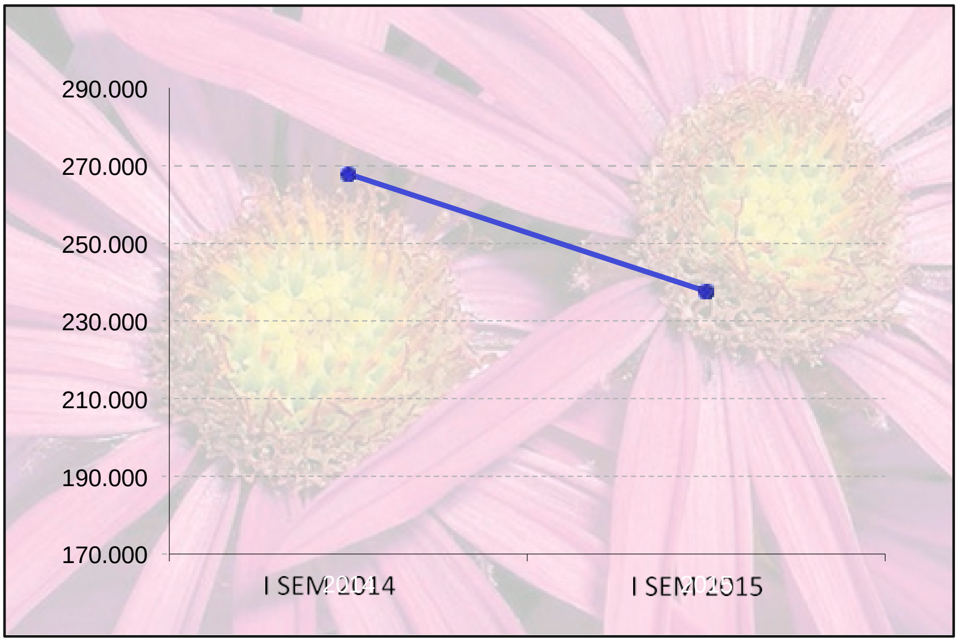
In the definition of the opening balance sheet, balances of liabilities of tax, the Bank identified that, according to the Colombian PCGA the total liability related to patrimony tax applicable to the Bank has not been recognized in the results of the operational period or against revaluation of patrimony in the extent the payments are made between the years 2011 and 2014, such payments, however, were recognized as a deferred charge and were monthly amortized during the operational tax year. According to above, $32,671 were written-off of the last installment of the patrimony tax that were recorded in the account of deferred charges against the retained earnings, taking into account that, according to Financial Information Accounting Standards (FIAS) this obligation complies with the definition of liability since January 1, 2014.

- Debtors Impairment

For risk and advantages substantial transfer as well as other conditions set forth in paragraph 10 of the IAS 17 “Rent!”, it was necessary to reclassify operative leasing contracts as financial leasing; this involved for the new concepts of credit portfolio to be measured according to Chapter 2 of the Accounting and Financial Circular Letter issued by CFS, required an additional provision adjustment impacting the profit by $8.259.

Profit

(Million Pesos)

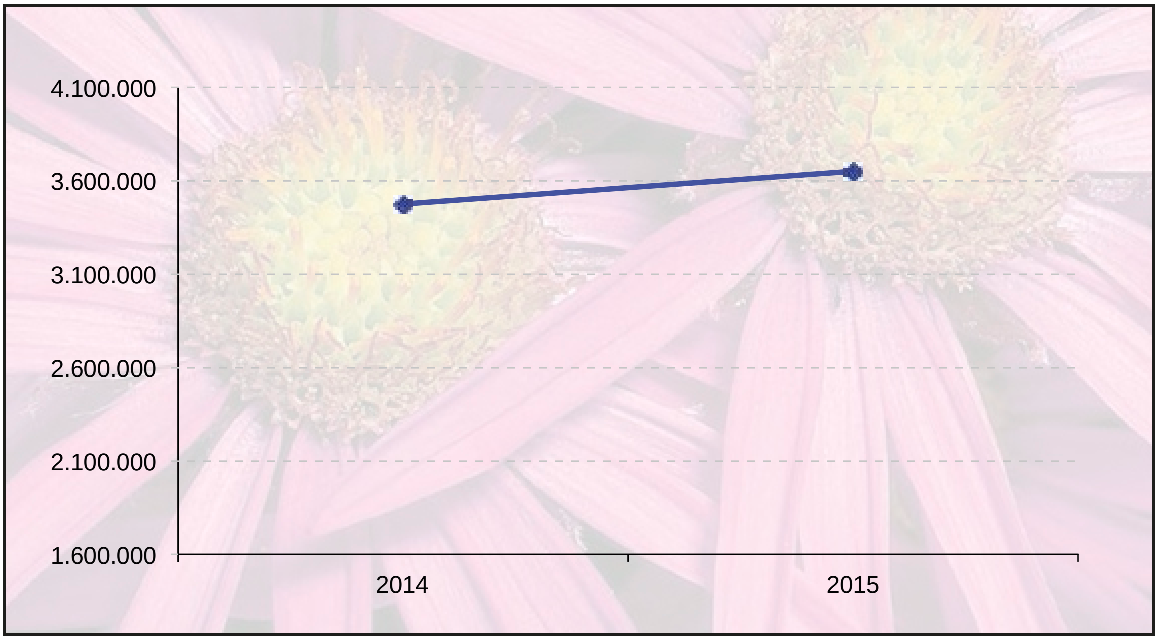


Year	First Semester	Second Semester	Total
Jun-14	267.852	949.472	1.217.324
Jun-15	237.605	0	237.605

Note: The submission of report is made according to the approval by Colombia Finance Superintendence in the Unique Catalogue of Financial Information (UCFI), for such reason, only the two last years, given that historical before 2014 is under COLGAAP.

Capital, Reserves and Superavit

(Million Pesos)

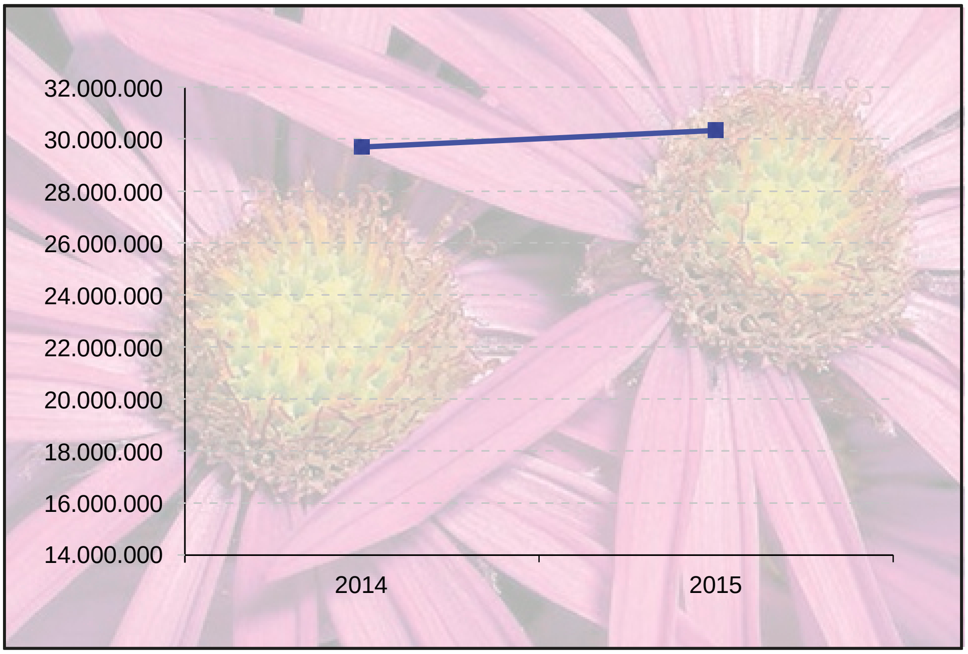


Period	Capital Paid-in	Legal Reserve	Occasional Reserves	Superavit	Total
Jun-14	4.677	1.604.753	154.516	1.709.851	3.473.798
Jun-15	4.677	2.291.516	351.412	1.001.287	3.648.892

Note: The submission of report is made according to the approval by Colombia Finance Superintendence in the Unique Catalogue of Financial Information (UCFI), for such reason, only the two last years, given that historical before 2014 is under COLGAAP.

Total Asset

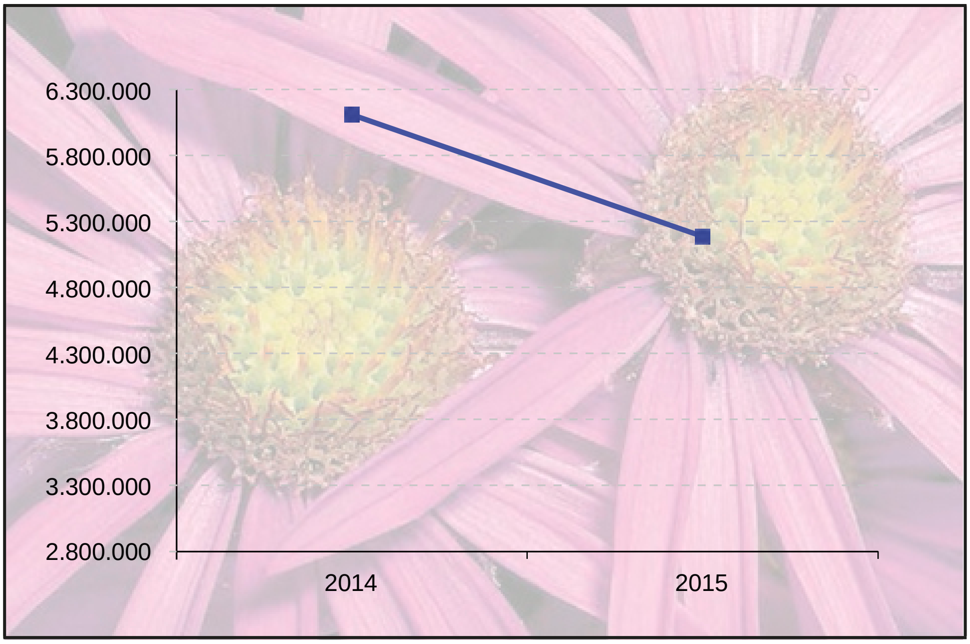
(Million Pesos)



Period	Total
Jun-14	29.678.089
Jun-15	30.321.860

Note: The submission of report is made according to the approval by Colombia Finance Superintendence in the Unique Catalogue of Financial Information (UCFI), for such reason, only the two last years, given that historical before 2014 is under COLGAAP.

Investments
(Million Pesos)

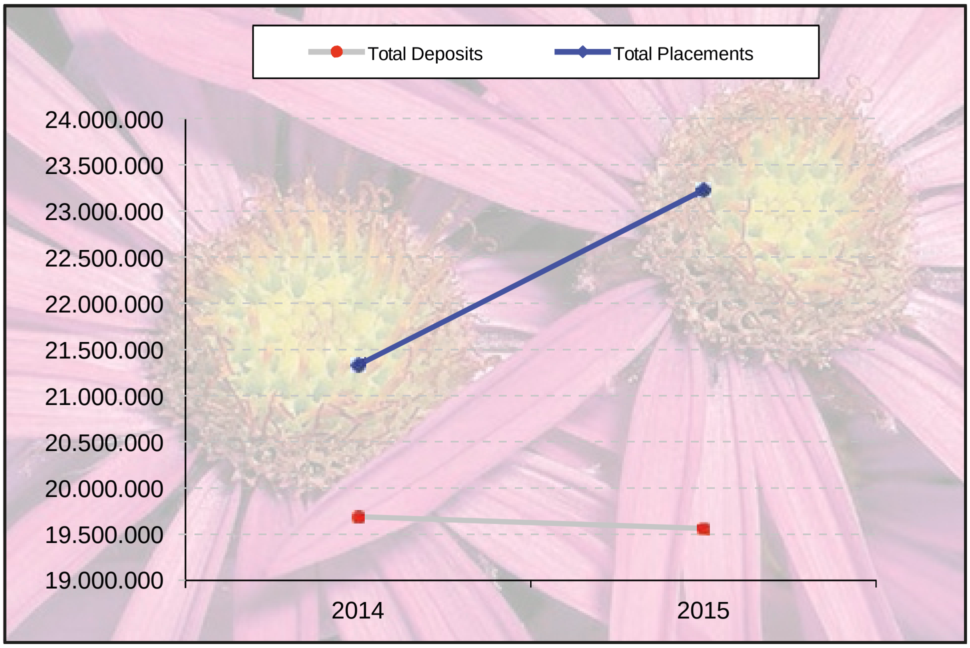


Period	Total
Jun-14	6.109.648
Jun-15	5.185.220

Note: Includes: Investments
Back purchase commitments
Ordinary Interbanking Funds Sold

Note: The submission of report is made according to the approval by Colombia Finance Superintendence in the Unique Catalogue of Financial Information (UCFI), for such reason, only the two last years, given that historical before 2014 is under COLGAAP.

Deposits and Placements
Legal Tender and Foreign Currency
(Million Pesos)



Period	Total Deposits	Total Placements
Jun-14	19.687.249	21.329.233
Jun-15	19.558.045	23.224.030

Notes:
(1) Include Deposits in Current Accounts, time Deposits,

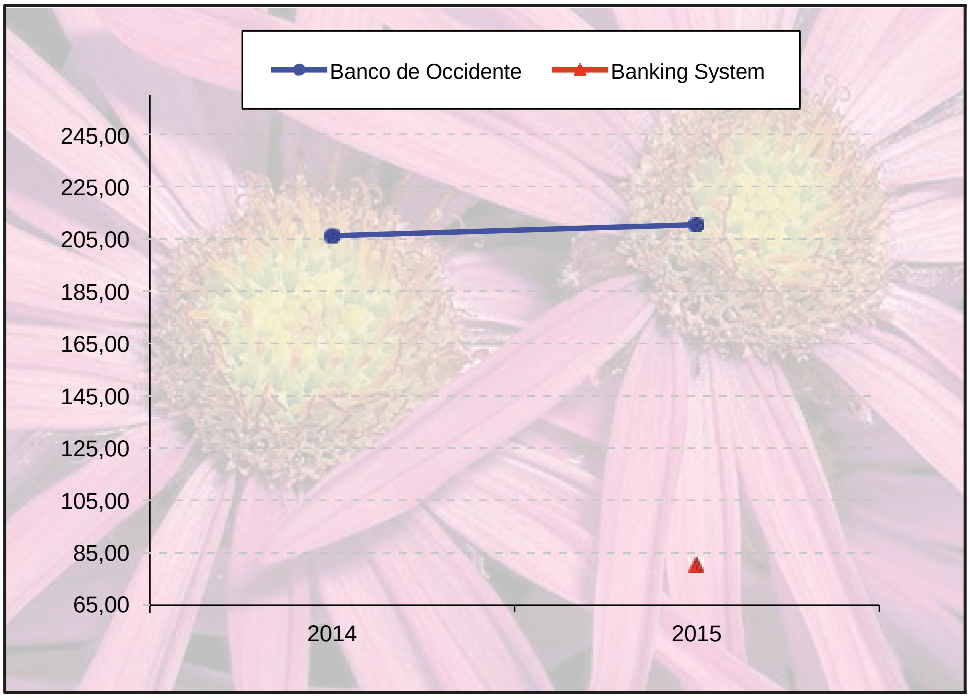
Saving Deposits, Trust Funds, and Collection Banking Services

(2) Includes Credit Portfolio, Provisions, Credits to Employees, Accounts Receivable

Clients Credencial M/L, Accounts Receivable ME, Excepting Sundry ME.

Note: The submission of report is made according to the approval by Colombia Finance Superintendence in the Unique Catalogue of Financial Information (UCFI), for such reason, only the two last years, given that historical before 2014 is under COLGAAP.

Gross Intermediation Margin



Period	Banco de Occidente (%)	Banking System (%)
Jun-14	206,05	
Jun-15	210,37	80,35

Gross Margin Intermediation =

Income of Interest Receive ML + ME
+ Income of Commissions Received ML + ME + Sundry Income

divided by

Expense of interest paid ML + ME
+ Expense Commission Paid ML + ME

Note: The submission of report is made according to the approval by Colombia Finance Superintendence in the Unique Catalogue of Financial Information (UCFI), for such reason, only the two last years, given that historical before 2014 is under COLGAAP.

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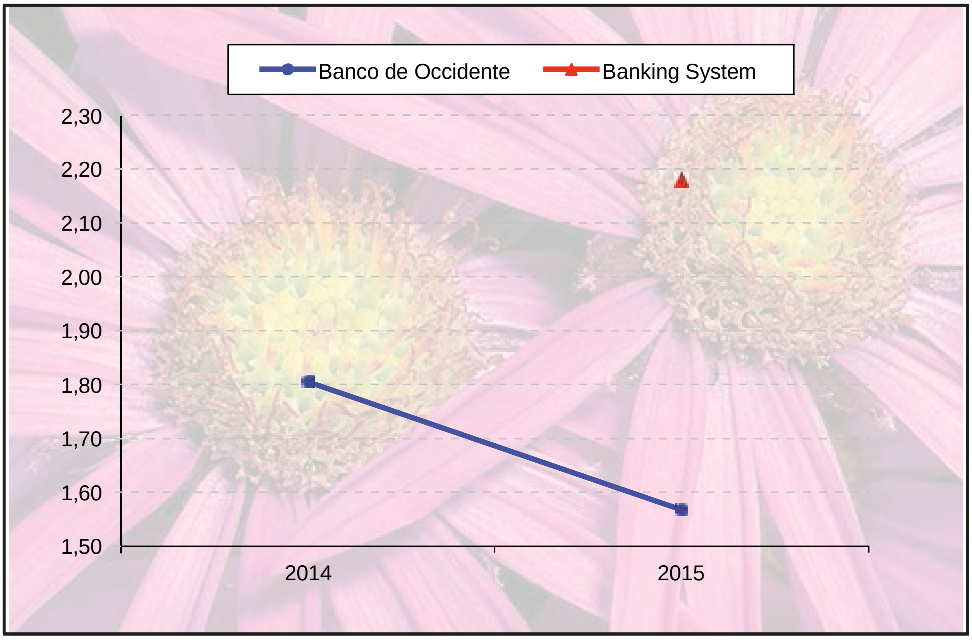
Profitability on Total Asset



Period (*)	Banco de Occidente (%)	Banking System (%)
Jun-141	,81	
Jun-151	,572	,18

(*) The indicator corresponds to Semestral profitability for periods between January 1 and June 30 every year.

Profitability on Total Asset $= \dfrac{\text{Profit Sem. Annually}}{\text{Total Asset}}$

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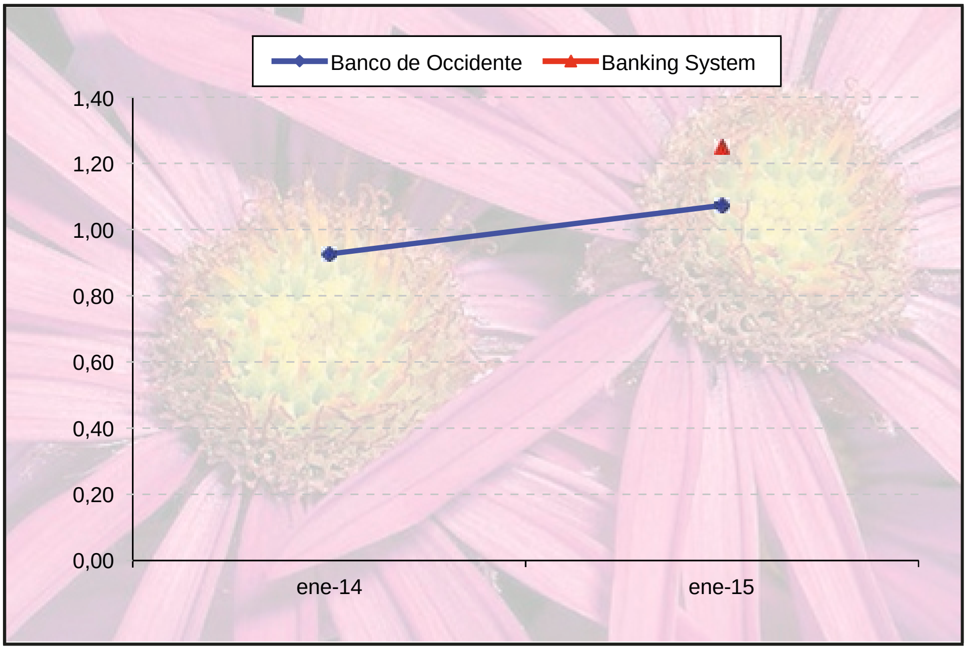
List of Overdue Portfolio



Period	Banco de Occidente (%)	Banking System (%)
Jun-140	,93	
Jun-151	,071	,25

Overdue Portfolio more than 6 month

List of Overdue Portfolio = Guarantee Admissible & Other guarantees

Credit Portfolio + Provision Credit Portfolio

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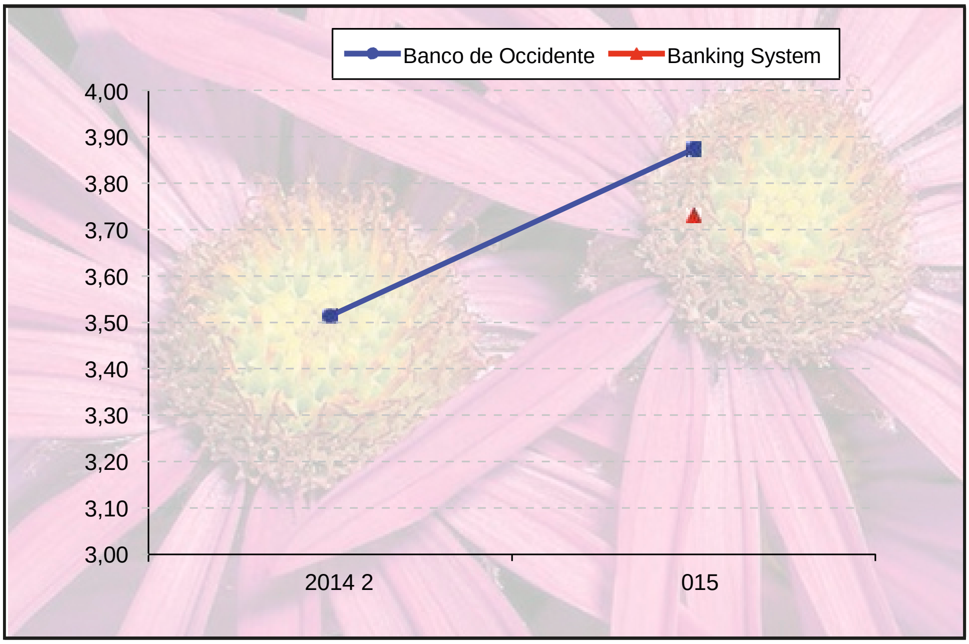
Quality Portfolio by Rating



Period	Banco de Occidente (%)	Bankng System (%)
Jun-14	3,51	
Jun-15	3,87	3,73

Quality of Portfolio by Rating = $\dfrac{\text{Total Portfolio Rating C + D + E}}{\text{Credit Portfolio + Provision Credit portfolio}}$

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Branch Offices Network

Andalucía
Armenia
2 Offices
1 Credicentro
Barrancabermeja
Barranquilla
11 Offices
1 Credicentro
1 Payment & Collection Center
1 Leasing Office
Bello
Bogotá
60 Offices
2 Credicentros
2 Payment & Collection Center
Bucaramanga
6 Offices
1 Credicentro
1 Leasing Office
Buenaventura
Buga
Cali
30 Office
3 Credicentros
1 Leasing Office
Cartagena
7 Offices
1 Credicentro
Cartago
Chiriguaná
Chía
Cúcuta
2 Offices
Dosquebradas
Duitama
Envigado
Espinal
Facatativá
Florencia
Galapa
Girardot
Girón
Guatapé
Ibagué
3 Offices
1 Credicentro
1 Leasing Office
Ipiales
Itagùí
La Unión
La Victoria
Leticia
Manizales
2 Offices
1 Credicentro
Medelin
19 Offices
1 Payment & Collection Center
2 Credicentros
1 Leasing Offices
Montería
2 Offices
1 Credicentro
Mosquera
Neiva
3 Offices
Palmira
2 Offices
Pasto
2 Offices
1 Payment & Collection Center
1 Credicentro
Pereira
3 Offices
1 Credicentro
1 Leasing Office
Piedecuesta
Pitalito
Popayán
2 Offices
Puerto Tejada
Riohacha
Rionegro
Sabaneta
San Andrés (Islas)
San Antero
San Gil
Santa Marta
2 Offices
1 Payment & Collection Center
Santander de Quilichao
Soledad
Siberia
Sincelejo
Sogamoso
Tuluá
Tunja
2 Offices
1 Credicentro
Valledupar
2 Offices
Villavicencio
3 Offices
Credicentro
Yopal
1 Office
1 Credicentro
Yumbo
Zipaquirá