Informe Anual 2005

BBVA

The figures are expressed in millions of Colombian Pesos.

"Let us leverage on the historic moment we are living, and become one of the most important, leading banks in the international arena, over the next few years".

FRANCISCO GONZÁLEZ, PRESIDENT, BBVA GROUP

adelante.

INDEX

2005 Annual Report

RELEVANT INFORMATION

" 2005 meant, in itself, a vote of confidence and the Bank's commitment to the country, with the acquisition in October of Banco Granahorrar, an investment which reached 970 billion pesos".

The figures are expressed in millions of Colombian Pesos.

MAIN FIGURES (in millions of pesos)

	2003	2004	2005
Balance			
Total Assets	6.604.495	7.557.541	9.429.326
Loan Portfolio	3.407.722	4.316.821	5.202.978
Deposits from Public	4.444.230	5.644.639	6.665.856
Equity	534.904	614.680	718.376
Profits and Loss Statement			
Ordinary Margin	517.344	603.513	692.895
Operational Margin	115.521	171.840	246.372
Net Profit	58.061	105.276	107.399
Capitalization			
Technical Equity (Computable)	444.375	544.584	954.795
Technical Equity (Required)	360.196	441.326	678.505
Technical Equity Surplus	84.180	103.258	276.290
Solvency Ratio (9% Legal Minimum)	11,1	11,1	12,7
Additional Information			
Number of Employees	3.407	3.328	3.235
Number of Branch Offices	254	253	258
Number of ATM Machines	396	396	404

" BBVA Colombia consolidates its position as a stronger and more competitive institution that seeks to achieve all the guidelines established in its growth strategy".

The figures are expressed in millions of Colombian Pesos.

LETTER FROM THE PRESIDENT
Satisfactory Results

LUIS B. JUANGO FITERO
Executive President

2005 was a very positive year for the Colombian economy, to the financial system and to BBVA Colombia, in particular. With regards to the economy, the country consolidated its growth. During the third quarter, economic growth was 5.8% and the expectation for next year is for a figure exceeding 5%. Also, the trend towards a reduction in inflation continued, with inflation figures at 4.85%. Also of note is a reduction in the country's unemployment, which as of December, 2005 was 10.4% nationwide.

This positive economic performance was reflected in a strong appreciation of financial assets, which was especially noteworthy in exchange operations, which led to the Colombian Stock Exchange to be one of the world's most profitable stock exchanges during 2005; the same situation was experienced in internal debt securities, whose 10-year rates fell about 360 basic points. Said appreciation also affected the Colombian peso, but a decisive intervention from the Banco de la República (First National Bank) prevented any severe effects from taking place, and so the nominal appreciation of the Colombian Peso against the US Dollar for 2005 was approximately 4%, while during 2004 it had been at close to 15%.

The struggle against exchange appreciation was the determining factor in the 2005 monetary policy. In order to prevent an excessively appreciated Peso, the Banco de la República strongly participated in the exchange market by buying currency and providing the economy with considerable liquidity. Aligned with these measures, it was also forced to reduce its intervention interest rates, even though the exact opposite was happening in the United States. The expansive monetary policy, however, did not compromise the greater goal of reducing inflation, since the exchange appreciation and the volume of imports contributed in stabilizing the prices.

The fiscal policy was one of the larger beneficiaries from the good economic performance in 2005. The fiscal deficit in the consolidated public sector closed the year very well balanced.

> " During its first year, Plan Esmeralda defined the business' growth strategy, and very successfully at that".

In institutional and structural issues, the Constitutional Court endorsed and supported the constitutional nature of the presidential re-election project, and opened the possibility for the current president to run as candidate in the next presidential elections. The decision by the Court eliminated a latent institutional uncertainty, with which Colombia projects a better image to the international scenario. Also, the country moved forward in a peace process with paramilitary groups, thus causing the disbandment of a significant number of their members, and began peace talks with ELN, a guerrilla group. Also, it successfully negotiated the Free Trade Agreement with the United States.

Without a doubt, 2005 was a good year for the country, not only on account of specific results achieved, but also because significant steps forward were given in structural issues of the utmost importance.

This economic performance was a considerable factor in determining the health of the Colombian Financial System, which showed a good behavior in 2005. As of December, the system's cumulative profits totaled 3.4 billion pesos, that is 17% higher than 2004. Receptions at credit institutions grew 16.2%, with a strong emphasis on savings accounts. Placement of funds, on the other hand, grew by 15.6% with a noteworthy performance by consumption credits. The greatest growth in reception and collections with regards to placements indicates that 2005 was yet another year in which the Financial System had sufficient liquidity, managed through a greater participation of financial investments within the total assets.

Aligned with the financial sector's behavior, 2005 for BBVA Colombia was a period which brought significant growth, which was seen both in the evolution of the activity itself, as well as in the growth in cumulative net profits. During its first year, "Plan Esmeralda" (Emerald Plan) defined the business' growth strategy, and very successfully at that; credit investment grew by close to a trillion pesos, 21% more than the results from the previous year, with volumes that grew faster than the rest of the sector, at 15,6%, while the market grew by 8.19%, thus gaining 36 basic points over the course of the year. This result is mainly due to the significant dynamics experienced by consumption credits, which achieved a 118% performance against the goals that had been set.

In parallel to the growing activity and performance from the credit portfolio, managed resources reflect very satisfactory results. Exceeding the goals established by the Plan Esmeralda, the Bank gained over a trillion pesos in growth in its balances, that is 18% higher than the previous year; as of December, 2005, this behavior represents an 8.13% market share for BBVA Colombia. It is worth noting that investment funds had an excellent evolution, the goals have been widely exceeded, with a growth of 394 billion pesos during 2005.

The Bank's net cumulative profits broadly exceeds that of 2004; however, it is compensated significantly in December, with an increase in special portfolio provisions, which are mandated by the Colombian Superintendence of Finance, which could be deferred until June, 2007, and which BBVA Colombia has already provisioned in full. Also worth highlighting, on account of its positive nature is the increase in commercial activity, the important management and growth in revenues different from interests, such as commissions and financial operations, expense control and a continued management of recoveries. Thus closes the year, with a behavior aligned with the economic performance experienced by the Financial Market.

" We could define 2005 as a very satisfactory year, on several grounds, with a growth dynamic that was higher than that of the rest of the system, with a profits and loss statement that is constantly improving and with healthy indicators that perform likewise. Business volumes are in constant evolution, and the acquisition of Banco Granahorrar will allow us to consolidate our position within the system, and to be ever more competitive".

Presently we can observe the excellent results derived from the change in our brand, which took place in April, 2004, a fact that has rendered significant results by increasing brand awareness; in fact, 61% of people identify the slogan "ahead (adelante)", and 56% associate it with BBVA, according to recent surveys.

2005 meant, in itself, a vote of confidence and the Bank's commitment to the country, with the acquisition in October of Banco Granahorrar, an investment which reached 970 billion pesos. This operation received positive acclaim in all spheres: for the country, it reasserted the existing trust on foreign investment, and highlighted the favorable macroeconomic situation currently taking place; for the government, which successfully completed its sale of the institution; and for the clients, because it grants them access to a broader scope of services in terms of banking quality and infrastructure.

For the Bank, this means a shift in its strategic position in the market, moving up to the second place in the banking sector, and as leaders in mortgage credits since, when taking the figures from both companies as of December, they represent a 21.6% market share, which is 106 basic points above its nearest competitor. Therefore, BBVA Colombia consolidates its position as a stronger and more competitive institution that seeks to achieve all the guidelines established in its growth strategy.

We continue at the industry's forefront, responding to an increasingly competitive market, with a portfolio of new products such as the Hipotecario Cuota Regalo (Mortgage Gift Installment), Hipotecario Fácil en Pesos (Easy Mortgage in Pesos) at 15 years, debit and credit cards suited to the needs of each of our clients (Congelada, Financia U. and Visión Mundial). With regards to services portfolio, we released VIP BBVA, a portal and transactional site, and modern self-service terminals were installed in most of the branch offices and we moved on to implement Mobile Banking services.

In this sense, technological innovation also included a planned upgrade and renewal of 150 ATMs, thus achieving 53% upgrading in the total base of B24 ATMs. Also, we promoted the renewal of all machines, workstations and servers, both in the network of branch offices, as well as in the central areas. All this required investments for 11.765 million pesos.

This way, and based on one of our key corporate principles "the team as the cornerstone for the generation of value", the equipment renewal campaign allows all employees access to the new corporate intranet, dubbed as "Espacio Colombia", where they can take courses, know relevant information and carry out several queries and make suggestions; also, we have begun our "Passion for People" campaign, that seeks to reward the work and contributions by our team members, through programs designed with their needs in mind.

All this allows us to distinguish ourselves from our competition, and to maintain our position as a reference Bank for our client base as well as for our main competitors.

As a matter of fact, the noteworthy task carried out during 2005 was acknowledged and recognized by important international publications. The Banker recognized BBVA as the Best Bank in Colombia for

2005, and Global Finance awarded it as Best Internet Bank for Individual Clients, and Best Internet Bank for Corporate and Institutional Clients. BBVA Colombia also received public commendations on a national level, such as the Premio Bancoldex a la Mejor Gestión de Apoyo Financiero a las Pequeñas Empresas (Bancoldex Award to Best Performance in Financial Support to Small Companies).

To summarize, we could define 2005 as a very satisfactory year, with a growth dynamic that was higher than that of the rest of the system, with a profits and loss statement that is constantly improving and with healthy indicators that perform likewise. Business volumes are in constant evolution, and the acquisition of a Bank will allow us to consolidate our position within the system, and to be ever more competitive.

2006 will be a year filled with important projects, all in the context of profitability standards; the Plan Esmeralda enters its last year in execution, with which we expect to achieve the goals and objectives initially established; the merger with Granahorrar will be de start of a new bank, and also, we will celebrate our 50th anniversary of activities in the country.

We are a team that is committed to the Organization, that works every day to be a part of the changes that allow us to reassert ourselves as leaders under a premise to generate value. We are always seeking to achieve those challenges that leave us with the satisfaction of being part of a strong institution that is committed to its clients, to its shareholders, to its team and to society as a whole, under high standards of performance, ethical behavior and innovation.

I wish to congratulate all our employees and all the members of our team, on behalf of our Board of Directors, for the results achieved, and I wish to thank you for your dedication and tenacity in the achievement of these results. Finally, and as I did on December 14th, I reassert my warmest welcome to our friends from Granahorrar, who are now becoming a part of this BBVA family, while reassuring them that they are joining a very ambitious project. I invite you all to maintain your hopes up and the joy and happiness to move forward with the challenges we have set for ourselves. In this corporate action, people are always the cornerstones, and without motivated and committed people, no project can ever be successful. Welcome to a shared and brilliant future in a Group that is always moving forward.

Luis B. Juango Fitero
Executive President

BBVA GROUP'S RELEVANT INFORMATION

(Consolidated Figures)

	31-12-05			
	US $ (1)	Euros	%	31-12-04
BALANCE (millions of euros)				
Total Assets	462.902	392.389	19,1	329.441
Credits over clients (gross)	262.381	222.413	25,9	176.673
Client resources in balance	305.778	259.200	24,8	207.701
Other client resources	169.744	143.887	18,4	121.553
Total client resources	475.522	403.087	22,4	329.254
Net equity	20.411	17.302	25,3	13.805
Own funds	15.378	13.036	18,9	10.961
PROFITS AND LOSS STATEMENT (millions of euros)				
Intermediation Margin	8.967	7.208	17,0	6.160
Basic Margin	14.626	11.756	16,9	10.060
Ordinary Margin	16.203	13.024	17,1	11.120
Operational Margin	8.489	6.823	22,0	5.591
Profit before taxes	6.957	5.592	35,2	4.137
Profit attributed to the Group	4.736	3.806	30,2	2.923
DATA BY SHARE AND MARKET VALUE				
Stock price	17,79	15,08	15,6	13,05
Market value (millions of euros)	60.323	51.134	15,6	44.251
Profit attributed to the Group	1,40	1,12	29,5	0,87
	0,63	0,531	20,1	0,442

The figures are expressed in millions of Colombian Pesos.

Accounting value	4,54	3,84	18,9	3,23
PER (Price/Profit; times)		13,4		15,1
P/AC (Price/Accounting Value; times)		3,9		4,0
RELEVANT RATIOS (%)				
Operational Margin / ATM		1,87		1,74
ROE (Bº attributed / own average funds)		37,0		33,2
ROA (Bº net / Total average assets)		1,12		0,97
RORWA (Bº net / Total average assets weighed by risk)		1,91		1,62
Efficiency ratio		43,2		44,6
Efficiency ratio with amortizations		46,7		48,6
Deferment Rate		0,94		1,13
Coverage Rate		252,5		219,7
CAPITAL RATIOS (BIS NORMS) (%)				
Total		12,0		12,5
Core capital		5,6		5,8
TIER I		7,5		7,9
ADDITIONAL INFORMATION				
Number of Shares (Million)		3.391		3.391
Number of Shareholders		984.891		1.081.020
Number of Employees		94.681		87.112
• Spain		31.154		31.056
• America [2]		61.604		54.074
• Rest of the world		1.923		1.982
Number of Branch Offices		7.410		6.868
• Spain		3.578		3.385

The figures are expressed in millions of Colombian Pesos.

• America [2]	3.658	3.303
• Rest of the world	174	180

(1) Types of exchange used - Balance: 0,847673 euros /US $ (31-12-05).
- Profits and Loss Statement: 0,803795 euros/US $ (average 2005).

(2) It includes those corresponding to banks, pension management companies and insurance companies that belong to the BBVA Group in all countries in America where it is present.

BBVA Group

2005 has been a superb year for BBVA. The Group has achieved attributed profits totaling 3.806 million euros, a figure that is 30.2% higher than that for 2004, and that also sets a new historic high. What is even more important: the profit per share, which is the clearest measure of the value that BBVA is creating for shareholders, increased by 29.5%.

This way, during 2005 BBVA has continued and reinforced its path towards profitable growth: it has accelerated its growth in activities in all business areas, it has grown in profitability and it has strengthened its basic principles even more: recurrence and quality in results, efficiency and risk profile. All this will allow it to continue creating value consistently into the future.

The figures are expressed in millions of Colombian Pesos.

The clear progression in BBVA's results, along with its solid expectations for the future, have allowed for a clear increase in shareholders' benefits. In fact, the Management Council has presented a proposal to the General Shareholders Meeting, for a dividend of 0,531 euros per share, for the 2005 period, that is 20.1% higher than the previous year, and one which also represents the highest amount ever paid by the Group. With this increase, the average growth rate for the dividends per share between 2002 and 2005 would total 15.1% per year.

The increasing profits from 2005 are supported on a strong momentum in the activities in all areas of the business, which render results which represent increases of 26% in investment and 22% in the Group's joint resources. Also, this increase in activity has been reflected in strong increases in revenues, with a growth of 17% in the intermediation and ordinary margins, and 22% in the operational margin.

In summary, the results achieved are very good, based on the sustained growth of the most recurrent revenues. With this, BBVA has consolidated its position during 2005 as the most profitable bank among the largest financial groups in the European Union, with a profitability over own resources (ROE) of 37%, which is over 14 points higher than the average figures for its peers.

And it has managed to combine this profitability with some extremely solid foundations. During 2005, efficiency has improved by 190 basic points, growing up to 46.7%, also among the largest financial groups in the Euro area, and 13 per centum points higher than their average index. At the same time, BBVA has continued to improve its risk profile, with a new reduction of 19 basic points in deferment, placing it at 0.94%, and an increase of 33 per centum points in coverage, going up to 252%. In both variables, which define the soundness of its balance, BBVA is also the best among the main European groups.

BBVA had a superb year in 2005, which puts it in a very strong position towards the future. This strength is the result of the success in its strategy, carried out in a coherent and systematic manner, and of an on-going process for transformation and improvements.

A process that is continuous, with increasing momentum and with strong projections for 2006 and the following years. During these past few years, starting in 2002, BBVA has been pioneering the transformation of its Corporate Government, following more advanced and demanding international standards.

It has renewed its corporate culture, which is now based on clear and strict ethical principles, in an organization that is fully client-oriented, in the commitment with all interest groups and in an innovative drive.

The management model for the directive team has also been transformed, making it more open and less bureaucratic, and raising the degree of autonomy, initiative and responsibility over human teams that are bestowed on it, thus leveraging on its potential in as much as possible.

It also faces 2006 with a new corporate structure. In short, business areas have expanded from three to five: Retail Banking in Spain and Portugal, Wholesale Businesses, Mexico, South America and the United States. At the same time, the Steering Committee has been reinforced and strengthened, thus increasing the number of its members from 12 to 18 and incorporating those responsible for key business units. This in seeking to promote the Group's globalization, to reinforce the decision-making capacity by the different business units and to speed up the current transformation process, while boosting innovation even more.

The transformation process that is currently ongoing has allowed the Group to leap forward. BBVA has grown significantly and strongly: business volumes have grown by 40% between 2002 and 2005, but above all, this growth has been carried out in a profitable manner. Over this same period, BBVA has more than doubled its attributed benefits. And, most significant of all, BBVA has more than doubled the profits per share, which have gone from 0.54 euros in 2002, to 1.12 euros in 2005. This indicates that profits per share have grown at an average yearly rate of 27,7%, which is significantly higher than the 22,8% that is the average for European Banks.

These figures have strongly driven an increase in the Group's market value. Its capitalization in the Stock Market has doubled between December 2002 and the present day. BBVA has not only grown, but has also set very solid basis to ensure its future growth.

During these years, it has expanded the its geographic coverage base, building and establishing a clear leadership position in the Mexican financial market, expanding its presence in the United States, and strengthening its presence in Asia.

With regards to its businesses, very important projects for the future have been launched for underserved segments in the United States, and for immigrants in Spain. The re-releasing of the mortgage business is being lead in Latin America, thus strengthening the positions in this segment in countries such as Mexico or Colombia, where Granahorrar was acquired during 2005, a leading institution with a market share in excess of 15%. The Group is also reinforcing its position in business areas such as trade finance or project finance.

During 2006, BBVA wishes to extend its path for profitable and strong growth. To this end, ha preferential growth context has been defined and, under this context, the Group's 29 business units have implemented 94 growth plans. These plans involve both organic as non-organic growth, the latter always under two very clear premises: it should fit into the overall strategy, and it should create value.

The BNL operation ha served to prove the coherence in these two principles. During 2005 it was decided that a takeover bid for BNL, in order to valuate that bank's participation of almost 15%. This goal could be achieved either by acquiring BNL at the price set by BBVA, or by selling its participation at an appropriate price.

Finally, and after the bid announcement by the French group BNP, it was necessary to evaluate the way in which the most value could be created for shareholders, and it was to sell it at the price of 2,9525 euros per share, that was offered by the French group, with which BBVA generated capital gains close to 600 million euros, and frees important liquidity resources and capital to take on other more profitable projects.

In retail businesses, BBVA bases its strategy in two regions over which it can leverage its renown capacity in network management: Spain and America. In the latter, Mexico is a key country. In all these areas and countries, 2006 will be yet another excellent year in terms of corporate growth.

A comprehensive value proposal is being articulated in the United States, which leverages on the BBVA Bancomer brand's competitive advantages among the Mexican population, but that intends to extend to all of the Hispanic population, and then to all of the US market.

With regards to wholesale business, BBVA has a franchise-based model. Both in Spain as well as in Latin America (Brazil excluded) BBVA is the leader in corporate banking. The Group is also a world leader in trade finance and project finance, two business areas that are serving as a bridgehead to start participating in other markets. Among them Asia, the fastest expanding region in the world, and with growing relationships with Latin America, which offers clear opportunities for BBVA.

In promoting all these growth plans, BBVA has made an ongoing transformation effort, which is defined by to very clear references: on the one side, the expectation to always provide better solutions to our clients, as a way to achieve a sustained creation of added value. On the other hand, a constant effort in innovation, in order to distinguish itself from its competitors in the global financial industry. BBVA has implemented a Strategic Innovation Plan, which has already yielded some significant results this year, in terms of products, processes and access to new markets.

This, however, is but the tip of the iceberg. An iceberg that will gradually emerge during 2006 and the following years, through three major strategic lines: innovation in current businesses; application of new technologies to benefit clients; and new business models that will tend to the new demands by a society experiencing accelerated changes.

During 2005, BBVA has strengthened its position even more, as one of the best banks in the world on account of its productivity, its profitability and the creation of value for its shareholders. This is the result of a strategy that has proven to be accurate in its design, and applied in a systematic and constant manner. It is also the result of an effort towards continued improvement, transformation and client-oriented innovation. The goal is to become, over the next few years, one of the very few institutions that serve as reference in the global financial industry for the 21st century.

BBVA is on its way to achieve this, convinced that 2006 will come with new steps that bring it closer to that goal, to the benefit of its shareholders, as well as its clients, employees and the societies where it is present.

COLOMBIA 2005: THE EXTERNAL BOOM FAVORED THE ECONOMIC ACTIVITY

- RESULTS FROM 2005
- EXPECTATIONS FOR 2006

The

ALYSIS AND PERSPECTIVES FOR 2005 – 2006

Results from 2005

Expectations for 2006

COLOMBIA DURING 2005 A YEAR OF FAVORABLE GROWTH

The Colombian economy was growing at a real rate of 5.8% by the end of the third quarter, which lead to a closing of 2005 with a Gross Domestic Product (GDP) that exceeds 5%. These results are much more positive than the expectations early during the year, where the most optimistic projections suggested a growth of 4%. The increased growth contributed to a continued reduction in the unemployment rate, with a years-end figure just above 10%, with which this index showed a favorable trend; it continues, however, to be high. The economy began improving in its employment generation capabilities, although not always good quality employment, since sub-employment continued to grow.

Both from a supply standpoint, as well as from the demand, the drive in the economy was due to the normal sources from the past few years. With regards to supply, the most important sectors where construction and commerce. The construction industry saw an interesting phenomenon, consisting of a substitution of housing construction with civil works, as a source of new dynamics. Transportation, industry and the financial sector also reported acceptable growth indices.

With regards to the demand, the drive came from investments, exports and consumption. Investments have been growing and booming for the past three years, driven in part by construction and in part by investments in machinery and equipment for companies. With regards to consumption the weakened situation experienced in the labor market had prevented this recovery from becoming a source of strong growth for this variable. However, as a result of the better indicators in the labor market, the latest information received already indicates that consumption is starting to grow and is growing along with the GDP.

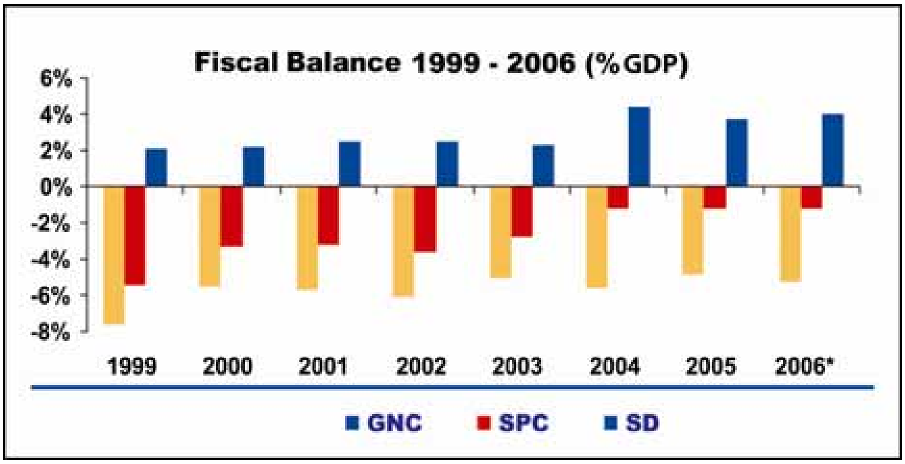
On the other hand, exports were stimulated by an international environment that was exceptionally favorable to the prices of basic goods. Oil, carbon, nickel and coffee had, without exception, a very productive period price wise. Also, Colombia's main commercial partners; the United States and Venezuela, showed very dynamic growth levels, which favored the demand for Colombian products. It was not only the current part of the payment balance that promoted growth, but also the capital figures and accounts. Colombia received a significant influence from international capital investments, especially as direct foreign investment.

The favorable performance by the external sector was the key factor that influenced economic results beyond the initial expectations, although it also caused some problems in economic policies. The main contributions were to supply the demand and resources to finance this greater growth, as well as the instruments that allowed to maintain inflation under control, thanks to the evolution seen in the exchange rates and the greater supply of import products. The greatest problem experienced was the sustained trend in the appreciation of the Colombian Peso, which was a source of concern for the exporting sectors and for economic authorities.

In fact, a good part of the year's economic policy focused on fighting the effects of the exchange revaluation. Currency in-flows, both from trade operations as well as from capital operations, served to finance an extended demand for domestic financial assets that, as a result of this, appeared to appreciate considerably. The valuation of shares and public debt was received as the normal evolution of an economy that is in the process of recovering, but the appreciation of the Peso caused further concerns, especially because it had already played a key role in 2004.

As a result of this, monetary and exchange policy focused on fighting the appreciation of the Peso, even at the expense of adopting an extremely loose monetary policy. The Banco de la República (First National Bank) decided to actively intervene the exchange market, buying currency in a discretional manner, in order to sustain its price in Pesos. With these operations, this institution bought over 4.500 million dollars, which also meant a considerable monetary expansion. Also, in order to discourage the entry of speculative capitals into de country, its intervention rate was reduced to 6%. However, no new inflationary pressures were experienced over the course of the year; several factors contributed to this. The most important of these factors was the exchange appreciation itself, which held the price of imported products at bay, which favored both consumers and the producers. On the other hand, the important growth in imports also contributed in the containment of prices.

The fiscal policy, aided by the economic situation, had a significant recovery. The fiscal deficit that was initially expected for the Consolidated Public Sector was -2.5% of the GDP; a later goal reduced it to 1.2% of the GDP, which meant a drop of more than one percentual point in the product; at the end of the year, indications are that there was a fiscal balance. Three were the aspects that caused this improvement: (1) greater tax collection, as a result of an improved economic performance, (2) higher oil prices, which improved Ecopetrol's fiscal position, and (3) the results from Social Security, which were better than expected.



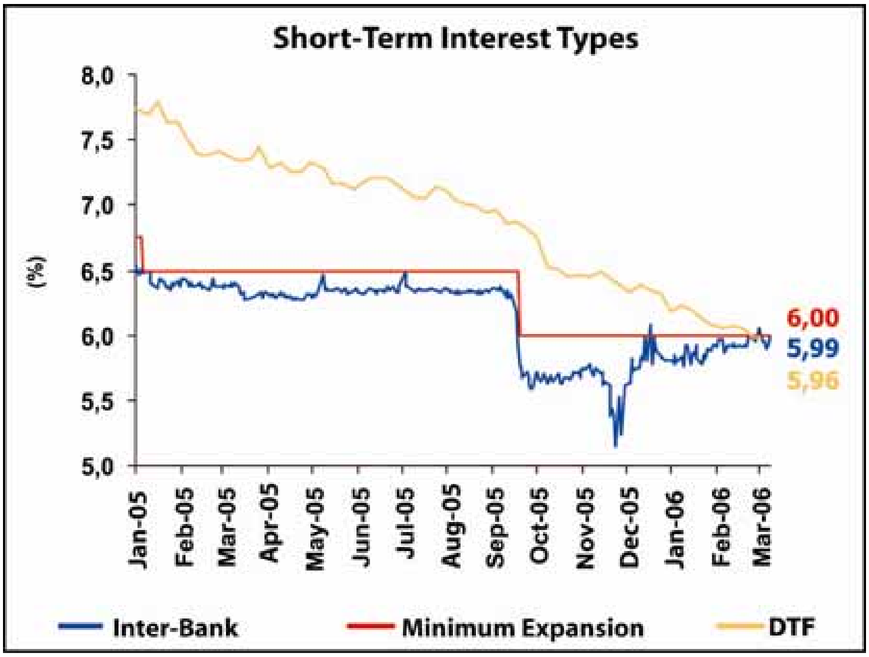
PROJECTIONS FOR 2006

The projections for 2006 are good, although maybe not as good as the results from 2005. This growth should begin to recede a little, at a rate that we are currently estimating in 4.4%, which is still an excellent result. The main reason for this estimate is a more moderate external scenario which should, however, continue throughout the year. The international prices of our basic products will drop a little, but they should continue to be above their historic average. We are counting, additionally, on a stability in terms of international liquidity, even though the cycle of increases in short interest rates in the United States has been almost completed. These increases were carried out in such a way that they were not transferred to the long-term interest rates, so that the yield curve in the United States, at the time this report is being written, is almost flat. Therefore, no increase in profitability in the United States should be expected, to affect the liquidity of emerging countries towards them.

We also expect inflation to drop to 4.5%, which is the goal of the Banco de la República, or even to fall below that. This may seem like a surprise, considering the strong monetary expansion from 2005 and given the fact that we are confident that during 2006, the exchange appreciation process will stop, but we actually expect that the effects of the so-called exchange pass through (the transfer of the exchange rate to the prices) will go on some months. Also, basic inflation and cost pressures measured by the consumer price index, are very much contained.

As to the external sector, we expect the figures from the current operations to go back to a deficit of half a point of the GDP. There are three main reasons for these expectations: the reduction in international prices of the primary goods we export, a more moderate scenario in terms of economic growth by our main commercial partners, and the dynamics in our imports, given the evolution of our exchange rate and the continued nature of our growth. Reserve accumulation should become more moderate during 2006. As a result of this we expect and adjustment in the appreciative exchange trends for 2006, whose volatility will potentially be diminished by interventions from the Banco de la República.

We also expect fiscal changes during 2006. Official projections indicate that the deficit in the Consolidated Public Sector should move from a virtual balance in 2005, to 2% of the GDP in 2006, mainly as a result of a lower surplus in the de-centralized sector.



On the other hand, it is important to note that during the first quarter of 2006, the negotiating team agreed on the text for the Free Trade Agreement (FTA) with the United States, whose approval by both countries' Congress and its review by the Constitutional Court in Colombia will probably require the rest of the year, and will enter into effect in early 2007, which constitutes a challenge and an unprecedented set of opportunities for the Colombian economy.

Last, 2006 is an election year in Colombia. As a result of this, no significant progress is expected in terms of structural reforms requiring Congressional approvals. There will be legislative and presidential elections. For the first time, and on account of the approval of the re-election project, Colombia has the figure of a President-Candidate.

MANAGEMENT REPORT

- THE BANK'S EVOLUTION AND FINANCIAL PERFORMANCE
- BALANCE
- CREDIT PORTFOLIO
- QUALITY OF THE PORTFOLIO
- CLIENT RESOURCES
- ADEQUATE EQUITY AND SOLVENCY RATIO
- PROFITS AND LOSS STATEMENT

The figures are expressed in millions of Colombian Pesos.

MANAGEMENT REPORT

Under the guidelines set forth by the Plan Esmeralda, BBVA Colombia finished the year excelling in activities and results.

The management report submitted for approval by the General Shareholders' Meeting, which was approved by the Board of Directors as per Minute No. 1492 of January 27th, 2006, includes the economic – financial analysis of the general balance sheet and the profits and loss statement for the Banco Bilbao Vizcaya Argentaria Colombia S.A., a banking institution incorporated under public document number 1160 of April 17th, 1956, and with an effective term until December 31st, 2099.

As per the current norms issued by the Colombian Superintendence of Finance (SFC) and the Colombian Code of Commerce, the consolidated and audited financial statements for BBVA Colombia are attached to this document.

As per the considerations set forth in Article 57 of Decree 2649 of 1993, the information and statements included in the financial statements have previously been verified and obtained from the Bank's accounting records, developed in accordance with the generally accepted principles and norms of accounting for Colombia.

The financial statements include descriptive notes regarding the norms and accounting statements required for their development, and specifically in note number 30, they include the balances and transactions with economic linked companies (affiliates, partners and managers) as of December 31st, 2005.

As a complement to this analysis, the annual report includes a description of the economic environment and of the Bank's main areas and businesses, as well as of the most relevant and important activities carried out by the Group during 2005.

The figures are expressed in millions of Colombian Pesos.

THE BANK'S EVOLUTION AND FINANCIAL PERFORMANCE

The significant dynamics observed in the economy during 2005 was reflected in the financial sector, and especially in BBVA. A fully recovered financial system, which shows indicators that are in accordance with the environment: quality of the portfolio, equity strengthening and a sound credit activity.

The financial sector, is also in the process of settling back to stability. In Colombia, the number of financial institutions was cut from 187 in 1997, to 50 in 2005. This trend towards reorganization is worldwide, and it may very well continue during 2006, on account of the opportunities that are becoming ever more evident for national and foreign investors in the country.

Clearly, for the Bank one of the most relevant events of the year was the acquisition of Banco Granahorrar, which was carried out through public auction at the end of October, since it reinforced the BBVA Group's stakes in the local market.

BALANCE

Under the **Plan Esmeralda** (Emerald Plan) strategy – our road map for 2005 and 2006- towards achieving undisputed market leadership, BBVA Colombia finished the year excelling in activities and results.

The acquisition of Granahorrar moves us to the second position in credit investments and, even though the race never stops, we are currently ahead of all movements in the financial environment, which grants us a comparative advantage per se.

As of December 31st, the Bank's total assets totaled 9.4 billion pesos, that is, 25% higher than the previous year, and most noteworthy of all, as can be seen in the table, were the greater growth in terms of permanent investments, on account of the Granahorrar acquisition.

This operation adds 439 billion pesos to the Balance, while crediting goodwill for 546 billion pesos, incorporated into the line item for other active accounts.

The reduction of 8.4% in fixed assets is due in part to the lower number of goods received as payment, which was reduced by a net amount of 26 billion pesos, thanks to a successful performance in the sale of these types of goods and, due in part to the amortization of computer software, after the technological upgraded that begun un 2004.

BALANCE (Specific balance - in million pesos)

	2003	2004	2005	(%)
Cash, Banco de la República and Other Banks	330.029	569.172	578.824	1,7
Financial Brokers	103.039	24.818	17.483	(29,6)
Securities Portfolio	2.331.626	2.285.000	2.339.498	2,4
Net Loan Portfolio	3.109.019	4.004.833	4.844.271	21,0

The figures are expressed in millions of Colombian Pesos.

Fixed Assets	494.794	439.067	402.275	(8,4)
Permanent Investments	111.957	113.309	551.887	387,1
Other Active Accounts(1)	124.031	121.342	695.086	472,8
Total Assets	6.604.495	7.557.541	9.429.326	24,8
Financial Brokers	1.197.101	861.279	1.252.017	45,4
Client Resources	4.444.230	5.644.639	6.665.856	18,1
Equity	534.904	614.680	718.376	16,9
Subscribed Capital	75.631	75.631	75.631	0,0
Reserves	364.133	407.298	508.976	25,0
Surplus	138.875	128.272	128.167	(0,1)
Results from previous periods	(101.797)	(101.797)	(101.797)	0,0
Profits from Period	58.061	105.276	107.399	2,0
Other Liability Accounts(2)	428.261	436.943	793.076	81,5
Total Liabilities and Equity	6.604.495	7.557.541	9.429.326	24,8
According to Log				
Assets in Foreign Currency	309.655	411.032	404.115	(1,7)
Liabilities in Foreign Currency	257.086	432.613	362.504	(16,2)
Total Mean Assets	6.475.937	7.299.071	9.661.249	32,4

(1) Including Goodwill.
(2) Including BBVA capital advance.

Aligned with the market's situation, the Bank solidifies its enhanced liquidity position, with an on-hand balance in the Central Bank's account, totaling 579 billion pesos as of the closing of the year, although without significant changes from the previous year.

With regards to clients' businesses, 2005 reasserts the excellent performance in the year's banking activity, with a growth rate of 21% in the credit portfolio, net of provisions. If, however, resources are growing at a lower rate, 18%, the increase of over a trillion pesos is more than sufficient to cover the needs to grow the active part.

The figures are expressed in millions of Colombian Pesos.

A second significant improvement is added to the expansion in dimension in the business' corporate structure, both from a profitability standpoint, as well as from an efficiency standpoint, while maintaining high levels of liquidity and equity soundness.

LOAN PORTFOLIO

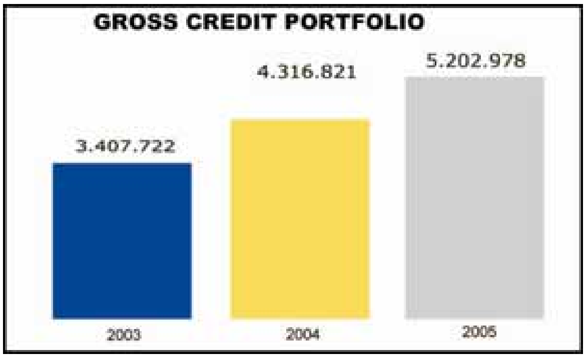
Alter an maintaining an excellent level of performance throughout the year, the gross credit portfolio as of December 31st, exceeds 5.2 billion pesos, thus achieving a yearly growth of 20.5%.

It is worth noting that all areas in the portfolio show increased activity. Both the individuals as well as the corporate sectors boast significant increases which contribute to investment dynamics.

CREDIT PORTFOLIO (Specific balance - in million pesos)

	2003	2004	2005	(%)
Gross Credit Portfolio	3.407.722	4.316.821	5.202.978	20,5
Consumption	543.896	736.888	1.106.013	50,1
Commercial	1.935.704	2.368.718	2.735.610	15,5
Re-Discount	239.192	278.945	265.668	(4,8)
Credit Card	68.640	131.140	201.606	53,7
Mortgage	219.196	324.260	414.648	27,9
Discount and Financial Lease	97	-	2.283	-
Credit Portfolio in Foreign Currency	232.727	322.254	345.316	7,2
Irregular Investments	46.425	45.307	54.618	20,6
Doubtful Assets	121.845	109.307	77.217	(29,4)
Provisions	(298.703)	(311.988)	(358.707)	(15,0)
Net Credit Portfolio	3.109.019	4.004.833	4.844.271	21,0

In the first place, the individuals segment, in the consumption credit mode, increased its participation in the credit portfolio by 369 billion pesos, at an overwhelming yearly growth rate of 50%, as a result of successful commercial campaigns for the "Creditón" product, that holds its position as a market reference.



On its part, an additional product which stands out for its results in this segment was the "Hipotecario Fácil" (Easy Mortgage) credit, accounting for 171 billion pesos which allowed for a 28% yearly growth. Also of note is the

The figures are expressed in millions of Colombian Pesos.

behavior seen in credit cards, with an increase of 70 billion pesos, which represents a 54% increase, and is clearly a consequence of the constant product innovation efforts in credit cards, tailored to each our clients' needs, such as Visión Mundial (World View), Congelada (Frozen) and Financia U. (U. Finance), which add to the positive performance experienced in the different individual investment lines.

In second place, the commercial portfolio once again contributes significantly with its performance, by reporting an increase of 367 billion pesos, or around 16% yearly growth. This significant growth clearly reflects the greater competitive and management capacities of our network in this market segment, and specially of the specialized offices of the Global Wholesale Banking Division. With this, the balance for this line item exceeds now 3 trillion pesos.

In this positive environment the Bank achieves a market share of 8.19%, which is 36 basic points higher than the previous year.

QUALITY OF THE PORTFOLIO

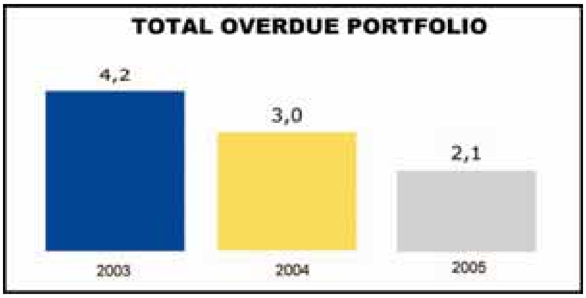
In parallel to the sustained growth experienced in the portfolio, and under the premise that risk is not transactional, its effective control is worth noting, as evidenced by the indicators that have been cut to very competitive levels with international standards. Overdue portfolio shows a reduction of 15% which represents an improvement in the index, by dropping from 3.0% to 2.1% over a twelve month period, and stabilizing below the 2.7% reported by the banking system as of December. This significant reduction has been the result of the combination of important efforts in management by the admission and tracking areas, with key support from the different business areas.

OVERDUE PORTFOLIO AND COVERAGE (Spain Format - in million pesos)

	2003	2004	2005	(%)
Gross Credit Portfolio	3.407.722	4.316.821	5.202.978	20,5
Total Overdue Portfolio	144.123	128.690	109.554	(14,9)
Total Overdue Portfolio (< 3 and 4m)*	31.073	28.988	36.837	27,1
Doubtful Assets from Capital (> 3 and 4 months)*	113.050	99.702	72.717	(27,1)
Overdue Portfolio Indices	%	%	%	%
Total Overdue Portfolio	4,2	3,0	2,1	-88Pb
Total Overdue Portfolio (> 3 and 4m)	3,3	2,3	1,4	-91 Bp
Coverage Level	%	%	%	%
Total Overdue Portfolio	207,3	242,4	327,4	8499Pb
Total Overdue Portfolio (> 3 and 4m)	264,2	312,9	493,3	18037 Bp

* Does not include overdue accounts receivable.

The figures are expressed in millions of Colombian Pesos.



On its part, and taking the new and demanding regulations into consideration, with regards to provisions (External Memo No. 004/05 by the Superintendence of Finance), the Bank chose an orthodox internal policy decision to assume all of the impact from 2005. For this reason, the insolvency fund grows by 47 billion pesos as of December, a 15% growth compared to the previous year, with a years-end balance of 359 billion pesos.

As a result of this, the overdue portfolio is sufficiently supported with a coverage level reaching 327.4% for total overdue portfolio and 493.3% for overdue portfolio at 3 and 4 months, which is significantly higher than the sectors indices, for 166.4% and 231.1%, respectively.

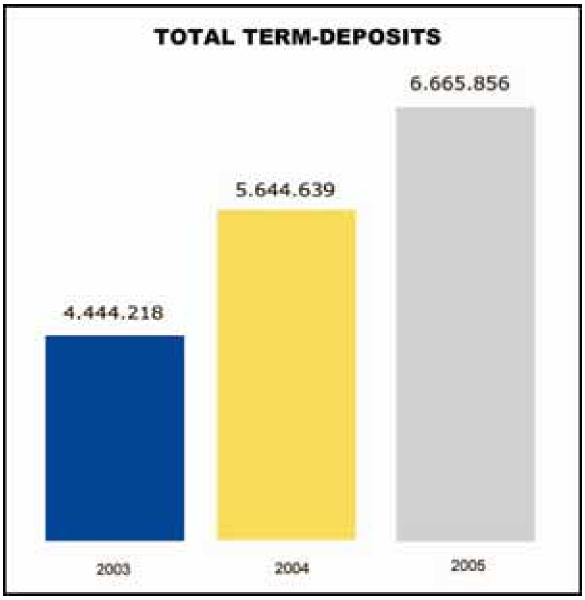
CLIENT RESOURCES

On the liabilities side, resources show a significant dynamics with an 18% growth, which corresponds to 1 trillion pesos, at a similar growth rate as the same term during the previous year, and they level at a years-end total balance of 6.7 trillion pesos, with a share of 8.13%.

CLIENT RESOURCES (in million pesos)

	2003	2004	2005	(%)
On-Sight Deposits	1.301.825	1.551.599	1.710.533	10,2
- Institutional	649.500	807.515	808.884	0,2
- Individual	652.326	744.084	901.649	21,2
Savings Deposits	2.084.081	2.894.189	3.326.844	14,9
Term Deposit Certificates	1.058.311	1.198.850	1.628.478	35,8
Total Deposits	4.444.218	5.644.639	6.665.856	18,1
Bonds	12	0	0	-
Total Resources	4.444.230	5.644.639	6.665.856	18,1
Investment Funds	351.003	359.540	753.702	109,6
Total client resources managed	4.795.233	6.004.179	7.419.558	23,6

The figures are expressed in millions of Colombian Pesos.



There is a joint effort by all items in funding, on-site, savings and term deposits. In absolute terms, the gain in balance is greater in savings with 433 billion pesos, 15%; but in relative terms, the contribution from Term Deposit Certificates (TDCs) is very significant, by showing an increase of 35,8%, which represents 430 billion pesos, coming from both the public as well as from the private sector.

Also noteworthy is the contribution from on-sight deposits, with a 10% growth, at 159 billion pesos, to reach a total 1.7 billion.

When adding investment funds and the products manager by the commercial network, total resources is 7.4 billion pesos, with a significant increase of 24% yearly.

ADEQUATE EQUITY AND SOLVENCY RATIO

Thanks to the significant contribution from the year's profits and to the capital advance of 300 billion pesos at the end of the year, the growth capacity for the Bank's assets weighed by their risk level exceeds three trillion pesos.

ADEQUATE EQUITY AND SOLVENCY RATIO (in million pesos)

	2003	2004	2005	%
Accounting Equity	534.903	614.680	718.376	16,9
Adequate Computable Equity	444.375	544.584	954.795	75,3
Basic Equity	298.672	404.663	814.908	101,4
Additional Equity	145.703	139.921	139.888	-0,0
Adequate Required Equity	360.196	441.326	678.505	53,7
Equity Surplus	84.180	103.258	276.290	167,6
Assets and contingency weighed by risk level	4.002.174	4.903.627	7.538.949	53,7
Value at Risk (VaR)[1]	28.495	30.463	85.470	180,6

The figures are expressed in millions of Colombian Pesos.

Solvency Ratio w/o VaR (9% minimum)[2]	11,9	11,9	14,5	256 Bp
Solvency Ratio with VaR (9% minimum)	11,1	11,1	12,7	155 Bp
Tier 1 (%)[3]	7,5	8,3	10,8	256 Bp

1 VaR 2003 weighs at 80% of its value, and 2004 and on 100%.
2 In international terms, the BIS Ratio.
3 Basic equity compared to other assets weighed by risk level.

The net accounting equity totals 718 billion pesos and own computable resources or adequate equity are 955 billion pesos, which means they exceed by 50% the required equity of 637 billion pesos.

Assets and contingencies, weighed by risk level, reach equal 7.539 billion pesos, that is, 54% higher than the previous year, and they include both the intensive commercial activity as well as the incorporation of Granahorrar to the balance statements.

An important equity surplus and the high quality of own resources, are the distinguishing factor in the Bank's financial structure. With a soundness indicator at 12.7%, which exceeds the minimum required by legal regulations at 9%, and that will allow us to assume the merger with Granahorrar in a fully strengthened position.

PROFITS AND LOSS STATEMENT

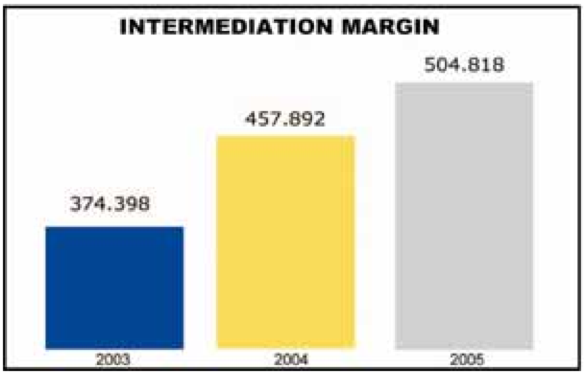
2005 is the execution of a plan that faces the challenge of multiplying the business' profits and that does so by obtaining clearly growing margins.

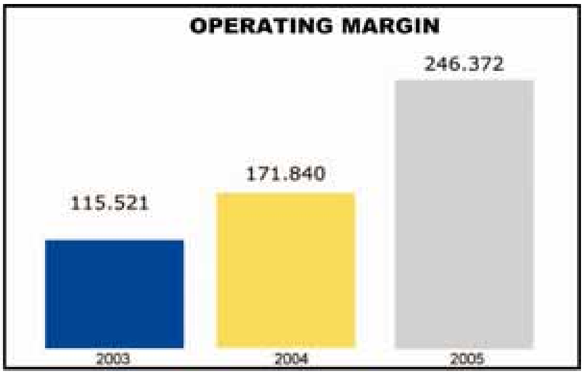
CUMULATIVE PROFITS AND LOSS STATEMENT (millions of pesos)

	2003	2004	2005	(%)
Financial Revenues (w/o dividends)	569.459	715.641	809.741	13,1
Financial Costs	199.786	266.729	310.427	16,4
INTERMEDIATION MARGINS (W/O DIVIDENDS)	369.673	448.912	499.314	11,2
Dividends	4.725	8.980	5.504	(38,7)
INTERMEDIATION MARGIN	374.398	457.892	504.818	10,2
Net Commissions	133.679	150.995	172.920	14,5
Basic Margin	508.077	608.887	677.738	11,3
Financial Operations	9.268	(5.374)	15.157	382,1
ORDINARY MARGIN	517.344	603.513	692.895	14,8
General Management Expenses	310.649	348.163	360.787	3,6

The figures are expressed in millions of Colombian Pesos.

- Personnel Expenses	167.793	183.944	189.452	3,0
- General Expenses	122.550	144.433	151.412	4,8
- Contributions and Taxes	20.306	19.786	19.922	0,7
Amortizations	65.968	54.939	51.859	(5,6)
Other Revenues / Operating Charges	(25.207)	(28.571)	(33.877)	(18,6)
OPERATING MARGIN	115.521	171.840	246.372	43,4
Provision for Insolvencies	7.889	42.407	97.498	129,9
Cleansing of Financial Inmob.	1.591	1.824	(21)	(101,1)
Extraordinary Results	(35.039)	(7.995)	(24.622)	(208,0)
- Appropriations	6.814	7.634	7.482	(2,0)
- Other Results	(34.042)	2.926	(12.657)	(532,6)
- Other Provisions	(7.811)	(18.555)	(19.448)	(4,8)
ATTRIBUTED PROFIT BEFORE TAXES	71.002	119.614	124.273	3,9
Company Taxes	12.941	14.338	16.874	17,7
NET PROFITS	58.061	105.276	107.399	2,0





This year’s boom is the result of the performance by all lines in this line item: the significant increase in commercial activity, which is the basis for the business’ profits; an efficient scheme for price and revenue management (facing an environment with falling rates), which calls for revenues other than interests, such as commissions and financial operations; the control of expenses whose growth was minimal, while satisfying the business’ needs; a lower number of recurrent expenses, as a result of higher quality assets and a constant management of recoveries and collections.

The figures are expressed in millions of Colombian Pesos.

By the end of December, 2005, net profits are 107 billion pesos, 2% of the previous year's closing. However, discounting the effects of the special provisions, for 45 billion pesos (External Memo No. 004/05 by the Colombian Superintendence of Finance), the increase in profits is equivalent to 45% with record amounts of 153 billion pesos, thus exceeding all goals.

Based on this evolution, the profits and loss statement is indicative of an outstanding execution, as follows:

The financial margin is a driver of growth, aligned with the excellent execution by the commercial activity mentioned above; the margin is close to 500 billion pesos, with an average cumulative mean of 42 billion pesos, that is, 10% yearly.

Faced with a market reference, the DTF, that is clearly showing a downwards trend, the Bank has managed to moderate the effect on the margins, through an overwhelming combination of volume and price.

In this sense, the commendable effort in the interest margin, that grows by 114 billion pesos over a 12 month period is due, in part, to the boom in individual credits, the most profitable segment in the balance, which grows by 84 billion pesos, and also to the revenues originated from the commercial portfolio, on account of the achievements in this area with 238 billion pesos in total, a growth of 27 billion pesos compared to December, 2004.

On its part, the adjustment of liability prices was well managed, since, even with a significant increase in balances, the increase in costs is lower, as a result of the management of savings and Term Certificates.

Favored by the results from the business, revenues other than interests, such as commissions, participate have a 25% participation in the Bank's ordinary margin, accumulating 173 billion pesos over the past twelve months, close to 15% higher than the results from the same period the previous year. In that part, 112 billion pesos originate from revenues generated in operations with means of payment (debit and credit cards), where the management of acquisitions and the movement of ATMs is noteworthy, both very much tied to the dynamics inherent to the banking activity.

Financial operations contribute 15 billion pesos to the profits and loss statement, which is commendable if we take into account that the environment was quite unpredictable in this area during the year, as a result of the abundant levels of liquidity. The most recent appreciation of the peso Vs. the US Dollar was better managed, and as a result of it there was a positive variation in the difference in exchange, even though it still shows a negative balance of 1.300 million pesos.

During 2005, 49% of the Treasury's global results came as a result of the successful client management strategy, by which the company is less dependent from the volatility from the trading in the markets, and a recurrent result is achieved through a differential in clients.

Expense management is another of the year's success. As a result of the Austerity Plan, and following a philosophy to make this activity one of the Bank's inherent values, an increase of just 3.6% is achieved, one that is significantly lower to the inflation rate.

First and foremost, overall expenses maintained a relatively stable trend, growing by 7 billion pesos, which represents a 5% yearly growth. With this, it was possible to cover both the expenses inherent to the growth in commercial activity such as advertising in the well managed "adelante" institutional campaign, and in the set of campaigns to position products, as well as the expenses in information technology, especially focused on the exploitation of electronic equipment.

In second place, personnel expenses reach 189 billion pesos, growing at 3%, at a lower pace than the previous year. This evolution focuses on the increase in fixed perceptions, as an acknowledgment to the task carried out over the past few years, with regards to variable salaries, based on commercial and extraordinary incentives.

With regards to amortizations, the cumulative figure levels at 52 billion pesos, 3 billion pesos below the figures from 2004, which represents -5.6%, derived from the significant amortization of computer software.

The operations margin exceeds the statistics, and sets the Bank's positive performance during 2005. At 74 billion pesos higher than 2004, it reaches 246 billion pesos, which represents a yearly increase of 43%.

Considering the growth in the gross credit portfolio, and adhering to the new regulatory requirements, portfolio provisions for close to 154 billion pesos, that is, 35 billion higher than the previous year, between current endowments and special and generic provisions. If analyzed individually, it is clear that the latter are cut by 3.398 billion pesos, while special provisions include 45 billion pesos on account of External Memo No. 004, from 2005. However, as a result from the commendable performance in the recovery of the portfolio that is overdue and in arrears, reaching 56 billion pesos, it was compensated to leave a net provision for insolvencies at 97.498 million pesos, which corresponds to 130% more than 2004.

The extraordinary results accumulate negative balance of 25 billion pesos, absorbing the required provisions for Real Estate Goods Given as Payment, along with other expenses from accidents, fines and penalties.

In the end, the net profit achieved reflects a satisfactory level, and puts us in a position that allows us to continue growing profitably, thus achieving benefits for our shareholders, clients, employees and to the Colombian society in itself.

BBVA BUSINESSES AND ACTIVITIES DURING 2005

- BANKING BUSINESS
- GLOBAL WHOLESALE BANKING
- TREASURY
- RISK AREA
- RESOURCES AND SERVICES
- INTERNAL AUDIT
- REGULATORY COMPLIANCE
- SOCIAL RESPONSIBILITY

BANKING BUSINESS

As of years-end 2005, 1,5 years after completing the change to the BBVA brand, there is an increase of 163% in top of mind; the “adelante” slogan is identified by 60% of people and its association with BBVA grows by 45%, reaching 61% in November, according to the results from the Brand Tracking by Media Planning Group, and the ATP by Millward Brown.

This positive performance has positioned the BBVA brand in a field of innovation, through the recognition gained from the use of technological advances and the strengthening of attributes such as the concern that the Institution has for the Society it lives in, its advise capabilities, and the modern nature of its branch offices, aside from being increasingly perceived as a Bank that is suitable for all kinds of people.

Along with the scheme for personalized management implemented during 2004, 2005 represented a relevant jump forward in the application of the Management and Direction Model that was reflected in the task by the office manager as a personal business agent, in the characterization of the clients managed, and in the deepening of the levels of personalized products, in the three networks: Commercial, Enterprise and Institutional.

As part of the process leading to the fulfillment of the progress achieved in the Direction and Management Model, the New Incentive System EDU-EDI became one of the cornerstones for this.

This new system allowed us to move forward in the establishment of individual incentives through the measurement of indicators associated directly to individual and collective responsibilities in commercial and operational aspects for each of the positions in the network, both on a commercial as well as in an enterprise level.

On the other hand, and aligned with the management model, the coverage of the preferred cashier coverage was extended from 57 to 87 branch offices nationwide, and 11 new positions in specialized sales force were created over the course of 2005.

During 2005, actions directed towards expanding network coverage focused on two goals: the opening of new service points and the implementation of extra hours in customer service.

In the Commercial Network, two new points were opened in strategic places in Bogotá, the North Point Agency and the Sucursal Plaza 67, the latter becoming the model for the ideal office, since, from its inception, a multi-disciplinary team comprised by Commercial Development, DAR, Territorial Management Office, Human Resources and Advertising, paid special attention to all the details regarding its launch and operation.

Also, extended business hours for customer service were implemented in 23 branch offices in the country, both on working days as well as on Saturdays, during which operational management services are also provided, aside from the cashiers' services. These new working times have allowed us to improve our sector score by 14.3 basic points in terms of extended service hours.

Also, the improvements in productivity, combined with the adequate application of the price policies established, have favored the operating margin index for ATMs in all branch office categories and 166 basic points were improved for the Commercial Network, by going from 4,61% in December, 2004 to 6,27% in December, 2005.

As a way to support the commercial strategies defined by the Marketing Area, and the execution and tracking by the branch offices, significant progress has been made in the use of the modules for the Tecom corporate tool, highlighting the leveraging on new options such as the selection and campaign module for the definition of management collective figures, depending on client profile and the use of the agenda for their delivery to the offices.

We also continue improving on productivity indicators (products sold by the sales force every month), with the application of our model, by moving from 58 to 63 products.

During 2005, BBVA Colombia received an award from Global Finance magazine as the Best Internet Bank in Colombia.

This is an acknowledgement to our Web site www.bbva.com.co and to the portals: BBVA net, VIP BBVA and BBVA net empresas, being classified as Best Internet Bank for Individual Clients and Best Internet Bank for Corporate and Institutional Clients, this strengthens our commitment to continue working with the high quality in standards that we have set for ourselves.

As part of our technological development programs, we have begun the installation of self-service terminals in the branch offices, so that clients can carry out the following operations through the BBVA net and BBVA line: check balances, fund transfers, payment of credit cards, credits and loans, public utilities and mobile telephone services. Aside from improving customer service, this strategy also contributes to an raise the culture for the use of alternate channels among our clients, and therefore, it contributes to make branch offices more efficient.

Proceeding with the Bank's technical upgrade, in May we launched the VIP BBVA Portal, a new transaction Web site that is exclusive for VIP Clients, through which we complement the traditional services already provided by BBVA net, thus providing these clients with a portfolio of preferred services.

We have also included new queries and transactions in the Internet portals, which expand the product and service offerings for clients through this channel, allowing the checking of foreign trade operations, change of card PINs, new investment funds, mailbox for proactive messages to remind the client of events that may interest him, check voluntary pensions and enabling of the PSE collection system as a means of payment in commercial establishments through the Internet.

We innovated in Mobile Banking, with clients receiving information through Short Messages (SMS), such as notifications of transfers to accounts from other banks that were carried out through the Internet, confirmation of transfers to third parties who are BBVA clients, and that are done through the Internet, and reminders of due dates for credit card payments; these services generate a sense of greater security and tranquility in our clients, while being functional and timely.

As a closing point, we moved forward with the technological upgrade for ATMs, with the installation of 150 ATM's, thus completing a 52% upgrade of the total base of the B24 ATM network.

INDIVIDUALS SEGMENT

BBVA Consumption Credit

The Consumption Credit Campaign implemented in March and April, 2005, reported extraordinary results, as a result of the significant efforts made by a great human team, reaching a figure close to 250 billion pesos, allowing us to reaffirm both the quality of our product, as well as the effectiveness in the performance by the Commercial Network. Also during the September – October campaign, the results were outstanding with over 204 billion pesos in billing, which placed us at the third place in the bank ranking. In recognition of this excellent performance, Sodexho Pass certificates were given out for a total 58.5 million pesos, prices for 7.5 million pesos, and travels to beaches in Panama for 90 of the network's employees, between office managers, advisors, territorial managers, and to Aruba and Buenos Aires for the best two territorial managers.

As of December, consumption credit figures reached invoicing figures in excess of 835 billion pesos in close to 71.000 credits placed, with a reported growth of 48% compared to the figures from 2004, thus achieving a market share of 8.04%, which is higher by 79 basic points to that recorded as of December, of the previous year.

Strengthening BBVA's image as an innovative Bank, during this year we released two new products for home financing, they were the Hipotecario Fácil Cuota Regalo (Easy Mortgage Gift Installment) and Hipotecario Fácil (Easy Mortgage) in pesos, at 15 year terms, which complement our real-estate offering which currently has 16 financing alternatives, both in Pesos as well as UVRs. As evidence of the boom experienced in this segment, our Hipotecario Fácil product had a satisfactory closing with record levels of invoicing for over 171 billion pesos, and a growth in market share of 116 basic points.

With regards to Investment Funds, in March BBVA Fiduciaria released the new Fondo Común Especial Fonplazo, that has 1.400 clients and which currently is valued at 65 billion pesos. Also, in July, the BBVA dollar fund became Global Divisas, to give clients the opportunity to cover the expectations on the devaluation of the Colombian peso against other currencies. The Funds manager by BBVA Fiduciaria and BBVA Valores, and traded through the Bank's network, reported a growth of 110%, reaching a total value of 754 billion pesos, with a market share of 6,6%, that is, gaining 141 basic points.

With regards to collections, BBVA delivered 6.500 gifts as part of the CDT Regalo (Gift Term Certificate) campaign, to clients who deposited between 5 and 19.9 million pesos. This new product served to collect over 60 billion pesos. Additionally, 2.500 Samsung video cameras were given out, and 2.000 Sony Home-Theaters, in the CDT Regalo Plus campaigns, which resulted in the collection of 92 billion pesos, commercial actions that contributed to the growth of term resources.

On the other hand, as part the two campaigns for El Libretón Regalo Seguro (Big Check Book Certain Gift), clients received over 120.000 attractive presents between towels and comforters, and the result was an increase in balances close to 120 billion pesos, monthly average during the campaigns. Also, during 2005, El Libretón BBVA (BBVA Big Checkbook), through its regional ballots gave out 621 Suzuki Best 125 motorcycles, and 30 Mazda Allegro cars.

With regards to Credit Cards, as of January, the Programa Cliente Fiel BBVA (BBVA Loyal Client Program) was launched for credit card holders, which allows to add-up points and to exchange them in the AviancaPlus miles program or for BBVA Gift cards. As of December, we reported over 13.000 registered card-holders.

As a result of a 227% execution in the Retos VISA (VISA Challenges) campaign, for the placement of credit and debit cards (close to 50.000), between April and September, 2005, 4 of BBVA's employees traveled to Buenos Aires to the Visa convention, as an incentive. At the end of this campaign, the market share had gone up 8.38% in active cards, with 133.000 cards.

For the third consecutive year, the best cardholders were given the Christmas Credit Card, with the activation of 22.000 cards and invoicing figures for 10 billion pesos.

As part of the development and implementation of its Corporate Social Responsibility policy, BBVA released a co-branded credit card jointly with Visión Mundial, a Non-Government Organization, whose purpose is to promote a monthly contribution by holders of this card, as a monthly installment in the adoption of a child. These resources will go towards the child's education, and also, BBVA Colombia will donate five percent of the financing interests of the purchases made with this card.

The Bank also released the Congelada and Financia U. Cards, each with a specific purpose; the former was designed for clients who choose to pay the same fixed amount each month. When applying for the card, the user chooses the monthly installment he can afford, adjusting the payments based on his cash flow. The Financia U. Card, directed exclusively to the financing of college and university studies, allows the client to have a permanent credit at competitive financial conditions. With this card, the user avoids having to apply for a new credit for each semester that he has to pay in college or the university.

As a complement to the comprehensive portfolio to payroll clients, we released the Essential Card, directed towards clients who require this product, with basic insurance and low management charges.

Continuing with the strategy to penetrate the co-branded credit card markets, April saw the signature of an agreement with Lineas Aéreas Costarricenses to promote the new BBVA Distancia Taca card, among this airline's existing and potential clients, which will have its own loyalty program that allows for the redemption of points into Taca miles, and offers special discounts in the purchase of tickets.

Jointly, BBVA Colombia showed excellent results in yearly growth in terms of credit cards, moving from 132.000 to 163.000 new clients, with a TAM of 24% and total invoicing figures for 572 billion pesos, that is, 45% higher than that from 2004.

As part of the strengthening of Foreign Trade products, an important step has been given towards growing Comex operations, with an increase of 45% in terms of total business volumes compared to the previous year, going from 3.300 to 4.800 million dollars. Also, revenues from commissions derived from these operations had a 12% participation over the Bank's total operations, thus representing a growth of 19%, going from 15.500 million pesos to 18.000 million.

GirosExpress reported positive results through the year, achieving cumulative invoicing figures of 21 million dollars, with close to 41.000 wire transfers paid, a product which reported commissions for 202 million pesos.

The Comex Virtual Bulletin, and the query of currency trading over the Internet were the differential factors in the value proposal that BBVA offers its clients.

BUSINESS SEGMENTS

Adelante with Pymes:

In December, 2005, the Fondo de Garantías de Antioquia (FGA) held the first Annual Banker's Award, where BBVA Colombia received three awards on account of the active participation and support in the different enterprise events and activities carried out throughout the year, and on account of the level of commitment and management of the new site released by the FGA, People Point, an important connection tool between enterprises and banks.

At the Premios Fondo Nacional de Garantías 2005 (FNG) awards, that were handed out at the Banking Convention, BBVA Colombia was dubbed the fastest growing financial institution in terms of usage of FNG guarantees during 2004, which basically means that it was commended on the work done by the Bank in supporting Small and Mid-Sized Companies small startups in Colombia. Also, the leadership held by the Business Card, a pioneer product in its category, is endorsed by the FNG in the deposits for the revolving credit it represents.

Also, and as a result of the special attention given to Small and Mid-Sized Companies, BBVA Colombia received Bancoldex's award to best performance in financial support to small companies.

In the trade and commercial segments, we recorded important changes in legal matters; as of April 1st, 2005, the financial sector implemented the "Model for Interbank Exchange Rate", according to which the tasks for the affiliation and negotiation of prices is moved from the commercial establishments to the acquiring banks, which meant that BBVA had to make the necessary technical adjustments and develop the commercialization strategies for a product that required very quick adjustments to adhere to the new market conditions.

The acquisitions Topic is relevant, since as of December, 2005 it showed excellent invoicing levels with accumulated figures in excess of 535 billion pesos, which allowed it to grow 804 basic points in market share and take the third position in the VISA System.

As to the agricultural sector, during 2005 BBVA Colombia disbursed 2.400 agro-industrial credits for a total 166 billion pesos, which consolidates it as the second privately-owned Bank in invoicing levels in these types of operations.

It also reaffirmed the Bank's commitment towards modernizing the segment, by consolidating itself as the first invoicing institution FINAGRO mechanization credits in all of the Banking industry, both private and public, in the same period of time.

The portfolio of agricultural products is comprised by Agrocrédito, Agrocuenta, Tarjeta Agroinsumos (Agricultural Supplies Card), Tarjeta Fedegan de BBVA (BBVA Fedegan Card), FINAGRO, Credito de Mecanización (Mechanization Credit), Crédito de Palma Africana (Africanized Palm Credit) and the Crédito Ecológico (Ecological Credit), which makes it the most comprehensive package of products directed towards the agricultural sector.

AS to the number of active companies on the Internet, the channel shows a yearly increase of 32%. Also, the cumulative number of operations grew by 36% during the year, where the main growth capital comes from monetary transactions, at 69%, and also queries grew by 35%.

According to the variables in the market, in the month of May we re-designed the offerings in terms of payroll, establishing differences according to client profiles: Nomina Plus (Payroll Plus) for high-end segments, Nómina Clásica (Classic Payroll) and Usuarios Efipago (Cash-Payment Users). This new offering helped us achieve positive results, by drawing 219 new companies, which contributed close to 27.000 individual clients, which served to generate an increase of 69% compared to the end of 2004.

New Products

During 2005 value creation for clients in the corporate segment was present with the release in June of Crédito Líquido (Liquid Credit), a differentiated product that allows clients to have a revolving credit for working capital through BBVA net empresas. In the mere 7 months that this product has been in the market, over 400 credits were opened with a total value close to 110 billion pesos.

Innovating in the market, June saw the release of the Tarjeta Débito Visa Empresarial (Corporate Visa Debit Card), to continue emphasizing on the interest that BBVA Colombia has on Small and Mid-Sized Companies, supporting them with electronic means of payment that facilitate the course of their operations.

In compliance with the regulations set forth by the National Government, the Bank implemented the Electronic Collection for Social Security and Labor Contributions; a new system for contributors to make their integrated payments to all social security management companies, through electronic transfers.

In August the Bank released Multipagos – PSE (Electronic Service Provider), a novel system offered by BBVA Colombia, which the companies can use to give their clients the possibility to make their payments over the Internet, charging these resources to savings or checking accounts in other financial institutions, and depositing them in the collecting company's account at BBVA.

NETWORK OF COMPANIES

The Network of Companies had a significant evolution in the larger business lines during 2005. With regards to client resources, it accrued a closing figure totaling 442 billion pesos, which represents an execution of 124.4% and an excellent inter-yearly growth of 41%.

In terms of profitable investments, it achieved a closing figure for a total 793 billion pesos, which represented an execution of 101.4%, and an inter-yearly variation of 8.9%. The compounded business volume was in excess of 1.5 billion pesos, a record figure since its creation five years ago, which represents an increase of 29.5% during the year.

Specially noteworthy is the fact that of all the portfolio invested in clients, only 0,39% is overdue portfolio; an indicator that is at the levels set by the best banks in the world in terms of credit management.

During 2005 the Network of Companies actively participated in the financing of several projects with significant importance for the country's infrastructure, among which are some parts of the Avenida Suba and NQS (two main traffic corridors) for the mass transit system of the Capital District, Transmilenio, with credit investments by BBVA for 15 million dollars. Also, important regional roads were financed, such as the Autopista del Café (Coffee Highway), the Road Grid for the Cauca Valley and the La Linea Tunnel in the western part of the country with participation from BBVA Colombia for a total 12 million US Dollars.

Also, commercial relationships were consolidated with important economic conglomerates, among them the Sanford Group, which generates 6.5% of the country's GDP, in which BBVA Colombia invested close to 25 million US Dollars. Also, credits with companies in the residential gas business were managed, such as the one for Grupo Promigas, in the Atlantic Coast, with investments for 20 million US Dollars.

INSTITUTIONAL NETWORK

The business volume for the Institutional Network continues to make significant contributions to the Bank's overall figures, closing 2005 at 2.0 trillion pesos, with an inter-yearly growth of 71 billion pesos. Client resources reach 1.6 trillion pesos, growing by 120 billion pesos, 8% higher than in December, 2004.

On the other hand, BBVA continues to be the main bank for many clients in the government and official sector, among which we highlight the Department of Cundinamarca, with business volumes in excess of 130 billion pesos and the Ministry of Mines and Energy, with over 300 billion pesos. Also, BBVA Colombia was the leading bank in the development of different projects such as the implementation of the Silog project, through which the Ministry of Defense is unifying the treasury of its four main forces, Army, Navy, Air Force and Police.

The quality of credit investments continues to have a superb behavior, with a 0% index at the end of 2005.

GLOBAL WHOLESALE BANKING

With a specialized group of account executives who service clients offering personalized services, this banking area managed to increase free-investment resources by 115%.

2005 was a year that brought significant achievements for the Global Wholesale Banking, both in Corporate Banking (large clients sector, which includes multinationals and local companies with sales in excess of 50 million dollars), as well as for the Investment Banking area, jointly with BBVA Valores.

The specialization of services rendered very good results. The financing of international trade with a growth rate of 17% in operations invoiced compared to 2004, cash management and corporate finances, as well as the intensive commercial management and performance that is constantly interacting with BBVA's commercial banking area worldwide.

With a specialized group of account executives who service clients offering personalized services, this banking area managed to increase free-investment resources by 115%, and fund management by 167% during 2005. With regards to credit investment, it is worth noting that there was a 32% growth in balances, while a timely risk management managed to generate a reduction in the arrears index from 2.7% down to 0.37%.

Aligned with this commercial activity, it is quite evident that the Wholesale Banking area has participated in the country's major corporate movements, through different products and services in the portfolio. For example, the financing of takeover bids – Sab Miller-, the assistance provided in the sale of companies in the public and private industry – Quimpac- Prodesal, 5 Electric generation companies-, the accompaniment in regional expansion processes – ISA in Brazil, the establishment of securities for infrastructure projects –Transmilenio NQS Sur, securities established for future resources for 188 billion pesos, among others.

On the other hand, in transactional aspects, it is worth noting that there was an increase in participation in the management of resources from our own clients, which has supported not only the aforementioned growth in client RLIs and funds, but also the number of electronic transactions processed with the whole group.

On its part, the management of potential clients showed good results by managing to include 19 new companies that previously had no relationships to BBVA, such as Bayer, Empresa de Energía de Bogotá, EPM Bogotá, Syngenta, and Luminex, to list a few.

With regards to new products, some specific products for this segment are: BBVA Cash -electronic banking for large clients through the Internet-, Visa Corporate Credit Card and Liquid Credit.

TREASURY AREA

In Colombia we see an exceptional behavior in the Stock Exchange, very closely linked to the appeal created by lower interest rates.

2005 was the scenario for an extraordinary situation in terms of market liquidity, which forced a strong reduction in interest rates that was close to 350 basic points in all the parts of the curve. Also, the weight experienced was very clearly felt even with the systematic intervention from the Banco de la República (First National Bank), which produced a significant accumulation of reserves by this institution, which reached 14.957 million US Dollars as of December, also with a significant substitution in the debt in foreign currency, by the National Treasury.

In the international arena, the United States' monetary policy continues in a phase for moderate increments of 25 basic points in each meeting of the FED, closing the year at 4.25%. In any case, long-term interest types have not completed their recovery because, even though there have been increases in the prices for raw materials, the subjacent inflation continues to be under control, and therefore the differential in types remain very flat. Also, the liquidity situation in the international arena produced a strong reduction in the debt differentials between the different countries in Latin America, to the lowest levels in the past few years, and with a certain boom in public finances all over the region.

Also, Colombia saw an exceptional behavior by the Stock Exchange, which was very closely bound to the appeal from lower interest rates and, on the other hand, the strong influx of foreign capital into large Colombian companies during 2005.

In this scenario, the actions of the Treasury division were directed towards the consolidation of its client portfolio, while maintaining its participation in the market-creating schemes and in the currency market. During 2005 there were significant increase in client operations, which were close to 30%. In the revenues scheme, this activity shows a very important increase in its participation in the total figures for the Treasury area.

Also, from the own-position standpoint, during 2005 there was an important rotation in positions, leveraging on the reductions in interest types, although the important situation regarding liquidity with the closing of the contraction window by the Banco de la República implied an additional challenge when attempting to maintain revenue levels.

It was also decided that the Treasury area should be optimized by creating a structure in which, on the one side is the Product and Risk Management area, which centralizes all activities involving trading, market creation and liquidity management, and on the other side, the Distribution Desk, which is responsible for sales to BBVA specialized clients. Also, there is the creation of the IFI and New Product Methodologies Department, for the development of products that represent high added values for clients.

As to the profits and loss statement, revenues were up, especially on the results from financial operations and clients. Also, there was a significant restraint in the unit's expenses which represented a higher profitability, with a very tight policy regarding risk consumption.

RISK AREA

Global Risk Management

Credit Risk

Operational Risk Management

Market Risks and Middle Office

Within the objectives of Plan Esmeralda, and aligned with the Group's Corporate principles, the Risk Area contributed not only to maintaining the growth in credit activities achieved during 2005, but also to experience an improvement on the quality indicators for the credit portfolio, also emphasizing on the tasks directed towards maintaining a technical and modern risk management activity.

The main activities carried out by each of the areas, are as follows:

GLOBAL RISK MANAGEMENT

Continuing with the plan to provide technical and harmonized tools to the whole network, during 2005 we implemented the Rating of Companies. With this, each client's historical financial information is stored in the Bank's central computer, and is available at all times for all the participants in the risk chain, thus facilitating the decision-making process, and the compliance with the information requirements necessary in the path that will allow the Bank and the Group to adhere to the recommendations of the Basilea II Capital Agreement.

In the same context, all necessary tasks were conducted for the implementation of the RAR Project, in its second stage, starting from the daily migration of the data from each and every one of the credit operations, as well as its characteristics, with which, as of 2006, it will be possible to conduct the first aggregated risk map studies at the different levels, Bank, business areas, branch offices, product families and, in general, responding to any criterion that is required. This seeks to aid in the establishing strategies that promote the dynamics inherent to credit investment.

On the other hand, the first stage of the implementation of the Hermes project was moved forward, which will allow, as of the second quarter of 2006, to provide better customer services to individual clients (consumption and real estate).

We continued with the on-going task to increase the efficiency of the processes that integrate the SARC, with the strengthening of the internal models for the measurement of expected losses in all segments, especially in the commercial portfolio. All this seeking to obtain the corresponding authorization from the Superintendence of Finance to be able to apply it and to use them in the calculation of regulatory provisions.

CREDIT RISK

A. Risk Admission

2005 was a year during which the trend for the Bank's main assets were defined by a profitable growth. The drive in the economy was reflected in a significant increase in credit demands. During this period, the Risk Admission division evaluated over 138.000 credit requests, for revenues close to $15 trillion pesos.

This represented an increase of 25% in the volume of operations evaluated, and of 30 % in revenues. Consumption credits were the kinas of credit that contributed the most to this drive in growth, which was consequent with the boom achieved after the year's commercial campaigns. A key element in achieving this success is the increase in authority for the Commercial Banking network of branch offices. This process was carried out base don the credit analysis tool for individuals (Scoring), and taking into account the positive experiences see in portfolio quality indices, and the maturity achieved by the network of branch offices.

In order to make it possible for the external and internal clients to check on the status of proposals, thus helping to improve the service provided and contributing to a profitable growth in the business, in December we began using a new tool dubbed "Work Flow", which is used to manage credit proposals raised b the whole Network of BBVA Colombia Branch offices. This way, the risk chain is made more efficient and transparent, providing public information regarding the status, time for resolution and decisions of all credit requests presented to Risk Admission.

B. Risk Tracking

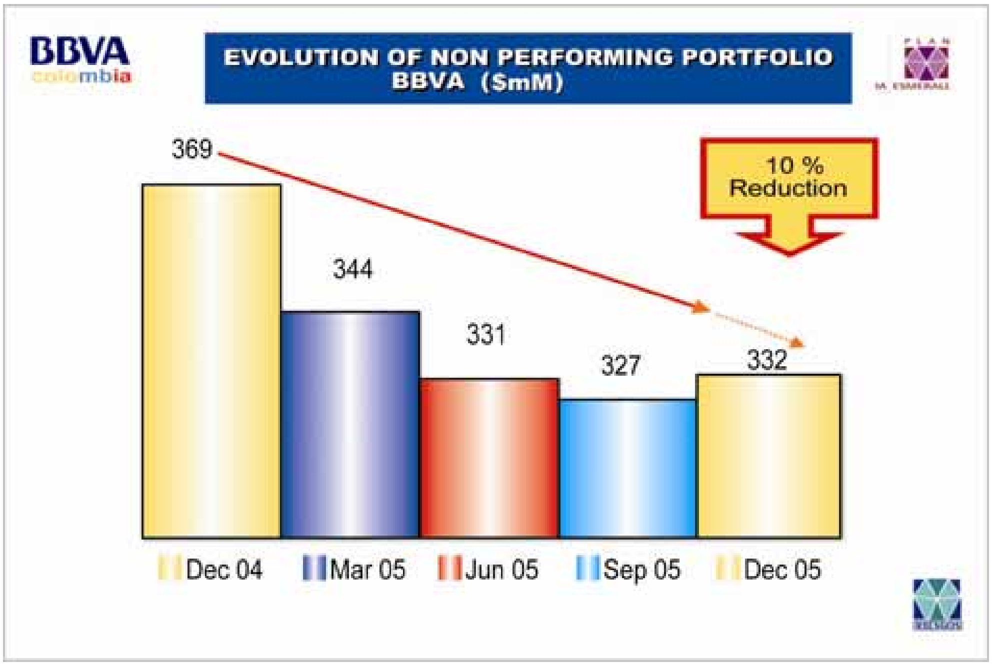
The strong drive that the bank has achieved in placements over the past three years, especially in the Commercial Banking sector, has made it necessary to use an increasingly larger number of computer tools that has allowed to maintain a detailed risk tracking in an efficient manner, leaving behind the manual and obsolete processes that were caused by the high volumes in business operations.

The result of this effort is reflected in the drop seen in the overdue portfolio index at over 90 days, which closed 2005 at 1.4%, thus showing a reduction of 33% compared to the previous year. This result is positive, compared with the evolution seen in the industry.

The drop in balances in arrears at over 90 days, and the conservative management of provisions, result in one of the largest coverage rates in the financial system.

On a credit line level, overdue and arrears portfolio indices have also shown a positive evolution, with a noteworthy reduction in the arrears index for the mortgage portfolio, that is at close o 50%.

On the other hand, on account of the timely management of non-performing portfolio, a reduction of 37 billion was achieved, thus placing this index at 6.2%.



C. Recoveries

As a result of the improvement of the country's economic situation, the collection of overdue payments has been experiencing a deep transformation that has forced the implementation changes in management, as well as of new strategies which focus on attaining a quick collection of obligations, of shorter terms for collection and of an increasingly atomized portfolio.

Aligned with this, we have been implementing a change in the management models for collection managers who, through constant tracking and contact with external agents, promote and drive agreements with clients, which are favorable for both parties.

To complement this strategy, special brigades have been designed and implemented during the year, directed towards the punished portfolio segment, as well as campaigns oriented towards the recovery of doubtful and punished mortgage portfolio

These actions have allowed to maintain the dynamics from previous years in the management of the recovery of doubtful and punished portfolio, thus managing, for the fifth consecutive year, to exceed our own objectives and especially the ambitious goals set by the Plan Esmeralda. 77.744 million pesos were recovered in doubtful portfolio, achieving the goals proposed, and 36.580 million pesos were recovered in punished portfolio, with a budget execution of 132.6%.

OPERATIONAL RISK METHODOLOGY

The first global map for the Bank's operational risk was completed.

The operational management model was complemented with the creation of the Operational Risk Committees, which will allow each area to define risk profiles, to updated risk evaluations, to undertake mitigation plans, follow-up on the improvement of manageable indicators and to maintain a corporate culture that is more sensitive towards the detection and prevention of potential operational risks.

Also, the database recording losses from operational risks already has been updated with two years' worth of historic information. Its use will serve as the basis for the management of the operational risks that affect us the most and, in the mid-term, it will allow for the calculation of capital allowances by operational risk based on advanced models.

MARKET RISKS AND MIDDLE OFFICE

Seeking to continue with the modernization process of the market risk control tools, a double measurement of Treasury positions was implemented, which include VaR measurements with and without leveling, in order to neutralize any potential biases in the indicators during times of crisis.

Also, a limit was set for the Stress Testing, in order to determine whether or not the level of exposure to losses under a historic scenario matches the Bank's risk policies.

Also, the Stop-Loss structure was modified, implementing a yearly limit, in order to control potential losses in the annual profits and loss statement. This new tool was supported by the monthly limit implemented in 2004.

Adhering to the provisions set forth by External Memo No. 088 by the Colombian Superintendence of Finance, a control measure was implemented to ensure that operations contracted with the Treasury area are carried out at market prices, thus requiring the corresponding explanations from the Front, should this not take place. These measurements were satisfactory throughout the year.

In order to optimize market risk measurements, an active stance has been assumed jointly with the Central Market Risk Unit - Ucram-, in the development of the Algoritmics platform, a tool that will allow us to carry out greater Market Risk measurements on all Treasury positions, and that will be installed in Colombia as of the second semester of 2006.

On the other hand, and jointly with Ucram, and in order to improve the controls on Structural Interest Risks, a new measurement was implemented during 2005 for Impact on Economic Capital, which is defined as the highest loss of economic value that can be produced for a level of reliability that is at 99%, and with a predefined horizon that, for BBVA Colombia, has been set at one year.

During the year, these limits were controlled and tracked, and they were not exceeded.

RESOURCES AND SERVICES

TECHNOLOGICAL MODERNIZATION

In order to continue supporting all of the Bank's areas, as well as to contribute with the achievement of the goals established in terms of efficiency, quality of service and security, the process for technological modernization and upgrade continued during 2005, and it was completed with the renewal of all of the machines, workstations and servers in the network of offices. Also, the renewal of machines for the areas in General Management and Singular Buildings was moved forward, implementing the Active Directory Management System for these two, which allows us to efficiently manage the local network.

Another one of the modernization and upgrade process is that of the renewal planned for 150 ATMs; with this the Bank strengthens its technological platform seeking to provide better services to clients, since its infrastructure allows for a greater efficiency (improvement in response times) and security in operations.

Always thinking of the clients' best interests, the BBVA net Platform was strengthened, with top-of-the-line machines, and a greater level of service availability and better response times are achieved. As a result of this, Global Finance Magazine, in its annual version of the Best Internet Bank awards, bestowed two awards on the Bank: Best Internet Bank and Best Internet Bank for Corporate and Institutional Clients.

As an innovation in communications, a new contract was signed with Telefónica Data Colombia, for the Network's technical modernization and upgrade: last generation communications equipment that allow for the implementation of new products and better services; broader data transmission channels for the network of offices and individual buildings, reduction in response times. All the above ensures that the communications infrastructure will be ready for the future, and will be capable of growing in new services and functionalities.

OPERATIVE OPTIMIZATION

Special operational optimization processes were undertaken through the adjustment of corporate structures and the review of processes and products in the Bank's different areas, achieving:

- Countersigning. Within the same line to make the operation more efficient, the countersign process was outsourced in Cali, Barranquilla, Bucaramanga, Medellín. This process was initiated along with a cap on the countersign amounts.
- Centralization of International Operations Centers. Continuing with the reorganization process for the Central Areas, and aligned with the policies for expense efficiency, as well as the centralization of support functions, International Operations Centers (COIs) were centralized during 2005, into the Operations Unit.
- Following the directives established by the Plan Esmeralda, the different expense line items were reviewed, which lead us to the discarding of the home assistance insurance, on account of its low usage and the minimum added value it contributed to the business.
- The implementation of the above programs represented a significant reduction in the Bank's general expenses, for an approximate total of 1,452 million pesos per year.
- On the other hand, the Central Area structure was adjusted, thus achieving a 12% optimization in the Bank's personnel base.

Manual processes are minimized with through the automation of specific processes:

- *Electronic Adhesives:* tax stickers are controlled via computer systems, and they do not need to be printed.
- *Cash Coordination:* control of requests and cash sending by the branch offices, significantly reducing the costs from cash management.
- *Correspondent Banks:* the manual operations for the handling and processing of cheques and notes where the Bank does not have a branch office, are eliminated.

WORK METHODOLOGIES

A new service model was implemented in the DAR, attempting to achieve more closeness and support to the Bank's Business area, with very encouraging initial results, such as the increase by over 100% in the enabling of agreements, and the establishment of communications channels with the network of offices, among others.

The Corporate Productivity Project was started in Colombia, and theoretical and practical training was given to 20 professionals representing all the Bank's areas and its Affiliates, in the Six Sigma Methodology, a cornerstone for the future development of projects under a horizontal approach to process analysis.

The result of this activity can be seen in the implementation of projects such as: Software factory, SGR (Management System for Reports to Control Institutions), Workflow (automatic circuit for the evaluation of credit requests for commercial lines) and the definition, measurement and full analysis of 17 additional projects that cover fronts such as: the optimization of processes for product contracting, management of vacant positions, management of requests to the Procurement Department, optimization of the cash management process, circuit to tend to requests made to the DARs, among others.

On the other hand, and as a reference to be followed by the other banks in the group, during 2005 the Resources and Services area implemented the internal client service model for the development of business plans in each of the Bank's areas, that is officially known as Demand Management. A special mode of personalized attention has been possible through the implementation of this model, by Client Managers; this represents a cultural change in the organization in terms of the planning and development of projects with a technological component, measurement and tracking of commitments through the use of a database and the constant capitalization on best practices.

BUSINESS SUPPORT

We continued working closely with the Bank's Business Area, through the implementation of projects with significant importance for the commercial strengthening in the different fronts:

New Channels:

- The new E-Corners, or electronic aisles to serve as client terminals (ATMs, Internet Terminal and Telephone) were installed in six points.
- *Mobile Banking:* Short messages sent to cellular devices that serve as a confirmation to the client on all transactions carried out through the Web site. There are four basic services: welcome to the system, confirmation of transfers to third parties, confirmation of transfers to other banks, and expiration notice on credit card payments.

New inter-change rate model and trade commissions control:

Support was provided all through the process for the collection of commissions from the different commercial establishments, for the acceptance of credit and debit card transactions.

The new model, required by Resolutions 6816 and 6817, issued by the Superintendence of Industry and Trade, required key changes in the system used to calculate commissions, and require new reports to be presented to control institutions.

New Products and Services:

- Revamping of the credit card business through the introduction of several cards such as Financia U., Congelada, Regalo Navideña, Visión Mundial, and Taca Co-branded, for the segment of individual users, the Agroinsumo and Debito Empresarial cards for the Enterprise segment, and the Corporate card, as part of the Corporate segment.
- Crédito Comercio (Trade Credit): creation of a Liquid Credit, that is, available credit that can be used through BBVA net empresas.
- Cuenta de Ahorros Pensional (Pension Savings Account) for from GMF, the main feature in this product is the fact that it has zero commissions.
- Cuenta de Ahorros Joven (Young Savings Account) with regards to commissions and credit cards, directed towards younger target groups.

- CDT Regalo (Gift Term Deposit): this is an exclusive product at BBVA Colombia that, while ensuring profitability, also gives the client a practical gift right away. There are three different modes of CDT Regalo: Plus, Largo Plazo (Long Term) and Permanente (Permanent), and they vary in terms of amounts, terms and interests.
- As part of the Funds portfolio, we created Fonplazo, a fund where the client can schedule and program its cash flow on a monthly basis, having available resources or renewing the investment for an equal term, as many times as he wants. Also, Fondo Nomina (Payroll Fund) was created, directed to the corporate clients segment, that have their payroll services contracted with the Bank; it includes BBVA Colombia employees. These funds are commercialized and offered through the Bank's network of branch offices.

SECURITY

In terms of security, the program to establish a new security model that allows to organize the actions of the Branch Offices, the DARs and the Security Department, in order to ensure that the policies and procedures are carried out complying the minimum standards required to ensure the protection of all goods as well as human and material resources.

This new model conducts a functional and operational analysis of the security procedures through the lifting of information on current processes and circuits both in terms of cash transportation, oversight, budget and billing, monitoring central, inventory of security elements, reporting and follow-up on incidents and events, methodology for security visits and risk evaluations, infrastructure works, communications channels, illegal activities, fraud prevention, and investigation procedures, whose results will be defined in the creation of the Security Manual.

Among the most relevant projects, we can mention: the change in infrastructure for the oversight companies for the network of branch offices (two nationwide), the support by Top Management to the DARs in the project for the centralization of cash operations through the Six-Sigma program, the redistribution of the coverage for the transport of valuables, training all the network in cash management (Brinks de Colombia 55%, Thomas Greg and Sons 45%) with a reduction of 6.85% in costs, the presentation of the report regarding the risk analysis of the offices, developing a risk-based classification taking into account aspects such as environment, physical security and operations, the registry and monitoring of failures and incidents in the security systems, establishing the console committee, the control over projects and the creation and implementation of the banking security committee, the issuing of 20 documents with security TIPs, and the study of corporate security of the General Direction building, with services to personnel, real-estate goods and BBVA Seguros ARP.

With regards to the coverage in physical security, the Bank completed the investment projects that had been budgeted, with 50 timed locks for ATMs, 104 locks for emergency exits, 170 CCTV micro-cameras for ATMs, 7 ASL systems for the network of branch offices, fire-extinguishing system and internal communications (for the building at Calle 13 with Carrera 8), and an upgrade of 50% of the video surveillance system at the General Management office.

INTEGRATION WITH GRANAHORRAR

The Resources and Services area has created a human work team with employees from the highest levels and experience to develop and implement the project to integrate with Granahorrar, in order to have a high quality process in terms of duration and service levels to clients.

During the last two months of the year, the work plans were defined and developed in all fronts, and the work teams were created, along with the guidelines to follow for the achievement of a process that is successful from all perspectives: legally, commercially, operationally and technologically; all of them key aspects for the Bank and for all related institutions and areas.

ACKNOWLEDGMENTS

Our contributions to the different projects was well rewarded; the Bank was awarded several recognitions such as the Bancoldex Mipymes award, the Visa Logros (Visa Achievements) award, for outstanding performance in fraud-reduction and collection, as well as the Club De La Excelencia ACH Colombia award, for compliance in the timely payment of compensation, billing and commissions.

All these activities developed with the highest standards of quality and commitment, are focused on achieving the goals set forth in the Plan Esmeralda, and therefore, the premise by the whole team in the Media Area is centered around the corporate commitment to move forward.

INTERNAL AUDIT

Relevant progress in terms of tools, efficiency and productivity, while also increasing risk coverage.

During 2005, the Internal Audit area continued applying the corporate guidelines, facing its responsibilities in an independent, constant, impartial and objective manner; as a way to support Top Management, integrated with the Bank's management activities, and it assumed the current conceptions with regards to supervision and internal control, in order to support the Group in the achievement of the business' objectives.

The Internal Audit by the BBVA Group was subjected to an external evaluation carried out by a consulting company, that allowed, among other things, to have a benchmark with other financial institution (market leaders), as a means to bring the Group's Internal Audit practices closer to the industry's best practices.

The overall result of this evaluation was a positive one for the Group. Strengths such as the noteworthy improvement in the transformation and adjustment of the corporate structure, and significant advances in tools, efficiency and productivity, as well as the increase in the risk coverage.

The tasks carried out included financial audits of the Bank as well as of some of the Group's companies (AFP, Seguros, Fiduciaria and Comisionista (Broker), with significant coverage of areas such as Goods Received as Payment, Valuations, Legal procedures, among others; this in order to identify and implement improvements to control procedures and risk management.

The Audit for Technology and Processes included evaluations on Applications and Logical Security for the different service channels offered to the public. Under the corporate guidelines in the leveraging of synergies, joint Technology Audit activities were carried out in the Regional Computer Center (CCR), according with the new work dynamic, after moving the Host to Monterrey (Mexico).

It is worth noting that the Internal Audit function works as a single functional area, seeking to optimize the execution of work plans and to achieve a greater level of efficiency and accuracy in the evaluations to the operations of the Group's Companies in Colombia.

An important coverage of the network of Branch offices (in situ) was executed during 2005, in Risk and Procedures Audits, and with regards to Asset Laundry Prevention, with the evaluation of the way in which the internal control was working, in order to ensure the reliability of the procedures that had been established previously, as well as the adequate compliance with norms and regulations defined by the Institution and by external entities.

The use of Remote Audits – Alert Signals -, has strengthened the Bank's control, since it is constantly monitoring transactions and operations carried out at the branch offices and in the Bank's central areas, which allows for a quicker identification of situations representing real or potential risks, thus enabling the Bank to foresee and react in a timely manner to facts that can affect the Organization.

The SOX Corporate Project was structured in compliance with the dispositions set forth by the Sarbanes Oxley United States Law, which makes the companies' higher management accountable for the preparation and disclosure of financial information.

As part of this project, during 2005 the Internal Audit area coordinated and supported the execution of the following activities, which comprise Phase II of this project:

- Personalization of the Corporate Processes Model, adjusting it to the company's specific operations.
- Association of the risks that are inherent to each of the documented processes, with its corresponding valuation in terms of probability of occurrence and impact (Criticality).
- Identification and documentation of the internal control procedures established to mitigate the effects of the risks that have been classified as having high and medium criticality levels.

For 2006, and the design and testing on the internal control procedures documented in Phase II, has been scheduled as part of Phase III of the project; this includes an important participation by the Internal Audit team for this period, since a significant percentage of time from the Audit Plan has been dedicated to this activity.

As a way to support the company's top management, the Internal Audit (Corporate Internal Audit, and the Internal Audit for BBVA Colombia) led the coordination and supervision tasks for the revision, which was carried out by the consulting firm that performed the Due Diligence, in order to analyze the risks and opportunities for the acquisition process of Banco Granahorrar.

REGULATORY COMPLIANCE AREA

Rules of conduct

Intellectual property and copyright

Report. Article 47, Law 965 of 2005

Report by the Audit Committee

Special Report. Article 29, Law 222 of 1995

Jointly with the Corporate Governance System, the different elements that comprise the Group's Compliance System are the basis on which BBVA Colombia bases and solidifies its institutional commitment to carry out all of its activities and businesses in strict adherence to the standards of ethical behavior.

BBVA has bestowed on the compliance area competences such as promoting development and overseeing the effective operation of the norms and procedures necessary to ensure that all legal dispositions and relevant standards of ethical behavior affecting each of the Group’s businesses and activities, are complied with. Also, the specific responsibilities in terms of employee coaching and training, and in the execution of certain procedures and internal controls relative to the norms of conduct, the prevention of asset laundering and financing of terrorist activities.

RULES OF CONDUCT

During 2004, the Board of Directors for BBVA Colombia approved the adoption of the Group's Code of Conduct. The concepts and principles contained in the Code of Conduct were actively promoted and reaffirmed during 2005, through activities by the Human Resources and the Communications and Image areas, which were the basis for the structuring and execution of the Ethics 2005 Program, both within the Bank, as in each of the companies that comprise the Group in Colombia. This program made it possible to reach all employees, ensuring full coverage in all of its phases: Strengthening of the Code of Conduct, promotion of the Responsible Attitude Channel, and the development of support activities with Human Resources, which was supported by a communications plan developed over the course of several months; also, the dynamics of the Corporate Integrity Management Committee was reaffirmed, jointly with the Compliance Function, ensuring the adequate understanding and interpretation of the Group’s norms of conduct, and the effective control of their execution.

Also, procedures derived from said code were developed during the year, including the way to treat gifts received by BBVA Group's employees and executives, the development of alternate professional activities and financing operations among employees.

PREVENTION OF ASSET LAUNDERING AND FINANCING OF TERRORISM

This topic is a priority that the BBVA Group binds to its commitment to favor the well being of the social surroundings where it performs its activities, and that it holds as a key requirement to preserve its corporate integrity and, along with that, the trust of the people and institutions with whom it establishes relationships.

In order to satisfy these objectives, 2005 meant a constant effort to cooperate with government institutions, national institutions and many other institutions in the fight against organized crime, terrorism and other illegal organizations, and it strengthened the risk management model for asset laundering.

On the other hand, the processes for the filtering of information were strengthened through the implementation of specialized computer software packages, in order to prevent the registration of doubtful clients and to detect cases where clients are developing or are linked to illegal activities that put the Group's reputation at risk. Another important point was the Bank's regulatory update, and that of each of the companies in the BBVA Group in Colombia, in accordance with the existing regulations, through the implementation of the new version of the Manual for the Prevention and Control of Asset Laundering.

The effectiveness of the Asset Laundering Management Model, is mainly on the shoulders of the Bank's employees and executives, in accordance with the policies, norms and procedures implemented, as well as on their capabilities to identify, prevent and communicate any situations that may pose a risk for the Institution, insofar as its products and services may be used for illegal purposes. Training activities were carried out through live, remote or mixed courses, with over 3.900 participants, both from the Bank, as well as from the other companies that comprise the Group in Colombia.

INTELLECTUAL PROPERTY AND COPYRIGHT

In compliance with numeral 4 of article 47 of Law 222 of 1995, modified by Law 603 of 2000, the Bank's administration states that BBVA strictly complies with the legal dispositions concerning intellectual property and copyright, for the different services, products and operations.

The Resources and Services area carries out periodical reviews in order to control the compliance with the Bank's legal norms and policies governing this matter.

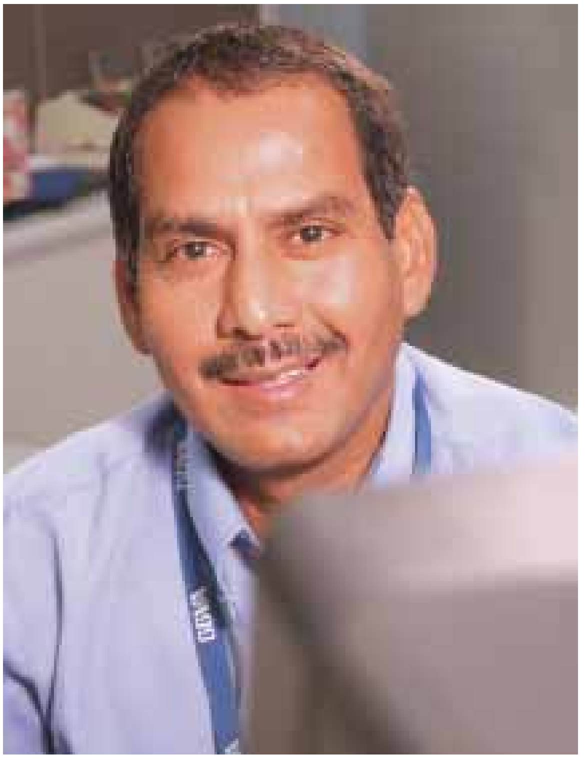
BBVA Colombia effectively maintains all legal commitments pertaining names, brands, products and services.

REPORT ARTICLE 47, LAW 965 OF 2005

In order to ensure that adequate systems for the oversight and control of financial information are in place, BBVA Colombia has the Department for the Improvement of Internal Controls, whose mission is to provide an adequate control environment that ensures the compliance with policies, principles and accounting practices so that all financial information being generated is free from errors and allows an adequate decision-making process by the Bank's Management. Also, it is responsible for designing systems work procedures that allow for an adequate detection of any errors in accounting processes, as well as the implementation of the preventative controls that may be necessary to minimize their occurrence.

During 2005, operational accounting procedures were adjusted, as were the internal regulations.

The findings from these evaluations are reported to the Top Management through the Financial Executive Vice-Presidency, so that the corresponding measures are developed and implemented.



REPORT BY THE AUDIT COMMITTEE

BBVA Colombia's Audit Committee is comprised by the members of the Board of Directors, and during 2005 it held sessions on the dates designated by its corresponding regulations.

The main activities developed by the Committee during 2005 were:

- Constant tracking and follow-up on the process to develop the Bank's financial statements, reviewing the information in them prior to them being presented to the Board of Directors, and holding frequent meetings with the Bank's executives in charge of their development.
- It evaluated the professional opinions given by the Statutory Auditor, the reports from internal control and the minutes regarding the evaluation of the credit portfolio, and ensured that the Bank's management had followed the suggestions and recommendations from the internal control area.
- It evaluated the internal control structure, and determined that their procedures are adequate to properly protect its assets.

As to the financial information prepared by the institution, it is sufficient, transparent and its disclosure is adequate, that is, it paints a clear picture of the Bank's real financial situation and the value of its assets.

- As part of the tasks inherent to the oversight on the Internal Audit process, it analyzed and approved the internal Audit Plan for the year, tracked its execution and implementation, while maintaining a constant relationship with the executive responsible for the Internal Audit, who participated in the Committee's four meetings throughout the year. Also, it followed-up on the recommendations made as a result of the previous period.
- Internal control systems were adjusted according to the guidelines of the Sarbanes Oxley Act, which was defined as a global project directed not only to the compliance with the requirements established by this norm, but also to carry out an in-depth review of the Group's internal control systems, in order to adapt it to the highest and most advanced international standards.

Also, the party responsible for Internal Audit held periodic meetings with the President of the Commission, in order to report on the development of the activities by the Internal Audit Department during this period.

- As a way to support the company's top management, the Internal Audit (Corporate Internal Audit, and the Internal Audit for BBVA Colombia) led the coordination and supervision tasks for the revision, which was carried out by the consulting firm that performed the Due Diligence, in order to analyze the risks and opportunities for the acquisition process of Banco Granahorrar.
- Constant tracking of the activities by the Compliance Area, analyzing and approving their Action Plan, through the interventions made by the party responsible before the Committee in all its sessions and, especially in relevant matters such as:
  - Prevention of asset laundering, which includes, among other topics, incorporation of new clients, risk management and monitoring systems, the most relevant suspicious operations recorded each quarter; the external reports to authorities; the training plan on this matter and the projects to improve the Plan.
  - Control over operations carried out by the Bank itself, and over all other aspects in terms of behaviors in the securities market, as well as measures for the protection of privileged information in specific and relevant cases.
  - Development of the Ethics-2005 program, which emphasizes on the reaffirmation of the BBVA Group's Code of Conduct, as well as the coordination and development of the Committee for the Management of Corporate Integrity.
  - Development of oversight activities in aspects regarding Corporate Governance, among them the presentation of the design and proposal to publish all documents supporting the Corporate Governance system, on the Bank's Web site.
- As in previous years, the Audit Committee has placed especial interest on the knowledge, supervision and follow-up on the actions by the oversight organisms during the 2005 period within their operating environment, also controlling that all requirements are tended to properly.

During 2005 the Audit Committee developed high levels regarding this activity, getting cooperation for this from the Group's different areas with competences related to the Committee's functions, such as the external auditor, as well as those other professionals whose cooperation was deemed appropriate.

As a result of this, it is possible to conclude that during 2005, the Committee satisfactorily fulfilled the responsibilities that were bestowed on it by the Board of Directors, and that are defined in its regulations.

SPECIAL REPORT. ARTICLE 29, LAW 222 OF 1995

The BBVA Colombia Enterprise Group is integrated by BBVA Colombia, as the controlling institutions, and by Granahorrar Banco Comercial S.A., Granfiduciaria en Liquidación, BBVA Fiduciaria S.A. and BBVA Valores S.A., as subsidiary companies, since, according to Numeral 1 of Article 261 of the Code of Commerce, BBVA Colombia directly holds over 50% of the aforementioned companies' capital. In the case of Granfiduciaria, en Liquidación (Being Liquidated), it holds it indirectly. Aside from the controlling status mentioned above, there is a unity of purpose and direction under Article 28 of Law 222 of 1995.

Most Important Operations

The main operations recorded between BBVA Colombia and its subsidiary companies as of December 31st, 2005, in excess of 1.000 million pesos, are as follows:

- Granahorrar Banco Comercial S.A.

The Bank recorded the acquisition of 98,78% of Banco Comercial Granahorrar S.A., as of December, 2005, with the intention to merge with this institution, thus establishing control over this institution.

BBVA Colombia received interests from Granahorrar from inter-banking credits totaling 107 million pesos and repos for 168 million pesos; also, it paid inter-bank interests for 175 million pesos.

- Granfiduciaria S.A. – Being Liquidated

With the acquisition of Granahorrar Banco Comercial S.A., BBVA Colombia assumed direct control over Granfiduciaria, since it holds over 89.99% of its social capital.

No reciprocal operations were carried out between these companies during 2005.

- BBVA Fiduciaria S.A.

BBVA Colombia recorded 5.512 million pesos as of December 31st, 2005, corresponding to Deposits and Accountabilities, which corresponds to balances in checking and savings accounts in the trust fund's favor.

Also, the Bank recorded revenues from commissions for use of the network for the "FAM" funds: Fondo Común Especial Efectivo and Fondo Común Especial Fonplazo, which were received from BBVA Fiduciaria for a total 4.109 million pesos as of December 31st, 2005. It also received revenues for the leasing of real-estate for 103 million pesos.

On its part, BBVA Colombia paid 200 million pesos to BBVA Fiduciaria, on account of the yield from its deposits in accounts.

In August, BBVA Colombia capitalized the BBVA Fiduciaria for 6.616 million pesos, with regards to the issuing of 6.616.186 nominal-value shares at 1.000 pesos each.

- BBVA Valores S.A.

BBVA Colombia recorded 1.079 million pesos as of December 31st, 2005, corresponding to Deposits and Accountabilities, which corresponds to balances in checking and savings accounts in favor of BBVA Valores.

It also recorded revenues from commissions for the use of the network, for the "Patrimonio" and "Global Divisas" funds, for a total 593 million pesos.

On its part, BBVA Colombia paid 89 million pesos, on account of the yield from its deposits in accounts.

Operations by influence or in the controlling entity's best interest

No relevant operations were carried out during 2005 between BBVA Colombia and its subordinate companies, either under its influence or on their best interest. There were also no relevant operations between BBVA and other institutions under this line item.

Decisions adopted by influence or in the best interests of BBVA Colombia

BBVA Colombia has presented proposals to the consideration of the Shareholders' Meetings of its subordinate companies, for the composition of their Board of Directors, and the designation of their Directors.

SOCIAL RESPONSIBILITY

National Painting Contest

Card with global vision

Yearly social-responsibility campaign

Young Colombians in the Quetzal BBVA route.

Our employees participate

Decisive support to Computers for Education

Training to Employees

For BBVA Colombia, it is very important to participate and contribute to social development as an express way to give back to the society where we carry out our activities.

In this sense, Corporate Social Responsibility becomes a cornerstone through which we seek to contribute to the country's growth, and through activities in cultural, educational and social fronts.

BBVA National Painting Contest

The most significant contribution by BBVA Colombia to the national culture is the BBVA National Painting Contest, an event that has been taking place for the past thirteen years, and has become one of the most important artistic events in the country.

320 artists participated during 2005, in the 13th version of this Contest, from 35 municipalities in the country. The jury, comprised by important national specialists in art, chose 25 finalists who presented their works between October 27th, 2005 and January 16th, 2006, in one of the most important sites in the Colombian cultural environment, the Casa de la Moneda of the Banco de la República.

Aside from exhibiting and acknowledging each of the finalists, the Bank also awarded the three best Works with a 20 million peso price.

Aside from the cash price, the winning artist also received a trip to Spain with visits and interviews with curators from first level museums in Spanish cities such as Madrid, Bilbao and Barcelona.

The BBVA National Painting Contest is the currently the oldest arts event held by the private industry in Colombia, it is very well received, and it has become one of the Bank's true contributions for the promotion of the arts in Colombia.

Card with Global Vision

BBVA Colombia released the Credit Card jointly with a Non-Government Organization: Visión Mundial (Global Vision). The purpose of this card is for card-holding clients to contribute a monthly amount as a kind of adoption of a child to cover his education and, on its part, BBVA Colombia contributes five percent of the financing interests of all purchases made with that card.

While the contributing card-holders make purchases and normal consumptions with their card, they are contributing money for the education of these poor children.

We are motivating clients to contribute to projects that have social meaning, while at the same time BBVA Colombia is contributing directly to the education of Colombian children who do not have easy access to education.

Visión Mundial is a Non-Government Organization that has been working in Colombia since 1976, supporting the most vulnerable communities, especially children.

Yearly Social-Responsibility Campaign

During 2005, as in previous years, the Bank continued with the Social Responsibility campaign during Holy Week, so that all clients who make purchases with BBVA Colombia credit cards during that period of time, receive a three point discount in interest rates and BBVA Colombia will donate one point of the interests from purchases made by their clients.

As a result of this program, BBVA donated resources in excess of 22 million pesos to the sectors of El Pablón and Café Madrid in the city of Bucaramanga, who suffered significantly from the rainy season.

During previous years, the resources collected from this campaign were donated to the Fundación Tejido Humano, who supports the families and soldiers affected by violence and civil unrest in our country.

Our employees participate

BBVA Colombia's employees have also participated extensively supporting projects. At the end of the year, 700 employees from general management participated in the Navidad en Familia con Responsabilidad Social (Family Christmas with Social Awareness) program, through which, in an event organized by BBVA Colombia at the Simon Bolivar park, 700 children from impoverished families received gifts.

Contact management and the delivery of gifts to children, were carried out through the Manos Creadoras, Servidores del Servidor and ABC Prodein foundations, as well as the San Juan Bosco Church, all of these involved with social work with children from impoverished sectors in Bogotá.

It was an opportunity to show that we are a group that focuses in solidarity, with very special social awareness towards children.

Young Colombians in the Quetzal BBVA route

Five young Colombian High-school students visited Spain and Peru, in a historic travel that was also educational and cultural, with over 300 youngsters from 50 countries around the world.

The BBVA Quetzal Route is an adventure and knowledge expedition sponsored by BBVA, that has been taking place for the past 20 years. The goal of this multi-cultural encounter is to create true bonds among the new generations in Europe and Latin America.

The trip lasts two months, and the young participants visit one or several countries in Latin America and Spain.

BBVA Quetzal Route is launched in Colombia at the end of each year, and the invitations are handled through Icetex. In 2005, five Colombian youngsters from Mompós, Manizales, Popayán, Bogotá and Ibagué, lived the best experience of their lives thanks to this international program sponsored by BBVA.

Decisive support to Computers for Education

In 2005 BBVA Colombia continued supporting the Computadores para Educar (Computers for Education) program, with the donation of 1.824 machines to this important project led by the President's Office and the Ministry of Communications.

With this donation, the Bank makes it possible for more public schools in the country, located in poor regions, to have access to knowledge and especially to have Internet access, which is nowadays a window into the future, and opens academic opportunities that strengthen their learning process.

As a result of the technological upgrade process inside the Bank, good machines can be put dedicated to social programs and to the benefit of thousands of poor Colombian students.

Training to Employees

BBVA Colombia's policies also include the development of seminars directed to the training of entrepreneurs all over the country. In 2005, seminars on the Economy and Foreign Trade were given in the main cities in the country, led by experts who documented the attending companies about processes and other kinds of economic phenomena, That contributed to the development of its corporate activities.

These activities were attended by over 500 businessmen from cities like Bogotá, Medellín, Barranquilla and Cali.

Social Awareness, corporate calling in BBVA Colombia.

In general, BBVA Colombia carried out several significant activities the previous year that benefited the Colombian society, social interest projects were supported to the benefit of the country's communities that were affected by the rainy season; support was given to free projects for cultural information, such as the 400 anniversary of Don Quijote de la Mancha, and the Bogotá Poetry Festival, among others.

Also, several foundations received support from the Bank in the development of educational projects for impoverished children such as Solidaridad por Colombia and Fides, a foundation for impaired children, and resources were dedicated to the project called "Mareiwa, literary creation generates a positive attitude", by the Juaquín Ochoa Maestre School in Valledupar, along with other projects that contributed to the education of young inhabitants of zones with low incomes in other areas of the country.

Other institutions that also contribute to cultural activities such as the Fundación Palabrería, Amigos de las Colecciones de Arte by the Banco de la República, and the Fundación Nuevo Periodismo, also received support from BBVA Colombia.

In these Corporate Social Awareness fronts, BBVA Colombia contributed to the strengthening of institutions that develop projects for higher learning and research such as Fedesarrollo and the Corporación Excelencia de la Justicia.

FINANCIAL STATEMENTS FOR THE YEARS ENDING ON DECEMBER 31ST, 2005 AND 2004 AND REPORT FROM THE STATUTORY AUDITOR

- STATUTORY AUDITOR REPORT
- FINANCIAL STATEMENTS
- NOTES TO THE FINANCIAL STATEMENTS
- PROJECT FOR PROFIT DISTRIBUTION

The figures are expressed in millions of Colombian Pesos.

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STATUTORY AUDITOR REPORT

To the shareholders of
BBVA Colombia S.A.:

I have examined the balance sheets for BBVA COLOMBIA S.A., as of December 31st, 2005 and 2004, and the corresponding Profits and Loss Accounts, the Statements of Changes in Stockholders' Equity and Cash Capital Flows for the periods ending in the same dates. Said financial statements were prepared by the Bank's administrative entities, for which they must follow the accounting instructions defined by the Colombian Banking Superintendence (before: Colombian Banking Superintendence). As a part of my role as the Bank's Statutory Auditor, I must express an opinion about these financial statements, based on my evaluation of said documents.

I had access to all information needed to comply with my role and carry out my work according to the commonly accepted rules of audit. These principles require that the audit process be planned and executed in such a way that there is reasonable certainty that the financial statements are free of significant content errors. An adequate audit of the company's financial statements, includes the examination, on a selective base, of all the evidence which supports the figures and information included in the financial statements. Such audit also includes the evaluation of the accounting practices used and the significant accounting estimations done by the Bank's management, as well as to evaluate the financial statements' general presentation. I believe my audit provides me with a reasonable base to express my opinion.

In my opinion the aforementioned financial statements, taken from the accounting books, reasonably reflect the financial situation and state of BBVA COLOMBIA S.A., as of December 31st, 2005 and 2004, and the results of its operations, changes in equity and cash flows for the years ending in those dates, according to the instructions and commonly accepted principles of accounting demanded by the Colombian Superintendence of Finance, applied on uniform bases.

Based on my function as statutory auditor, and by the scope of my analysis as of December 31st, 2005 and 2004, y hereby report that the Bank's accounting is being carried out according to regulations and to accounting techniques; operations logged in accounting ledgers and administrative acts go in accordance with the statutes and the decisions of the General Shareholders' Meeting and the Board of Directors; documents, account statements and actuary ledgers, as well as the share registry are duly kept and maintained; the evaluation and classification of receivables, generation of benefits and accounting of provisions for the credit portfolio and goods received as payment, and the adoption of the Special Market Risk Management System – SEARM, were conducted according to the criteria and procedures set forth in External Memo No. 100 issued by the Colombian Superintendence of Finance in 1995; the management report provided by the Bank's directives is congruent with the basic financial statements, and contributions to the Integral Social Security System were carried out in a correct and timely manner. My evaluation of the internal controls indicates that the Bank has implemented and followed adequate internal control measures and measures for the conservation and safekeeping of its assets and the assets belonging to third parties which the Bank has received for safekeeping. I have defined my recommendations regarding internal controls in a different set of reports which have been directed to the Bank's management.

RICARDO RUBIO RUEDA
Statutory Auditor
Professional Certification No. 7192-T
January 20th, 2006.

General Balance Sheet

For the years ending on December 31st, 2005 and 2004.

ASSETS:		2005		2004
Cash and deposits in banks (Note 6)	$	603.811	$	592.622
Investments, Net (Note 7)				
Negotiable		1.094.605		1.229.481
To be maintained until expiration		1.244.893		963.605
Available for sale in participating securities		511.514		66.506
Rights to back-purchase investments		-		100.972
		2.851.012		2.360.564
Credit portfolio and leasing operations (Note 8)				
Commercial		3.458.096		3.072.519
Consumption		1.266.356		841.366
Real Estate		432.381		352.470
Micro-Credits		4.837		1.410
		5.161.670		4.267.765
Minus – provision for the protection of the credit portfolio (Note 8)		348.936		296.203
		4.812.734		3.971.562
Acceptances and Derivates (Note 9)		(3.803)		(4.013)
Accounts receivable, net (Note 10)		83.532		65.644
Executable goods, goods received as payment, and returned goods, net (Note 11)		23.952		48.038
Property and equipment, net (Note 12)		152.735		149.568

The figures are expressed in millions of Colombian Pesos.

Expenses paid in advance and deferred charges (Note 13)		607.688		72.114
Other assets, net (Note 14)		40.135		43.022
Asset valuations and devaluations, net (Note 15)		127.664		127.768
Total Assets	$	9.299.460	$	7.426.889
CONTINGENT AND MEMORANDA ACCOUNTS (Note 24)	$	40.139.726	$	34.175.274

For the years ending on December 31st, 2005 and 2004.

LIABILITIES AND SHAREHOLDERS' EQUITY		2005		2004
LIABILITIES				
Deposits				
Non-Interest Bearing				
Checking Accounts	$	1.570.577	$	1.427.972
Others		101.288		79.725
Interest Bearing				
Checking Accounts		19.016		55.160
Simple deposits		2.848		1.758
Term Deposit Certificates		1.625.631		1.197.092
Savings		3.326.844		2.894.188
		6.646.204		5.655.895
Interbank funds purchased and back-purchase agreements (Note 16)		18.274		230.641
Bank Acceptances		3.188		3.604
Credits in banks and other financial obligations (Note 17)		1.225.387		619.163

The figures are expressed in millions of Colombian Pesos.

Accounts Payable		201.078		160.629
Other liabilities (Note 18)		393.989		86.376
Estimated liabilities and provisions (Note 19)		92.964		55.901
Total Liabilities		8.581.084		6.812.209
SHAREHOLDERS' EQUITY :				
Outstanding Capital (Note 21)		75.631		75.631
Profits withheld				
Appropriated (Note 22).		508.975		407.298
Results from previous periods		(101.796)		(101.796)
Result from current period		107.399		105.276
Asset valuations and devaluations, net (Note 15)		127.664		127.768
Article 6, Law 4 / 80		503		503
Total Shareholders' Equity		718.376		614.680
Total Liabilities and Shareholders' and Equity	$	9.299.460	$	7.426.889
CONTINGENT AND MEMORANDA ACCOUNTS AGAINST (Note 24)	$	40.139.726	$	34.175.274

The enclosed notes are an integral part of these financial statements.
We, the undersigned Legal Representative and Accountant, certify that we have verified in advance the statements included in these financial statements, and that they have been faithfully taken from the accounting ledgers.

LUIS B. JUANGO FITERO	CARLOS NERY BORDA JUNCO	RICARDO RUBIO RUEDA
Legal Representative	General Accountant	Statutory Auditor
	T.P. No. 7936- T	T.P. No. 7192- T

The figures are expressed in millions of Colombian Pesos.

Profits And Loss Statement

For the years ending on December 31st, 2005 and 2004.

		2005		2004
REVENUES FROM INTERESTS				
Loan Portfolio	$	603.224	$	484.361
Investments		177.368		214.433
Inter-bank Funds		2.773		1.562
Others		25.181		45.406
Total revenues from interests		808.546		745.762
EXPENSES FROM INTERESTS				
Term Deposit Certificates		85.158		82.797
Savings Deposits		158.595		124.945
Checking Accounts		588		1.438
Total interests on deposits		244.341		209.180
Financial Liabilities		43.705		29.380
Inter-bank Funds		9.191		14.551
Others		56.776		24.759
Total expenses from interests		354.013		277.870
Net revenues from interests		454.533		467.892
PROVISION FOR LOAN PORTFOLIO (Note 8)		145.432		106.692

The figures are expressed in millions of Colombian Pesos.

PROVISION FOR ACCOUNTS RECEIVABLE (Note 10)	9.529	10.993
Total provision for loans portfolio and accounts receivable	154.961	117.685
Net revenue from interests after provisions for loans portfolio and accounts receivable	299.572	350.207
	2005	**2004**
REVENUES OTHER THAN INTERESTS (Note 26)	647.808	794.947
REVENUES FROM DIVIDENDS	5.504	8.915
Total revenues other than interests and revenues from dividends	653.312	803.862
EXPENSES OTHER THAN INTERESTS (Note 27)	828.535	1.032.455
Profit prior to provision for income tax	124.349	121.614
PROVISION FOR INCOME TAX	(16.950)	(16.338)
Net Profit	107.399	105.276
Net profit per share (In Colombian Pesos)	8,86	8,69

The enclosed notes are an integral part of these financial statements.

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LUIS B. JUANGO FITERO Legal Representative	CARLOS NERY BORDA JUNCO General Accountant T.P. No. 7936 – T	RICARDO RUBIO RUEDA Statutory Auditor T.P. No 7192 – T (See my enclosed report)

The figures are expressed in millions of Colombian Pesos.

Statement of changes in equity

For the years ending on December 31st, 2005 and 2004.

	Shares			
	With preferred dividend, w/o voting rights		Ordinary	
	Number	Value	Number	Value
BALANCE AS OF DECEMBER 31ST, 2003	479.760	$ 2.994	11.640.597	$ 72.637
Dividends paid in cash on preferred shares	-	-	-	-
Appropriation for legal reserve	-	-	-	-
Appropriation for other reserves	-	-	-	-
Net Profit	-	-	-	-
Reduction in valuations	-	-	-	-
Reduction in devaluation of investments	-	-	-	-
BALANCES AS OF DECEMBER 31ST, 2004	479.760	2.994	11.640.597	72.637
Dividends paid in cash on preferred shares	-	-	-	-
Appropriation for legal reserve	-	-	-	-
Appropriation for other reserves	-	-	-	-
Net Profit	-	-	-	-
Increase in valuations from the sale of investments	-	-	-	-

The figures are expressed in millions of Colombian Pesos.

Increase in devaluations from the sale of investments	-		-	-		-
BALANCES AS OF DECEMBER 31ST, 2005	479.760	$	2.994	11.640.597	$	72.637

The enclosed notes are an integral part of these financial statements.

We, the undersigned Legal Representative and Accountant, certify that we have verified in advance the statements included in these financial statements, and that they have been faithfully taken from the accounting ledgers.

LUIS B. JUANGO FITERO
Legal Representative

CARLOS NERY BORDA JUNCO
General Accountant
T.P. No. 7936 – T

RICARDO RUBIO RUEDA
Statutory Auditor
T.P. No. 7192 –T

Cash capital flow statement

For the years ending on December 31st, 2005 and 2004.

(See my enclosed report)

	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES		
Profits from Period	$ 107.399	$ 105.276
Adjustments to reconcile the year's net profit with the cash provided by operating activities		
Depreciations	17.105	18.900
Amortizations	34.796	36.081
Provision for the protection of the loans and accounts receivable portfolios	154.961	117.685
Reversal of the provision for the protection of the loans and accounts receivable portfolios	(28.177)	(41.661)
Provision for the protection of goods received as payment for obligations, net of reversals and reversals	5.384	9.499
Provision for the protection of investments	-	28
Reversal of provision for the protection of investments	(9)	-
Provision for property, equipment and other assets	1.636	16.506
Dividends received in shares	(2.903)	(261)
Net Loss (profit) from the sale of investments, goods received as payment for property and equipment, net	5.224	(33.175)
Recovery of the punished portfolio	(36.639)	(38.127)
Recovery of provisions, other estimated liabilities	-	(250)
Reimbursement of the provision for other assets	(4.558)	(10.458)
Reimbursement of the provision for property and equipment	(1.768)	(2.078)
Cash provided by the reconciliation of the period's profit	252.451	177.965
Increase in loan portfolio and leasing operations.	(923.637)	(929.282)

The figures are expressed in millions of Colombian Pesos.

Increase (reduction) in accounts receivable.		(25.568)		163
Increase in expenses paid in advance and deferred charges		(570.370)		(18.150)
Reduction (increase) in other assets		5.979		(6.019)
Increase in deposits and accountabilities		990.309		1.167.405
Reduction in bank acceptances		(416)		(326)
Increase in accounts receivable.		40.449		41.681
Increase (Reduction) in other liabilities		7.613		(1.290)
Increase in estimated liabilities and provisions		37.063		9.127
Net cash provided by (used in) operation activities	$	(186.127)	$	441.274
		2005		2004
CASH FLOWS FROM INVESTMENT ACTIVITIES				
(Increase) reduction in investments	$	(487.536)	$	82.383
Reduction in inter-bank funds and back-purchase agreements		-		13.411
(Increase) reduction in acceptances and derivates.		(210)		5.823
Reduction in executable goods and goods received as payment for obligations		12.930		15.054
Increase in the provision for property and equipment		(18.126)		(17.154)
Net cash (used in) provided by investment activities		(492.942)		99.517
CASH FLOW FROM FINANCING ACTIVITIES				
Reduction in inter-bank funds acquired and back-purchase agreements		(212.367)		(446.859)
Increase in credits in banks and other financial liabilities		606.224		104.568
Reduction in circulating securities		-		(12)
Capitalization advance		300.000		-
Dividends paid in cash		(3.599)		(14.393)

The figures are expressed in millions of Colombian Pesos.

Net cash provided by (used in) financing activities		690.258		(356.696)
Increase in cash and deposits in banks during the year		11.189		184.095
Cash and deposits in banks at the beginning of the year		592.622		408.527
Cash and deposits in banks at the end of the year	$	603.811	$	592.622

The enclosed notes are an integral part of these financial statements.

We, the undersigned Legal Representative and Accountant, certify that we have verified in advance the statements included in these financial statements, and that they have been faithfully taken from the accounting ledgers.

LUIS B. JUANGO FITERO	CARLOS NERY BORDA JUNCO	RICARDO RUBIO RUEDA
Legal Representative	General Accountant	Statutory Auditor
	T.P. No. 7936 – T	T.P. No. 7192 – T
		(See my enclosed report)

The figures are expressed in millions of Colombian Pesos.

NOTES TO THE FINANCIAL STATEMENTS

The financial statements include assets, liabilities, shareholders' equity and the results from the Bank's operations, but not from those of its subsidiary or affiliate companies.

1. REPORTING ENTITY

Banco Bilbao Vizcaya Argentaria Colombia S.A. "BBVA Colombia" (hereon the "Bank") is a privately-owned banking institution, established in accordance with the Colombian Laws on April 17th, 1956, through public document No. 1160 from the 3rd Notary's Office of the Bogotá Circle, and with an effective duration and existence until December 31st, 2099; this term can be extended in accordance with banking laws.

The Colombian Superintendence of Finance (before: Banking and Securities Superintendence, hereon the "Superintendence"), through resolution 3140 of September 24th, 1993, renewed its operational permits definitely.

The most relevant statutory reforms are:

Public Document 2599 of March 12th, 1998, of the 29th Notary's Office in Bogotá, change of Company Name to Banco Ganadero, preceded by the BBV acronym.

Public Document 2886 from October 30th, 1998, from the 47th Notary's Office in Bogotá, merger with Leasing Ganadero.

Public Document 2730 from April 21st, 1999, from the 29th Notary's Office in Bogotá, extended effective term until the year 2099.

Public Document 1821 from August 8th, 2000, from the 47th Notary's Office in Bogotá, increase in capital to $645.000.

Public Document 3054 from December 15th, 2000, from the 47th Notary's Office in Bogotá, merger with Corporación Financiera Ganadera.

Public Document 3120 of March 26th, 2004, from the 29th Notary's Office in Bogotá, change of Company Name to BBVA Colombia, S.A.

The Bank's main activity includes making loans to companies in the public and private industries as well as individual loans. It also carries out international banking activities, privatizations, financial projects and other banking activities in general.

The figures are expressed in millions of Colombian Pesos.

The Bank carries out its activities from its corporate address in Bogotá, and from 256 branch offices that include service centers, mini-banks and cashiers' extensions, located in 82 cities in Colombia. It also owns the following affiliates:

Affiliate	Participation %	Location
BBVA Fiduciaria S.A.	94,5	Bogotá
BBVA Valores S.A.	94,4	Bogotá
Banco Granahorrar	98,78	Bogotá

In December, 2005, the Bank acquired 98.8% of the stock from Banco Comercial Granahorrar S.A., with an intent to merge with this institution, an operation that will be completed during the course of 2006.

The Corporate Group to which the institution belongs is registered as BBVA Banco Ganadero, in the Chamber of Commerce.

As of years-end 2005 and 2004, the Bank's payroll reached 3.235 and 3.328 employees respectively.

2. BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

The Bank registers its accounting logs and prepares its financial statements in accordance with the accounting regulations and instructions set forth by the Colombian Banking Superintendence, and when non specifically ruled over, it follows the regulations and parameters set forth by decree 2649 of 1993. All these dispositions are legally considered as generally accepted principles of accounting for financial institutions in Colombia.

These financial statements, which are considered of general purpose, are not consolidated, they should be submitted, after being approved by the Superintendence, to the General Shareholders meeting, and are the base for the distribution of dividends and other appropriations.

The financial statements include assets, liabilities, shareholders equity and the profits and loss statement for the Bank's operations, but not for the operations of its subsidiaries; the investments of these latter companies are logged independently, they adjust their market value on a monthly basis and are adjusted monthly according to the participation percentage of every investor.

Adjustments For Inflation - Through External Memo No. 014 of April 17th, 2001, issued by the Banking Superintendence, the application of the system of integral adjustments due to inflation for accounting effects was dropped as of January 1st, 2001.

The value of adjustments due to inflation carried out until December 31st, 2000, are recognized as part of the asset balance and of the book value for all effects.

3. MAIN ACCOUNTING POLICIES AND PRACTICES

The Bank's main accounting policies and practices are as follows:

The figures are expressed in millions of Colombian Pesos.

a. *Interbank Funds* - These items include (a) placements that the Bank does in other banking institutions (with or without investment back-purchase agreements) using its liquidity surplus during a term of maximum 30 days and (b) placements received by the Bank (with or without investment back-sale agreements) from other banking institutions under the same conditions. Benefits are added or charged to the profits and loss statement, as they are caused.

b. Investments in Securities - Investments are classified, valuated and accounted according to the dispositions set forth in Chapter I of the Basic Accounting and Financial Memo No. 100 from 1995, which collects in a single document, all norms and directives in effect issued by the Superintendence.

Investments are classified as: investments to be maintained until their expiration, negotiable investments, and investments available for sale. Furthermore, negotiable investments and investments available for sale are classified in debt securities or certificates, and participation securities or certificates. Debt securities or certificates are those that give the owner of the certificate or security, the status of creditor to the issuer.

Negotiable investments are all types of securities or certificates that have been purchased with the main objective of obtaining earnings from short term fluctuations in price.

Investments to be maintained until expiration are securities or certificates over which the investor has a serious purpose and legal, contractual, financial and operative capacity to maintain them until their maturity or redemption terms.

It is not possible to carry out liquidity operations with this latter type of investments, save in the case of forceful or mandatory investments registered in the primary exchange market, and only when the counterpart of the operation is the Banco de la República (First National Bank), the National Treasury Direction, or the institutions supervised by the Superintendence, and any other cases which are exceptionally approved by the corresponding authority.

Investments available for sale are securities or certificates which are not classified as negotiable investments, or as investments to be maintained until expiration, and over which the investor has the firm purpose and legal, contractual, financial and operative capacity to maintain them for at least one year, starting from the first day on which they were classified for the first time or when they were re-classified, as investments available for sale.

In all cases, these types of securities comprise investments available for sale: participant securities or certificates with low or minimal stock exchangeability; those which have no performance, and participant securities or certificates that an investor maintains when is the controlling entity or headquarter of the respective issuer of said securities or titles. For its sale, however, these investments do not require of the minimum term of one year, that was specified above.

The decision to classify a security or title in any of the three categories may be adopted at the time of its acquisition or purchase, or on the expiration date of the term foreseen for investments available for sale.

The above notwithstanding, the Bank can re-classify its investments as per the dispositions set forth by the Superintendence.

Valuation of Investments – The valuation of investments, as well as the accounting records for its acknowledgement, are carried out on a daily basis.

The main purpose of the valuation of investments is to calculate, log and reveal to the market the fair price or value at which said security or title may be exchanged or negotiated on a specific date, according to its particular features, and within prevailing conditions in the market on said date, understanding fair exchange price or value, the amount for which a seller and a buyer, properly informed, are willing to exchange the security or certificate.

Fair exchange value or price for negotiable investments is considered as:

- That price which is specifically defined through operations which represent the market, that have been conducted in transactional modules or systems managed by the Banco de la República, or by institutions under the supervision of the Superintendence.
- The price defined through the use of reference rates and margins calculated from operations which represent the market, grouped by categories, that have been conducted in transactional modules or systems managed by the Banco de la República, or by institutions under the supervision of the Superintendence, or with the brokerage of parties appointed by the General Direction of Public Credit, such as securities brokers specializing in Code B TES (CVETES).
- The price defined through the use of other methods, given the lack of a fair exchange price or value which might be established through any of the considerations set forth in the previous items.

The securities or negotiable debt certificates are valued at market prices. Debt securities or certificates for investments to be maintained until expiration or available for sale are valuated by the Internal Return Rate, TIR.

Participant securities or certificates with low or minimum stock exchangeability, or not performing, are valuated through the following procedure:

The cost of purchase is increased or lowered by the percentage of participation which corresponds to the investor over equity variations following the purchasing of the investment.

To this effect, equity variations by the issuer are calculated based on the last certified financial statements, which in no case may be older than six (6) months from the valuation date. When the most recent financial statements are known, they must be used to determine the variation.

The updating of the market value, is carried out as follows:

In case the market value or updated investment vale with the investor's share is higher than the value at which the investment is registered, the difference shall affect the provision or devaluation first, until fully consumed, and the excess must then be registered as a surplus from valuation.

When the market value, or the updated investment value with the investor's share is lower than the value at which the investment is registered, the difference affects the valuation surplus of the investment first, until fully consumed, and the excess is logged as a devaluation from the corresponding investment within the institution's equity.

When dividends or profits are distributed in kind, including those from the capitalization of the equity revaluation statement, the part accounted for as a surplus from valuation us logged as income, charged to the investment, and said surplus is then reversed. When dividends or earnings are distributed in cash, the value accounted for as surplus from valuation is logged as an income, said surplus is then reversed, and the amount of dividends which exceeds this value is then accounted as a lower investment value.

Provisions or Losses due to credit risk classification – Debt securities or certificates, as well as participant certificates with low or minimal stock exchangeability or no performance, are adjusted on each valuation date, based on credit risk classifications.

Exceptions to the previous item are internal or external debt certificates or securities issued or backed by the Republic of Colombia, issued by the Banco de la República and issued or guaranteed by the Fondo de Garantías de Instituciones Financieras – FOGAFIN.

According to regulations, as modified by External Memos 021 of 2003 and 003 of 2004, by the Superintendence, investments are classified by credit risk levels, as follows:

Securities or bonds, or issuers with external classifications – Debt securities or certificates that have one or more classifications issued by external qualifying companies recognized by the Superintendence, may not be accounted for a value which exceeds the following percentages of their net nominal value for amortizations made until date of valuation:

Long Term	Highest % value	Short Term	Highest % value
BB+, BB, BB-	Ninety (90)	3	Ninety (90)
B+, B, B-	Seventy (70)	4	Fifty (50)
CCC	Fifty (50)	5 and 6	Zero (0)
DD, EE	Zero (0)		

Securities or bonds, or issuers without external classifications – For securities or bonds without an external classification, or securities or debt bonds issued by institutions which have not been classified, the amount of their provisions is set based on a methodology approved by the Superintendence. In the case that they do not have a specific methodology, they must adhere to:

- *Category "A"* – Normal risk investment. It corresponds to items which are currently complying with the terms set forth in the security or certificate, with an adequate capacity to make payments to both capital and interests, as well as those investments from issuers which, according to their financial statements and additional available information, reflect an adequate financial situation.
- *Category "B"* – Investment with acceptable risk, higher than normal. It corresponds to items or emissions representing uncertainty factors, which may affect the capacity to continue complying with debt services in an adequate manner. Furthermore, in involves those investments from issuers that, according to their financial statements and any additional information that is available, show some weaknesses which may affect their financial situation.
- *Category "C"* – Investment with evident risk. It involves items which present medium or high non-compliance probabilities in timely payment of capital and interests. Furthermore, in involves those investments from issuers that, according to their financial statements and any additional information that is available, show deficiencies in their financial situation, which may compromise the recovery of the investment.
- *Category "D"* – Investment with significant risk. It includes those issues that reflect default in the terms agreed upon for the security, as well as the investments from issuers that, according to their financial statements and any additional information that is available, show significant deficiencies in their financial situation, so that the possibility of recovering the investment are highly doubtful.
- *Category "E"* – Non-recoverable investment. It involves those investments from issuers that, according to their financial statements and any additional information that is available, are deemed to be non-recoverable.

Provisions or losses are defined according to the aforementioned credit risk classification categories, and the book value of the investments should not exceed the following percentages:

Classification	Participating Securities	Debt Securities
	Maximum value of their acquisition cost	Highest value of their net nominal value of amortizations as of the date of valuation
	%	%
B	Eighty (80)	Eighty (80)
C	Sixty (60)	Sixty (60)
D	Forty (40)	Forty (40)
E	Zero (0)	Zero (0)

c. *Loan portfolio, leasing agreements, accounts receivable and their provisions* – Loans are accounted for based on their nominal value, and are classified as commercial, consumption, real estate or micro-credits. Real estate loans are, independent from their amount, those loans issued to individuals and which are destined to the purchasing of new or previously owned real estate, or to the construction of individual housing. These loans must have the following characteristics: (1) be in UVR or legal currency, (2) be covered by a first-degree mortgage guarantee, by the financed property, and (3) amortization term must be between five years minimum and thirty years maximum. Consumption loans are credits and loans issued to individuals with the purpose of financing the purchase of consumption goods, or the payment of services for non-commercial or non-corporate purposes, independently from their amounts. Micro-credit loans are a set of operations issued to small-enterprises whose payroll is under 10 workers, and whose debt balance is under twenty five (25) monthly minimum wages. Commercial loans include all other operations that are not classified under real estate, consumption or micro-credit.

In compliance with the rules and regulations of the Banking Superintendence, the Bank has been conducting two evaluations of its commercial portfolio, in May and November, along with a monthly update of new and restructured loans. The update of classifications is logged during the months of June and December and serve as the base for the accounting of the provisions. In accordance with all regulations, loans are classified according to their risk levels (A – Normal, B – Acceptable, C – Deficient, D – Hard to Recover and E – Non-recoverable). Said risk levels are assigned bearing in mind certain factors such as the payment capacity of the debtors, determined based on its financial statements (of at least the two previous periods), debt servicing and the information obtained from the centers of financial information, as well as the commercial information available to the bank. Real estate, consumption and micro-credit loans are classified on a monthly basis according to the aforementioned risk levels, bearing in mind, at least, the expiry of the balances; the resulting provisions are accounted during the same month in which the evaluation is made.

The figures are expressed in millions of Colombian Pesos.

As per of Joint Memo Number 052 from December 30th, 2004, as of January 1st, 2005, for the establishment of provisions, the Bank must apply the rules included in the Annex of said Memo. With External Memo 020 of July 1st, 2005, the Superintendence adopted the reference model for the calculation of expected losses for the commercial portfolio. The above model should be adopted as of July 1st, 2007 by all institutions under the SARC, except for those that have an un-contested internal model in operation as of said date. For the consumption, micro-credit and mortgage portfolio, de regulator has not yet defined a standard model for the estimation of expected losses. The reference model will be used for the evaluation and supervision of the internal models.

The evaluations and estimations of the probabilities of credit deterioration and of the expected losses are carried out by weighing objective and subjective criteria, taking the following aspects into account:

Classification of credit risk – Until the internal credit risk methodology is fully in place, in compliance with the SARC, the following criteria will be applied as sufficient objective conditions to classify credits by risk category:

Risk	Commercial	Consumption	Micro-Credits:	Real Estate
" A" Normal	Current and up to 1 month overdue	Current and up to 1 month overdue	Current and up to 1 month overdue	Up to date or up to 2 months overdue.
"B" Acceptable	Between 1 and 3 months overdue.	Between 1 and 2 months overdue.	Between 1 and 2 months overdue.	Between 2 and 5 months overdue.
"C" Appreciable	Between 3 and 6 months overdue.	Between 2 and 3 months overdue.	Between 2 and 3 months overdue.	Between 5 and 12 months overdue.
"D" Significant	Between 6 and 12 months overdue.	Between 3 and 6 months overdue.	Between 3 and 4 months overdue.	Between 12 and 18 months overdue.
"E" Unrecoverable	More than 12 months overdue	More than 6 months overdue	More than 4 months overdue	More than 18 months overdue

Classification of credits with territorial entities – The Bank, in addition to the above considerations, reviews and verifies the compliance with the different conditions set forth by Law 358 of 1997.

Provisions - Once the loan portfolio has been classified, the following minimum provisions are calculated in accordance with the by the Superintendence in Chapter II of External Memo No. 100 of 1995, and its later updates, the last one being issued through External Memo No. 004 of December 29th, 2005. With the last reform, as of December 29th, 2005 a provision of 1% was established for the portfolio classified as A, and the provision for B credits was increased from 1% to 3,2%. Both cases fail to include ideal guarantees. External Memo 04 established a calendar for the registry of the provision through 19 monthly installments, so that the new provisions generated based on this modification, would be fully established on July 1st, 2007. However, the Bank decided to have these provisions fully registered as of December 31st, 2005.

Portfolio provisions in their different classifications are:

Real Estate Credits – The value for loans, interests and their costs is provisioned according to the following classifications.

The figures are expressed in millions of Colombian Pesos.

Credit Classificati on	Provision % over Guaranteed Part	Provision % over Non - Guaranteed Part
A	1%	1%
B	3.2%	100%
C	10%	100%
D	20%	100%
E	30%	100%

Furthermore, 2 and 3 years after the loan has been classified under E Category, 60% and 100% over the guaranteed part will be provisioned, respectively.

Consumption, Micro-credits and Commercial Loans – The lower limit of the provision for capital, interests and other concepts for each risk level is as follows, weighing guarantees at 70% for credits that are 12 months overdue.

Classification	Percentage of Provision
A	1%
B	3.2%
C	20%
D	50%
E	100%

Provisions made for credits classified as “A” and “B”, should be calculated, not just based on the capital pending payment, but they should also include the amounts for interests, financial adjustment, exchange adjustments and revenues from other sources, not including those recorded in memoranda accounts.

Loans to clients admitted to the regulations of Law 550 of December 1999, maintain the classification they had before the restructuring agreement, they maintain the provisions that had already been established, and interests are suspended.

Furthermore, classifications in lower risk categories can be rehabilitated, whenever they comply with the rules set forth by the Superintendence.

The Bank has established, as set forth in External Memo 004 of 2004, a general mandatory provision of 1% over gross receivables.

BBVA Colombia selects all operations which have been 100% provisioned, and whose collection has not been successful, after having implemented several collection mechanisms, including legal means; in order to request to the Board of Directors that these assets are removed and punished. Once the Board of

The figures are expressed in millions of Colombian Pesos.

Directors authorizes the punishment of the chosen operations, they are accounted and the corresponding report is filed before the Superintendence.

Notwithstanding the punishment of credit operations due to the impossibility of collection, the different administrators continue their collection proceedings through formulas that may aid in total recovery of liabilities.

Guarantees – Guarantees in terms of calculating provisions are weighed by the following percentages, according to the overdue time of credits:

Mortgage Guarantees		Non-Mortgage Guarantees	
Overdue time (In Months)	Percentage	Overdue time (In Months)	Percentage
0 – 18	70%	0 – 12	70%
18 – 24	50%	12 – 24	50%
24 – 30	30%	24	0%
30 – 36	15%		
36	0%		

According to current regulations, as of January 1st, 2002, escrow items over commercial or industrial establishments by the debtor, mortgage guarantees over properties were the establishment operates or works from, and elements provided in escrow over properties which are part of said establishment, are weighed at 0% of their value, reason why they were re-classified as non-ideal guarantees.

Suspension of interest bearing and alignment regulations – In terms of the suspension of interests, regulations define that interests will be suspended, monetary corrections, adjustments in exchange rates, parameters and income from other concepts, when a loan is over 2 months overdue for real estate and consumption loans, and 1 months overdue for micro-credits, and over 3 months overdue for commercial loans.

At the same time that the generation of profits must be suspended, the total amount pending to be collected, with regards to said concepts, is provisioned.

In order to align debtor classification, the Superintendence orders that, when one institution under supervision classifies as “B”, “C”, “D”, or “E”, any of a debtors loans or credits, it must carry all other loans of the same criteria issued to the same debtor must be carried to the highest risk category.

The Bank’s own classifications need to be aligned to those made by the other financial institutions, when at least two of them establish a higher risk classifications, and whose loans represent at least twenty percent (20%) of the amount for the corresponding loans, according to the most recent information available at the risk central. In this case, a discrepancy of maximum one level in the classification will be allowed.

The figures are expressed in millions of Colombian Pesos.

Bankruptcy Agreements – Loans to clients who file for bankruptcy are immediately classified as E (Non-recoverable) and are subject to the provisions defined for this category. Once a payment agreement has been achieved during the legal proceedings, loans may be reclassified as D (Significant), and within the next year provisions can be reduced to 50%. Furthermore, it is possible to make re-classifications in lower risk categories, whenever they comply with the rules set forth by the Superintendence.

d. *Bank Acceptances* – Bank acceptances are bills accepted by financial entities to be paid to beneficiaries within a term no higher than 6 months. They can only be originated in transactions regarding the import / export of goods or in the purchase or sale of real estate on a domestic level. At the time of acceptance of said bills, their value is accounted by the Bank both in assets and liabilities. The values logged as assets are evaluated for credit risk in accordance to the general evaluation procedures of the loans portfolio.

e. *Derivate Agreements* - The Bank carries out term agreements for the purchase or sale of investments and foreign currency for coverage and investment purposes. These agreements are logged as acceptances and derivative instruments. Since May 1st, 1998, these operations are valued on a daily basis at their market prices, following procedures defined by the Superintendence; the results of these valuations are accounted and logged, and have an effect over the profit and loss statement.

f. *Cash Operations* - Operations involving the purchasing and selling of currencies, of investments in securities in legal tender or in foreign currency, whose compliance is set for within the two (2) working days immediately following the day in which the transaction is made, are valued according to the rules established in Chapter XVIII of the Basic Accounting and Financial Memo, considering that the corresponding market, counterpart and exchange risks need to be reflected.

g. *Goods Received as Payment for Obligations – GRPO* - Goods received as payment for liabilities are accounted according to the end value agreed upon with the debtors, or by the value determined during the legal appraisal.

Those considered as non-monetary were adjusted due to inflation until December 31st, 2000.

The Bank has two (2) years to expropriate the goods received as payment, and two (2) years' maximum extension. The commercial value for real estate goods is updated with a new appraisal, which has to be done within three (3) years. When the acquisition cost for the real estate good is lower than the value for the debt reported in the balance, the difference has to be acknowledged immediately in the profits and loss statement. When the monthly commercial value of the GRPO is lower than their book-value, then a provision must be accounted for the difference. When the GRPOs' market value is higher than the net cost, no valuations will be recorded.

For everything pertaining the dispositions set forth in Article 110, numerals 6th and 7th, Organic Statue of the Financial System, credit institutions must have a DRDPS Management System which will allow for proper management, in order to individualize them and to calculate the necessary level of provisions to cover the expected losses derived from the lack of recovery of these credits within the terms established by the Superintendence in the norm. This system must include, at least, the following:

- Policies in terms of the acceptance, management and recovery of GRPOs.
- Procedures for the acceptance, management and recovery of the GRPOs.
- Mechanisms for the estimation of losses and the quantification of provisions.
- Rules on the system's control procedures.

The model presented by BBVA was approved by the Superintendence and is currently being implemented.

The Bank calculates and registers provisions as per the considerations set forth in External Memo No. 034 of 2003, temporary régime, issued by the Superintendence, as follows:

Real Estate Goods.- A provision must equivalent to 30% of the acquisition cost of the GRPO (that is, the reception value), which needs to be increased by monthly installments within the second year by an additional 30% until reaching 60% of the GRPO's acquisition cost. Once the legal term for the sale has expired, without an approval of an extension, the provision must be 80% of the GRPO's acquisition cost. Should an extension be granted, then the remaining 20% in the provision, then the remaining 80% must be established within the term of the extension.

Those received earlier than October 1st, 2001, as of December 31st, 2005, were provision at 80% of their adjusted cost.

Movable Goods, Chattels – Immediately upon reception of the good, a provision must be established, equivalent to 35% of the GRPO's acquisition cost, which needs to be increased during the second year by an additional 35% until reaching 70% of the GRPO's book value before provisions. Once the legal term for the sale has expired without an extension being awarded, the provision must be 100% of the book value. Should an extension be granted, then the 30% remaining in the provision, may be included into it.

Notwithstanding the provision rules mentioned above, the GRPOs that correspond to investment securities, need to be valuated through the application of the criteria applicable and in effect for said purpose, taking into account their classification as investments which are negotiable, available for sale, or to be maintained until expiration.

h. *Goods given as lease* **-** Goods given as lease for Agreements signed until December 31st, 1995 are logged at cost as properties and equipment (including any financial cost which they may cause) and until December 31st, 2000, they were adjusted due to inflation, and were depreciated within the period of the agreement. This depreciation is calculated through the system of amortization of present value for cash flows in each agreement, discounted from the implicit rate for each agreement, considering the purchase cost or the net book value of the asset as present value, according to each case.

Financial leasing agreements signed after January 1st, 1996, are accounted as properties and equipment, and are not subject to depreciation. The capital part of the rate of rental is accounted as amortization for leased assets, and the rest is accounted as income from interests on lease agreements.

Said interests are calculated based on the internal return rate of each agreement. When these agreements become over 90 days overdue, the amortization of the leased assets and the accounting of interests are suspended.

The difference between the accounting calculation and the depreciation tax for real estate goods received as lease until December 31st, 1995, are shown as deferred depreciation. Said difference vanishes when the good is eligible for purchase.

Repair and maintenance expenses of assets received as lease are the responsibility of the tenants.

The lease agreements over goods, the rates of lease and other concepts which originate from said agreements are classified and evaluated according to the procedures implemented for the loan portfolio.

i. *Properties and equipment and depreciation* **-** Properties and equipment are logged by cost and were adjusted due to inflation between January 1st, 1992 and December 31st, 2000. The sales and disposal of said assets are accounted by their net adjusted book value and the difference between the sales price and the net adjusted book value is carried to the yearly results.

Extraordinary additions, improvements and repairs which represent a significant increase in the useful life of the assets are logged as higher value and the payments for maintenance and repairs which are carried out for the conservation of said assets are charged to expenses, as they are generated.

The depreciation of some real estate goods, according to studies on useful lifetime established by real estate authorities, is done at 40 years, and is calculated on the cost of acquisition, adjusted for inflation, until December 31st, 2000, using the straight line method at a yearly rate of 2.5%. All other purchased real estate goods are depreciated at a yearly rate of 5%, at 20 years.

The depreciation of other equipment is calculated over the purchase cost, adjusted due to inflation until December 31st, 2000, by using the method of straight line based on the useful life of said equipment at the following yearly rates:

- Furniture, equipment and chattels 10%
- Vehicles and computing equipment 20%

Individual provisions are accounted for those assets whose net book value exceeds the commercial value as appraised; and when the net value is lower than the commercial value, the difference is accounted as asset valuations.

Payments regarding improvements seeking to increase the efficiency of useful life of the assets, as well as the incorporations are capitalized. The expenses incurred in for maintenance and repairs are accounted as expenses of the year in which they are generated.

j. *Branch offices and agencies* – These accounts include the one-way charges and payments between the Bank's General Management and its branch offices, or between these offices, due to internal transactions.

According to the rules and regulations of the Superintendence (a) in the balance sheet assets and liabilities must be presented independently, and the net balance of said operations should not be presented; and (b) no pending amounts should exist in the years-end balance sheet (see Note 14).

k. *Expenses paid in advance and deferred charges* – Expenses paid in advance include economic items such as interests, commissions and insurance premiums, which are amortized based on their generation.

Deferred charges usually include deferred income taxes, allowances due to voluntary retirement, office supplies, organization and preoperative expenses, office remodeling, computer software purchased, improvements to real estate taken in lease, tax for the support of democratic stability, and are amortized based on presumptions over periods of benefit, as explained further on.

Until December 31st, 2000, deferred charges were adjusted due to inflation.

Amortization of office supplies is based on real consumption; computer software bought until 2002, is amortized at: a) a five year period at rates of 10%, 15%, 20%, 25% and 30% for each year respectively, and b) and those bought as of the year 2003, at 36; office improvements are amortized over a two year period. Improvements made to properties leased are amortized over a three year period, unless the lease period is shorter than this term, using the straight line method; organization and preoperative expenses are amortized through the straight line method over a period of three years.

Allowances and bonuses given to the staff in compliance with the voluntary retirement program, or other similar programs, are amortized at between 25 and 36 months, according to authorization by the Superintendence.

The goodwill resulting from the acquisition of Granahorrar Banco Comercial S.A., will be amortized at a ten (10) year term, as of January, 2006, as per the authorization request filed before the Superintendence, under number 2005058996-1. With regards to the expenses incurred during the merger, they will be amortized over a 36 month period, as per the norm by the Superintendence, after said process has been completed.

l. *Asset Valuations* – The valuations of certain assets, which increase shareholders' equity, are determined by the excess of commercial appraisal of real estate goods (as established by independent appraisers) over the net adjusted book value.

The excess or deficit in market value or in the updated investment value with the stockholder's share in participant certificates is recorded as a valuation or devaluation.

m. *Labor Liabilities* – Labor liabilities are accounted on a monthly basis and are adjusted at the end of each period based on the legal regulations and the existing labor agreements. The system for payroll estimation calculates the amount of the liabilities for each of the active employees.

n. *Retirement Pensions* – The bank establishes its pension liabilities based on the actuarial calculation that covers the all of its employees who, according to the legal dispositions have the right to a retirement pension, and covers the benefits set forth in the updated legal dispositions. The actuarial calculation must be 100% amortized by 2010, and for that reason, the remainder in the liabilities side is amortized in the percentage resulting from dividing the un-amortized % into the amount of years remaining until 2010.

Currently, it is the Instituto de Seguros Sociales (ISS) and other institutions authorized by Law (since 1994) receive contributions from the Bank and is employees to the General Pensions System, in order to assume their part of old-age, disabilities and death liabilities defined by the System for said employees. Pension liabilities which fall directly under the Bank's responsibility basically correspond to personnel hired during the 1960's or earlier and/or, who worked in certain regions in the country where the Bank had offices but where there was no ISS coverage for disabilities, old-age and death liabilities. These liabilities are accounted for based on actuarial studies that adhere to the current dispositions and norms established to this end. The deferred non-amortized cost due to retirement pensions and the subsequent increases in actuarial liabilities is amortized until the year 2010.

As of December 31st, 2005 and 2004 the actuarial study has been developed in compliance with the considerations set forth by Decree No. 2783 of December 20th, 2001, with regards to taxes.

o. *Income Tax* – The expense due to income tax is defined based on the taxable or presumed income, whichever is higher. The income tax provision includes, among others, taxes which result from the temporary differences between tax deductible expenses and expenses logged in the financial statements. The tax benefit or expense which results from said temporary differences is logged in an income tax account deferred in the asset or liabilities side, respectively.

p. *Conversion of transactions and balances in foreign currency* - Operations carried out in foreign currency are converted to Colombian pesos at the corresponding exchange rate, certified by the Superintendence, for the last working day of the month.

The negative and positive difference in the exchange rate, that results from this, is carried to the financial expense or revenue items, respectively. The exchange rate used to adjust the resulting balance in US Dollars, as of December 31st, 2005 and 2004, was $2.284,22 and $2.389,75 for every US$ 1, respectively.

The difference in exchange due to accounts payable and liabilities held in foreign currency required for the purchase of properties, plant and equipment is capitalized until the asset is in conditions to be used or disposed of. All other profits and losses from the exchange are included in the results for the period.

q. *Issue Premium* – The issue premium for ordinary and preferred stock is credited to the legal reserves, which is a part of the appropriated held-back profits.

r. *Recognition of income, costs and expenses* – Income, costs and expenses are carried on to the profit and loss statement by use of the cause system. As of March, 2002, the Superintendence requires that income from interests from the loan portfolio should not be accounted when a credit is in arrears according to the following chart:

Type of Credit	Overdue for over
Commercial	3 Months
Consumption	2 Months
Real Estate	2 Months (*)
Micro-Credits	1 Month (*)

(*) As of January 1st, 2005, this suspension period is applied. In 2004 it was 4 months for real estate and 2 for micro-credits.

Credits that are in default, and that as of March, 2002, have at some point ceased to cause interests, financial adjustments, exchange adjustments, or revenues due to any other concept, will cease to generate said revenues from the first day in which they are overdue. Once they are up-to-date, they may cause benefits again. While their collection is executed, the corresponding log will be taken in contingent memoranda accounts.

When any agreement to restructure the portfolio, or any other kind of agreement considers the capitalization of interests, which are logged under memorandum accounts, or of the remainders of punishable portfolio, including capital, interests and other items, these will be considered as a deferred payment, and its amortization and recognition as income will be made proportionately to the values that have been effectively collected, except in the case of loans which have State issued guarantees under restructurings of Law 617.

Furthermore, interests which are generated by these kinds of restructurings will receive the treatment indicated above.

Costs and expenses, as well as income, generated in from the issuing of loans, are carried on to the profit and loss statement.

s. *Contingent and Memoranda Accounts* - Contingent accounts are those letters of credit issued and not used, guarantees, amounts of loans which have been approved and not disbursed, guarantees issued and other contingent liabilities. Memoranda accounts are assets and values received and delivered in custody and in escrow; the rights in term agreements and in recurrent operations, unused credits, uncharged interests over overdue loans, punished assets and other values. Memoranda accounts also include adjustments due to inflation of the tax value of assets, liabilities and equity and adjustments due to inflation of accounting balances applied until December, 2000, and the tax value of assets and equity.

t. *Cash Flow Statements* – The cash flow statements included are presented using the indirect method, which includes the reconcilement of the net profit (loss) of the year and the net cash provided by operation activities.

u. *Net profit (loss) per share* – Net (loss) profit per share is calculated by dividing the net loss or profit of the weighed average of the outstanding shares both ordinary and preferred which are circulating each year.

4. ASSET MATURITY AND / OR EXPIRATION OF LIABILITIES

Loan Portfolio – For the maturity of the loan portfolio it is necessary to consider the periodical amortization of capital and interests for each liability, as agreed upon with the client.

The maturity process is carried out in one single stage, classifying the portfolio in commerce, consumption, micro-credit and mortgage loans, carrying out the evaluation separately for domestic, foreign and total currencies.

Investments – Maturity of capital and interests for investments in fixed income debt certificates, negotiable and available for sale, are classified within the time limits defined by the Superintendence, bearing in mind the financial conditions for each title.

The investment portfolio includes titles issued by the Republic of Colombia, with expiration periods at over 12 months, which are mainly TES.

Non-negotiable variable income investments are included in the last time period considered.

Deposits and Accountabilities – The maturity of savings deposits and checking accounts, is carried out on a statistical base, with a level of trust equal to 99%, determining the resources which show a greater need for availability –volatile- and the permanent part, that is, the remainder is held with relative stability by the institution.

Term bond certificates are matured according to the conditions agreed upon with the client.

5. TRANSACTIONS IN FOREIGN CURRENCY

Banks are authorized to keep and conduct operations in foreign currency. However, they are forced to maintain an daily own position in foreign currency which can in no case exceed twenty per cent (20%) of the technical equity, and as of February 26th, 1999, the Superintendence authorized exchange brokers to maintain an own position (difference between rights and obligations in foreign currency both in and out of the balance sheet) in foreign currency which shouldn't exceed five per cent (5%) of the technical equity expressed in US Dollars.

Starting on June 27th, 1999, the Superintendence established as cash own position as the difference between all assets and liabilities tagged as foreign currency, except for derivatives and, as of August 27th, 2003, investments to be maintained until expiration, investments available for sale in debt securities and contributions in foreign branches. According to External Memo No. 1 of January 23rd, of 2004, it is established that own cash position shall not be negative, and it shall not exceed fifty per cent (50%) of the broker's technical equity. External Memo No. 5 from July 22nd, establishes that the maximum amounts allowed for own position and cash, by law, will be calculated by taking the arithmetic average of the three (3) working days in each position. Should the three (3) day period described in article 3 of the aforementioned resolution include days from two different calendar months, the date of reference used to determine the second calendar month above will be the last working day of said period.

The definition of the maximum or minimum amount of the daily own position and of the cash own position in foreign currency must be calculated based on the Bank's technical equity on the last day of the second previous calendar month, converted into the exchange rate established by the Superintendence at the closing of the immediately previous month. As of December 31st, 2005 and 2004, the Bank's own position in foreign currency was USD$5.223.813,29, and USD$ 1.585.504,86; and the own cash position was USD$5.154.397,25 and USD$ 4.743.813,02, respectively. These amounts satisfy the current legal requirements.

All of the Bank's foreign currency assets and liabilities are kept in United States Dollars, and as of December 31st, were as follows:

	2005	2004
	(US Dollars)	
Assets:		
Cash and deposits in banks	8.993.124	7.979.114
Investments	1.633.251	9.507.379
Loan Portfolio	151.174.499	134.848.596
Other Assets	2.740.613	26.884.956
	164.541.487	179.220.045
Liabilities:		
Deposits	3.576.313	40.037.709
Financial Liabilities	142.570.682	129.272.581
Other Liabilities	12.552.289	4.024.025
	158.699.284	173.334.315
Net assets in foreign currency	5.842.203	5.885.730

The figures are expressed in millions of Colombian Pesos.

6. CASH AND DEPOSITS IN BANKS

Legal tender in Colombian Pesos:		2005		2004
Cash	$	222.248	$	171.862
Deposits at the Banco de la República		355.428		394.847
Deposits in other banks		2.463		2.320
Remittances in transit for negotiated checks		2.805		3.179
Swap		325		1.346
		583.269		573.554
Foreign Currency:				
Cash		1.101		2.412
Deposits at the Banco de la República		47		51
Foreign Agents		17.483		15.761
Remittances in transit for checks negotiated abroad		1.911		844
		20.542		19.068
Total cash and deposits in banks	$	603.811	$	592.622

As of December 31st, 2005 and 2004, there were restrictions on the use of cash and deposits at the Banco de la República for $459.088 and $396.301 respectively. The restriction, which is defined according to the regulations set forth by the Board of Directors at the Banco de la República, is based on average percentages of deposits maintained at the Bank by its customers.

The figures are expressed in millions of Colombian Pesos.

7. INVESTMENTS, NET

		2005		2004
Negotiable:				
Securities issued or guaranteed by the government	$	1.036.687	$	1.141.179
Securities issued by financial institutions		47.015		26.546
Securities issued by national public institutions		1.067		46.806
Others		9.836		14.950
Total negotiable investments		1.094.605		1.229.481
To be maintained until expiration:				
Internal public debt		1.068.321		909.063
Securities issued by foreign banks		-		9.058
Other debt securities		176.572		45.484
Total investments to be maintained until expiration:		1.244.893		963.605
Available for sale in participating securities		511.533		66.583
Minus – Provision for protection		19		77
Total available for sale in participating securities		511.514		66.506
Rights to back-purchase investments		-		100.972
Total investments	$	2.851.012	$	2.360.564

The figures are expressed in millions of Colombian Pesos.

On December 7th, 2005, the Bank acquired 98,78% of the stock from Granahorrar Banco Comercial S.A. The price of these shares totals $970.000 which, in addition to the other direct operating costs, represents a full payment of $981.572. The equity value acquired, based on Granahorrar's financial statements as of October 31st, 2005, was $435.483, which represented an acquired goodwill for $546.089. (See Note 13).

The expiration of investments in debt securities as of December 31st, 2005, is as follows:

Less than one year	$	752.120
Between one and five years		565.690
Between five and ten years		916.866
Between ten and twenty years		104.822
	$	2.339.498

The classification of investments in debt securities by risk level is A – Normal for all of them (100%).

The net contribution of investments to the results from 2005 and 2004 was $272.313 and $232.210, respectively.

Negotiable Investments– Term certificates included in securities issued by financial institutions, correspond to interest-bearing deposits with average yearly yields of 8% during 2005, and 9,25% during 2004, and with expiration terms of between 90 days and one year.

State-issued or state-guaranteed securities correspond to treasury bonds that during 2005 and 2004 earned average yearly interests of 6,79% and 9.86%, respectively, with expiration terms between less than one year and ten years, as well as Eurobonds in foreign currency which earned average yearly interests of 5,37% and 7.5%, respectively, with expiration terms of between less than one year and ten years.

Investments to be maintained until expiration– The Bank has maintained its positioning in investments to be maintained until expiration, with treasury bonds, with terms of between 1 and 3 years, with average interest rates of 10,84%, and another portion in TES UVR, with terms of between 4 and 8 years and with an average spread of 6.35 points above inflation.

TRD (Debt Reduction Securities – Títulos de Reducción de Deuda) – They are kept in UVRs, and are issued by the National Government. They are directed towards the payment of installments for individual debt long term financing of real estate properties. Said investment is 0.68% of yearly accountabilities, over six years, and will be calculated over the total amount of liabilities towards the public, which for the years 2005 and 2004 totaled $188.968 and $142.239, respectively.

The figures are expressed in millions of Colombian Pesos.

TES UVR Law No. 546 – Kept in UVRs, with 5.36% interest and monthly amortization, issued at 10 year terms, to tend to the cancellation of re-liquidation of mortgage loans.

The balance of securities prior to December 31st, 2005 and 2004 was $25.294 and $29.616, respectively.

TDA's (Agricultural Development Securities - Títulos de Desarrollo Agropecuario) – All financial institutions must keep a percentage of their liquidity generating Resources and of the legal currency accountabilities, after deduction of cash on hand, in an agricultural portfolio. When the required percentage is not reached, the Bank is forced to invest in TDA's. As of December 31st, 2005 and 2004, this item totaled $176.572 and $111.309, at an average rate of DTF-2 and DTF-4.

Investments available for sale in participant Securities – Corresponds to low yield variable income investments with low or minimum value, and as of December 31st, were comprised as follows:

As of December 31st, 2005

Institution	Capital	Participation Percentage	Book Value	Commercial Value	Valuations and/or devaluations	Provision for solvency and market risk	Classification by solvency risk
Shares with low or minimum market value							
BBVA Fiduciaria S.A.	22.751	94,50	16.481	21.502	5.021	-	
BBVA Valores S.A. Stock Brokers	9.559	94,44	6.061	9.028	2.967	-	
Granahorrar Banco Comercial S.A.	431.495	98,78	435.484	426.248	(9.236)	-	
Almacenes Generales de Depósito S.A. "ALMAGRARIO"	45.821	35,37	6.987	16.210	9.223	-	
Fondo para el Financiamiento del sector agropecuario "FINAGRO"	310.977	10,49	28.819	32.616	3.797	-	
Deceval	44.554	7,25	1.897	3.230	1.333	-	
A.C.H. Colombia	9.438	10	570	944	374	-	
Carretera Sabana de Occidente	57.360	45,16	14.479	25.907	11.428		
Compañía Promotora de Inv. Del Café S.A.	16.040	0,13	19	21	-	19	
Tecnibanca	14.039	0,04	5	6	1	-	

The figures are expressed in millions of Colombian Pesos.

Redeban	32.982	3,33	731	1.116	385	-
Subtotal			511.533		25.293	19
Minus – Provision for protection			19			
Total investments available for sale in participating securities			511.514			

There were no coverage investments, nor any legal restrictions on ownership. 41.715 Million Banco Comercial Granahorrar shares were acquired in December, 2005, which represents a participation of 98.78% gained. Dividends were received from FINAGRO ($1.901), BBVA Fiduciaria ($964), Almagrario ($761) and others ($1.878).

As of December, 2004

Institution	Capital	Participation Percentage	Book Value	Commercial Value	Valuations and/or devaluations	Provision for solvency and market risk	Classification by solvency risk
Shares with low or minimum market value							
BBVA Fiduciaria S.A.	$ 13.412	94,50	$ 9.865	$ 12.674	$ 2.809	$ -	A
BBVA Valores S.A. Stock Brokers	7.867	94,44	6.061	7.430	1.369	-	A
Almacenes Generales de Depósito S.A. "ALMAGRARIO"	47.403	35,37	6.987	16.642	9.655	-	A
Fondo para el Financiamiento del sector agropecuario "FINAGRO"	274.715	10,49	26.917	28.812	1.895	-	A
Deceval	36.619	7,25	1.653	2.655	1.002	-	A
A.C.H. Colombia	8.031		311	803	492	-	A
Carretera Sabana de Occidente	54.681	45,16	14.479	24.697	10.218	-	A

The figures are expressed in millions of Colombian Pesos.

Compañía Promotora de Inv. del Café S.A.	15.086	0,13	72	-	-	72	E
Tecnibanca	12.049	0,04	5	-	-	5	E
Redeban	30.092	3,33	233	1.028	795	-	A
Subtotal			66.583		$ 28.235	$ 77	
Minus – Provision for protection			77				
Total investments available for sale in participating securities			$ 66.506				

There were no coverage investments, nor any legal restrictions on ownership. Dividends were received from Carretera Sabana de Occidente ($5.235), and from the trust fund (Fidugan Concesión Carrretera Santafe de Bogotá - Siberia -La Punta - El Vino), for ($8.506), FINAGRO ($1.404), Almagrario ($763) and others ($1.512) were received.

8. CREDIT PORTFOLIO AND LEASING OPERATIONS

The classification and qualification by credit mode as of December 31st is:

Loan Portfolio

As of December 31st, 2005

Portfolio	Capital	Interests	Others	Capital Provision	Interest Provision	Others Provision	Guarantee
Commercial:							
With ideal guarantee							
Category "A"	$ 817.275	$ 12.841	$ -	$ 432	$ 30	$ -	$ 2.042.604
Category "B"	37.726	593	-	412	6	-	111.585
Category "C"	50.623	380	-	100	380	-	128.557
Category "D"	37.970	66	-	88	66	-	46.034
Category "E"	64.828	537	-	82.277	537	-	104.852
Subtotal	1.008.422	14.417	-	83.309	1.019	-	2.433.632
With other							
Category "A"	2.286.501	26.170	215	34.628	61	2	-
Category "B"	41.630	791	36	6.188	8	2	-
Category "C"	11.958	1.894	25	10.024	1.894	25	-
Category "D"	36.570	404	22	27.589	404	22	-
Category "E"	73.015	199	820	90.278	199	820	-

The figures are expressed in millions of Colombian Pesos.

Subtotal	2.449.674	29.458	1.118	168.707	2.566	871	-
Total Commercial	3.458.096	43.875	1.118	252.016	3.585	871	2.433.632
Consumption:							
With ideal guarantee							
Category "A"	135.160	1.428	-	42	-	-	1.078.584
Category "B"	3.702	96	-	7	1	-	320.585
Category "C"	1.067	26	-	1	26	-	9.623
Category "D"	991	21	-	2	21	-	2.474
Category "E"	3.114	103	-	14	103	-	2.466
Subtotal	144.034	1.674		66	151	-	1.413.732
With other							
Category "A"	1.062.730	16.559	334	13.507	130	3	-
Category "B"	28.505	2.324	155	401	23	2	-
Category "C"	8.349	272	192	1.684	272	192	-
Category "D"	12.641	401	324	6.203	401	324	-
Category "E"	10.097	342	258	10.442	342	258	-
Subtotal	1.122.322	19.898	1.263	32.237	1.168	779	-
Total Consumption:	1.266.356	21.572	1.263	32.303	1.319	779	1.413.732

As of December 31st, 2005

Micro-Credits:							
With ideal guarantee							
Category "A"	2.945	47	-	35	4		2.223
Category "B"	260	5	-	-	1		212
Category "C"	112	2	-	-	2		34
Category "D"	61	1	-	-	1		120
Category "E"	711	8	-	16	8		621
Subtotal	4.089	63	-	51	16		3.210
With other guarantees							

The figures are expressed in millions of Colombian Pesos.

Category “A”	606	2	12	5	-		-
Category “B”	37	-	3	3	-		-
Category “C”	5	-	1	1	-	1	-
Category “D”	18	9	2	7	9	2	-
Category “E”	82	-	35	108	-	35	-
Subtotal	748	11	53	124	9	38	-
TotalMicro-Credits:	4.837	74	53	175	25	38	3.210
Real Estate							
With ideal guarantee							
Category “A”	391.499	3.093	208	4.582	17	1	976.314
Category “B”	21.475	215	50	662	85	18	52.781
Category “C”	3.170	38	31	431	38	31	8.665
Category “D”	1.172	19	12	239	19	12	3.418
Category “E”	15.065	666	260	6.911	666	260	37.405
Total real estate	432.381	4.031	561	12.825	825	322	1.078.583
General Provision	-	-	-	51.617	-	-	-
Total Portfolio	$ 5.161.670	$ 69.552	$ 2.995	$ 348.936	$ 5.754	$ 2.010	$ 4.929.157

As of December 31st, 2004

Portfolio	Capital	Interests	Others	Capital Provision	Interest Provision	Others Provision	Guarantee
Commercial:							
With ideal guarantee							
Category “A”	$ 927.508	$ 18.169	$ -	$ -	$ -	$ -	$ 2.090.958

The figures are expressed in millions of Colombian Pesos.

Category “B”	48.658	698	-	356	4	-	157.385
Category “C”	47.857	162	-	253	162	-	103.430
Category “D”	42.745	67	-	1.382	43	-	58.030
Category “E”	70.141	526	-	62.947	365	-	136.883
Subtotal	1.136.909	19.622	-	64.938	574	-	2.546.686
With other guarantees							
Category “A”	1.727.864	20.957	253	-	-	-	-
Category “B”	49.820	2.153	34	6.502	32	1	-
Category “C”	5.814	53	13	9.465	1.498	25	-
Category “D”	41.356	133	23	27.870	131	51	-
Category “E”	110.756	2.966	298	118.749	3.143	348	-
Subtotal	1.935.610	26.262	621	162.586	4.804	425	-
Total Commercial	3.072.519	45.884	621	227.524	5.378	425	2.546.686
Consumption:							
With ideal guarantee							
Category “A”	97.136	1.019	-	-	-	-	265.549
Category “B”	2.815	74	-	-	-	-	8.498
Category “C”	870	22	-	-	5	-	4.045
Category “D”	1.085	26	-	-	3	-	2.861
Category “E”	2.414	74	-	39	12	-	7.581
Subtotal	104.320	1.215	-	39	20	-	288.534

The figures are expressed in millions of Colombian Pesos.

With other guarantees							
Category “A”	693.487	9.801	261	-	-	-	-
Category “B”	20.837	600	166	208	7	-	-
Category “C”	7.108	239	126	1.418	253	71	-
Category “D”	10.807	341	381	5.405	351	187	-
Category “E”	4.807	230	2.994	4.885	295	3.594	-
Subtotal	737.046	11.211	3.928	11.916	906	3.852	-
Total Consumption:	841.366	12.426	3.928	11.955	926	3.852	288.534
Micro-Credits:							
With ideal guarantee							
Category “A”	671	17	-	-	-	-	5.790
Category “B”	67	3	-	-	-	-	749
Category “C”	16	1	-	-	-	-	286
Category “D”	5	-	-	-	-	-	57
Category “E”	215	9	-	19	9	-	2.289
Subtotal	974	30	-	19	9	-	9.171
With other guarantees							
Category “A”	393	7	2	-	-	-	-
Category “B”	21	-	1	3	-	-	-
Category “C”	2	-	-	-	1	-	-
Category “D”	1	-	-	-	-	-	-

The figures are expressed in millions of Colombian Pesos.

Category "E"	19	-	7	25	2	7	-
Subtotal	436	7	10	28	3	7	-
TotalMicro-Credits:	1.410	37	10	47	12	7	9.171
Real Estate							
With ideal guarantee							
Category "A"	304.420	2.166	200	-	-	-	768.014
Category "B"	18.400	285	37	576	38	1	46.594
Category "C"	2.698	94	16	313	92	16	7.953
Category "D"	1.584	35	13	339	35	13	3.608
Category "E"	25.368	956	331	12.537	958	331	52.509
Total real estate	352.470	3.536	597	13.765	1.123	361	878.678
General Provision	-	-	-	42.912	-	-	-
Total Portfolio	$ 4.267.765	$ 61.883	$ 5.156	$ 296.203	$ 7.439	$ 4.645	$ 3.723.069

The movement of the provisions account for the loan portfolio and leasing operations during the year ending on December 31st, was as follows:

	Year 2005				
	Commercial	Consumption	Real Estate	Micro - credit	Total
Balance at the beginning of the year	$ 270.436	$ 11.954	$ 13.765	$ 47	$ 296.202
Provision charged to expenses during the year	82.156	50.826	12.200	249	145.431

The figures are expressed in millions of Colombian Pesos.

Transfers other items	(15.304)	70	1.721	6	(13.507)
Minus - Recovery of provisions	(19.389)	(3.858)	(2.844)	(6)	(26.097)
Loans punished as non-recoverable	(14.266)	(26.689)	(12.017)	(121)	(53.093)
Total	$ 303.633	$ 32.303	$ 12.825	$ 175	$ 348.936

	Year 2004				
	Commercial	Consumption	Real Estate	Micro - credit	Total
Balance at the beginning of the year	246.227	9.200	18.626	134	274.187
Provision charged to expenses during the year	62.724	29.288	14.577	103	106.692
Transfers other items	5.684	-	(1.445)	-	4.239
Minus – Provision recovery (See Note 26)	(23.788)	(3.011)	(5.423)	(22)	(32.244)
Loans punished as non-recoverable	(20.411)	(23.523)	(12.569)	(168)	(56.671)
Total	270.436	11.954	13.766	47	296.203

On account of the issuing of External Memo No. 004 from 2005, which increased the percentage for individual participation on “A” and “B” portfolios, and on account of the impact derived from the change in provisions, once the reference model for commercial portfolio (MRC) enters into effect; the Bank then made a single adjustment in the provision for a total value of $47.844, notwithstanding the norm that establishes a term of 19 months to implement this adjustment.

During the years ending on December 31st, 2005 and 2004, a previously punished portfolio was recovered for a total $36.639 and $38.217, respectively. Said recoveries are recorded as “revenues other than interests”, in the profits and loss statement (See Note 26).

Following is the classification of the loan portfolio and provisions according to geographic region, as of December 31st:

The figures are expressed in millions of Colombian Pesos.

As of December 31st, 2005

Zone	Capital	Interests	Others	Capital Provision	Interest Provision	Others Provision
Barranquilla	664.371	12.214	458	21.071	607	270
Bogotá	2.396.833	28.801	1.541	210.837	3.536	1.198
Cali	664.344	11.115	232	41.788	435	122
Cundiboyacá	165.245	2.354	134	2.253	173	69
Eje cafetero	137.914	1.747	55	1.450	94	22
Huila	60.075	728	24	421	35	9
Llanos orientales	103.608	1.736	79	1.031	121	33
Medellín	682.727	7.415	236	10.650	491	124
Santander	223.214	2.591	116	6.965	204	61
Tolima	63.339	851	120	853	58	102
General Provision	-	-	-	51.617	-	-
Total	5.161.670	69.552	2.995	348.936	5.754	2.010
Year 2004						
Barranquilla	523.714	11.668	1.129	17.346	483	950
Bogotá	1.937.931	23.894	2.282	137.589	2.944	2.381
Cali	514.373	10.335	348	73.717	2.992	281
Cundiboyacá	74.270	917	122	549	60	71
Eje cafetero	111.568	1.437	136	1.557	120	105
Huila	112.512	1.432	156	1.424	90	114
Llanos orientales	103.896	1.853	162	840	114	105

The figures are expressed in millions of Colombian Pesos.

Medellín	625.336	6.860	442	12.578	442	348
Santander	196.762	2.430	271	6.646	121	208
Tolima	67.403	1.057	108	1.045	73	82
General Provision	-	-	-	42.912	-	-
Total	4.267.765	61.883	5.156	296.203	7.439	4.645

As of December 31st, the Bank's credit portfolio was distributed into debtors dedicated to the following economic activities:

Activity	2005	2004
Association Activities – Educational – Health	$ 160.132	$ 139.792
Leisure Activities – Cultural Activity	23.201	19.140
Real Estate Activities – Companies – Rental	167.889	137.806
Exploitation - Public Administration and Defense	387.089	523.550
Collection – Cleansing – Distribution of Water	24.689	23.675
Wholesale Commerce – Commission – Contracting	597.918	266.839
Retail Trade – Non-specialized Establishments	373.362	273.008
Construction – Furnishing - Accessories	160.252	96.054
Mail and Telecommunications	310.712	320.163
Development of Food and Beverage Products	174.879	181.495
Exploitation of Non-Metallic Minerals	37.379	7.531
Extraction of Oil, Gas, Natural Gas.	12.437	8.567
Coal Extraction	1.252	1.276
Extraction of Metallic Minerals	4.771	5.538
Production of Non-Metallic Minerals	53.309	54.289

The figures are expressed in millions of Colombian Pesos.

Paper production – Carton and its products		53.107		37.413
Manufacturing – Refining – Oil – Chemical Products		236.963		149.856
Manufacturing Other Manufacturing Industries		24.179		24.026
Production of Metallic Products – Machinery		80.624		70.520
Manufacturing of Textile Products		89.352		83.448
Financing of Insurance Plans		4.598		7.219
Generation – Production of Electricity – Gas – Water		301.653		308.449
Hotels and Restaurants		47.803		41.444
Industry – Production – Metals		14.150		4.488
Financial Brokerage		100.110		198.943
Organizations and Other Classifications		1.006.118		768.027
Other Community Service Activities		184.639		140.929
Fishing, Fish Production – Farms		10.322		8.978
Agricultural and Animal Production		311.989		247.381
Services, Cleansing and Others		2.338		3.186
Forest Farming, Wood Extraction and Services		2.565		2.443
Transformation – Production – Wood Baskets		6.876		7.874
Transportation		195.013		104.418
Total	$	5.161.670	$	4.267.765

The figures are expressed in millions of Colombian Pesos.

The following is the detail of the values for loans restructured and charged to the companies with which informal agreements were reached, and which were undergoing processes for insolvency proceedings; 909 and 1.119 operations as of December 31st, 2005 and 2004, respectively:

	Year 2005				Year 2004			
	Capital	Interests and Other Accounts Receivable	Provision	Guarantee	Capital	Interests and Other Accounts Receivable	Provision	Guarantee
By type of restructuring								
Superintendence Memo 039	11.359	21	3.295	115	12.723	23	3.306	115
Law 550	78.563	35	62.850	18.931	83.149	64	65.423	19.259
Law 617	132.870	782	18.260	222.405	155.375	1.100	18.020	246.019
Other Restructurings	137.830	1.637	63.366	152.521	202.216	4.347	94.693	244.002
Total	360.622	2.475	147.771	393.972	453.463	5.534	181.442	509.395
By Classification								
A	79.006	844	137	126.866	99.639	1.694	-	170.620
B	41.683	586	6.518	37.885	59.773	508	6.855	73.550
C	42.340	161	7.809	93.894	49.815	26	9.253	93.120
D	70.131	78	34.176	42.175	79.717	56	35.933	54.630
E	127.462	806	99.131	93.152	164.519	3.250	129.401	117.475
Total	360.622	2.475	147.771	393.972	453.463	5.534	181.442	509.395

The figures are expressed in millions of Colombian Pesos.

	Year 2005			Year 2004		
	Capital	Interests and Other Accounts Receivable	Provision	Capital	Interests and Other Accounts Receivable	Provision
By Economic Sector						
Education – Health Activities	7.590	63	4.106	11.544	139	5.051
Cultural Activities	497	1	28	1.087	6	524
Real Estate Activities	9.589	12	244	13.130	51	1.103
Public Administration and Defense	151.266	896	26.482	178.869	1.229	25.735
Wholesale Commerce	12.006	153	7.709	12.129	38	7.726
Retail Commerce	3.964	28	2.862	6.197	136	2.924
Construction – Furnishings	5.689	8	184	7.250	9	262
Mail and Telecommunications	11.992	262	165	23.869	313	133
Production of Food Products	21.723	6	17.724	38.541	172	17.864
Extraction of Oil, Gas, Natural Gas.	13	1	-	-	-	-
Production of paper, carton and its products	1.516	-	351	2.529	2	453
Production of Textile Products	1.999	25	422	2.297	40	522
Production other industries	477	9	95	836	16	226
Production of insurance plans	54	-	32	-	-	-
Production of metallic products	4.600	12	3.257	5.590	32	3.583
Oil production and refining	8.762	53	4.807	8.697	2	4.651
Production of gas - electricity	28.321	-	28.159	31.511	-	31.214
Hotels and Restaurants	20.050	3	16.118	19.593	13	16.241
Industry – Production – Recycling of Metals	254	1	73	-	-	-

The figures are expressed in millions of Colombian Pesos.

Financial Brokerage	3.539	161	106	23.649	2.908	22.821
Organizations and Others	10.750	657	5.837	15.585	288	8.778
Other Community Service Activities	3.985	32	822	-	-	-
Agricultural and Animal Production	17.418	59	9.544	22.403	133	11.678
Wood transformation and production	2.343	26	1.046	3.775	-	1.865
Transport and Communications	32.225	7	17.598	24.382	7	18.088
Total	360.622	2.475	147.771	453.463	5.534	181.442
By Geographic Region						
Barranquilla	48.017	258	12.817	54.125	450	12.382
Bogotá	180.769	1.586	86.007	203.490	1.395	80.627
Cali	72.076	191	37.845	105.754	3.004	73.941
Cundiboyacá	550	11	87	426	8	67
Eje Cafetero	631	9	196	1.377	35	453
Huila	884	15	66	6.759	52	514
Llanos Orientales	583	16	36	871	20	114
Medellín	13.434	57	5.068	31.455	153	7.553
Santander	39.872	313	5.459	44.207	381	5.497
Tolima	3.806	19	190	4.999	36	294
Total	360.622	2.475	147.771	453.463	5.534	181.442

The figures are expressed in millions of Colombian Pesos.

9. ACCEPTANCES AND DERIVATES

Forward Agreements

	Term in days					
	2005	2004		2005		2004
Purchase on currency:	3 – 330	3 - 300				
Rights			$	917.766	$	1.580.379
Liabilities				(764.904)		(564.261)
Sale on securities	3 – 270	3 - 300				
Rights				762.268		571.447
Liabilities				(916.317)		(1.586.638)
Sale on securities	3 – 240	3 - 30				
Rights				684.910		624.431
Liabilities				(690.933)		(632.806)
Purchase on securities	3 – 240	3 - 30				
Rights				8.530		14.598
Liabilities				(8.314)		(14.582)
Total Forward Agreements				(6.994)		(7.432)

Cash Operations		
Purchase on currency:		
Rights	513	67.917
Liabilities	-	(65.072)
Sale on securities		
Rights	287	70

The figures are expressed in millions of Colombian Pesos.

Liabilities	(797)	(3.100)
Total Cash Operations	3	(185)

Bank Acceptances		
Within Term	2.992	3.595
Out of Term	196	9
Total Bank Acceptances	3.188	3.604
Total Acceptances and Derivates	$ (3.803)	$ (4.013)

Options - Balances for options as of December 31st, were as follows:

	Expiration	2005	2004
Options issued - Put	Between 45 and 75 days		
On currency			
Rights		$ 1.628	$ -
Liabilities		1.625	-

Derivate operations are basically covered with cross forwards.

As a general policy for derivative operations, the Bank follows the rules and regulations issued by the Banking Superintendence and bears in mind all restrictions and net position limits and the interest rate established by the BBVA group.

As of December 31st, 2005 and 2004, derivative operations showed no legal or financial charges, restrictions or taxations, nor any pledges, claims or litigations or any other sort of limitation to the exercise of the rights inherent to these operations.

The figures are expressed in millions of Colombian Pesos.

The average value, term and earnings for derivates during 2005 and 2004 were as follows:

Type of Derivate	Year 2005		Year 2004	
	Average Value In million US Dollars	Term (Days)	Average Value In million US Dollars	Term (Days)
Forward Purchase	604	9	12	22
Forward Sale	618	9	11	36
Put Options	1	116	4	30
Call Options	-	-	1	67

10. ACCOUNTS RECEIVABLE, NET

	2005	2004
Interests from Loan portfolio	$ 69.552	$ 61.892
Performance from investments, commissions and leases.	14.757	12.297
Sale of goods and services	1.774	2.448
Payment from clients	2.995	5.156
Advance payments on contracts and suppliers	93	34
Rates for goods given in lease	33	33
Claims to insurance companies	2.793	18
Others	13.240	7.948
Subtotal	105.237	89.826
Minus – Provision for protection	21.705	24.182
Total Accounts receivable, net	$ 83.532	$ 65.644

The movement of the provisions account for accounts receivable during the years ending on December 31st, was as follows:

The figures are expressed in millions of Colombian Pesos.

	2005	2004
Balance at the beginning of the year	$ 24.182	$ 30.386
Provision charged to expenses during the year	9.529	10.993
Minus - Transfer other items	2.738	1.239
Minus – Provision recovery (See Note 26)	1.849	9.417
Minus – Accounts punished as non-recoverable	7.419	6.541
Balance at the end of the year	$ 21.705	$ 24.182

Accounts receivable for leasing agreements as of December 31st, 2005 and 2004, whose balance did not change, corresponded to clients located in Medellín, whose economic activity is the production of textile products, and were classified as follows:

		Provision		
Portfolio	Capital	Others	Capital	Others
Commercial:				
With other guarantees				
Category "E"	$ 33	$ 8	$ 33	$ 8

There was no punishment of the leasing portfolio during 2005 and 2004.

The movement of the provisions account for accounts receivable from leasing during the years ending on December 31st, 2005 was reported no changes:

The figures are expressed in millions of Colombian Pesos.

11. ENFORCEABLE GOODS AND GOODS RECEIVED AS PAYMENT, NET

	2005	2004
Enforceable Goods		
Lands (Lots)	$ 1.283	$ 6.840
Locals	3.013	12.705
Minus – Depreciation	(1.590)	(5.907)
Sub-Total Enforceable Goods	2.706	13.638

	2005	2004
Goods received as payment		
Real estate goods	91.254	101.202
Adjustment for inflation	12.033	16.064
Movable goods	44	442
Adjustment for inflation	-	18
Movable values	747	824
Adjustment for inflation	-	54
Goods received as payment	104.078	118.604
Returned goods, leasing agreements		
Real estate goods	39	51

The figures are expressed in millions of Colombian Pesos.

Movable goods		163		265
Sub-Total Returned Goods		202		316
Enforceable goods, goods received as payment, and returned goods		106.986		132.558
Minus – Provision for the protection of				
Enforceable Goods		759		1.027
Returned Goods		195		265
Goods received as payment for obligations		82.080		83.228
Total executable goods, goods received as payment, and returned goods, net	$	23.952	$	48.038

The Bank's management is currently handling the necessary procedures in order to convert these goods into cash within the terms set forth by the Banking Superintendence.

The movement of the provisions the protection of executable goods and goods received as payment, during the years ending on December 31st, was as follows:

		2005		2004
Balance at the beginning of the year	$	84.520	$	95.415
Provision charged to expenses during the year		17.451		10.327
Minus – Withdrawal for sale and recoveries		18.937		21.222
Balance at the end of the year	$	83.034	$	84.520

With regards to the methodology used to evaluate provision levels, the Bank applied external memo 034 from 2003, issued by the Banking Superintendence, which defined that December 31st, 2005, was the deadline for financial institutions to maintain minimum provisions equivalent to 80% of the adjusted cost for real estate goods, received before October 1st, 2001.

For goods received during 2005, the Bank has been applying the policy of establishing reception provisions equivalent to 30% of their adjusted cost, and as of the second year, the provision level will be adjusted until a cumulative provision of 60% is reached.

The figures are expressed in millions of Colombian Pesos.

The amounts, existence times and level of provision for goods received as payment as of December 31st, 2005 and 2004, were as follows:

	Amount				2005		
Type of good		2005		2004	Duration (1)		Provision
Real estate goods	$	91.254	$	101.202	58	$	81.317
Adjustment for inflation		12.033		16.064			
Movable goods		44		442	11		16
Adjustment for inflation		-		18			-
Movable values		747		824	30		747
Adjustment for inflation		-		54			
Total	$	104.078	$	118.604		$	82.080

(1) Expressed as average existence time (duration) in months.

The commercial value for these goods is updated based on the valuations with a duration of three years. If the commercial value is lower than their book value, a provision is created for the difference.

12. PROPERTY AND EQUIPMENT, NET

		2005		2004
Lands (Lots)	$	28.427	$	26.361
Adjustment for inflation		11.288		11.443
Constructions in progress		3.703		7.529
Buildings		88.631		79.122
Adjustment for inflation		47.247		48.024
Furniture, equipment and chattels		73.810		68.366
Adjustment for inflation		47.351		49.455
Computing equipment		76.132		102.529
Adjustment for inflation		18.783		46.118
Vehicles		3.267		2.989

The figures are expressed in millions of Colombian Pesos.

Adjustment for inflation		727		746
Imports in progress		1		-
Subtotal		399.367		442.682
Minus – Cumulative depreciation	$	148.158	$	166.943
Adjustment for inflation on depreciation		94.981		121.079
Provision property and equipment		5.768		7.368
Adjustment for inflation, provision		798		797
Plus – Deferred depreciation		1.263		1.263
Adjustment for inflation		1.810		1.810
Subtotal		246.632		293.114
Total property and equipment, net	$	152.735	$	149.568

All of the Bank’s properties and equipment are duly covered for fire risks, low current and others through current insurance policies and there are no ownership restrictions.

Total depreciation charged to the results of the periods ending on December 31st, 2005 and 2004, was $17.105 and $18.900 respectively.

Based on tax dispositions which allowed for flexible depreciation charges on some additions to properties and equipment until 1991, and that currently allow for the use of higher depreciation rates higher than those used in the financial statements for certain assets, the Bank has logged, only for tax purposes, and with no effect to the year’s results, depreciation of properties and equipment using tax rates higher than those used for the financial statements. The excess in tax depreciation over the mean, as of December 31st, 2005 and 2004, has been logged as deferred depreciation and the corresponding temporary tax benefit was logged as deferred income tax.

In order to be eligible for tax deductions for the higher depreciation value, the Bank must create a new reserve which is not distributable and equal to 70% of the higher deducted value due to depreciation. When in future years the requested tax depreciation is lower than the depreciation accounted in the Profits and Loss Statement, it will be possible to liberate a sum equivalent to 70% of the difference from this reserve. (See Note 22).

The figures are expressed in millions of Colombian Pesos.

In order to establish individual provisions and valuations over real estate goods, commercial appraisals are carried out by independent companies belonging to the real estate market. The expiration period applied to these valuations is 3 years, and as of December 31st, 2005, it was distributed as follows:

Date of Appraisal	Amount	Participation %
2003	107	59
2004	26	14
2005	48	27
Total	181	100

Valuations on property, and equipment as of December 31st, 2005 and 2004, were $102.371 and $99.533, respectively (See Note 15).

13. EXPENSES PAID IN ADVANCE AND DEFERRED CHARGES

	2005	2004
Expenses paid in Advance:		
Interests	$ 19	$ 110
Insurance Policies	2.412	2.895
Financing Costs	779	490
Maintenance, lease and others	117	89
Subtotal	3.327	3.584
Deferred Charges:		
Deferred Income Tax	4.547	4.547

The figures are expressed in millions of Colombian Pesos.

Computer software		22.023		41.704
Office remodeling		6.819		1.777
Bonuses on retirement plans		19.120		14.088
Advertising and propaganda		2.245		3.862
CDT Regalo (Gift Term Deposit)		2.238		1.723
Goodwill (1)		546.089		-
Others		1.280		829
Subtotal		604.361		68.530
Total expenses paid in advance and deferred charges	$	607.688	$	72.114

(1) As indicated in Note 7, Investments, net, this goodwill was generated by the acquisition operation for 98,78% of the shares from Granahorrar Banco Comercial S.A., carried out on December 7th, 2005. This goodwill will be amortized over a 10 year period.

The movement of deferred charges during 2005 was as follows:

Concept		Dec - 04		Addition		Amort. Or Ded.		Dec-05
Remodeling	$	1.777	$	6.889	$	1.847	$	6.819
Computer software		41.704		11.986		31.667		22.023
Deferred tax		4.547		-		-		4.547
Bonuses		14.088		15.653		10.621		19.120
Term Deposit Prizes		1.723		3.721		3.206		2.238
Advertising and propaganda		3.862		-		1.617		2.245
Goodwill		-		546.089		-		546.089
Others		829		1.320		869		1.280
Total	$	68.530	$	585.658	$	49.827	$	604.361

The figures are expressed in millions of Colombian Pesos.

14. OTHER ASSETS, NET

		2005		2004
Goods and chattels in stock	$	11.046	$	6.759
Loans to employees		35.100		38.063
Branch offices and agencies		85		321
Trust Fund Rights		14.211		17.694
Letters of credit for deferred payment		62		290
Others		11.194		13.282
Subtotal		71.698		79.409
Minus – Provision for protection				
Initial balance		33.387		24.472
Amortization charged to expenses		1.467		15.858
Reclassification other accounts		(2.251)		315
Recoveries		(316)		(6.835)
Punishment		(230)		-
Use for sale.		(494)		(423)
Final balance provision for protection		31.563		33.387
Total other assets, net	$	40.135	$	43.022

Loans to employees are issued for the purchases of real estate, vehicles, or for open-end purposes, at low interest rates (between 0% and 18% yearly), and for limited periods (not higher than 15 years).

The figures are expressed in millions of Colombian Pesos.

Trust fund rights correspond to: a) Two trust funds with BBVA Fiduciaria by the Instituto Nacional de Vivienda de Interés Social y Reforma Urbana (INURBE) in favor of the Bank for a total value of $1.417 and $1.089, over bonuses and contributions, which involves the land at Niquia, whose profits from sale will be used to pay investment certificates issued by INURBE; b) Trust fund made with BBVA Fiduciaria by the Bank, to manage goods received as payment from Ingral, totaling $5.908; c) Trust fund for management and sale with Fiduciaria FES, for F144 Agromar, totaling $634; d) Trust fund for the management and sale of real estate, with Fiducolombia, for Procampo payments, totaling $1.517; e) Trustfund with the Fiduciaria Alianza, for ADM Ceylan-Conconcreto, totaling $2.151.

Under the "others" item are logged basically the balances of link accounts between applications whose movements are generated automatically, with the same applications. These balances are finally regulated to the final accounts.

Branches and Agencies - Balances from branches and agencies as of December 31st, 2005 were contemplated in the other assets for $85, and include the following items pending cross checking:

	No. Of Items.		Value
Debits	61	$	989
Credits	31		904
Total	92	$	85

97.8% of the net value of all outstanding items as of December 31st, 2005 is over 1 and 2 days old. Based on their experience, the Bank's management believes that no significant changes to the financial statements will come as a result of the normalization of these accounts.

15. ASSET VALUATIONS AND DEVALUATIONS, NET

		2005		2004
Investments	$	25.293	$	28.235
Property and equipment		102.371		99.533
Total	$	127.664	$	127.768

The figures are expressed in millions of Colombian Pesos.

16. INTERBANK FUNDS PURCHASED AND BACK-PURCHASE AGREEMENTS

	Rate					
	2005	2004				
National Treasury		6,13%	$	-	$	100.000
Domestic Banks		6,20%		-		47.000
Residents abroad	4,30%	2,8%		18.274		83.641
Total			$	18.274	$	230.641

Inter-bank funds purchased and back-purchase agreements are set at terms of between one and seven days. The amounts are not subject to restrictions or limitations.

17. CREDITS IN BANKS AND OTHER FINANCIAL LIABILITIES

		2005		2004
Foreign Currency:				
Short Term	$	232.992	$	270.459
Long Term		92.671		38.470
Total foreign currency		325.663		308.929
Legal Tender:				
Fondo para el Fomento del Sector Agropecuario “FINAGRO”		181.808		177.239
Banco de Comercio Exterior “BANCOLDEX”		69.408		49.551
Financiera de Desarrollo Territorial “FINDETER”		44.812		75.019
Instituto de Fomento Industrial “IFI”		3.696		8.388
Fiduagraria		-		37

The figures are expressed in millions of Colombian Pesos.

Banco Bilbao Vizcaya Argentaria		600.000		-
Total legal tender		899.724		310.234
Total credits in banks and other financial liabilities	$	1.225.387	$	619.163

Financial obligations in foreign currency were assumed in order to maintain the bank's liquidity, and were established without any real guarantee.

Average interest rates for liabilities in foreign currency were Libor +0,7447% and +2.64394% (short term) and Libor +1.6233% and +2,13842% (long term), as of December 31st, 2005 and 2004, respectively.

The Colombian Government has established programs to promote the development of certain economic sectors. These sectors include foreign trade, agriculture, cattle, tourism and other industries. Said programs are under the management of the Banco de la República and of other government institutions.

These loans usually receive interests of between 10 and 13 per cent. The loans' expiration term varies according to the program (usually from one to ten years), and funds directly provided by the Bank vary from between 0% up to 40% of the total amount of the loan while the remainder is provided by Government institutions. Obligations are guaranteed by the corresponding loans granted to clients.

At the end of 2005, the Bank assumed five loans with the Headquarters of Banco Bilbao Vizcaya Argentaria S.A. in the amount of $600.000, at a rate equal to DTF plus 1.2% and with a term of one year, and interests payable every quarter in arrears, in order to finance its acquisition of Granahorrar Banco Comercial S.A.

The classification by term for these liabilities, as of December 31st is:

Year 2005	Capital				
	Interests	Short Term	Medium Term	Long Term	Total
Fondo para el Fomento del Sector Agropecuario "FINAGRO"	$ 2.879	$ 85.877	$ 93.729	$ 2.202	$ 181.808
Banco de Comercio Exterior "BANCOLDEX"	312	51.671	17.717	20	69.408
Financiera de Desarrollo Territorial "FINDETER"	353	4.467	28.227	12.118	44.812
Instituto de Fomento Industrial "IFI"	13	-	2.598	1.098	3.696

The figures are expressed in millions of Colombian Pesos.

Banco Bilbao Vizcaya Argentaria		3.633		600.000		-		-		600.000
Total	$	7.190	$	742.015	$	142.271	$	15.438	$	899.724

Year 2004			Capital							
		Interests		Short Term		Medium Term		Long Term		Total
Fondo para el Fomento del Sector Agropecuario "FINAGRO"	$	2.999	$	20.995	$	28.789	$	127.455	$	177.239
Banco de Comercio Exterior "BANCOLDEX" LT'		293		18.405		18.904		12.242		49.551
Financiera de Desarrollo Territorial "FINDETER"		501		128		4.763		70.128		75.019
Instituto de Fomento Industrial "IFI"		39		-		1.715		6.673		8.388
Fiduagraria		-		-		-		37		37
Total	$	3.832	$	39.528	$	54.171	$	216.535	$	310.234

18. OTHER LIABILITIES

		2005		2004
Earnings received in advance (Note 20)	$	15	$	2
Labor Obligations (1)		21.953		20.201
Retirement pensions		24.520		21.219
Advances increase in capital (2)		300.000		-
Revenues from restructured loans (Note 20)		29.212		30.741

The figures are expressed in millions of Colombian Pesos.

Debit card operations in ATMs and others		5.508		5.192
Balances in favor of third parties, Foreign Currency		4.849		3.692
Term Deposit Incidents		1.433		1.503
Deferred Income Tax		1.076		1.076
Barter Excess		32		88
Re-financing of mortgage loans		1.544		1.616
Others		3.847		1.046
Total	$	393.989	$	86.376

(1) The entries which make up the balance of labor obligations, as of December 31st, 2005, are: Lay-off indemnities $4.602, Indemnity interests, $554, vacations $4.133, seniority premiums $8.905 and other contributions for social security $3.759.

(2) The Headquarter for Banco Bilbao Vizcaya Argentaria S.A. carried out this capital advance in order to inject capital and strengthen the Bank's equity for the purchase of Banco Comercial Granahorrar S.A.

Retirement Pensions - According to Colombian labor Laws, institutions must pay retirement pensions to those employees who comply with age and time of service requirements; however, in what pertains the Bank, the Instituto de Seguros Sociales (ISS) and other institutions duly authorized by Law have assumed the larger part of these obligations.

Actuarial calculations include a total of 229 people with a series of legally established benefits.

Liabilities assumed directly by the Bank, according to legal requirements, on account of retirement pensions, are as follows:

		Pension Liabilities		Deferred Cost		Net
Balances as of December 31st, 2003	$	23.337	$	(2.756)	$	20.581
Plus – Adjustment according to actuarial calculation		3.368		(3.368)		-
Minus:						
Payment of pensions		(2.994)		-		(2.994)
Amortization charged to expenses		-		3.632		3.632
Balances as of December 31st, 2004		23.711		(2.492)		21.219
Plus – Adjustment according to actuarial calculation		5.542		(5.542)		-

The figures are expressed in millions of Colombian Pesos.

Minus:						
Payment of pensions		(2.379)		-		(2.379)
Amortization charged to expenses		-		5.680		5.680
Balances as of December 31st, 2005	$	26.874	$	(2.354)	$	24.520

The values due to pension obligations as of December 31st, 2005 and 2004 were determined based on actuarial calculations in compliance with legal dispositions.

The main factors used in actuarial calculations for the years ending on December 31st, were:

	2005	2004
Cumulative amortization	91,24%	89,49%
Amortization for the year	1,75%	1,75%
Yearly interest rate	19,06%	21,23%
Future annual pension increase	12,01%	13,72%

Methodology – The method use to determine the amortization percentage is included in literal a) of article 1 of Decree 1517 1998, which corresponds to economic institutions established before January 1st, 1974.

On the other hand, in order to calculate the Pension Reserve, Bond and Pension Security, the following technical basis were applied:

a. Mortality: Colombian Mortality Rate ISS 1980/89.

b. Technical Interest: 19.06 % yearly with 12.01% projection of salaries and pensions.

In what pertains to taxes, this is done in compliance with the regulations set forth by Decree 2783 of December 20th, 2001.

Usually, the calculated reserves are presented into the study as follows, in an individual manner:

- Retired personnel
- Active personnel, eligible for immediate retirement
- Active personnel, entitled to full pension
- Personnel Retired of Own Accord

The figures are expressed in millions of Colombian Pesos.

- Personnel Dismissed Without Just Cause
- Personnel with life income
- Personnel with temporary income

Benefits Covered - Actuarial retirement liabilities cover allowances set forth in the Personnel Law:

- Old Age Pensioner retirement paid by Company
- Old Age Pensioner with pension shared with the ISS
- Old Age Pensioner retired by the company and expecting ISS resolution
- With life income paid by the Company
- Old Age Pensioner with life income shared with the ISS
- With temporary income paid by the Company
- Active with Company requirements already fulfilled, and expecting ISS resolution
- Active, expecting Company and ISS Resolution
- Retired of own accord, retirement paid by Company with over 20 years of service
- Retired of own accord, retirement paid by Company with more than 15 and less than 20 years of service
- Retired of own accord, affiliated to the ISS, with over 20 years of service
- Retired of own accord, affiliated to the ISS, with more than 15 and less than 20 years of service
- Retired without just cause, retirement paid by Company with more than 10 and less than 15 years of service
- Retired without just cause, affiliated to the ISS, with more than 10 and less than 15 years of service

In compliance with legal dispositions, amortization will be carried out until 2010.

19. ESTIMATED LIABILITIES AND PROVISIONS

		2005		2004
Interests	$	518	$	642
Bonuses		11.976		11.195
Other benefits (1)		5.475		5.039
Others (2)		30.986		11.351
Fines and sanctions (3)		44.009		27.674
Total estimated liabilities and provisions	$	92.964	$	55.901

(1) The other benefits as of December 31st, 2005, include $4.443, estimated to tend to liabilities generated from the application of article 9 of law 787 of 2003.

(2) These correspond to estimated expenses payable such as suppliers, utilities and others.

(3) These correspond to provisions accounted for by processes carried out against the Bank in commercial, ordinary and labor litigations.

The most important litigations, as of December 31st, 2005, are:

Legal Contingencies: The Bank is involved in legal and administrative procedures that are civil, administrative and labor in nature, and are derived from the normal course of its activity and businesses, totaling approximately $277.353, which include the processes for BBVA COLOMBIA S.A., as well as those for Banco Nacional del Comercio BNC, Corfigan and Leasing Ganadero.

Provisions have been established for the aforementioned contingencies, totaling $38.538, along with voluntary reserves for $30.000. In the view of the Bank's directives, and alter consulting with their internal and external Colombian legal advisors, these processes will not have a significant adverse material effect on the Bank's financial condition or on the results of its operations, and have been properly provisioned.

Civil Processes

a) *Prounida and Coloca Ordinary Process* - In 1982, Prounida and Coloca, as Intended Buyers, and several companies from the Grupo Cafetero, as Intended Sellers, signed two promissory agreements over stock from the Banco de Caldas, and set $265 as down payment, with which Coloca and Prounida opened two Bond Term Certificates, with the instruction for these to be delivered to the beneficiaries or to return them to the constituents, once certain conditions had been met.

The figures are expressed in millions of Colombian Pesos.

On August 12th and 16th, 1982, the Banco de Caldas, understanding that the conditions had been met, delivered the certificates to the Intended Sellers. On April 28th, 1983, Prounida and Coloca, disagreeing with the delivery of the certificates, implemented a law suit against the Federación Nacional de Cafeteros (National Coffee Growers' Federation), Casa Luker, Banco de Caldas and others, referring the following causes in a subsidiary manner: (i) that the agreements signed are promissory sales-purchase agreements, that they are void, (ii) that the plaintiffs are not forced to fulfill said agreements, (iii) that they have already been resolved, (iv) that the plaintiffs are forced to return the money received, plus interests, interests over interests and monetary adjustments, and (v) that the Banco de Caldas is responsible for the delivery and payment of the term certificates, and therefore is forced to pay their value to the plaintiffs.

The Tenth Civil Court in Bogotá, on April 16th, 2001, resolved that the Banco Ganadero S.A. had to pay $265 plus 35% interests calculated from May 3rd to September 30th, 1982, and over that base, all interests due, according to all legal pertaining regulations, caused since October 1st, 1982, and until de day the payment is conducted.

The first instance sentence was appealed by BBVA and the other defendants. On January 27th, 2004, the Bogotá Court carried out a "test settlement", for $39.300, and ordered the Bank to open a bond to prevent a lien for 150% of this amount, the Bank complied with this and the bond was accepted by the Court. The process is pending a second level sentence by the Court, which can be appealed in the future before the Supreme Court.

For this liable contingency, since December 31st, 2003, BBVA Colombia S.A. has provisioned $4.000, an amount which the Banking Superintendence has considered to be reasonable. The Bank will continue making periodical evaluations according to the legal decisions that continue to be produced, in order to decide whether the provision needs to be increased, or in due case, be fully or partially released.

According to the team of lawyers hired by the Bank there are sufficient arguments to seek the reversal of the sentence in higher instances.

b) *Class Actions* - There are several class actions filed by the Bank's users, for mortgage loans, fees and commissions charged for banking services and credit card interests, processes which are on their early stages, are indefinite in amount, and constitute a remote contingency.

c) *Victor Alberto Arévalo Ordinary Process* - The plaintiff seeks a statement of liability by the Bank on alleged excesses in the execution of liens and repossessions as part of a process for the collection of overdue portfolio. Even though for the Bank this represents a remote contingency and the amount should not be above $500, there is an expert report that estimates damages in excess of $20.000; also, it is pending first instance ruling.

d) *Kachina Ordinary Process* - A process that is being carried out in Venezuela, against Bank's former branch in that country. The demand is for the payment of storage charges for some communications antennae that were exported by Telegan to provide telecommunications services. There is a first stage ruling for USD $969 thousand, plus 12% interests since 1999, plus USD $12 thousand per month since that same year, for warehouse storage charges. A new, second instance ruling is expected, since the first ruling was overruled by the Supreme Court for errors in form.

e) Incident involving damages, initiated by Luis Miguel Berrocal – Filed before a Montería court. The plaintiff is pursuing an indemnity for damages caused by cautions applied as part of an executive process ruled against the Bank. Damages were calculated in a second instance at $15.820. A cautionary ruling ("tutela") is being undertaken against that decision, which should be ruled by the Constitutional Court, in last instance, during 2006. Based on the above background, a provision of $8.000 has been established.

Administrative Processes

a) *Executive Process by IFI Against CORFIGAN* – This is an executive process that is currently in its initial state, with an order of payment for $6.000 plus interests. It seeks to collect the final liquidation on a salt refining contract, in which CORFIGAN participated. A provision of $10.598 has been established for this contingency.

b) *Tax Processes* - There are several administrative processes in which the Bank is arguing resolutions by the DIAN: i) in which it imposed penalties for the failure to issue withholding tax certifications for the years 1998 and 1999 ($78.060). This process has been ruled on in its first instance, with a reduction in the penalties to $12.000; it is currently being appealed; ii) the calculation of the revision made to the 1997 income statement ($27.713), a process which has been ruled in favor of the Bank in its first instance, and iii) a sanction for procedural issues with the allocation of positive balance in the 1997 income statement ($27.827); this process is dependent from the result of the previous process, iv) Calculation of the review of the statement regarding the Tax on Financial Movements for 1999 ($42.150). During a first instance proceeding, this contingency was reduced to $29.800, pending its appeal. Provisioned at $5.200.

Labor Processes – The Bank is acting as a defendant in 233 labor processes. Total expectations in these processes total $10.651, of which $3.252 have been provisioned. The classification of contingencies is: eventual (95), remote (103), and probable (43). The main reasons for the filing of these law suits against the Bank are indemnities for wrongful dismissal, requests for overdue indemnity and discussions over the legal nature of seniority and vacation premiums.

The Bank's legal processes have been sufficiently provisioned, according to the legal norms, the procedures established for this by the Bank and the recommendations by the Superintendence. Even though the total number of labor proceedings against the Bank has increased, according to the Bank's legal council, it is believed that the result of these proceedings will be in favor of the Bank, or that losses will not be significant.

Income Tax – Income Tax rate is 35%.

For fiscal years 2003, 2004, 2005 and 2006, there is an overcharge to be paid by constituents who are responsible for income taxes. This overcharge is equivalent to ten percent (10%) of the net income tax defined for each fiscal year.

For matters pertaining the calculation of obligations from income taxes, this obligation is defined by applying the rate to the higher figure which results from 6% of the liquid equity as of December 31st, of the previous year, and the effectively perceived income.

Fiscal losses accumulated until 2002 are subject to compensation against the profits obtained during the five following years. Those caused as of 2003 can be compensated within the following 8 years.

The excess in presumed income over ordinary income for the year 2001, may be compensated against gross income over the following three years. As of 2002, it may be compensated against liquid ordinary income determined over the following five years.

Following are the reconcilements between the taxable income and earnings before income tax, as well as the determination of the corresponding taxes:

		2005		2004
Profit prior to expense for income tax	$	124.349	$	121.614
Income not considered as income, or tax exempt		(4.893)		(3.711)
Revenues acknowledged from an accounting but not from a fiscal standpoint.		(407.817)		(23.297)
Revenues acknowledged from a fiscal but not from an accounting standpoint.		182.736		4.974
Costs and expenses acknowledged from an accounting but not from a fiscal standpoint.		255.678		83.341
Costs and expenses acknowledged fiscally but not accounted.		(25.299)		(30.423)
Fiscal financial correction (loss)		(22.265)		(23.194)
Adjustment for correction		-		40.740
Amortization of fiscal losses		(102.489)		(170.044)
Fiscal Profit (Loss)	$	-	$	-
Fiscal Profits, as a base for tax calculation (1)	$	47.949	$	44.542
Tax rate		35%		35%
Income tax payable for the period		16.782		15.590
Overcharge to net income tax		1.678		1.559
Tax for current year		18.460		17.149
Income tax from previous years		-		2.000
Expense in Fiducia Mercantile contract		(1.510)		(2.811)

The figures are expressed in millions of Colombian Pesos.

Total expenses carried to the years' Profits and Loss Statement	$	16.950	$	16.338

(1) Presumed Earnings.

The 1997 income statement is being reviewed before the Administrative and Procedural Authorities (the first ruling was completely in favor of the Bank). Those pertaining the years 1999 and 2000 which reported fiscal losses, are being reviewed by the same Authorities; the statements for 2002, 2003 and 2004 are pending review by fiscal authorities. The Bank's management and its legal advisors believe there will not be any significant differences regarding the amounts already paid for said periods.

Accounting equity as of December 31st, 2005 and 2004 differs from tax equity because:

		2005		2004
Accounting equity	$	718.376	$	614.680
Plus or (minus) items which increase or reduce the equity for fiscal purposes:				
Fiscal Adjustments and Readjustments on assets		120.704		113.617
Provisions for assets, which do not constitute a fiscal reduction for these assets		115.738		123.035
Estimated liabilities and provisions		67.366		47.397
Accounting valuations of property and equipment		(102.371)		(99.533)
Deferred cumulative depreciation		(3.073)		(3.073)
Amortization in deferred charges		(18.544)		(12.787)
Adjustment for correction		-		(11.685)
Others		14.834		8.348
Fiscal Equity	$	913.030	$	779.999

The figures are expressed in millions of Colombian Pesos.

The net balance for the fiscal financial correction is comprised by adjustments to:

		2005		2004
Variable income investments	$	4.913	$	5.552
Fixed Assets		31.176		35.388
Other non-monetary assets		-		3.635
Shareholders' Equity		(40.962)		(40.463)
Adjustment for correction		-		(752)
Depreciation, amortization and depletion		(17.392)		(26.554)
Fiscal Financial Correction (expense)	$	(22.265)	$	(23.194)

Through External Memo 014 of April 17th, 2001, the Superintendence eliminated the adjustments for inflation for accounting purposes, as of January, 2001.

Some amounts for the reconciliations between accounting and fiscal figures for the year 2004, have been modified according to the corrections that the Bank's management has defined on that year's income statements.

The structure of this note has been modified in order to provide greater clarity as to reconciliation items and, for comparison purposes, the concepts and amounts are those from 2004.

20. REVENUES IN ADVANCE AND DEFERRED PAYMENTS

Revenues received in advance and deferred payments that are part of the other liabilities (Note 18), as of December 31st, are as follows:

		2005		2004
Interests	$	1	$	2
Commissions received in derivate products		14		-
Deferred profit from the sale of goods received as payment		933		-
Earnings from restructured loans		28.279		30.741
Total	$	29.227	$	30.743

The figures are expressed in millions of Colombian Pesos.

Deferred profits from the sale of goods received as payment are generated as a result of the execution of term-sales operations, which must be deferred over the term at which the operation has been agreed; their amortization must be carried against the Profits and Loss Statement, as its collection is carried out.

With regards to deferred revenues originating from restructured credits, the norm states that when there is a capitalization of interests, which are logged under memoranda accounts, or in the remainders of punishable portfolio, including capital, interests and other items, these will be considered as deferred payments, and their amortization will be made to the Profits and Loss Statement, proportionately with the adequately collected amounts.

21. OUTSTANDING CAPITAL

The Bank's outstanding capital and stock is divided into ordinary shares and shares with preferred dividends without voting rights. The latter may not represent over 50% of the outstanding capital. As of December 31st, 2005 and 2004, there were 11.640.597.147 ordinary shares outstanding, and 479.760.000 preferred shares outstanding, with a nominal value of $6.24, for a total value of $75.631.

In November, 1993, the Bank issued preferred stock simultaneously in the Colombian market and in the United States, in the form of American Depositary Receipts - ADS, in compliance with Rule 144A of the Securities and Exchange Commission.

In November, 1994, the Bank registered its stock before the Securities and Exchange Commission (SEC), and after being listed in the New York Stock Exchange ADS were traded, which represented ordinary shares and ADS with preferred dividends, without voting privileges, identified with the letters BGA and BGAPR, respectively. In both cases, each ADS represented 100 shares.

In compliance with all legal dispositions, deposit agreements for stock in foreign countries constitute an institutional foreign investment fund and the dividends paid to these funds are not subject to any type of taxation in Colombia. For such reason, dividends paid internationally by the Bank to holders of ADS are tax except in Colombia, except when the Bank distributes earnings in excess to those which serve as a tax base. In such case, the ADS holders shall pay taxes over the dividends received in excess, at a rate of 35%.

In April, 2001, a take-over bid (OPA – Public Acquisition Offer) takes place, through which the BBVA offers to purchase 1.743.000.000 shares; this OPA was directed to both domestic share holders, as well as to foreign holders of ADRs effective at that time. The Colombian offer was 68.6%, and 31.4% in US Dollars. The result was an acquisition of 67% of the total offered shares, in which the majority of the shareholders participated, and after which the BBVA held a participation of 95.3% of the company's equity.

After this operation took place, and in compliance with requirements from foreign regulatory institutions, the Bank then left international stock exchanges and the SEC. Currently, the ADR's program is in effect with the Bank of New Cork, with 86 ordinary shares and 9.581.802 shares with preferred dividends were registered on behalf of the Banco Ganadero ADR FUND.

22. APPROPRIATED PROFITS WITHHELD

		2005		2004
Reserves:				
Legal	$	375.601	$	365.073
Fiscal from accelerated depreciation		881		881
Others		132.493		41.344
TOTAL	$	508.975	$	407.298

Legal – In compliance with legal dispositions, 10% of the Bank's net profits each year must be appropriated as deposit to a "reserves fund", until de balance in said fund equals at least 50% of the outstanding capital. In consequence, the legal reserve shall not be reduced to less than this percentage, save when it is to tend to losses in excess of non-distributed profits. Issue premiums are also deposited to the legal reserves.

Fiscal for accelerated depreciation – In order to be eligible for deduction due to flexible depreciation or in excess of the norm for certain additions to equipment, the Bank must establish this non-distributable reserve with deposits equivalent to 70% of the excess tax depreciation above normal. When in future years the tax requested depreciation is lower than the accountable depreciation, it is possible that the 70% of the difference be transferred from this reserve to distributable profits until the reserve is completely released.

Others – The other reserves, which can be used for future distributions, include: a) For the protection of investments, totaling $2.149, b) reserves for contingencies, totaling $30.000 and c) reserves for equity strengthening, for a total value of $100.344

Dividends Ordered - During the year ending on December 31st, the shareholders at the General Shareholders' Meeting, authorized dividends payable as follows:

The figures are expressed in millions of Colombian Pesos.

		2005		2004
Profit from previous year	$	105.276	$	58.061
Circulating Preferred Shares		479.760.000		479.760.000
Total Authorized Dividends		3.599		14.393
Preferential dividends per share		7,50 per share		7,50 per share; for each of the years 2000, 2001, 2002 and 2003.
Date and method of payment		April 27th, 2005, and in cash		April 6th, 2004, and cash
Dividends payable on December 31st	$	243	$	249

23. LEGAL CONTROLS

During 2005 the Bank followed all rules and dispositions regarding Legal Controls established by the Superintendence regarding: Limits to own position in foreign currency, minimum cash required over domestic currency, and mandatory investments in TDA and TRD.

The technical equity of Colombian banks may never be less than 9% of its total assets and credit contingencies weighed by risk levels, calculated on a monthly basis over the non-consolidated financial statements of all banks, and in June and December, calculated over the consolidated financial statements with subsidiaries in the domestic and foreign financial markets. As of December 31st, 2005, the Bank's technical equity represented 14.17% of its assets and credit contingencies weighed by risk level estimated over non-consolidated financial statements.

The figures are expressed in millions of Colombian Pesos.

24. CONTINGENT AND MEMORANDA ACCOUNTS

During the normal course of its operations, as of December 31st, the Bank had the following contingent responsibilities and commitments accounted for as memoranda accounts:

		2005		2004
Contingent debtor accounts:				
Interests from loan portfolio	$	31.875	$	43.222
Rights in options		1.627		-
Purchase options receivable		25		25
Fiscal losses pending amortization		610.840		1.213.513
Excess of presumed income over ordinary income		130.924		79.594
Others		393		369
Total contingent debtor accounts:		775.684		1.336.723
Contingent creditor accounts:				
Endorsements	$	416	$	40
Banking guarantees granted		235.401		209.097
Letters of credit issued and not used		30.607		62.437
Credit openings		532.670		408.849
Litigations		277.353		256.999
Other creditor obligations		2.605		884
Total contingent creditor accounts:	$	1.079.052	$	938.306
Debtor memoranda accounts:				
Goods and valuables given in custody and as guarantee	$	2.907.476	$	2.608.607
Punished Assets		750.166		733.946
Adjustment for asset inflation		67.337		75.904

The figures are expressed in millions of Colombian Pesos.

Distribution of outstanding capital		75.631		75.631
Accounts payable from investment performance		49.109		53.046
New loans to agricultural portfolio		40.136		54.578
Fully depreciated property and equipment		142.779		185.059
Fiscal value of assets		7.556.497		6.564.812
Provision for people filing for bankruptcy		5.945		7.062
Reciprocal active operations		448.176		13.054
Reciprocal expense and cost operations		375		266
Other debtor memoranda accounts:				
Punished items branch offices		101.966		101.966
Forward rights Legal Tender		916.701		1.071.250
Figure control, form 110		2.178.860		1.526.133
Exemptions		59.071		58.247
Spot Rights		510		66.340
Others		3.355.779		192.714
Total debtor memoranda accounts:	$	18.656.514	$	13.388.615
Creditor memoranda accounts:				
Goods and valuables given in custody	$	68.133	$	98.042
Goods and valuables given as guarantee		8.351.142		8.733.558
Collections received		10.071		5.932
Adjustment for inflation, equity		519.041		519.041
Capitalization for equity revaluation		519.041		519.041
Performance of negotiable investments		175.985		200.513
Fiscal equity value		791.684		667.180

The figures are expressed in millions of Colombian Pesos.

Classification of portfolio, interests and accounts receivable		5.287.071		4.359.516
Other creditor memoranda accounts:		3.906.308		3.408.807
Total creditor memoranda accounts		19.628.476		18.511.630
Total contingent and memoranda accounts	$	40.139.726	$	34.175.274

25. CONTINGENCIES

As of December 31st, 2005, the Bank had the following contingencies:

Credit Commitments – During the normal course of its operations, the Bank issues financial instruments, which are logged in contingent accounts. The Bank's administration expects no material losses as a result of these transactions. The following is a summary of the most significant commitments:

Letters of credit issued and not used – Letters of credit are usually issued to be used within a 90 day period. The Bank charges the customer a commission which varies from between 0,250% and 1,000%, US$ 35 minimum, US$ 130 maximum for imports, and between 0,70% and 0,200%, US$ 30 minimum and US$ 50 maximum for exports.

Endorsements and Guarantees for Obligations – The Bank issues endorsements and guarantees to cover agreements and obligations from special customers. These guarantees have expiration periods of between one and fifteen years, and commissions are charged of between 0.250% and 0.300%, minimum US$ 100 per quarter over the total value of the endorsement or guarantee, respectively.

Unused credit card quotas – Credit cards are issued over four year periods, and are renewable. The highest yearly effective interest rate for credit cards was 28.90% during 2005.

The risk of losses to the Bank due to non-compliance by clients of requirements for the issue of credits, credit cards and guarantees, is represented by the nominal values of the respective financial instruments; however, since credit commitments can expire without being used, the total amount of the commitment is in no way representative of future cash commitments. The Bank uses the same credit policies to issue loans when it assumes conditional commitments and credit obligations. In general, before issuing these financial instruments, the Bank evaluates the client's financial capabilities and requests the guarantees it considers necessary. The guarantees received, if the Bank deems it necessary, are based on the evaluation of credit risk. The types of guarantees vary but may include accounts receivable, inventories, properties and equipment and financial investments, among others.

The figures are expressed in millions of Colombian Pesos.

26. REVENUES OTHER THAN INTERESTS

		2005		2004
Commissions and fees	$	142.700	$	109.917
Sale of checkbooks		18.822		17.040
Loss in exchange, net		(1.189)		(3.588)
Credit card management fees		11.576		9.657
Wire transfers and remittances		1.087		1.022
Profit from the sale of investments		190.492		230.179
Recovery of the provision of goods received as payment		12.067		828
Indemnity payments received from insurance companies		2.754		5
Recovery of the provision for accounts receivable		1.849		9.417
Recovery of the provision for the loan portfolio		26.328		32.244
Reimbursement of the provision for other assets		1.804		10.458
Reinstatement of provision for properties		1.768		2.078
Profit from the sale of goods received as payment		930		7.026
Profits from the sale of property and equipment		860		2.160
Leases and rents		569		602
Recovery of punished goods (includes loans)		36.639		38.127
Income from derivates		154.476		268.057
Others		44.276		59.718
Total	$	647.808	$	794.947

All of the recovery from punished portfolios was achieved through payments in cash, restructurings, goods given as payment, and auctions.

The figures are expressed in millions of Colombian Pesos.

27. EXPENSES OTHER THAN INTERESTS

		2005		2004
Personnel Expenses	$	199.340	$	195.989
Depreciations		17.105		18.900
Contributions and affiliations		10.804		8.884
Commissions		30.704		10.538
Utilities		13.019		11.878
Provisions for investments, goods received as payment, property and equipment, and other assets		19.084		26.880
Transportation		13.804		12.151
Insurance Policies		36.143		32.025
Data transmission		16.281		19.677
Services, cleaning and security		7.787		7.726
Taxes other than income tax		19.942		19.816
Office ware and stationary		7.155		5.935
Maintenance and repairs		10.996		10.996
Electronic data processing		23.519		22.750
Loss from the sale of investments		93.802		204.371
Temporary services		1.739		1.611
Amortizations		34.796		36.081
Fees		6.843		5.701
Leases and rents		3.289		3.603
Advertising and propaganda		15.784		13.666
Travel Expenses		5.634		4.947
Employee food expenses		317		447
Public Relations		2.538		1.818
Adjustment and installation of Branch Offices		1.596		1.557

The figures are expressed in millions of Colombian Pesos.

Various accessories		222		297
Building management		1.823		1.743
Advertisements, subscriptions and advertising		455		367
IT Accessories		286		729
Donations		211		332
Fines, penalties, cost of litigation and indemnities		19.837		11.351
Losses from derivates		173.078		301.575
Loss from the sale of goods received as payment		6.702		64
Others		33.900		38.050
Total	$	828.535	$	1.032.455

In compliance with the requirements set forth in article 446 of the Code of Commerce, numeral 3, literals a), b), c) and d), we report payments made during 2005 for the following concepts:

Payments to directives

Salaries	$	2.482
Auxiliary payments		604
Others		1.555

Expenses in advertising and public relations

Advertising	$	15.784
Public Relations		2.538

Other Payments

Fees	$	6.843
Donations		211

The figures are expressed in millions of Colombian Pesos.

Details supporting this are in the documents presented to the General Shareholders' Meeting.

28. TRANSACTIONS WITH RELATED PARTIES

As of December 31st, 2005

	Shareholders with participation higher than 10%	Subordinate Companies	Members of the Board of Directors	Legal representative and Vice-presidents at the Main Office	Companies in which the aforementioned people have over 10% participation.
Assets:	$ -	$	$	$	$
Investments	-	458.026	-	-	-
Loan Portfolio	-	473	854	1.223	75
Banks and other financial institutions	4.580	-	-	-	-
Others	56	(1.749)	-	-	-
Total	$ 4.636	$ 456.750	$ 854	$ 1.223	$ 75
Liabilities:					
Deposits	$ 18.274	$ 6.591	$ -	$ 186	$ 1
Bank Acceptances	48	-	-	-	-
Capital Advances	300.000	-	-	-	-
Credits in banks and other obligations	600.000	-	-	-	-
Others	102.349	-	-	-	-
Total	$ 1.020.671	$ 6.591	$ -	$ 186	$ 1
Revenues:					
Dividends	$ -	$ 1.305	$ -	$ -	$ -
Interests and/or performance from investments	202	275	-	-	-

The figures are expressed in millions of Colombian Pesos.

Commissions	-	4.629	-	-	-
Others	2.817	103	-	-	-
Total	$ 3.019	$ 6.312	$ -	$ -	$ -
Expenses:					
Interests	$ 10.313	$ 464	$ -	$ -	$ -
Salaries	-	-	5	4.641	-
Others	932	105	-	-	-
Total	$ 11.245	$ 569	$ 5	$ 4.641	$ -
Others—Dividends paid, preferred shares	$ 3.397	$ -	$ -	$ -	$ -

The aforementioned operations were carried out under current general market conditions for similar transactions with third parties, save in the cases pertaining to loans to care for health, education, real estate and transportation loans made out to Bank employees, which were carried out in compliance with the Bank's policies, as expressly allowed by legal regulations govern this matter.

As of December 31st, 2004

	Shareholders with participation higher than 10%	Subordinate Companies	Members of the Board of Directors	Legal representative and Vice-presidents at the Main Office	Companies in which the aforementioned people have over 10% participation.
Assets:					
Investments	9.058	15.926	-	-	-
Loan Portfolio	-	423	852	749	13
Banks and other financial institutions	4.877	-	-	-	-
Others	46	4.081	-	-	-
Total	13.981	20.430	852	749	13

The figures are expressed in millions of Colombian Pesos.

Liabilities:					
Deposits	159.472	4.044	-	1.368	-
Bank Acceptances	917	-	-	-	-
Others	377	-	-	-	-
Total	160.766	4.044	-	1.368	-
Transactions:					
Revenues					
Dividends	-	890	-	-	-
Interests and/or performance from investments	474	-	-	-	-
Commissions	-	4.311	-	-	-
Others	-	117	-	-	-
Total	474	5.318	-	-	-
Expenses:					
Interests	1.096	$ 395	-	-	-
Salaries	-	-	-	4.622	-
Others	-	150	5	-	-
Total	1.096	545	5	4.622	-
Others—Dividends paid, preferred shares	1.580	-	-	-	-

The aforementioned operations were carried out under current general market conditions for similar transactions with third parties, save in the cases pertaining to loans to care for health, education, real estate and transportation loans made out to Bank employees, which were carried out in compliance with the Bank's policies, as expressly allowed by legal regulations govern this matter.

The figures are expressed in millions of Colombian Pesos.

29. RISKS

Evolution of exposure and credit risk quality – Within the objectives of Plan Esmeralda, and aligned with the Group's Corporate principles, the Risk Area contributed not only to maintaining the growth levels achieved during 2005, but also to improve on the quality indicators for the credit portfolio, also emphasizing on the tasks directed towards maintaining a technical and modern risk management activity.

The main activities carried out by each of the areas, are as follows:

Global Risk Management - Continuing with the plan to provide technical and harmonized tools to the whole network, during 2005 we implemented the Rating of Companies. With this, each client's historical financial information is stored in the Bank's central computer, and is available at all times for all the participants in the risk chain, thus facilitating the decision-making process, and the compliance with the information requirements necessary in the path that will allow the Bank and the Group to adhere to the recommendations of the Basilea II Capital Agreement.

In the same context, all necessary tasks were conducted for the implementation of the RAR Project, in its second stage, starting from the daily migration of the data from each and every one of the credit operations, as well as its characteristics, with which, as of 2006, it will be possible to conduct the first aggregated risk map studies at the different levels, Bank, business areas, branch offices, product families and, in general, responding to any criterion that is required. This seeks to aid in the establishing of credit investment strategies.

On the other hand, the first stage of the implementation of the Hermes project was moved forward, which will allow, as of the second quarter of 2006, to provide better customer services to individual clients (consumption and real estate).

Finally, the task is on-going to increase the efficiency of the processes that integrate the SARC, with the strengthening of the internal models for the measurement of expected losses in all segments, especially in the commercial portfolio. All this seeking to gain authorization from the Superintendence to calculate regulatory provisions with them.

Credit Risk -

a. *Risk Admission* - Continuing with the results achieved during the previous years, 2005 was a year in which profitable growth continued to set the pace for the Bank's main asset. The drive in the economy was reflected in a significant increase in credit demands. During 2005, the Risk Admission division evaluated over 138.000 credit requests, for revenues close to $15 trillion pesos.

   This represented an increase of 25% in the volume of operations evaluated, and of 30% in revenues. Consumption credits were the kinas of credit that contributed the most to this drive in growth. A key element in achieving this success is the increase in authority for the Commercial Banking network of branch offices. This process was carried out base don the credit analysis tool for individuals (Scoring), and taking into account the positive experiences see in portfolio quality indices, and the maturity achieved by the network of branch offices.

   In order to make it possible for the external and internal clients to check on the status of proposals, thus helping to improve the service provided and contributing to a profitable growth in the business, in December we began using a new tool dubbed "Work Flow", which is used to manage credit proposals raised b the whole network of BBVA Colombia branch offices. This way, the risk chain is made more efficient and transparent, providing public information regarding the status, time for resolution and decisions of all credit requests presented to Risk Admission.

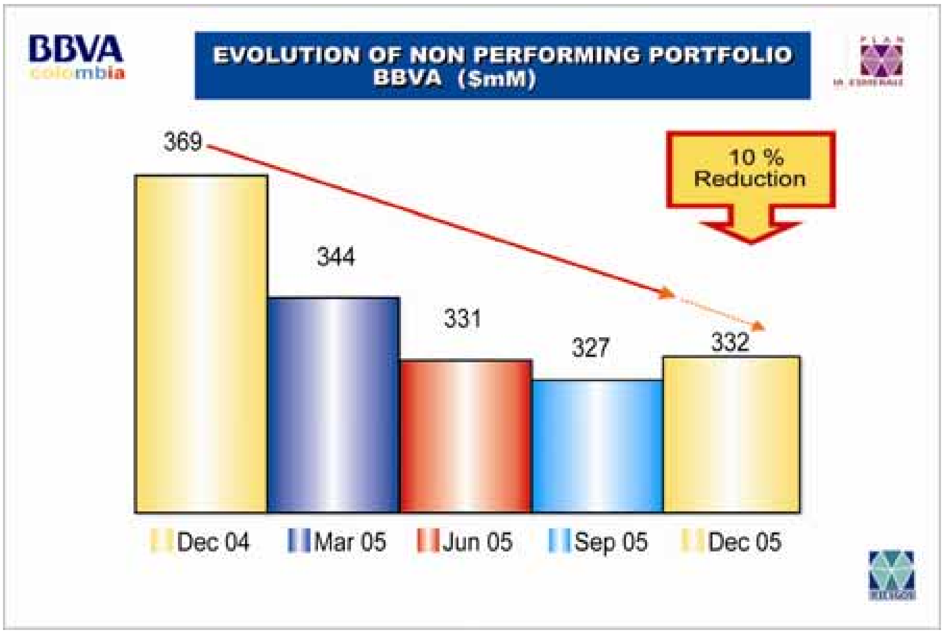
b. *Risk Follow-up and Tracking:* The strong drive that the bank has achieved in placements over the past three years, especially in the Commercial Banking sector, has made it necessary to use an increasingly larger number of computer tools that has allowed to maintain a detailed risk tracking in an efficient manner, as the growing volume of business operations rendered manual tracking processes obsolete.

The result of this effort is reflected in the drop seen in the overdue portfolio index at over 90 days,

which closed 2005 at 1.5%, thus showing a reduction of 32% compared to the previous year. This result is positive, compared with the evolution seen in the industry. The drop in balances in arrears at over 90 days, and the conservative management of provisions, result in one of the largest coverage rates in the financial system.

On a credit line level, overdue and arrears portfolio indices have also shown a positive evolution, with a noteworthy reduction in the arrears index for the mortgage portfolio, that is at close o 50%.

On the other hand, on account of the timely management of non-performing portfolio, a reduction of $46.000 was achieved, thus placing this index at 6,2%.



c. *Recoveries* – As a result of the improvement of the country's economic situation, the collection of overdue payments has been experiencing a deep transformation that has forced the implementation changes in management, as well as of new strategies which focus on attaining a quick collection of obligations, of shorter terms for collection and of an increasingly atomized portfolio.

Aligned with this, we have been implementing a change in the management models for our collection managers who, through constant tracking and contact with external agents, promote and drive agreements with clients, which are favorable for both parties.

To complement this strategy, special brigades have been designed and implemented during the year, directed towards the punished portfolio segment, as well as campaigns oriented towards the recovery of doubtful and punished mortgage portfolio

These actions have allowed to maintain the dynamics from previous years in the management of the recovery of doubtful and punished portfolio, thus managing, for the fifth consecutive year, to exceed our own objectives and the ambitious goals set during 2005 by the Plan Esmeralda. In the doubtful portfolio, $93.710 were recovered, with a budget deviation of 14.1%, and in punished portfolio the amount recovered was $33.553 with a deviation of 35.9%.

Operational Risk Methodology – The first global map for the Bank's operational risk was completed.

The operational management model was complemented with the creation of the Operational Risk Committees, which will allow each area to define risk profiles, to updated risk evaluations, to undertake mitigation plans, follow-up on the improvement of manageable indicators and to maintain a corporate culture that is more sensitive towards the detection and prevention of potential operational risks.

Also, the database recording losses from operational risks already has been updated with two years' worth of historic information. Its use will serve as the basis for the management of the operational risks that affect us the most and, in the mid-term, it will allow for the calculation of capital allowances by operational risk based on advanced models.

Market Risk Management

Market risk, understood as the potential for losses in positions maintained, as a result of movements in market variables (types of interests, type of exchange), is inherent to treasury activities.

BBVA manages the market risk which is derived from its activities, with the basic objective of limiting the potential losses, of quantifying the economic capital required to develop its activity in treasury areas, and of optimizing the relationship between the level of exposure assumed, and the results in accordance with the goals that have been set. In order to face this operation with as much guarantees as possible, there are a series of policies and organization systems in place, for risk identification, measurement, information and control.

The Market Risk Department, as an independent area with regards to the Business Areas where risk is originated, is responsible for developing the procedures directed towards risk measurement and control, it oversees that the business units comply with the existing limits and with the risk policies, and provides this information to the company's top management.

Measurement tools:

- Value at Risk (VaR):

The tracking of market risk under normal conditions is base don the "value at risk" (VaR) methodology, whose calculation tool continues to be a parametrical model, based on a co-variance matrix estimated based on the analysis of the historic behavior of the main market risk factors, that is, they type of interest, types of exchange and implicit volatilities in the options. Assuming that the future evolution in the market variables will be similar to their historic evolution, from a statistical standpoint, the model reflects the highest possible loss that can be produced in market positions in the worst case scenario, which would not happen, with a level of certainty of 99% (these worst-case scenarios would only occur in 1% of cases).

During 2005, and in seeking to continue developing the market risk control tools, a new measurement in market risk was implemented to be applied under normal conditions in order to track the limit which is based on the parametric VaR methodology with no exponential flattening, using one year of information from the financial markets to estimate the volatilities and correlations in risk factors.

During 2004 the tracking of limits was based on a VaR with exponential flattening (the decay factor was .94). The new measurement, compared to the previous measurement, usually renders a risk figure when markets show a trend towards lower volatilities, and they tend to reflect more moderate risk figures when sudden increases take place on account of market uncertainties.

- Sensitivity (DELTA):

Another measurement that BBVA uses to estimate the maximum expected loss from the treasury portfolios is the so-called "DELTA", which estimates the sensitivity of interest rates regarding an increase of 100 Basic Points in the curve. Its purpose is to have a more detailed control over risks, by establishing complementary limits by products.

The following is a chart that summarizes the measurements calculated during 2005.

Treasury Market Risk Profile

Risks	31/12/05		Average		Maximum		Minimum	
Type of interest	$	599	$	577	$	1.722	$	250
Types of Exchange		91		258		52		95
Total VaR		576		629		1.698		255
VaR Consumption Limit		14%		15,4%		41,4%		6,2%
Total Delta in treasury portfolio	$	(3.045)	$	(2.663)	$	(9.633)	$	(1.308)
Delta Consumption Limit		26%		23%		83,2%		11,3%

Total Value at Risk for the average treasury positions for the year was $629, with a consumption above the authorized limit of 15,4%. The greatest risk proportion are interest-type positions.

The average sensitivity of the interest rate (DELTA) was $2.663 pesos, with a consumption of 23% above the authorized limit.

The consumptions above are supported mainly on the strategy by the treasury division to maintain the greater part of its portfolio in short-term securities, mainly in the TES product, whose average year position was $937.000, which is 20% lower than the previous year. On the other hand, it managed an important set of simultaneous operations, thus reducing the risk to the interest rates.

The following comparison chart shows the treasury figures that were taken into account for the measurement of the risks described above.

		Year 2005			
Positions	Amount	Local Currency		Other Currencies	
	31/12/2005	Mean	Maximum	Mean	Maximum
Public debt	850.284	937.454	2.273.167	43.530	151.507
Term Certificates	32.600	17.573	31.670	-	-
Other Securities	54.252	51.415	144.749	-	-

The figures are expressed in millions of Colombian Pesos.

Fx Term		-	-	(31.326)	(61.709)

			Year 2004		
Positions	Amount	Local Currency		Other Currencies	
	31/12/2004	Mean	Maximum	Mean	Maximum
Public debt	1.164.077	1.174.362	2.324.144	50.663	307.164
Term Certificates	23.089	30.828	48.382	-	-
Other Securities	77.462	105.839	233.069	-	-
Fx Term	741	-	-	(383)	1.627

- *Other complementary measures*

The process to follow Market Risk is complemented through the control of alert signals, such as the strong increase in market volatilities and the accumulation of losses (Stop-Loss), which trigger the application of a series of measures planned to stop their negative impact. During 2005, the Stop-Loss structure was modified, implementing a yearly limit, in order to control potential losses in the annual profits and loss statement. This new tool was supported by the monthly limit implemented in 2004.

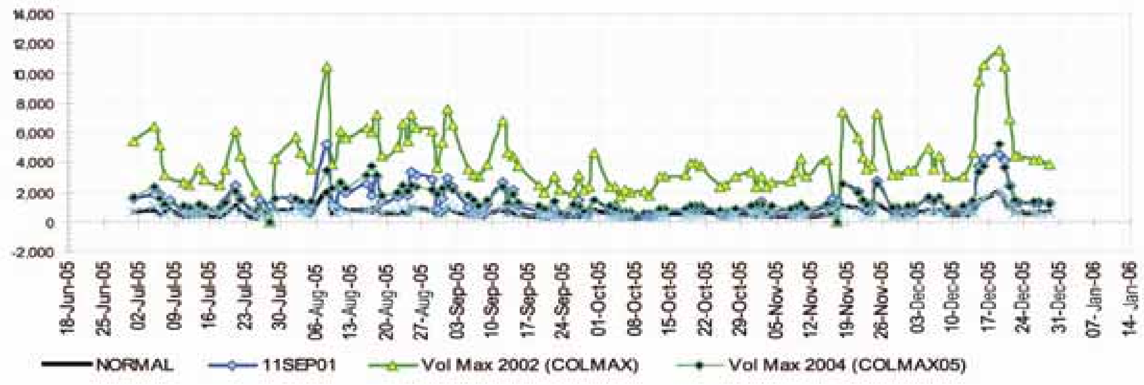
They are also complemented by the risk measurements carried out under normal market conditions, the periodical estimations of the losses that the Bank would incur into should the markets face crisis situations (Stress Testing). We submit the positions maintained, to strong hypothetical fluctuations in the market, based on historic situations and on others obtained through the generation of scenarios, and to calculate the effect of these results, in order to identify potential adverse impacts that exceed the VaR figures, and which could potentially take place. The purpose of this is to design contingency plans that should be applied immediately when an abnormal situation takes place. BBVA Colombia uses three scenarios:

- The September 11th, 2001 crisis.
- Maximum volatility from 2002.
- The mini-crisis scenario experienced the previous year between April and June, 2004, as a result of an increase in interest rates.

The figures are expressed in millions of Colombian Pesos.

The following graph summarizes the results.

STRESS COLOMBIA



- Tracking limits

Based on the measurements taken during 2005, a daily control of consumption levels on the authorized limits was carried out on, reporting regularly to the Steering Committee, with regards to the compliance with said limits.

Liquidity Risk Management

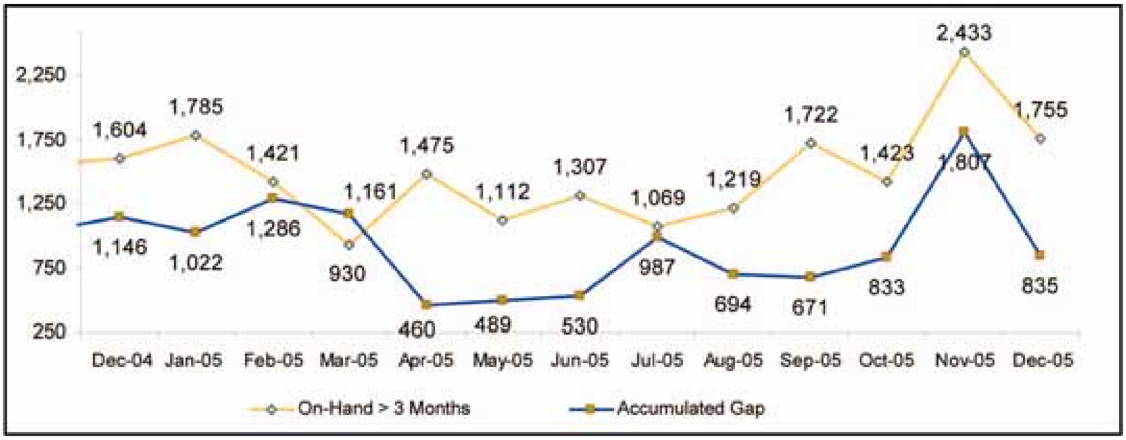
Liquidity risk is the risk of the institution being unable to tend to its payment commitments on account of its inability to access the markets in the amounts required, and at reasonable costs.

It is carried out taking two horizons into account:

- Short-Term Liquidity Risk:

The measurement of liquidity, and therefore the identification of its risk profile is carried out on a daily basis through the liquidity statement, which includes the basic liquidity (flows foreseen for a temporary horizon of up to 30 days), as well as the lines available to face and honor payment commitments. Within the available lines, the liquid assets portfolio includes an angular element to manage the Bank's liquidity, especially in the case of the activity developed in Treasury, which allows for good capabilities in terms of their concession, be it through the markets or through operations with the Banco de la República.

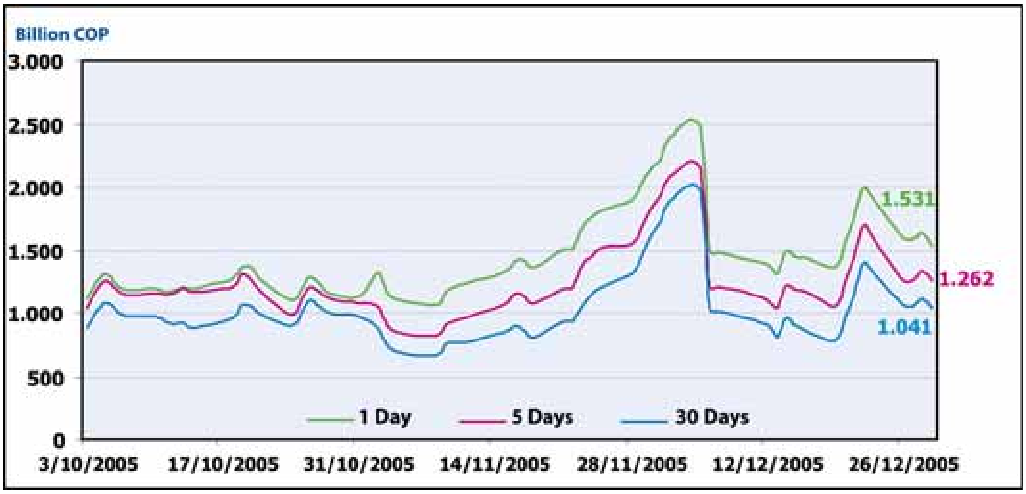
The following chart shows the evolution of the Bank's short term liquidity over the last 90 years of 2005:



- Mid-Term Liquidity Risk:

In the mid-term liquidity measurement we evaluate a time horizon of one year, distributed in Time Periods. The tool that allows the management and evaluation of the liquidity risk is the expirations matrix for the flows derived from all the operations in the Balance, in which the control and tracking is in the cumulative liquidity gap at three month periods.

The following chart summarizes the result of the liquidity gap for the tree month period against on-hand resources at more than three months, for the course of the year, where it is possible to see how the liquidity indicator was sufficient over the year:



- Structural Interest Risk Management

Structural interest risk refers to the impact that the variations in the types of interest can have over the financial margins and on the institutions economic value on all positions at risk in the Balance. BBVA uses two models:

Internal Model:

In the internal model, the Bank takes this double approach into account, on the one hand, from a results point of view, the measurements calculate the impact from the changes in interest types on the projected financial margin, with a time horizon of 12 months, and on the other hand, from the economic value standpoint, a sensitivity analysis is carried out which is related to the impact that the changes in the interest types have over the current value of all future flows.

The measurement model developed by BBVA dynamically projects the risk positions in the Balance and its types of interests in depreciation. Also, the model incorporates the growth plan foreseen by the Bank in the equity figures. On the other hand, it takes into account the behavior of certain accounts with no explicit expiration.

In order to improve the controls on Structural Interest Risks, a new measurement was implemented during 2005 for Impact on Economic Capital, which is defined as the highest loss of economic value that can be produced for a level of reliability that is at 99%, with an average duration for the assets and the liabilities.

Interest risk management corresponds to the Assets and Liabilities Committee (COAP), which decides on management balance policies, and suggests more adequate coverage strategies to mitigate the negative impact of the variations on the types of interest, both in financial margin as well as in economic value.

The Board of Directors and the Permanent Delegate Commission, the highest entities at BBVA, authorize the interest risk limits as per this double approach for sensitivity to the financial margin and economic value. Aligned with this authorization, there is a limit to the financial margin sensitivity regarding variations of 100 basic points in the market’s interest types; also, the differences in economic value cannot exceed a specified percentage of the capital base.

The following chart illustrates the measurement taken as of December 31st, 2005, and the use of these limits:

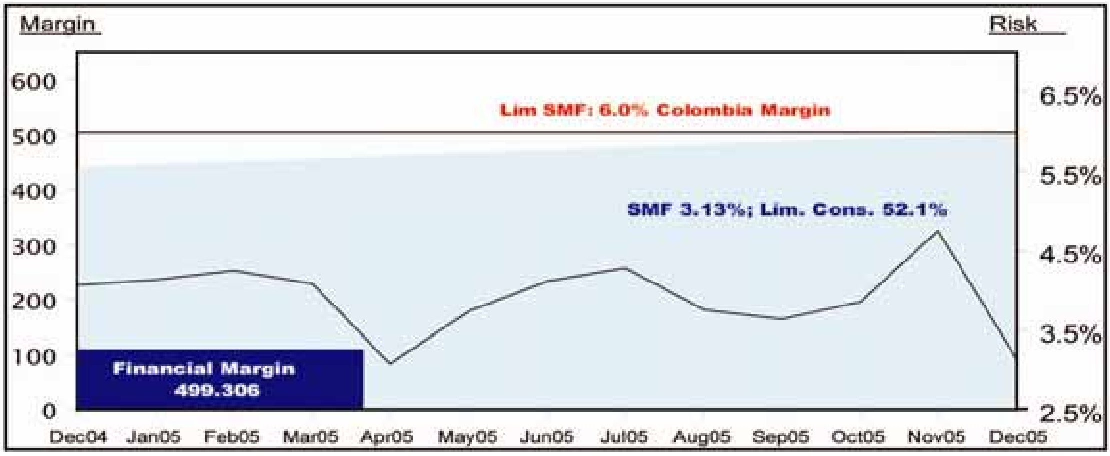
Structural Interest Risk Amounts as of December, 2005

The following charts illustrate the measurement carried out throughout the year and the consumption of limits for Structural Interest Risk:

SENSITIVITIES	TYPES	COP	USD	TOTAL	%[1]	MONTH
Economic Value	+100pb	+5,566	-1,832	+3,734	+0.4%	+1,282
(SVE)	-100pb	-6,049	+1,895	-4,151	-0.4%	-1,018
Economic Capital (n.c. 99%)				20,530	2.2%	-12,727
Financial Margin	+100pb	+15,587	-105	+15,482	+3.1%	-7,955
(SMF 1 year)	-100pb	-15,725	+104	-15,621	+3.1%	+8,036

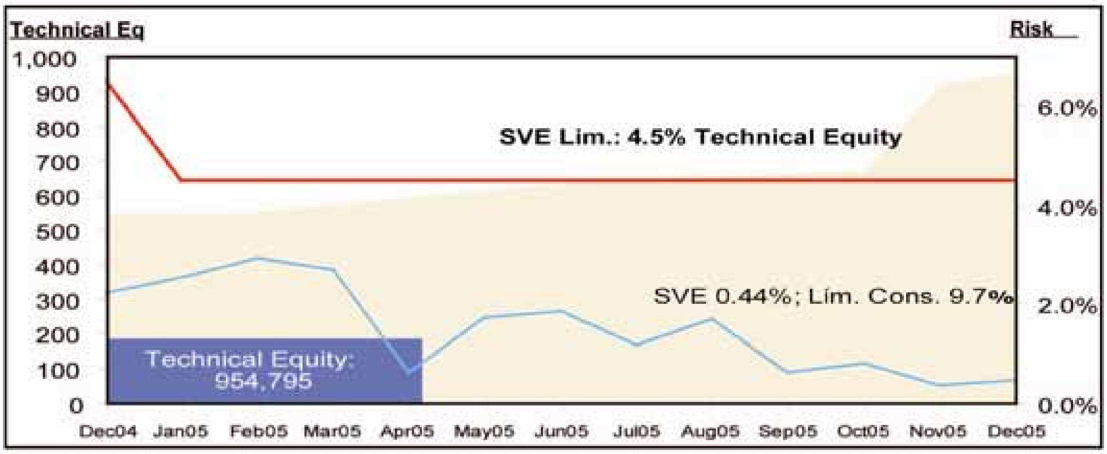
The figures are expressed in millions of Colombian Pesos.

Evolution of Impact on Financial Margin ± 100 BP.



Average yearly consumption of the Impact on the Financial Margin was 65%, with a minimum of 51,3% and a maximum of 79%, this measurement was carried out on the financial margin of the last twelve months.

Evolution of Impact on the Sensitivity of Economic Value ± 100 BP. Average yearly consumption of the Impact on the Sensitivity of the Economic Value was 32%, with a minimum of 7.59% and a maximum of 64.38%, over the Bank's technical equity.



The figures are expressed in millions of Colombian Pesos.

Evolution of Impact on Economic Capital ± 100 BP.

Average yearly consumption of the Impact on Economic Capital was 44%, with a minimum of 13% and a maximum of 72%, over the Bank's technical equity.

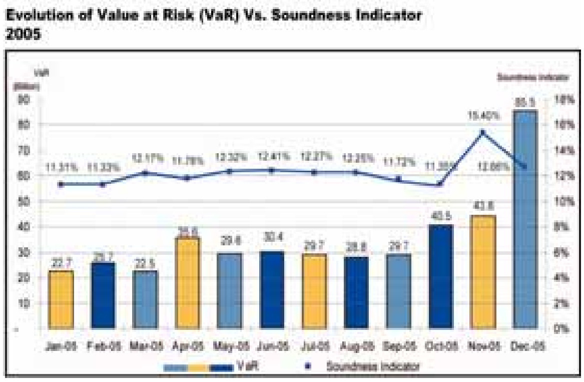
The above consumption levels are based on the following Balance structure: Assets are $9.3 billion pesos, it is comprised mainly by a 51% Credit Investment, of which the Commercial Credit Portfolio has a 65% participation, the Consumption portfolio 23%, the Mortgage portfolio 8%, and Credit Cards with 6%. Investments have a 30% participation, of which 38% are negotiable investments, 44% are term investments, and 18% are Investments in low-yield stock.

Liabilities are $8.6 billion pesos, and it is comprised mainly by 57% on-sight resources; 33% in term liabilities (Term Certificates and Financing).

Standard Model (Value at Risk - VaR)

In accordance with External Memo 42 of 2001, from the Superintendence, the Bank has been carrying out the measurement of its exposure to market risks (Interest rate, Type of Exchange, UVR Value and Variable Income) which includes the measurement of the positions of the whole balance, in order to determine the effect that any potential changes in market conditions may have over the Bank's economic value and equity, and their impact is measured in the soundness indicator.

The following chart shows the Value at Risk for the Market, in the Balance:



The increase in Value at Risk in December, 2005, is due to the acquisition of Banco Granahorrar stock.

30. CORPORATE GOVERNANCE

Board of Directors and High Management - The Board of Directors and the High Management of the Bank are familiar with the responsibility inherent in the handling of the different risks and have been duly informed of the processes and corporate structure in order to provide the adequate support, monitoring and follow-up. The institution's policies and risk profile, have been duly determined, and the Board of Directors and High Management participate in the approval of the operating limits of the different operations, among other aspects.

In compliance with the corresponding rules and regulations, the Board of Directors, as well as all of the Bank's administrators and employees have a clear and concrete definition of what their roles and responsibilities are regarding the implementation of the credit risk management system – SARC, which is currently undergoing Phase II, and which was approved by the Bank's Board of Directives.

Policies and Distribution of Roles – There is clarity around the contents of the policy for risk management, which has been dictated and implemented by the Bank's directives and has been integrated with the risk management efforts in all of the Bank's other activities; The content and transparency of these policies has been analyzed and there are areas which specialize in the identification, estimation, administration and control of the risks inherent to the different businesses.

Reports to the Board of Directors - The information pertaining the risk positions are reported to the Bank's directives and to the Board of Directors, and the Bank has sufficient reports and means of communication to inform about these positions in a clear, precise and timely manner. Said reports include definitions by risk type, business area and portfolio, as well as by non-compliance of limits, and refer to operations which are non-conventional, or which are outside the market's conditions, as well as operations with companies or people linked to the institution.

Technological Infrastructure – The areas of control and risk management of the Bank have the adequate technological infrastructure to provide the necessary information and results, considering both the type of operations they handle, as well as the volume of said operations. There is a constant monitoring of risk management according to the complexity of the operations carried out, which guarantee the integrity and reliability of the information and the systems.

Methodology for Risk Management - The existing methods used for risk measurement identify the different risk types perfectly. The Bank has different types of measuring systems for each one, in order to determine with a high degree of accuracy, all risk positions.

Corporate Structure - Within the Bank there is complete independence between the areas of negotiation, risk control and accounting, and these areas are dependent from different functional areas. The volume or type of operations carried out by the Bank has no effect over said independence.

Human Resources - The employees which make up the risk area are highly qualified and prepared, both academically and from professional experience.

Supervision of Operations - In the negotiations there are ideal safety mechanisms which make it possible to guarantee that the operations were conducted according to the conditions agreed upon and through de appropriate corporate means of communication. Furthermore, the accountability of the operations is done in an automatic and precise manner, without incurring in mistakes which might represent wrongful losses or earnings.

Auditing - The Bank's internal and external audits are informed of all operations, review periods, and the recommendations being issued regarding compliance with limits, closure of operations, relationship between market conditions and terms of operations carried out, as well as of the operations being handled between companies or linked people supervised by the Bank.

The figures are expressed in millions of Colombian Pesos.

Profit Distribution

PROJECT FOR PROFIT DISTRIBUTION

AS OF DECEMBER 31ST, 2005

CONCEPT	AMOUNT $
Profits before taxes	124.348.944.471,71
(-) Provision for income tax	16.950.150.121,66
Net Profit to distribute, year 2005	107.398.794.350,05
TOTAL TO BE DISTRIBUTED	107.398.794.350,05
Profit Distribution	
Legal Reserve 10%	10.739.879.435,01
Fiscal Reserve, Decree 2336 of 1995	9.160.048.066,41
Preferred Dividends: Over 479.760.000 preferential shares which are outstanding as of December 31st, 2005, a dividend f $7,50 per share to be paid in cash on June 7th, 2006.	3.598.200.000,00
Increase of Legal Reserve to compensate losses from previous periods (*).	83.900.666.848,64
TOTAL PROFIT DISTRIBUTED	107.398.794.350,05

(*) ABSORPTION OF LOSSES FROM PREVIOUS PERIODS

The legal reserve as of December 2005 is $16.364 million, and the proposal is to add $94.641 million for a grand total of $111.005 million, in order to be able to compensate the losses from previous periods, for $101.797 million, in order to continue with the Bank’s equity strengthening. Therefore, in the end the legal reserve shall be $9.208 million.

The figures are expressed in millions of Colombian Pesos.

COMPLEMENTARY INFORMATION

- STEERING COMMITTEE
- BOARD OF DIRECTORS
- NETWORK OF BRANCH OFFICES

MEMBERS OF THE BOARD OF DIRECTORS

BBVA COLOMBIA

2005 - 2007

PRINCIPALS

LUIS B. JUANGO FITERO

MARCO AURELIO ROYO

ANAYACARLOS CABALLERO

ARGAEZFÉLIX PÉREZ PARRA

ANTONIO GARCÍA BILBAO

SUBSTITUTES

MIGUEL LARGACHA MARTÍNEZ

VITALINO NAFRÍA AZNAR

ALFREDO CASTILLO TRIGUERO

FRANCISCO JAVIER MONJE DOBLAS

JOSÉ ANTONIO COLOMER

STEERING COMMITTEE

LUIS B. JUANGO FITERO

Executive President

ALEJANDRO TORRES MOJICA
Executive Vice-President of Resources and Services

ALBERTO OVIEDO OBRADOR
Executive Vice-President of Risk

FELIPE CIFUENTES MUÑÓZ
Executive Vice-President Global Wholesale Banking

JAVIER BLANCO BERGARECHE
Executive Vice-President of Treasury

MIGUEL LARGACHA MARTINEZ
Executive Vice-President Banking Business

RAYMUNDOMENDOZA VASQUEZ
Executive Vice-President Financial Area

ULISES CANOSA SUÁREZ
Executive Vice-President of the Legal Area And Secretary General

Network of Branch Offices

General Direction

Cra. 9 No. 72 - 21
(091) 347 1600 - 312 4666
Fax: 211 8208
BOGOTÁ D.C.
www.bbva.com.co

CORPORATE BANKING BRANCH OFFICES

Centro Corporativo Bogotá
Calle 9 No. 72 and -21 - Mezzanine
Tel.: (091) 3438394
Fax: 3121710

Corporate Banking Cali
Calle 5 No. 13 - 83 - Piso 3
Tels.: 8896485 - 8843094 8896483
Fax: (092) 8960747

Corporate Banking Medellín
Carrera 43 A No. 1 SUR - 31 - Piso 1
Tel.: (094) 2660031
Fax: (094) 3116278
V.I.P. OFFICE
V.I.P. Bogotá
Calle 9 No. 72 and -21 - Mezzanine
Tel.: (091) 3124756 - 3438383 3215702 - 3215703
Fax: 3215721

ENTERPRISE BANKING BRANCH OFFICES

BARRANQUILLA

Alto Prado
Calle 51 No. 76 - 137 Piso 2
Tels.: (095) 3561149 - 3560521 3488230 - 3561352
Fax: (095) 3684327

Barranquilla
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Fax: (095) 3684327

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Fax: (091) 3215721

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Fax: (091) 4163995

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Calle 15 No. 98 - 30
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Fax: (091) 6113559

Centro Internacional
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Fax: (091) 3521832

Country
Calle 85 No. 13 -66 - Piso 3
Tels.: (091) 6163440 - 1617170 6164943 - 6164913
Fax: (091) 2186916

Occidente
Calle 13 No. 47 -17 Piso 2
Tels.: (091) 3682730 - 3378790 3684024 - 3684027
Fax: (091) 2687091

Paloquemao
Diagonal 17 No. 26 -23 - Piso 2
Tels.: (091) 3752163 - 3750783 3751832
Fax: (091) 2475450

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Fax: (091) 2601812

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Fax: (091) 6290200

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Tel.: (097) 6422573
Fax: (097) 6302219

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Norte
Calle 1 No. 41 - 13
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Fax: (092) 4487710

Sur
Calle 5 No. 13-83 Mezzanine
Tels.:(092) 8898872 - 8851537 8893107 - 8896487
Fax: 8960747

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Carrera 43 A No. 1 Sur- 27 Piso 2 Tels.: (094) 2660051 - 3520582
Fax: 2662034

Norte
Calle 50 No. 36-08 Piso 2
Tels.: (094) 2325454 - 2628617
Fax: 3812696

Sur
Calle 72 No. 42-33 Itaguí
Tels.: (094) 3775000 - 3775003
Fax: 3733217

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Institucional Barranquilla
Calle 43 No. 70 -120 - Piso 2
Tels: (095) 3489545 - 3489546 3489547 - 3489548
Fax: 3489165

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Institucional Bogotá Occidental
Diagonal 40 No. 47 - 75
Tels.: (091) 3151511 - 3151391 3151335 - 3151290
Fax: 2225282

Institucional Bogotá Oriental
Calle 10 No. 27 -91 - Piso 2
Tels.: (091) 337 6334 - 337 6335 337 6336 - 337 6338
Fax: 2438422

CALI

Institucional Cali
Carrera 5 No. 13 - 83
Tels.: (092) 8854097 - 8843094 8960735 - 8960744
Fax: 8960747

MEDELLÍN

Institucional Medellín
Calle 50 No. 51 - 24 Mezzanine -
Calle 56 No. 47 -32
Tels.: (094) 5110607 - 5110597 Fax: 5120555

COMMERCIAL BANKING BRANCH OFFICES

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Álamos
Carrera 89 A No. 62 - 00 Local 107 Tels.: (091) 4383496 - 4383508 4383519
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Avenida 19
Calle 4 No. 19 - 71
Tels.: (091) 3361178 - 3361173 3361168
Fax: 3361190

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Fax: 3438312

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Fax: 2215436

Barrio Restrepo
Calle 15 Sur No. 20 - 23
Tels.: (091) 2786091 - 2729977 2782957 - 2782817Fax: 2726300

Barrio Santander
Avda. 1o de Mayo No. 32 to - 45 Tels.: (091) 7275677 - 7275888 7275800 - 7275799
Fax: 7275877

Belmira
Calle 140 No. 14-94
Tels.: (091) 2742714 - 2745886 2745889
Fax: 6159961

Bogotá
Calle 7 No. 16 -36 Piso 1
Tels.: (091) 3419055 - 3414075 3413694 - 3412037
Fax: 2813305

Calle 80
Avenida Calle 81 No. 62 - 14
Tels.: (091) 6305585 - 6304774 6304808 - 6304752 Fax: 6304796

Calle Cien
Calle 15 No. 98 - 30
Tels.: (091) 6234566 - 6235193 6235294 - 6235309
Fax: 6113559

Can
Diagonal 40 No. 48 to - 68Tels.: (091) 2212468 - 2219555 2217944 - 2227620
Fax: 2217915

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Calle 10 No. 9 - 97 Local 1 - 263 Tels.: (091) 3520912 - 3521003 3521004 - 3521017
Fax: 3521039

Carvajal
Avenida 1o. de Mayo No. 64 – 02 Tels.: (091) 2604268 - 2604254 2604101 - 2604131
Fax: 2604246

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Diagonal 152 No. 35-04 (Avda.19) Tels.: (091) 6273017 - 6273005 6272968 - 6273063
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Calle 15 No. 93 - 61 Local 11
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Fax: 6911416

Centro Andino
Avenida 82 No. 10 -45 Local 5 Tels.:(091) 6364571 - 6364481 6364492 - 6364486
Fax: 6364401

Centro Chía
Avenida Pradilla 900 Este Local
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Fax: 8620397

Centro Internacional
Carrera 10 A No. 27 - 91
Tels.: (091) 2863100 - 2867554 2866432 - 2867652
Fax: 5616683

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Calle 140 No. 91 -19 Local 2 -109 Tels.: (091) 6859240 - 6859251 6859284 - 6859329
Fax: 6859373

Chapinero
Calle 13 No. 63 - 49
Tels.: (091) 6406140 - 6405377 6405300 - 6405399
Fax: 2493309

Chico Reservado
Calle 11 No. 94 - 64
Tels.: (091) 2187306 - 6110743 6110736 - 6110734
Fax: 6218324

Ciudad Salitre
Calle 69 No. 43 B - 44
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Fax: 4165843

Colina Campestre
Calle 52 No. 137 B - 04
Tels.: (091) 6137451 - 6137331 6246165 - 6137146
Fax: 2712045

Colseguros
Calle 17 No. 9-20 Int. 101 - 201 Tels.: (091) 2436396 - 3360727 2436801 - 3361043
Fax: 2842561

Contador
Avenida 19 No. 139 - 40
Tels.: (091) 6273192 - 6273170
Fax: 2161669

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Calle 86 No. 24 A -19 Sur
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Fax: 2737715

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Fax: 2186916

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Fax: 3145369

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Indumil
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Tels.: (091) 3158165 - 3158141 3158142 - 3158167
Fax: 3158147

Kennedy
Diagonal 30 No. 73 - 36 SUR
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Fax: 4509324

Kennedy Central
Carrera 78 B No. 26 - 24 Sur
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Fax: 4508914

La Castellana
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La Estrada
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Fax: 3112371

La Trinidad
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Marly
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Fax: 4298872

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Fax: 2530662

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Fax: 2685268

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Fax: 2475450

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Fax: 3401004

Parque Nacional
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Fax: 2876237

Pepe Sierra
Avenida 19 No. 118 - 30
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Fax: 629 3926

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Fax: 3219939

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Calle 129 No. 36 - 03
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Fax: 626 6281

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Fax: 2601812

Quinta Avenida
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Fax: 3120968

Quirigua
Trasversal 79A No. 80D - 77
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Fax: 2279739

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Fax: 2472208

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Fax: 3710054

Santa Helenita
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Fax: 4371451

Santa Lucía
Calle 46 Sur No. 19 - 07
Tels.: (091) 7676674 - 7676659
Fax: 7676738

Santa Paula
Calle 15 No. 108 to -33
Tels.: (091) 6127870 - 6124865 2144120
Fax: 2144090

Siete de Agosto
Calle 24 No. 63 E - 62
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Fax: 2126703

Terminal de Transportes
Calle 33 B No. 69 - 35
Locales 3 231 y 3 - 232
Tels.: (091) 4168939 - 4168962 4168973 - 4168950
Fax: 4168975

Toberín
Calle 166 No. 40 - 68
Tels.: (091) 6785599 - 6792469 6785469 - 6785467
Fax: 6785490

Uni 15
Avenida 15 No. 122 - 67
Tels.: (091) 6202671 - 6202675 6202664 - 6202670
Fax: 6202773

Veinte de Julio
Calle 10 No. 30 F - 08 Sur
Tels.: (091) 2094296 - 2094221 2094284
Fax: 2094065

Venecia
Diagonal 46 A Sur No. 50 - 56 Tels.: (091) 2308060 - 7110665 2042595 - 2386443
Fax: 7110797

World Trade Center
Carrera 9 A No. 99 - 02 Local 101 Tels.: (091) 6173840 - 6173880
Fax: 6174310

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6382194
Fax: 6382246

ALBANIA
Carrera 12 - Calle 7 y 8
Campamento Cerrejón La Mina Tels.: (095) 7774474 - 7774193 7774454 - 7774951
Fax: 7774961

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