Consolidated Report Colombia 2013

Despite the sluggish global economic performance, BBVA Group's results were strong and satisfactory. Net income had a significant increase driven by the geographic diversification strategy and the South America business unit performance.

Index

4 Consolidated Financial Statements

Statutory auditor's report ... 6

Balance sheets as ... 8

Statements of income ... 10

Consolidated statements of changes in stockholders' equity ... 12

Consolidated statements of cash flows ... 14

16 Notes to the Consolidated Financial Statements


Crédito Clásico

Consolidated Financial Statements

6 Statutory auditor's report
8 Balance sheets
10 Statements of income
12 Consolidated statements of changes in stockholders' equity
14 consolidated statements of cash flows

Deloitte & Touche Ltda.
Carrera 7 No. 74-09
Nit: 860.005.813-4
Bogotá
Colombia

Tel:+57 (1) 5461810
Fax: +57 (1) 2178088
www.deloitte.com/co

Statutory auditor's report

To the Stockholders of

BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A.:

I have audited the accompanying consolidated statements of financial condition of BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A. and subsidiaries (BBVA Asset Management S.A. Sociedad Fiduciaria S.A. and BBVA Valores Colombia S.A. Comisionista de Bolsa) as of December 31, 2013 and 2012 and the related consolidated statements of income, changes in total equity, and cash flows for the years then ended, and the summary of the significant accounting policies and other explanatory notes.

The bank´s management is responsible for the preparation and accurate presentation of these financial statements in accordance with generally accepted accounting principles in Colombia and instructions and practices established by the Office of the Superintendent of Finance in Colombia. This responsibility includes: designing, Implementing, and maintaining an adequate internal control system for risk management and the preparation and presentation of consolidated financial statements, free of material misstatements, either due to fraud or error; selecting and applying the appropriate accounting policies as well as making the reasonable accounting estimates under the circumstances.

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I obtained the necessary information to comply with my functions and to carry out my exams in accordance with generally accepted auditing standards in Colombia. Those standards require that I plan and conduct the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend upon the professional judgment of the auditor, including the evaluation of the risk of significant errors in the consolidated financial statements. In such evaluation of risk, the auditor takes into account the entity's internal control that is relevant for the reasonable preparation and presentation of the consolidated financial statements with the purpose of designing audit procedures appropriate to the circumstances. An audit also includes assessing the accounting principles used and the significant accounting estimates made by Management, as well as evaluating the overall consolidated financial statements presentation. I consider that my audits and the opinions of the statutory auditors of the subsidiaries provide me a reasonable basis to express my opinion.

In my opinion, the aforementioned consolidated financial statements, truly taken from the accounting books present fairly, in all material respects, the financial position of BANCO BILBAO VIZCAYA ARGENTARIA COLOMBIA S.A. and subsidiaries as of December 31, 2013 and 2012, the results from its operations, the changes in its stockholders' equity, and its cash flows for the years then ended, in conformity with generally accepted accounting principles in Colombia and accounting instructions and practices established by the Office of the Superintendent of Finance , applied on a consistent basis.

The law that regulates generally accepted accounting principles in Colombia allows different methods for recording the expenses and the tax on equity and its surtax liabilities. As indicated in Note 22, in 2011 the Bank and its subsidiaries determined their tax on equity and its surtax liability to amount to $136,395 million, payable in eight (8) equal installments from 2011 to 2014, which was recorded in the accounting books in conformity with the accounting policy described in literal s, of Note 3. As of December 31, 2013, the balance payable was $33,581 million.

GABRIEL JAIME LÓPEZ DÍEZ
Statutory Auditor
Professional Card No. 12838-T
Designated by Deloitte & Touche Ltda.

January 27, 2014

BALANCE SHEETS AS OF DECEMBER 31, 2013 AND 2012

(Amounts stated in millions of Colombian pesos)

ASSETS	2013	2012
Cash on hand (Note 6)	$ 2.421.331	$ 3.357.643
Active positions in monetary market and related transactions (Note 7)	99.500	649.599
Investments (Note 8):	5.387.287	4.211.583
Marketable	3.534.855	2.552.258
• Held-to-maturity	1.337.891	657.735
• Available-for-sale in equity securities	75.150	69.621
• Available-for-sale in debt securities	-	869.986
• Investments transfer rights	439.391	61.983
Credit portfolio and leasing operations	**25.856.524**	**21.165.647**
Credit portfolio (Note 9):	24.306.252	20.027.463
• Commercial	9.780.228	7.812.477
• Consumer	8.733.167	7.329.292
• Housing	5.792.816	4.885.598
• Microcredit	41	96
Leasing portfolio (Note 10):		
• Financial Leasing (includes housing)	1.550.272	1.138.184
• Less – provision for credit portfolio protection (Notes 9 and 10)	857.839	804.340
Total net portfolio	**24.998.685**	**20.361.307**
Bankers' acceptances, cash transactions and derivatives (Note 12)	129.079	163.895
Accounts receivable, net (Note 13)	547.415	537.523
Realizable, received-as-payment and restituted goods (Note 14)	8.376	5.601
Property and equipment, net (Note 15)	308.591	267.417
Prepaid expenses, intangible assets and deferred charges (Note 16)	313.524	482.518
Other assets, net (Note 17)	189.565	140.031
Valorization and negative valorization of assets, net (Note 18)	470.296	361.973
TOTAL ASSETS	**$ 34.873.649**	**$ 30.539.090**
CONTINGENT AND DEBIT MEMORANDUM ACCOUNTS (Note 30)	**$ 111.028.223**	**$ 83.919.307**
CONTINGENT AND CREDIT MEMORANDUM ACCOUNTS (Note 30)	**$ 109.908.240**	**$ 94.569.934**

LIABILITIES AND STOCKHOLDERS' EQUITY	2013	2012
LIABILITIES:		
Deposits (Note 19):		
Without interest - Current accounts		
• Other	$ 2.920.264	$ 2.531.504
• With interest -	366.036	319.973
• Current account	1.767.019	1.063.986
• Single deposits	7.345	4.248
• Term deposit certificates	7.596.774	6.437.772
• Real value savings certificates	32.918	33.013
• Savings deposits	15.482.749	13.871.487
Total deposits	**28.173.105**	**24.261.983**
Passive positions in monetary market and related operations (Note 20)	352.274	54.614
Outstanding bankers' acceptances and derivative financial instruments(Note 21)	138.466	180.135
Bank credits and other financial obligations (Note 22)	803.728	867.359
Accounts payable (Note 23)	622.199	593.689
Outstanding investment securities (Note 24)	1.094.760	1.262.890
Other liabilities (Note 25)	211.658	220.092
Accrued liabilities and provisions (Note 26)	231.630	235.578
Minority interest	5.336	5.510
TOTAL LIABILITIES	**31.633.156**	**27.681.850**
STOCKHOLDERS' EQUITY		
Subscribed and paid-in capital (Note 27)	89.779	89.779
Retained earnings		
• Reserves (Note 28)	2.139.498	1.910.204
Results from prior periods	16.692	15.297
Results for the period	523.722	453.654
Surplus for:		
• Valorization and negative valorization of asset, net	470.296	361.973
• Article 6° Law 4 / 80	506	506
Unrealized accumulated gains or losses	-	25.827
TOTAL STOCKHOLDERS' EQUITY	**3.240.493**	**2.857.240**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 34.873.649**	**$ 30.539.090**
CONTINGENT AND DEBIT MEMORANDUM ACCOUNTS (Note 30)	**$ 111.028.223**	**$ 83.919.307**
CONTINGENT AND CREDIT MEMORANDUM ACCOUNTS (Note 30)	**$ 109.908.240**	**$ 94.569.934**

The accompanying notes are an integral part of the financial statements.

The undersigned Legal Representative and Public Accountant do hereby certify that we have previously verified the assertions contained in these financial statements and the same have been truly taken from the accounting books of the consolidated entities.

OSCAR CABRERA IZQUIERDO
Legal Representative

JOSÉ WILLIAM LONDOÑO MURILLO
General Public Accountant
T.P. No. 51445-T

GABRIEL JAIME LÓPEZ DÍEZ
Statutory Auditor
T.P. No.12838 –T
Designated by Deloitte & Touche Ltda.
(See my Opinion attached)

Statements of income

For the years ended as of december 31, 2013 and 2012

(Amounts stated in millions of Colombian pesos, except for net profit per share)

INCOME AND EXPENDITURE	2013	2012
INTEREST REVENUE:		
• Interest and amortized discount - credits portfolio	$ 2.464.938	$ 2.200.998
• Interbank funds	23.514	21.483
• Other	45.158	48.257
Total interest revenue	**2.533.610**	**2.270.738**
INTEREST EXPENSES:		
• Time savings certificates	393.481	313.381
• Savings deposits	486.461	435.811
• Current accounts	18.458	18.458
Total interest on deposits	**898.400**	**767.650**
• Obligations discounted by financial entities	19.899	28.146
• Outstanding securities	86.023	107.311
• Interbank funds	6.271	30.184
• Other	48	49
Total interest expenses	**1.010.641**	**933.340**
Total net interest revenues	**1.522.969**	**1.337.398**
PROVISION FOR CREDIT PORTFOLIO (Notes 9 and 10)	788.631	677.745
ACCOUNTS RECEIVABLE PROVISION (Note 13)	34.032	27.140
Total provision for credit portfolio and accounts receivable	**822.663**	**704.885**
Total net interest revenues after provision for credit portfolio and accounts receivable	700.306	632.513
NON-INTEREST REVENUES (Note 32)	3.809.181	3.244.553
DIVIDENDS REVENUE	12.120	8.413
Total non-interest and dividend revenues	**3.821.301**	**3.252.966**
NON-INTEREST EXPENSES (Note 33)	**3.776.147**	**3.248.755**
MINORITY INTEREST	**851**	**1.502**
Profit before income tax provision	744.609	635.222
INCOME TAX PROVISION	220.887	181.568
NET PROFIT	**$ 523.722**	**$ 453.654**
NET PROFIT PER SHARE	**$ 36**	**$ 32**

The accompanying notes are an integral part of the financial statements.

The undersigned Legal Representative and Public Accountant do hereby certify that we have previously verified the assertions contained in these financial statements and the same have been truly taken from the accounting books of the consolidated entities.

OSCAR CABRERA IZQUIERDO
Legal Representative

JOSÉ WILLIAM LONDOÑO MURILLO
General Public Accountant
T.P. No. 51445-T

GABRIEL JAIME LÓPEZ DÍEZ
Statutory Auditor
T.P. No.12838 –T
Designated by Deloitte & Touche Ltda.
(See my Opinion attached)

t

For the years ended as of december 31, 2013 and 2012

(Amounts states in millions of Colombian pesos and thousands of shares)

Concept	Shares			
	Non-voting with preferential dividend		Ordinary	
	Number	Value	Number	Value
BALANCE AS OF DECEMBER 31, 2011	$ 479.760	$ 2.994	$ 13.907.929	$ 86.785
Eliminations in consolidation	-	-	-	-
Appropriation for approved by Stockholders' Meeting	-	-	-	-
Appropriation for other reserves	-	-	-	-
Dividends paid in cash	-	-	-	-
Profit for the period	-	-	-	-
Increase in valorization	-	-	-	-
Increase in investment valorization	-	-	-	-
Increase in forced-shares dividends	-	-	-	-
Non-received accrued gains in available-for-sale investments	-	-	-	-
BALANCE AS OF DECEMBER 31, 2012	$ 479.760	$ 2.994	$ 13.907.929	$ 86.785
Eliminations in consolidation	-	-	-	-
Appropriation for approved by Stockholders' Meeting	-	-	-	-
Appropriation for other reserves	-	-	-	-
Dividends paid in cash	-	-	-	-
Profit for the period	-	-	-	-
Increase in valorization	-	-	-	-
Increase in investment valorization	-	-	-	-
Non-received accrued gains in available-for-sale investments	-	-	-	-
Ganancias acumuladas no recibidas en inversiones disponibles para la venta	-	-	-	-
BALANCE AS OF DECEMBER 31, 2013	$ 479.760	$ 2.994	$ 13.907.929	$ 86.785

Retained Earnings							
Retained Earnings			Surplus for				Total Stockholders' Equity
Appropriated	Results for the Period	Results from Prior Periods	Asset Appraisal	Investment Negative Valorization	Article 6 Law 4 of 1980	Unrealized Accrued Gains or Losses	
$ 1.666.886	$ 486.428	$ 13.897	$ 297.359	$ (186)	$ 505	$ 9.344	$ 2.564.012
-	(1.110)	1.400	-	-	-	(745)	(455)
3.556	(3.556)	-	-	-	-	-	-
239.762	(239.761)	-	-	-	-	-	-
-	(242.001)	-	-	-	-	-	(242.001)
-	453.654	-	-	-	-	-	453.654
-	-	-	64.808	-	-	-	64.809
-	-	-	-	(8)	-	-	(8)
-	-	-	-	-	1	-	1
-	-	-	-	-	-	17.229	17.229
$ 1.910.204	$ 453.654	$ 15.297	$ 362.167	$ (194)	$ 506	$ 25.827	$ 2.857.240
-	(2.214)	1.395	-	-	-	-	(819)
244.460	(244.460)	-	-	-	-	-	-
(15.166)	15.166	-	-	-	-	-	-
	(222.146)	-	-	-	-	-	(222.146)
-	523.722	-	-	-	-	-	523.722
-	-	-	108.407	-	-	-	108.406
-	-	-	-	(84)	-	-	(84)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(25.827)	(25.827)
$ 2.139.498	$ 523.722	$ 16.692	$ 470.574	$ (278)	$ 506	$ -	$ 3.240.493

The accompanying notes are an integral part of the financial statements.

The undersigned Legal Representative and Public Accountant do hereby certify that we have previously verified the assertions contained in these financial statements and the same have been truly taken from the accounting books of the consolidated entities.

OSCAR CABRERA IZQUIERDO
Legal Representative

JOSÉ WILLIAM LONDOÑO MURILLO
General Public Accountant
T.P. No. 51445-T

GABRIEL JAIME LÓPEZ DÍEZ
Statutory Auditor
T.P. No.12838 –T
Designated by Deloitte & Touche Ltda.
(See my Opinion attached)

Consolidated statements of cash flows

For the years ended as of december 31, 2013 and 2012

(Amounts stated in millions of Colombian pesos)

Concept	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	**$ 523.722**	**$ 453.654**
Adjustments for reconcile net profit for the year with the cash provided by operating activities:		
• Depreciation	53.321	45.699
• Amortization	156.362	154.830
• Provision for credit receivables and accounts receivable protection	822.662	704.886
• Recovery of provision for credit receivables and accounts receivable protection	(485.287)	(399.886)
• Recovery of provision for realizable and received-as-payment goods protection, net	1.491	(673)
• Investments provision	3.123	5.268
• Provision for property, equipment and other assets	1.808	5.137
• Recovery of provisions other accrued liabilities	-	-
• Profit realized in available-for-sale investments	(25.827)	-
• Dividends received in shares	(4.731)	(3.998)
• Net (profit) /loss in sale of investments, realizable and received-as-payment goods, property and equipment	(15.039)	(20.326)
• (Profit)/loss in sale of receivables	24.995	(1.407)
• Net profit on sale of realizable and received-as-payment goods, net	(756)	(894)
• Net profit on sale of property and equipment, net	(277)	(1.290)
• Recovery of written-off receivables	(74.861)	(88.960)
• Recovery of other accrued liabilities provision	(12.522)	(18)
• Reimbursement of investments provision	(2.001)	(8.774)
• Reimbursement of other assets provision	(19.671)	(10.780)
• Reimbursement of property and equipment provision	(372)	(7.084)
Cash provided by reconciliation of net profit	**946.140**	**825.384**
Variations in operating assets and liabilities accounts:		
• Credit portfolio	(4.913.804)	(2.554.960)
• Accounts receivable	(20.975)	(158.231)
• Prepaid expenses and deferred charges	12.631	6.007
• Other assets	(31.405)	15.538
• Deposits and financial claims	3.911.122	5.618.007
• Bankers' acceptances	(41.669)	(59.357)
• Minority interest	(174)	1.032
• Accounts payable	28.510	103.525
• Other liabilities	(8.434)	11.359
• Accrued liabilities and provisions	8.575	(27.754)
• Other effects on the equity resulting from consolidation	(816)	(455)
Total net cash flows (used in) provided by operating activities	**(110.299)**	**3.780.095**

Concept	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	(1.157.056)	(604.054)
• Active positions in monetary and related market transactions	550.099	(184.151)
• Acceptances and derivatives	34.816	6.495
• Realizable and received-as-payment goods and restituted goods	(3.509)	1.008
• Property and equipment	(94.116)	(53.698)
Total net cash flows used in investing activities	**(669.766)**	**(834.400)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
• Passive positions in monetary and related market transactions	297.660	(641.021)
• Bank credits and other financial obligations	(63.631)	(635.934)
• Outstanding investment securities	(168.130)	(233.170)
• Dividends paid in cash	(222.146)	(242.001)
Total net cash flows used in financing activities	**(156.247)**	**(1.752.126)**
NET CASH FLOWS OF CASH ON HAND	**(936.312)**	**1.193.569**
FUNDS AVAILABLE AT BEGINNING OF THE YEAR	**3.357.643**	**2.164.074**
FUNDS AVAILABLE AT YEAR END	**$ 2.421.331**	**$ 3.357.643**

The accompanying notes are an integral part of the financial statements.

The undersigned Legal Representative and Public Accountant do hereby certify that we have previously verified the assertions contained in these financial statements and the same have been truly taken from the accounting books of the consolidated entities.

OSCAR CABRERA IZQUIERDO
Legal Representative

JOSÉ WILLIAM LONDOÑO MURILLO
General Public Accountant
T.P. No. 51445-T

GABRIEL JAIME LÓPEZ DÍEZ
Statutory Auditor
T.P. No.12838 –T
Designated by Deloitte & Touche Ltda.
(See my Opinion attached)

Notes to the consolidated financial statements for the years ended as of december 2013 and 2012

(Amounts stated in millions of Colombian pesos, except as otherwise stated)

1. Reporting entity

Banco Bilbao Vizcaya Argentaria Colombia S.A. BBVA Colombia (hereinafter, "the Bank" or "BBVA Colombia S.A.") acting as Holding of the Grupo Empresarial BBVA Colombia formed by BBVA Asset Management S.A. Sociedad Fiduciaria (formerly, BBVA Fiduciaria S.A.) and BBVA Valores Colombia S.A. Comisionista de Bolsa, reports consolidated financial statements for the following companies:

BBVA Colombia S.A. is a private banking institution incorporated in accordance with Colombian laws on April 17, 1956 through Public Deed No, 1160 granted in Notary Public Office 3ª of Bogotá and with term of duration until December 31, 2099; this term may be extended according to the law.
The Office of the Superintendent of Fina
nce in Colombia (hereinafter, "the Superintendence" or "SFC") through Resolution No, 3140 dated September 24, 1993, renovated, on a definitive character the operating permit.

The main activity of the Bank includes making loans to public and private sector companies and individual loans. It also develops international banking activities, privatizations, financial projects and other banking activities in general.

The Bank conducts its activities in its corporate domicile in Bogotá and 469 branches that include branch offices, in-house, service centers, agencies, cash extensions, and mini-banks located in 95 cities of Colombia, distributed as follows:

Type of Office	Amount
Branch offices	368
In-house	48
Service centers	15
Agencies	22
Cash extensions	9
Mini-banks	7
Total offices	**469**

Additionally, it counts on five (5) financial services contracts through Non-Banking Correspondents (NBC) with 1,218 points of service.

The entrepreneurial group the entity belongs to is registered in the mercantile registry as Grupo Empresarial BBVA Colombia and it is formed by BBVA Asset Management S.A. Sociedad Fiduciaria and BBVA Valores Colombia S.A. Comisionista de Bolsa.

BBVA Asset Management S.A. Sociedad Fiduciaria (formerly, BBVA Fiduciaria S.A., and hereinafter, "the Trust Company"), is a joint-stock, private commercial entity of financial services, legally incorporated through Public Deed 679 of Notary Public Office 13 of Bogotá dated April 5, 1976. The bylaws of the Trust Company have been reformed through Public Deed 2145 dated May 2, 1978 of Notary Public Office 4 of Bogotá, through Public Deed 3675 dated August 2, 1982 of Notary Public Office 1 of Bogotá; through Public Deed 8381 dated August 30, 1996 of Notary Public Office 29 of Bogotá; through Public Deed 2372 dated May 27, 1998 of Notary Public Office 13 of Bogotá; through Public Deed 5408 dated July 29, 1999 of Notary Public Office 29 of Bogotá; through Public Deed 8897 dated November 7, 2001 of Notary Public Office 29 of Bogotá; through Public Deed 3971 dated April 9, 2003 of Notary Public Office 29 of Bogotá; through Public Deed 4897 dated May 2, 2003 of Notary Public Office 29 of Bogotá; through Public Deed 4065 dated April 14, 2004 of Notary Public Office 29 of Bogotá; through Public Deed 16127 Dated November 13, 2007 of Notary Public Office 29 of Bogotá; through Public Deed 3348 dated April 8, 2009 of Notary Public Office 72 of Bogotá; through Public Deed 4878 dated June 5, 2009 of Notary Public Office 72 of Bogotá; through Public Deed No, 3742 dated April 29, 2010 of Notary Public Office 72 of Bogotá; through Public Deed No, 3041 dated April 28, 2011 of Notary Public Office 72 of Bogotá; and through Public Deed No, 3933 dated May 10, 2012 of Notary Public Office 72 of Bogotá.

Through Public Deed 3742 dated April 29, 2010 of Notary Public Office 72 of Bogotá, it was protocolized the change of name into BBVA Asset Management S.A. Sociedad Fiduciaria, and for all legal purposes it may use the name BBVA Asset Management or BBVA Fiduciaria.

The Trust Company is a subordinated of Banco Bilbao Vizcaya Argentaria Colombia S.A., it has its corporate domicile in the city of Bogotá. As of December 31, 2013 and 2012 it had 84 and 80 employees, respectively. Its term of duration goes until November 13, 2107 and it has a definitive operating permit issued by the Superintendence, as per Resolution 223 dated January 12, 1979,

We focus all our efforts in adding value for all the stakeholders. BBVA Group considers this corporate policy as the priority in order to keep a sustainable growth of profits in the long run. For BBVA this is an unavoidable commitment with our stakeholders.

The main objective of the Trust Company consists of the celebration of mercantile trust agreements, the celebration of trust state contracts as foreseen by Law 80 of 1993 and, in general, the celebration of all those businesses that imply a trust management and all those that are legally authorized to the trust companies. In development of its objective, the Trust Company essentially may acquire, transfer, tax, manage movable and immovable goods, legally represent bondholders, intervene as debtor or creditor in all types of credit transactions, and write, accept, endorse, collect and negotiate all types of securities.

BBVA Valores Colombia S.A. Comisionista de Bolsa (hereinafter “the Broker”) was incorporated on April 11, 1990 prior an authorization by the Superintendence,. Its corporate purpose is the development of the broker contract for the purchase and sale of securities registered in the National Securities Registry (“Registro Nacional de Valores”), the development of security funds management contracts of its local and foreign clients and the performance of transactions on its own account. Further, it has authorization given by the Superintendence to carry out the activities that are proper of the securities market and for the advisory services in capital-market related activities.

The Broker belongs to the Grupo BBVA Colombia S.A., it has its corporate domicile and exercises its commercial activity in the city of Bogotá, D.C. Its term of duration expires on April 11, 2091. As of December 31, 2013 and 2012 it had 23 and 18 employees, respectively.

On a country level, the Bank and its Subsidiaries have a cadre of personnel that amounted to 5,466 and 4,907 employees, as of the closing of December 2013 and 2012 closing, respectively.

As of December 31, 2013 and 2012, the breakdown of the balance sheet of the consolidated entities was as follows::

	2013			2012		
Entity	Assets	Liabilities	Equity	Assets	Liabilities	Equity
BBVA Colombia S.A.	$ 34.883.283	$ 31.642.790	$ 3.240.493	$ 30.540.886	$ 27.683.646	$ 2.857.240
BBVA Asset Management S.A.	93.376	7.274	86.102	95.283	9.417	85.866
BBVA Valores S.A.	12.557	1.558	10.999	17.380	3.031	14.349

2. Basis of presentation of the financial statements

Consolidation - The Bank and its Subsidiaries keep independent accounting records and prepare their financial statements in conformity with generally accepted accounting principles in Colombia and accounting instructions and practices established by the Superintendence, All these norms are considered by law as generally accepted accounting principles in Colombia for financial institutions.

Additionally, the Code of Commerce requires the elaboration of general-purpose consolidated financial statements in the fiscal periods, which are presented to the general shareholders' meeting, as supplementary information, but are not taken as a basis for dividend distribution or appropriation of profits.

These consolidated financial statements have been prepared on the basis of requirements prescribed by the Superintendence, with elimination of intercompany accounts and transactions.

The consolidated financial statements include the national financial subsidiaries under the supervision of the Superintendence, in which the Bank holds, either directly or indirectly, 50% or more of the outstanding voting shares. All the entities in which the Bank holds (directly or indirectly) less than 50% are recorded at cost in the "Available for sale securities in equity securities" item in the consolidated financial statements.

The Bank consolidated its subsidiaries in which as of December 31, it had the following participation:

Location	Name	Percentage of Share as of December 31		Acquisition or Start Month
Entidad	Activo	2013	2012	
Colombia	BBVA Valores Colombia S.A. Comisionista de Bolsa	94,44	94,44	April 1990
Colombia	BBVA Asset Management S.A. Sociedad Fiduciaria	94,51	94,51	December 1989

Inflation adjustments - Through External Circular Letter 014 dated April 17, 2001 issued by the Superintendence, the application of inflation adjustments for accounting purposes was eliminated as from January 1, 2001, for the Bank and the Trust Company, and as from January 1, 2002 for the Broker, Law 1111 of December 27, 2006 eliminated the adjustments for fiscal purposes.

The value of inflation adjustments applied from January 1, 1992 to December 31, 2000, for the Bank and the Trust Company, and until December 31, 2001 for the Broker, is part of the non-monetary assets and equity balances for all accounting purposes.

3. Significant accounting policies and practices

For the process of identification, recording, preparation and disclosure of its financial statements, the Bank and its subsidiaries apply generally accepted accounting principles in Colombia and accounting instructions and practices established by the Superintendence enunciated in the Basic Accounting and Financial Circular Letter ("Circular Básica Contable y Financiera - hereinafter "CBCF") and in those matters not foreseen by them, it applies the generally accepted accounting principles in Colombia, established by Decree 2649 of 1993 and supplementary norms. Below there is a summary of significant accounting policies:

a. **Money Market Operations** – The money market operations are repos, simultaneous, interbank funds and temporary security transfers.

Interbank funds – They are loans granted by the Bank to another financial entity or loans received directly, without the mediation of an investment transfer or credit portfolio agreement. In case the latter are present, it shall be considered that the transaction counts on collaterals for its performance, used with the purpose of helping as liquidity transfer mechanism.

Interbank funds transactions likewise include the so-called overnight transactions, carried out with foreign banks using the national entity's funds.

On January 8, 2008, the Banking Association created the formation scheme of the Reference Banking Indicator ("Indicador Bancario de Referencia – IBR") with the participation of the Ministry of Finance and Public Credit and of the Central Bank ("Banco de la República"), which seeks to establish a reference, short-term interest rate for the Colombian interbanking market, reflecting the price at which participating agents are willing to offer or gather resources in the market.

The IBR's formation scheme for the overnight and one-month term consists of the fact that each of the eight participants quotes a nominal "choice" rate that reflects their liquidity position for the overnight and one-month term, with which the Central Bank calculates the median for each term, and establishes the participants that offer resources the quotation rate of which is lower than the median, and the participants that demand whenever the rate is greater. The total nominal amount on which the IBR operates for the overnight and one-month term shall be $20,000 distributed amongst the four (4) entities (i.e., $5,000 each) granted by the offerors to the demanders. The yields generates are credited or charged to operations, as the case may be, on an accrual basis, according to External Circular Letter 001 of 2008 issued by the Superintendence.

Reporto or repo transactions, simultaneous and temporary security transfer – They are received as collateral for the loans granted or received. External Circular Letter 018 of 2007 modified the accounting treatment for each transaction and added the concept of closed and open repo, in which it is established that the securities subject matter of the repo transaction may or may not be immobilized, respectively.

Temporary transfer of securities transactions – Corresponds to the loan granted or delivery of another security with similar characteristics or the cash equivalent.

b. Investment securities – Investments are classified, valued and recorded according to the allowance of Chapter I of the CBCF, that compiles in only one document the standards and instructions that are in force and effect issued by the Superintendence..

Classification of Investments - Investments are classified into trading securities, held-to-maturity securities, or available-for-sale securities. In turn, marketable investments are classified between debt and equity securities and in general any type of asset that may be part of the investments portfolio.

Debt securities mean those that grant to the holder of the respective security the capacity as creditor of the issuer.

Equity securities mean those that grant to the holder of the respective security the capacity as co-owner of the issuer.

Equity securities include mixed securities that come from securitization processes that simultaneously recognize credit and equity rights.

Bonds convertible into shares are understood as debt securities, so long as they have not been converted into shares.

Trading securities - Any value or security and, in general, any type of investment that has been acquired with the main purpose of obtaining profits from short-term price fluctuation is classified as trading securities.

Held-to-maturity securities - Any value or security and, in general, any type of investment with respect to which the investor has the serious purpose and legal, contractual, financial, and operating capacity of keeping them to the expiration of their maturity or redemption term is classified as held-to-maturity securities. The serious purpose of keeping the investment is the positive and unequivocal intention of not transferring the security, in such a way that the rights incorporated therein are understood on head of the investor.

With held-to-maturity securities, no liquidity transactions can be conducted, except in the case of forced or compulsory investments subscribed in the primary market and provided that the counterpart of the transaction is the Central Bank, the National Treasury General Direction or the entities supervised by the Superintendence, and on all other cases exceptionally determined by the competent authority.

Available-for-sale securities - Any value or security and, in general, any type of investment not classified as trading securities or held-to-maturity securities are considered available-for-sale securities. For the period 2012, the norms indicated that this classification included those investments with respect to which the investor has the serious purpose and the legal, contractual, financial and operating purpose of keeping them at least during one (1) year counted as from the first day when they were classified for the first time, or when they were reclassified, as available-for-sale securities.

Once the one (1) year term referred to in the previous paragraph expires, on the first following business day those investments may be reclassified into any of the two (2) categories above, provided they fully meet the characteristics attributable to the classification applied. If they are not reclassified on that date, it is understood that the entity maintains the serious purpose of continuing to classify them as available-for-sale; consequently, the entity must keep them for a period equal to the one stated for that class of investments. The same procedure shall be followed upon the maturity of the subsequent terms.

For the period 2013, according to External Circular Letter 033 and External Circular Letter 035 of the SFC, it is indicated that this classification must include those investments with respect to which the investor has the serious purpose and the legal, contractual, financial and operating capacity of keeping them at least during six (6) months counted as from the day when they were classified in this category.

Once the six (6) month term referred to by the previous paragraph expires, on the first following business day, those investments may be reclassified into any of the other two (2) categories referred to by numeral 3 of this standard, provided that they fully comply with the characteristics attributable to the classification applied. If they are not reclassified on that date, it is understood that the entity maintains the serious purpose of continuing to classify them as available-for-sale; consequently, the entity must keep them for a period equal to the one stated for that class of investments. They may not be reclassified without the prior and particular authorization of this Superintendence. The economic impacts of the application of those circular letters are disclosed in Note 8 to these financial statements.

The serious purpose of keeping the investment is the positive and unequivocal intention of not transferring the respective value or security during the period referred to in the above paragraphs, in such a way that the rights incorporated therein are understood during such time, on head of the investor.

Securities classified as available-for-sale securities may be delivered as collateral in a central counterpart risk chamber with the purpose of backing up the compliance with transactions accepted thereby for their offsetting and liquidation. Likewise, liquidity, reporto or repo transactions, simultaneous or temporary securities transfer transactions may be carried out with these investments.

In all cases, available-for-sale securities include: equity securities with low or minimum marketability; securities that have no quotation, and equity securities held by an investor when they have the capacity as being the parent or controlling company of the respective issuer of these securities. Notwithstanding, for purposes of their being sold, these investments do not require the six (6) month permanence referred to in the first paragraph.

Adoption of investments classification - The decision of classifying an investment in any of the three (3) categories must be adopted by the entity at the moment of acquiring or purchasing such investments, and on the maturity dates of the term foreseen for available-for-sale securities.

In all cases, the classification must be adopted by the internal instance of the Bank with attributions to do it, and must consult the policies established for risk management and control.

Every study, evaluation, analysis, and, in general, all information that has been taken into account or as a result of which it could have been adopted the decision of classifying or reclassifying a security as held-to-maturity securities or available-for-sale securities, must be documented and kept available to the Office of the Superintendent of Finance in Colombia.

Reclassification of investments - For an investment to be maintained in any of the aforementioned classification categories, the same must comply with all characteristics or conditions that are proper of the class of investments it is a part of, indicated by numeral 4 Chapter I of the CBCF.

At any time, the Superintendence may order to the entity supervised, the reclassification of a security, whenever it does not comply with the characteristics that are proper of the class in which it pretends to be classified or such reclassification is required to achieve better disclosure of the investors financial position.

Without detriment to the expose in the previous paragraph, entities that are supervised may reclassify their investments only in conformity with the following norms indicated in numeral Chapter I of the CBCF.

2013 was a positive year for BBVA Colombia. The bank's network expanded 15% with new branches and ATMs, and increased in 80% total Banking Agents (BA).

Investments valuation – The essential objective of this is the calculation, accounting record and disclosure to the market of the fair exchange price or value at which a security could be traded on a determined date, according to their particular characteristics and within market prevalent conditions on that date.

During 2012, fair exchange price or value for trading securities is considered as the one that was punctually determined as from market representative transactions, that should have been conducted in modules or transactional systems managed by the Central Bank, or by entities under the supervision of the Superintendence, or with the intermediation of those designated by the Public Credit General Direction ("Dirección General de Credito Público") as securities brokers specialized in Class B TES (CVETES). According to current norms, the following must be considered to determine the fair price or value:

i. The one determined through the use of reference rates and margins calculated as from market representative transactions aggregated by categories, that should have been carried out in transactional modules or systems managed by the Central Bank, or by entities under the supervision of the Superintendence, or with the intermediation of those designated by the Public Credit General Direction as securities brokers specialized in Class B TES.

ii. The one determined through other methods, due to the non-existence of a fair exchange price or value that may be established through any of the previsions referred to in the previous literals.

The methodologies that shall be established for determination of the reference rates and margins referred to by literal ii) above, must be previously approved through general-character norms issued by the Superintendence.

Reference rates and margins to be used for the different security categories must be published on a daily basis by those entities that are authorized for their calculation. Likewise, all approved methodologies must be published.

For purposes of the allowance of literal iii), above, fair exchange prices or values are those that should be determined by an agent specialized in the valuation of real estate assets or an entity that manages a supply platform of financial information, provided that the methodologies used for that purpose are previously approved through general-character norms issued by the Superintendence,

External Circular Letter 033 of 2012 and External Circular Letter 002 of 2013 incorporate as from April 2013, the scheme of price supplier for valuation modification of Chapter I of the CBCF

For the respective effects, the fair exchange price that shall be established must correspond to that for which a buyer and a seller, sufficiently informed, are willing to trade the corresponding security.

Fair exchange price or value for marketable investments is considered:

iii. The one that shall be determined by the price providers using those methodologies that comply with the requirements contained in Chapter XVI of Title I of the Basic Juridical Circular Letter ("Circular Básica Jurídica").

iv. The one that should be determined through other methods established by the CBCF.

Criteria for investments valuation - The determination of the fair exchange price or value of a value or security must consider all criteria necessary to guarantee compliance with the objective of the investments valuation established in the CBCF, and for all cases: objectivity, transparency, representativeness, evaluation and permanent analysis and professionalism.

Periodicity of the valuation and the accounting record thereof - LThe valuation of investments must be made on a daily basis, unless other norms indicate a different frequency. Likewise, the accounting records necessary for the recognition of the investments valuation must be made with the same frequency foreseen for the valuation.

Investments valuation – Debt securities classified as trading securities or as available-for-sale securities are valued according to the price supplied by the supplier of prices for valuation designated as official for the corresponding segment.

i) Trading securities and available-for-sale securities, represented in debt securities or titles, must be valued based upon the price determined by the valuation price supplier using the following formula

ii) For those cases where, for the valuation day, there are no fair exchange prices, the valuation must be made on an exponential fashion as from the internal rate of return. The fair market exchange price or value of the respective security must be estimated or approximated through the calculation of the summation of the present value of future flows corresponding to yields and capital, according to the following procedure:

Estimate of future flows of funds corresponding to yields and capital. Future flows of the debt securities must correspond to the amounts that are expected to be received from the concepts of capital and yield agreed-to in each security.

Determination of the internal rate of return: The respective securities must be valued in an exponential fashion starting from the internal rate of return calculated, in which case, the value for which the investment is recorded must be taken as purchase value and taking into account the future flows estimate. This procedure must be maintained until the security can be valued with a price determined by the price supplier.

Securities classified as held-to-maturity securities are valued on an exponential fashion as from the internal rate of return calculated at the moment of the purchase, on the basis of a 365-day year. Whenever in the issue conditions it was established the use of the value of indicator of the start date off the period to be remunerated, the internal rate of return must be recalculated every time that the face indicator value changes. In these cases, the present value as of the indicator's re-price date, excluding the yields enforceable pending to be collected, must be taken as the purchase value.

Whenever the use of the indicator value of the expiration date for the period to be remunerated should have been established in the conditions of the issue, the internal rate of return must be calculated each time that the face indicator value shall change.

In the case of securities that incorporate prepayment option, the internal rate of return must be calculated each time that future flows and payment dates for valuation purposes change, In these cases, the present value as of the recalculation date of the future flows must be taken as the purchase value.

Whenever there is objective evidence that a value impairment loss in these assets has been incurred in, the carrying value of the assets shall be directly reduced and the loss amount shall be recognized in results for the period.

The significant bank's network growth in 2013 included opening new branches all over the country. In Bogotá we have 19 new branches, seven more in Medellin, nine in Cali, four in Barranquilla, one more in Bucaramanga, in addition of seven in other cities.

Posting of investments - Initially, they must be recorded at their acquisition cost and as from that very day they must be valued as market prices. The posting of changes between the acquisition cost and the market value of investments shall be made as from the date of their purchase, individually, per each security, as follows:

- *In the case of available-for-sale equity securities,* when dividends of profits are distributed in kind, including those coming from the equity reappraisal account capitalization, it must be recorded as revenues the part that should have been posted as appraisal surplus, with charge to the investment, and revert such surplus. Whenever the dividends or profits are distributed in cash, the value posted as appraisal surplus must be recorded as revenue, revert such surplus, and the amount of dividends exceeding the same must be recorded as a lower value of the investment.

- *In the case of held-to-maturity securities,* the updating of present value is recorded as a greater value of the investment and its balancing entry affects the results for the period.

Enforceable yields pending to be collected are recorded as a greater value of the investment. Consequently, the collection of those yields is recorded as a lower value of the investment.

In the case of available-for-sale investments, any changes suffered by the debt securities or securities value are recorded pursuant to the following procedure:

i) Posting of the present value change. The difference between the present value of the valuation day and the immediately previous one, must be recorded as a greater value of the investment with credit to operating accounts.

ii) Adjustment to market value. Any difference existing between the market value of those investments and the present value referred to by the previous literal must be recorded as an unrealized accrued gain or loss within the equity accounts.

Enforceable yields pending to be collected should be maintained as a greater value of the investment. Consequently, the collection of those yields must be posted as a lower value of the investment..

Allowance or losses due to credit risk rating - Debt securities or titles as well as equity securities with low or minimum marketability or with no quotation (unlisted) are adjusted each valuation date based upon the credit risk rating.

Internal or external public debt securities issued or endorsed by the Nation, securities issued by the Central Bank and those issued or guaranteed by the Financial Institutions Collateral Fund (*"Fondo de Garantías de Instituciones Financieras – FOGAFIN"*) are not subject to the allowance of the previous paragraph.

According to the regulation modified through External Circular Letters 021 of 2003 and 003 of 2004 issued by the Superintendence, investments are classified by credit risk levels as follows:

- *Securities or titles of issues or issuers that have external ratings* - The securities or titles that count on one or several ratings granted by external rating agencies duly recognized by the Superintendence, or the debt securities or titles issued by entities that have been rated by the same, may not be posted for an amount exceeding the following percentages of their nominal value net from the amortization made until the valuation date:

Long-Term Rating	Maximum Value %	Short-Term Rating	Maximum 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 titles of non-qualified issues or issuers* – For the securities or titles that do not count on an external rating or debt securities or titles issued by entities that are not rated, the amount of the allowance must be determined based upon the methodology that shall be determined for that purpose by the investor entity. Such methodology must be previously approved by the Superintendence.

Investor entities that do not count on an approved internal methodology for determination of allowance referred to by this numeral must be subject to the following:

- *Category "A"*- Investment with "normal" risk: Corresponds to issue that are complying with all terms agreed-to in the security or tittle and count with adequate capacity of payment of principal and interest, as well as those investments of issuers that according to their financial statements and other information available reflect an adequate financial position.

For all securities or tittles that are in this category the recording of allowance is no applicable.

- *Category "B"*- Investment with "acceptable" risk, greater than normal: Corresponds to issues that show uncertainty factors that might affect the capacity to continue to adequately comply with the services of debt. Likewise, it includes those investments from issuers that according to their financial statements and other available information, present weaknesses that might affect their financial position.

- *Category "C"*- Investment with "appreciable" risk: Corresponds to issues that show a high or medium probability of default with the timely payment of principal and interest. Likewise, it includes those investments of issuers that according to their financial statements and other available information show deficiencies in their financial position that compromise the recovery of the investment.

- *Category "D"*- Investment with "significant" risk. Corresponds to those issues that show default with the terms agreed-to in the security, as well as the investments made in issuers that according to their financial statements and other available information show deficiencies accentuated in their financial position, so that the likelihood of recovering the investment is highly doubtful.

- *Category "E"*- Uncollectible investment: Corresponds to those investments of issuers that according to their financial statements and other available information it is estimated to be uncollectible. The net value of the investments classified in this category must be equal to zero.

When an entity that is supervised should rate in this category any of the investments, it must carry to the same category all of its investments from the same issuer, except is it is demonstrated to the Superintendence the existence of true reasons for their classification in a different category.

External classifications which are referred to for this type of valuation must be made by a security rating company duly authorized by the Superintendence, or by an internationally recognized security rating agency, when referring to securities issued by foreign entities and placed abroad.

In case that the investment or the issuer counts with ratings from more than one rating agency, the lowest rating must be taken into account, if they were issued within the last three (3) months, or the most recent one whenever there is a term greater than such period between one and the other rating.

Availability of evaluations - All evaluations conducted by the institutions supervised must remain available to the Superintendence and the Statutory Audit.

c. Portfolio of receivables, leasing contracts, receivables and their allowance - Loans are posted based upon their nominal value and are classified as: commercial, consumer, mortgage and microcredit.

Mortgage Loans Portfolio: It records, regardless of the amount, the credits granted to natural persons (individuals) for the acquisition of new or used housing, or for the construction of individual housing, which have the following characteristics:

- Are denominated in UVR or legal currency.
- Are covered with a first mortgage collateral constituted on the housing that is financed.
- Amortization term must be between a minimum of five (5) years and a maximum of thirty (30) years.
- Have a remunerative interest rate, which shall be fixed during the entire term of the credit, unless a reduction thereof is agreed-to and must be stated only in terms of annual effective rate.
- The credit amount shall be up to eighty percent (80%) of the value of the immovable asset for credits devoted to finance social-interest housing and up to seventy percent (70%) for all other credits.

Consumer Loans portfolio: Records all credits granted to natural persons (individuals) the purpose of which is to finance the acquisition of consumer goods or the payment of services for non-commercial or non-entrepreneurial purposes, regardless of their amount and different to those classified as microcredits.

The strategic plan includes more than 445 million dollars for investing in BBVA Colombia until 2016. In 2013 we have already invested 100 million dollars and in 2014 we plan to maintain the investment expenditure.

Microcredit loans portfolio: Records the set of transactions granted to micro-companies the cadre of personnel of which does not exceed ten (10) workers and has total assets lower than 501 and the maximum amount of the credit operation is 25 minimum legal monthly wages in force and effect (SMMLV, for its Spanish initials). The balance of the debtor's indebtedness may not exceed 120 SMMLV excluding the mortgage loans for housing financing.

Commercial loans portfolio: Credits granted to natural or legal persons for the development of organized economic activities, different to those granted under the microcredit modality,

According to the norms of the Superintendence in force and effect, the Bank has been conducting two evaluations to its commercial portfolio, during the months of May and November, as well as one monthly update over the new ordinary loans and restructured loans. The update of the ratings is recorded during the months of June and December and based upon them the allowance are posted. According to the regulations, loans are classified by risk levels: (A- Normal, B- Acceptable, C-Appreciable, D- Significant, and E- Uncollectible). Portfolio assessment seeks to identify subjective risk factors, determining the short- and medium-term payment capacity; in this fashion, it allows anticipating to the possible losses through the adjustment in the rating.

As from the second semester of 2010, the portfolio assessment is conducted in an entirely automated fashion, through statistical processes that infer client information such as minimum probable income, adding the behavior with the sector and the service of debt, with the purpose of determining the most relevant risk factors. It is a proactive process for the most prudent and effective measurement of risk.

For the commercial portfolio, thanks to the new technology developments realized, the Bank can deepen in lower amount segments. The assessment of commercial portfolio is conducted for the entire portfolio.

As from July 1, 2007 and on July 1, 2008 the commercial and consumer portfolio credits, respectively, are rated and allowanceed on a monthly basis based upon the reference models defined by the Superintendence, Likewise, the norm in force and effect for calculating procyclical and countercyclical allowance is applied as from April 2010,

Prior to the process of allowance determination and ratings for each debtor, it is carried out the internal alignment that consists of carrying to the greater risk category the credits of the same modality granted thereto.

The evaluations and estimates of the likelihood of credits impairment and of the expected losses are made by weighting objective and subjective criteria, taking into account the following aspects:

Credit risk rating - Until the internal credit risk methodology, in compliance with the Credit Risk Management System ("*Sistema de Administración de Riesgo Crediticio – SARC*"), is in full operation, the following criteria are applied as sufficient objective conditions to classify the credits into risk categories:

Risk	Micro-credit (Months past due)	Mortgage (Months past due)
"A" Normal	Current & up to 1	Up to 2
"B" Acceptable	From 1 to 2	From 2 to 5
"C" Appreciable	From 2 to 3	From 5 to 12
"D" Significant	From 3 to 4	From 12 to 18
"E" Uncollectible	Greater than 4	Greater than 18

Commercial loans have the following minimum conditions to classify risk according to the reference model (MRC):

Risk	Commercial (Days past due)
"AA"	Current & up to 29
"A"	From 30 to 59
"BB"	From 60 to 89
"B"	From 90 to 119
"CC"	From 120 to 149
"D & E" Unfulfilled	More than 149

Ratings of credits with territorial entities – In addition to the foregoing, the Bank reviews and verifies compliance with the different conditions established by Law 358 of 1997.

Loans in charge of clients that are admitted within the normative of Law 550 of December of 1999, keep the rating they had before the restructuring agreement, keep the allowance they had created and the accrual of interest is suspended.

Consumer loans – The rating of consumer loans is made according to the MRCO – Consumer Portfolio Reference Model ("*Modelo de Referencia para Cartera de Consumo – MRCO*") established by the Superintendence, which considers segments of products (vehicles, credit cards and others) and credit establishments (Banks and financing companies); behavioral variables such as: days past due, payment behavior during the last 36 months, payment behavior of the most recent three quarterly cut-offs, other active loans different to the segment to be evaluated, guarantees and prepayment in credit cards; the previous variables allow assigning a value (z) for each client, which is replaced in the following formula to obtain the score, as follows:

$$\text{Score} = \frac{1}{1 + e^{-z}}$$

The table for determining the rating according to the score obtained is:

Rating	Score until		
	General vehicles	General Others	Credit Card
AA	0,2484	0,3767	0,3735
A	0,6842	0,8205	0,6703
BB	0,81507	0,89	0,9382
B	0,94941	0,9971	0,9902
CC	1	1	1
D-E	90 days past due, clients with written-off or restructured portfolios		

Subsequently, it may change its rating to lower-risk categories, provided the conditions established by the Superintendence are complied with.

Individual allowance – Allowance are calculated according to Chapter II of the CBCF, as indicated below for each credit modality:

Mortgage loans - Allowance the principal amount of the loans according to the ratings assigned below:

Credit Rating	Percentage of allowance on the portion guaranteed	Percentage of allowance on the non-guaranteed portion
A	1%	1%
B	3,2%	100%
C	10%	100%
D	20%	100%
E	30%	100%

Additionally, once 2 and 3 years have elapsed since the credit has been rated in category E, 60% and 100%, respectively, shall be allowance on the guaranteed portion.

Micro-credit loans – The lower limit of principal allowance for each risk level is as follows, weighting the collateral at 70% for the credits of up to twelve months in arrears:

Credit Rating	Minimum allowance percentage net of collateral	Minimum allowance percentage
A	0%	1%
B	1%	2,2%
C	20%	0%
D	50%	0%
E	100%	0%

Guarantees (Collateral) - The collateral for purposes of allowance calculation are weighted by the following percentages according to the days past due of the loans:

Mortgage Collateral		Non-mortgage Collateral	
Past due (months)	Percentage	Past due (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 norms in force, as from January 1, 2002, any pledge collateral that should exist on the debtor's commercial or industrial establishments, the mortgage collateral on immovable assets where it operates the respective establishment and the collateral on immovable assets for destination that are part of the respective establishment, weight at 0% of their value; for that reason, they were reclassified as non-fit collateral.

Commercial loans portfolio (reference model): The expected loss for commercial loans portfolio shall result from applying the following formula:

Expected loss = (P.I.) * (asset's exposed value) * (P.D.I)

Where:

PI (Default probability): Probability that over a 12-month period a debtor incurs in default. It is assigned according to the company's segment and its rating, as follows:

Segment	Size as per Asset level
Large	More than 15,000 s.m.m.l.v.
Medium	Between 5,000 and 15,000 s.m.m.l.v.
Small	Less than 5,000 s.m.m.l.v.
Natural person	Not applicable

In 2014, the Bank expects to have a network of 437 branches, 1.250 ATMs and 2.000 banking agents. Hence the bank's network will have 15% more branches, 10% more ATMs and 65% more banking agents.

The default probabilities by segment for 2013 and 2012, are as follows:

Matrix A

Rating	Large Company	Medium Company	Small Company	Natural Person
AA	1,53%	1,51%	4,18%	5,27%
A	2,24%	2,40%	5,30%	6,39%
BB	9,55%	11,65%	18,56%	18,72%
B	12,24%	14,64%	22,73%	22,00%
CC	19,77%	23,09%	32,50%	32,21%
In Default	100,00%	100,00%	100,00%	100,00%

Matrix B

Rating	Large Company	Medium Company	Small Company	Natural Person
AA	2,19%	4,19%	7,52%	8,22%
A	3,54%	6,32%	8,64%	9,41%
BB	14,13%	18,49%	20,26%	22,36%
B	15,22%	21,45%	24,15%	25,81%
CC	23,35%	26,70%	33,57%	37,01%
In Default	100,00%	100,00%	100,00%	100,00%

PDI (loss given default): It is the economic impairment the Bank shall incur in case the default is materialized.

A client is considered in default in the following cases:

- Commercial loans portfolio that are past due for a period greater than or equal to 150 days.
- Debtors that record written-off receivables with the Bank or in the financial system, according to risk central bureaus' information,
- Clients that are in a bankruptcy proceeding.
- Debtors with restructurings in the Bank under the same modality.
- Clients with extraordinary restructurings (rated C, D or E)

The PDI for debtors rated in the in-default category suffers a gradual increase according to the days elapsed after the rating into such category. The PDI by type of collateral is as follows::

Type of Collateral	PDI	Days after default	New PDI	Days after default	New PDI
Non-admissible collateral	55%	270	70%	540	100%
Subordinated credits	75%	270	90%	540	100%
Admissible financial collateral	0% Non cash 12% FNG	-	-	-	-
Commercial and residential real estate	40%	540	70%	1.080	100%
Good given under real estate leasing	35%	540	70%	1.080	100%
Good given under other than real estate leasing	45%	360	80%	720	100%
Other collateral	50%	360	80%	720	100%
Collection fees	45%	360	80%	720	100%
Without collateral	55%	210	80%	420	100%

Asset's exposed value: The outstanding balance for principal, interest and other concepts that the client owes at the moment of estimating expected losses is considered the asset's exposed value.

Consumer loans: he expected loss for consumer loans shall result from the application of the following formula:

Expected loss = (P.I.) * (Asset's exposed value) * (P.D.I)

Where:

PI (Default probability): Probability that over a 12-month period the debtors of certain segment and consumer receivables rating incurs in default.

The default probabilities for 2013 and 2012, were defined as follows:

Matrix A

Rating	General -Vehicles	General - Other	Credit Card
AA	0,97%	2,10%	1,58%
A	3,12%	3,88%	5,35%
BB	7,48%	12,68%	9,53%
B	15,76%	14,16%	14,17%
CC	31,01%	22,57%	17,06%
In-default	100,00%	100,00%	100,00%

Matrix B

Rating	General -vehicles	General - Other	Credit Card
AA	2,75%	3,88%	3,36%
A	4,91%	5,67%	7,13%
BB	16,53%	21,72%	18,57%
B	24,80%	23,20%	23,21%
CC	44,84%	36,40%	30,89%
In-default	100,00%	100,00%	100,00%

In addition to compliance with External Circular Letter 043 of 2011 issued by the Superintendence and taking into account the principle of prudence, the PDI rates for each default level, for consumer credits with no collateral that the Bank uses are as follows:

Transactions past due up to 119 days are applied a 75% PDI.

Transactions past due between 120 and 149 days are applied an 85% PDI.

Transactions past due between 150 and 179 days are applied a 90% PDI.

Transactions past due in excess of 179 days are applied a 100% PDI.

For all other collaterals, it was applied what was established in the "PDI per type of collateral" table, of Numeral 5.2, Annex 5, Chapter II, of the CBCF.

Additional allowance of a temporary character, Circular Letter 026 of 2012: The Superintendence in exercise of its legal powers considers prudent for the entities to create, on a temporary basis, an additional individual allowance on the consumer portfolio, prior compliance with the growth indicators of the past due receivables that are indicated in the aforementioned circular letter.

Entities obliged to create the additional individual allowance must calculate the procyclical individual component as they normally do, as established by numeral 1.3.4.1, of Chapter II of the CBCF, and they shall add to it 0.5% over the principal balance of each consumer credit of the month of reference, multiplied by the corresponding PDI.

PDI (loss given default) : It is the economic impairment the Bank shall incur if default is materialized.

A client is considered in default in the following cases:

- Commercial loans portfolio that are past due for a period greater than or equal to 90 days.
- Debtors that record written-off receivables with the Bank or in the financial system, according to risk central bureaus' information,
- Clients that are in a bankruptcy proceeding.
- Debtors with restructurings in the Bank under the same modality.

The PDI for debtors rated in the in-default category suffers a gradual increase according to the days elapsed after the rating into such category. The PDI by type of collateral is as follows:

Type of Collateral	PDI	Days after default	New PDI	Days after default	New PDI
Non-admissible collateral	60%	210	70%	420	100%
Admissible financial collateral	0-12%	-	-	-	-
Commercial and residential real estate	40%	360	70%	720	100%
Goods given under real estate leasing	35%	360	70%	720	100%
Goods given under other than real estate leasing	45%	270	70%	540	100%
Other collaterals	50%	270	70%	540	100%
Collection fees	45%	360	80%	720	100%
With no collateral	75%	30	85%	90	100%

BBVA´s vision is defined as "working for a better future for people". This vision is summarized in one word: ***Adelante*** which means moving forward with determination. This word represents the three pillars of our philosophy: Leadership, innovation and working for a better future for people. At BBVA we put ourselves in our clients' shoes offering them the best financial solutions during the different stages of their lives.

Asset's exposed value: The outstanding balance for principal, interest and other concepts that the client owes at the moment of estimating expected losses is considered the asset's exposed value.

During 2009 and until March 31, 2010, the Bank determined the individual allowance based upon Matrix B, the total individual allowance (currently individual allowance) and the countercyclical individual allowance (currently countercyclical individual component) as the difference between Matrix B and Matrix A.

As from April 1, 2010, according to External Circular Letter 035 of 2009 issued by the SFC, the Bank applied the allowance calculation methodology in a cumulative phase based upon the evaluation of indicators.

With the foregoing, the individual allowance of loans portfolio under the referenced models is established as the addition of two individual components defined as follows:

Procyclical individual component (hereinafter CIP): Corresponds to the portion of the individual allowance of the loans portfolio that reflects the credit risk of each debtor, in the present.

Countercyclical individual component (hereinafter CIC): – Corresponds to the portion of the individual allowance of the loans portfolio that reflects the possible changes in credit risk of debtors in times where the impairment of those assets increases. This portion is created with the purpose of reducing the impact on the statement of income whenever that situation should appear. Internal or reference models must take into account and calculate this component based upon the available information that reflects those changes.

With the purpose of determining the methodology to be applied for calculating these components, the following indicators must be evaluated on a monthly basis:

a) Actual quarterly variation (deflated) of individual allowance of total receivables B, C, D and E.

b) Quarterly accumulation of allowance net of recoveries (loans and leasing receivables) as a percentage of the quarterly accumulated revenue from loans and leasing interest.

c) Quarterly accumulation of allowance net of recoveries of loans and leasing receivables as a percentage of the quarterly accumulated figure of the gross adjusted financial margin.

d) Actual annual growth rate (deflated) of the gross loans portfolio.

Once the above indicators are calculated, it is determined the methodology for calculating the components of the individual allowance of loans portfolio. If during three consecutive months the following conditions are jointly complied with, the calculation methodology to be applied during the following six months shall be the calculation methodology in de-cumulative phase. In any other case, the calculation methodology to be applied in the following month shall be the Methodology of Calculation in Cumulative Phase:

$$(\Delta \Pr ovInd_{BCDE})_T \geq 9\% \;\; y (PNR/IxC)_T \geq 17\% \; y$$
$$[(PNR/MFB_{Ajustado})_T \leq 0\% \; ó \; (PNR/MFB_{Ajustado})_T \geq 42\%] \; y \; \Delta CB_T < 23\%$$

Methodology of calculation in cumulative phase: For each modality of portfolio subject to reference models, it shall, independently be calculated the individual portfolio allowance defined as the addition of two components (CIP+CIC), hereinafter, it shall be understood i as each obligations and t as the moment when allowance are calculated:

Procyclical individual component (CIP, for its Spanish initials): For all the portfolio, it is the expected loss calculated with Matrix A, i.e., the result obtained after multiplying the debtor's exposure, the Default Probability (hereinafter PI) of Matrix A and the Loss Given Default (hereinafter PDI, for its Spanish initials) associated to the debtor's collateral, as established in the corresponding reference model..

Countercyclical individual component (CIC, for its Spanish initials): It is the maximum value between the countercyclical individual component in the previous period (t-1) affected by the exposure and the difference between the expected loss calculated with Matrix B and the expected loss calculated with Matrix A at the moment of calculating the allowance (t), in conformity with the following formula:

$$\max\left(CIC_{i,t-1} * \left(\frac{Exp_{i,t}}{Exp_{i,t-1}} \right); (PE_B - PE_A)_{i,t} \right) \qquad 0 \leq \left(\frac{Exp_{i,t}}{Exp_{i,t-1}} \right) \leq 1$$

Where $Exp_{i,t}$ corresponds to the exposure of the obligation (i) at the moment of the calculation of the allowance ***(t)*** according to what is established in the different reference model.

When $\left(\frac{Exp_{i,t}}{Exp_{i,t-t}} \right) > 1$ is assumed as 1.

Methodology for calculation in de-cumulative phase : For each portfolio modality subject to reference models, it shall be calculated, independently, the individual portfolio allowance defined as the addition of two components (CIP+CIC), hereinafter, it shall be understood ***i*** as each obligations and t as the moment when allowance are calculated:

Procyclical individual component (CIP): For portfolio A, it is the expected loss calculated with Matrix A, i.e., the result obtained after multiplying the exposure of the debtor, the PI of Matrix A and the PDI associated to the debtor's collateral, as established in the corresponding reference model.

For portfolios B, C, D, and E it is the expected loss calculated with Matrix B, i.e., the result obtained after multiplying the exposure of the debtor, the PI of Matrix B and the PDI associated to the debtor's collateral, as established in the corresponding reference model.

Countercyclical individual component (CIC:): It is the difference between the countercyclical individual component in the previous period (t-1), and the maximum value between the individual de-accumulation factor (FD) and the countercyclical individual component of the previous period (t-1) affected by the exposure, in conformity with the following formula:

$$CIC_{i,t} = CIC_{i,t-1} - \max\left\{ FD_{i,t}\, ; CIC_{i,t-1} * \left(1 - \frac{Exp_{i,t}}{Exp_{i,t-1}}\right)\right\}$$

The de-accumulation factor $FD_{i,t}$ is given by:

$$FD_{i,t} = \left(\frac{CIC_{i,t-1}}{\sum_{activas\,(t)} CIC_{i,t-1}} \right)_m * (40\% * PNR_{CIP-m})$$

Where,

- PNR_{CIP-m} Are the allowance net of recoveries of the month, associated to the procyclical individual component in the respective portfolio modality (m).

- $\sum_{activa\ (st)} CIC_{i,t-1}$ It is the addition over the active obligations at the moment of calculating the allowance (t) in the respective modality (m), of the balance of the countercyclical individual component thereof in (t-1).

- $FD_{i,t} > 0$, if the amount is negative, it is assumed as being zero.
- When $\left(\frac{Exp_{i,t}}{Exp_{i,t-t}} \right) > 1$ it is assumed as being one (1).

According to External Circular Letter 026 of 2012, the Bank performed the creation of an individual allowance additional to the procyclical individual component, which corresponds to 0.5% over the principal balance of each consumer loan, multiplied by the corresponding PDI. According to guidelines defined by the regulator, this measure is temporary in character; the impact on the financial statements of this normative change is disclosed in Note 9.

General allowance – As established by current norms of the Superintendence, the Bank has created a mandatory general allowance corresponding to one percent (1%) of the gross loans portfolio corresponding to mortgage and microcredit portfolios.

Loans write-off – The Bank makes a selection of those transactions that are 100% of allowance the collection management of which has been fruitless, after having executed sundry collection mechanisms including the judicial methods, in order to request to the Board of Directors the retirement of those assets by means of a write-off. Once the Board of Directors authorizes the write-off of the transactions selected, they are recorded and the corresponding report is made to the Superintendence in the format designed for that purpose.

Notwithstanding having made the write-off of loan transactions given the impossibility of their collection, the administrators continue with their collection management through formulas that lead to the total recovery of the obligations.

Suspension of interest accrual and other concepts – With respect to the suspension of interest accrual, the norm establishes that whenever a loan is in arrears in excess of two (2) months for mortgage and consumer loans, in excess of one (1) month for microcredits, and in excess of three (3) months for commercial loans, it will not accrue interest, monetary correction, exchange adjustments, rates of rental and other revenues.

At the same time when interest accrual is suspended, the entire amount pending to be collected corresponding to those concepts is proviosioned.

Agreement for company business recovery ("Acuerdos concordatarios") – Loans in charge of clients that are admitted to a bankruptcy proceeding are immediately rated "E" (uncollectible) and are subject to the allowance defined for this category. Once the payment agreement is made within the process, loan may be reclassified as "D" (Significant). Subsequently, reclassifications to lower-risk categories can be made provided that all requirements established by the Superintendence in that respect are complied with.

The Trust Company and the Broker showed no loan portfolio balance.

d. **Accounts receivable** – The Broker Company recorded in this item all accounts receivable from clients related to the management of securities and foreign investment funds, the management of security funds and accounts receivable from employees, among others.

It records a allowance equivalent to 100% of the account receivable balance whenever it shows six (6) months past due (Resolution Number 497, dated August 1, 2003)

The Trust Company assesses for credit risk the accounts receivable from commissions, taking into account the allowance of the "CBCF", which states in numeral 2.5.1 of Chapter II that accounts receivable generated by service commission of trust companies shall be rated according to the days past due criterion established for commercial credits. Likewise, allowance will be determined as established in numeral 2.1.2.1 of the aforementioned chapter's annex, the most recent update of which was made with External Circular Letter 004 of December 2005 issued by the Superintendence, taking into consideration the ratings and maturities, as follows:

Rating	Maturities	Percentage of Allowance
A Normal risk	Up to one (1) month	-
B Greater-than-normal acceptable risk	From 1 to 3 months	1%
C Appreciable risk	From 3 to 6 months	20%
D Significant risk	From 6 to 12 months	50%
E Uncollectability risk	More than 12 months	100%

For purposes of the creation of individual allowance, the collateral only backs up the credits' principal amount, which in the case of the Trust Company represents the commissions. Consequently, accounts receivable covered with securities that have the character of non-suitable collateral, are provisioned in the percentage that should correspond according to the rating.

Whenever a commercial account receivable is rated "C", i.e., when it is past due in excess –risk category, the accrual of interest and other concepts is suspended; therefore, they only affect the statement of income until they are actually collected. While their collection is produced, the respective recording is made in contingent accounts.

When the trust company receives credit portfolio through trust mandates or should manage them through trust funds, it is understood that it must manage the credit risk in accordance with the scope established in Chapter II of the "CBCF". Therefore, the trust companies must maintain adequate management and measurement of the credit risk implicit in those assets through a SARC. The latter assumes that trust companies should develop and apply to the portfolio managed, the system management elements (policies, organizational structure, criteria, database, and audit) and the measurement elements (default probability, percentage of recovery, and expected loss).

The above rule applies except in those cases where, in the creation act, the trustor, unequivocally, gives express instructions on the management and measurement elements that must be applied to the trust or, if on the contrary, he considers that none should be applied.

However, in the event that the trustor is a credit establishment, the credit risk of that portfolio should be managed and measured by applying the SARC authorized to it. Such management and measurement can be performed by the same credit establishment to the trust company, if the latter is expressly agreed-to in the respective contract.

For trust contracts where the trustor is an entity supervised by the Superintendence, the trust company shall expressly agree in the contract that it will be used the SARC approved to the trustor with whatever scope it is contractually agreed-to.

For the trust contracts where the trustor is not a person or entity supervised by the Superintendence, the trust company shall apply the SARC that the trustor should expressly indicate, which will be agreed-to in the respective contract.

As of December 31, 2013 and 2012, the Trust Company showed no credit risk that implied the need and compulsoriness to adopt a SARC in the terms indicated in Chapter II of the "CBCF".

Management meet periodically to conduct a Trust Company's portfolio analysis with the purpose of determining the third parties that have been allowance in full for more than one year, and for which there is no probability of collection, to, subsequently, request the Board of Directors an approval for the write-off of those third parties.

The company will continue its strategic investment plan in 2014, investing another USD $100 million.

With these investments, the Bank's network by the end of 2014 will have 437 branches, 1.250 ATMs and 2.000 Banking Agents (BA)

e. **Banker's acceptances** – Banker's acceptances are bills accepted by financial entities to be paid to the beneficiaries within a term not to exceed six (6) months. They may only be originated in good import and export transactions or of the purchase of real estate in the country. Upon acceptance of those bills, their value is simultaneously recorded by the Bank in assets and in liabilities. The securities recorded in assets are assessed for credit risk according to the general procedures for loan portfolio assessment.

f. **Contracts with derivative financial instruments** – a. Resolution 1420 and External Circular Letter 025, both of 2008, modify Chapter XVIII of the CBCF, which gives new instructions on the accounting treatment of the transactions conducted with derivative financial instruments.

The valuation of derivative financial instruments and of the structured product must be carried out on a daily basis and at fair exchange price, defined according to the terms of numeral 2.21 of the aforementioned Chapter. In any event, the peso-US Dollar options of the Central Bank are not required to be valued at fair exchange price.

The main guidelines and criteria followed by the Bank to value the different derivative financial instruments and structured products to be traded, must be fully complied with until the moment when the financial system's price vendors are constituted and start to develop their activities, that the National Government shall regulate based upon the allowance of literal i) of Article 3 of Law 964 of 2005, authorized and supervised by the Superintendence. As from that moment, those vendors shall be responsible for the daily supply of the respective fair exchange prices for valuation purposes of the derivative financial instruments and structured products. Likewise, these price vendors will be in charge of receiving and evaluating the different internal valuation models that the Bank shall present, under the rules and criteria given by the Superintendence.

The Bank must record all its derivative financial instruments, structured products and primary positions covered in its financial statements, using the PUC accounts available, in accordance with the guidelines and criteria established by the Superintendence.

Accounting codes for recording the derivative financial instruments have been enabled to distinguish between those with speculative purposes and those with hedging purposes. In turn, within these classifications, accounting codes are established for the different classes of instruments. The derivative financial instruments that shall give a positive fair exchange price, i.e., favorable to the Bank, must be recorded in assets, separating the value of the right and the value of the obligation, except in the case of options where the book record is made in only one account. In turn, those that shall give a negative fair exchange price, i.e., unfavorable to the bank, must be recorded in liabilities, and making the same separation. Such accounting treatment must be applied both if the derivative financial instruments are realized with speculative purposes or with hedging purposes.

Whenever the Bank should purchase options, either "call" or "put", the book record of both the premium paid and its daily variation at fair exchange price is always made in the respective options subaccounts in the Assets. In turn, when the Bank should sell options, either "call" or "put", the book record of the premium received and of its daily variations at fair exchange price must always be made in the respective options subaccount in the Liabilities.

Whenever the fair exchange price of the derivative financial instrument should be zero (0), whether in the initial date or in a subsequent date, its book record must be made in Assets if it is a derivative financial instrument with speculative purposes. But, if it is a derivative financial instrument with hedging purposes, in that case, its book record must be made in the corresponding pat of the balance sheet (assets or liabilities) on the basis that it should be recorded in the opposite side to that where the primary position hedged is located.

In balance sheet accounts, no offsetting (nettings) between favorable and unfavorable balances of different derivative financial instruments should be made, inclusive if they are the same type. So, for instance, peso-dollar forward transactions that have fair exchange prices with opposing signs may not be offset (netted), but each of them must be recorded in assets or liabilities, as it should correspond.

Given that the derivative financial instruments must be valued as from the very day they are entered into, their fair exchange price may be different from zero (0) at the closing of the initial date and so must be recorded in books.

On the other part, given that on the date an option is entered into it is customary to have the payment or receipt of a premium, corresponding to the value for which the parties trade the option, the variations in the fair exchange price of the option with respect to such initial value, actually paid, that should occur as a result of the daily valuation, must affect the statement of income and/or the corresponding equity account, depending upon it is a derivative financial instrument entered into with speculative purposes or hedging purposes.

Also, with respect to options, the agreed-to nominal fixed amount multiplied times the respective price or exercise rate agreed-to by the contracting parties, must be reported by the Bank in the respective contingent memorandum accounts enabled for that purpose.

On the liquidation date of those derivative financial instruments, the corresponding balances of balance sheet accounts (including those equity accounts used in the case of the recording of derivative financial instruments with hedging purposes) must be cancelled and any difference must be imputed as profit or loss in the respective statement of income accounts, as applicable. If the accumulated balance of the derivative financial instrument on that date is positive, it must be immediately recorded in the revenues subaccount, and if it is negative, it must be recorded in the respective expenditures subaccount. This procedure must be carried out on an independent fashion, instrument by instrument, each time they are liquidated.

In 2014 economic growth will be driven by consumption expenditure in durable goods as a result of the expansionary monetary policy from the Central Bank which will continue fostering credit growth

BBVA Colombia strategic plan in 2014 considers opening 60 new branches, 115 new ATMs and more than 800 new banking agents.

In any event, in the case of derivative financial instruments with hedging purposes performed by collective funds or portfolios, any gain or loss given by those instruments must always be recorded in the statement of income thereof.

Those derivative financial instruments initially traded in the OTC market and that subsequently, by agreement between the parties, are carried to a counterparty central risk chamber for their offsetting and daily liquidation, where the same is placed as counterparty, are recorded in the balance sheet at their fair exchange price in the respective derivative accounts according to their purpose, from the date they are entered into and until the date when they are accepted by such chamber.

The Bank makes time (term) contracts for the purchase or sale of investments in securities and/or foreign-currency investments for investment hedging purposes. The most common ones are forwards, options, futures and swaps or financial barters. These contracts are recorded in the derivatives item.

The Broker and the Trust Company did not show this type of transactions.

g. **Cash options** – Through External Circular Letter 031 of 2008, the SFC issued the new Chapter XXV of the CBCF, where it gives rules for the treatment of cash operations. A cash operation is that recorded with a term for its compensation that is equal to the recording date of the transaction (from today to today) or up to three (3) business days counted as from the day following the date when the transaction is conducted. Likewise, it reiterates that these transactions will be recorded in the balance sheets of the entities on the compliance or liquidation date, and not on the negotiation date, unless the two of them match. This norm was already contemplated in Chapter XVIII of the CBCF, taking into consideration that they must reflect the corresponding market, counterpart and exchange risks.

h. **Foreclosed assets - BRDP** – The foreclosed assets are recorded for the final vale agreed-to with the debtors, or for the value determined in the judicial award.

Those considered as non-monetary were adjusted for inflation until December 31, 2000.

The Bank has two (2) years to transfer the foreclosed assets and two (2) years of extension, at the most.

The commercial value of the immovable asset is updated with a new appraisal, the date of elaboration of which cannot be greater than three (3) years.

When the acquisition cost of the immovable asset is lower than the value of the debt recorded in the balance sheet, the difference must be immediately recognized in the statement of income.

When the commercial value of a BRDP is lower that their carrying value, a allowance for the difference must be recorded.

When the market value of the BRDP should be greater than the net cost, appraisals/ valorization is recorded in memorandum accounts.

For purposes of the allowance of Article 110, numerals 6 and 7 of the Organic Bylaws of the Colombian Financial System (Estatuto Orgánico del Sistema Financiero Colombiano - "EOSF"), the credit establishment must have a BRDP Administration System that allows them to adequately manage them with the purpose of transfer them and calculate the level of allowance necessary to cover for expected losses derived from the non-transfer thereof within the terms established in the norm of the Superintendence. This system must contemplate at least the following:

- Policies related to acceptance, administration and transfer of BRDP.

- Procedures for the acceptance, administration and transfer of BRDP.

- Mechanisms for estimation of losses and quantification of allowance.

- Rules on the system's control procedures.

In order to determine the maximum expected loss, the Bank applied the norms indicated in numerals 1.3.1.2 and 1.3.2 of Chapter III of the CBCF, which was approved by the Superintendence through communication 2008005319-001-000 dated March 3, 2008. They are as follows:

Good	Allowance percentage for year		
	First	Second	Third
Immovable	30	60	80 (*)
Movable	35	70	100 (*)

(*) If there is an extension authorization, it shall be provisioned until completing 100%, on a monthly basis during the authorized period; otherwise, only one shall be made.

Movable BRDP - In any event, the application of rules on movable BRDP should consider the nature of the good, so that allowance corresponding to investment securities should reflect the criteria established for that purpose by the Superintendence in the CBCF, Chapter I Classification, valuation and recording of investment, taking into consideration for that purpose the type of investment (trading, available-for-sale or held-to-maturity).

Restructuring Agreement Law 550 of December 30, 1999 (Territorial Entities) or Law 1116 of Enterprise Reorganization - Immovable goods other than commercial or industrial establishments foreclosed assets resulting from restructuring agreements are provisioned starting after the twelve (12) months following the date the agreement is entered into, through monthly aliquots.

Such allowance shall be applied as follows:

- During the subsequent thirty-six (36) months, and up to seventy percent (70%) of their value, in the case of immovable devoted to housing.

- During the subsequent twenty-four (24) months, and up to eighty percent (80%) of their value, in the case of other type of immovable assets.

Whenever the commercial value of the good is lower than the amount recorded in the balance sheet, it is immediately provisioned with charge to operations.

The Broker and the Trust Company did not record goods received as payment (foreclosed assets) as of the 2013 and 2012 cut-offs.

i. **Leasing and depreciation** – The Leasing is a financing mechanism whereby, through a contract, one party gives to another party a productive asset for their usufruct (use and enjoyment), in exchange for a rate of rental.

   The so-called financial leasing is a contract whereby the Bank gives to a natural or legal person, denominated "The lessee", the tenancy of an asset that is has acquired for that purpose and that the latter has selected for its usufruct (use and enjoyment), in exchange for the periodical payment of an amount of money during an agreed-to term and upon the expiration of which, the lessee will be entitled to acquire the asset for the value of the purchase (acquisition) option.

   General principles and criteria that the Bank applies for the adequate assessment of credit risk have been considered in the Financial Leasing transactions.

   The amount to be financed of the Financial Leasing transactions is amortized with the payment of the rates of financial lease in the portion that corresponds to credit to principal.

   The operating leasing is a contract whereby a natural or legal person denominated the lessor gives to another person, denominated the tenant/lessee, the tenancy of a good for their usufruct (use and enjoyment), in exchange for the payment of a rate or periodical rental.

   In the operating leasing transactions, the cost of goods given is recognized as property, plant and equipment, and their depreciation is conducted over the useful life of the good, or the leasing contract term, whichever is lower; the methodology is the financial depreciation (deducting the residual or rescue value). However, when the entity does not have the residual or rescue value guaranteed by a third party, the depreciation is made for one hundred percent of the leased good's value.

   On these goods, a general 1% allowance is made; however, the addition of the accrued depreciation and the general allowance may not exceed one hundred percent of the good given under leasing.

   The Broker and the Trust Company did not record goods given under leasing at the 2013 and 2012 cut-offs.

For Emerging Economies, the main challenges this year will be the effects of FED's tapering, lower global liquidity, portfolio rebalance towards assets from developed economies and lower terms of trade.

j. **Goods not used in the corporate purpose** – a. The goods that are not used for the corporate purpose correspond to the goods that are for its proper use that the Bank has stopped using in the development of its corporate purpose. These goods continue to be depreciated until they are realized and are computed together with the Bank's fixed assets to calculate the limit established by numeral 1.2 of Chapter VII of the first title of External Circular Letter 007 of 1996 (Basic Juridical/Legal Circular Letter).

The same terms of those foreclosed assets shall apply for the permanence of the goods restituted within this account, because they are assets that are computed in the restrictions foreseen in numeral 6 of Article 110 of the Organic Bylaws of the Financial System ("Estatuto Orgánico del Sistema Financiero - EOSF").

k. **Premises and equipment, and depreciation** – a. Premises and equipment are recorded at cost and were adjusted for the inflation occurred between January 1, 1992 and until December 31, 2000. Sales and retirements of those assets are recorded at the net value adjusted in books and the difference between the sales price and the net value adjusted in books is carried to results for the year.

Additions, improvements and extraordinary repairs that increase the assets' efficiency or useful life, as well as the valorization tax, are recorded as greater value, and the disbursements for maintenance and repairs that are made for the preservation of these assets are charged to expenses, in the year as they are accrued.

Depreciation of property and equipment is calculated on the acquisition cost adjusted for inflation until December 31, 2000, using the straight-line method based upon the useful life thereof at the following annual rates:

- Buildings, 5% (20 years).
- Furniture, equipment and fixtures, telecommunications equipment and security equipment, 10% (10 years).
- Computer equipment, 33% (3 years).
- Vehicles and Automatic Teller Machines, and self-services, 20% (5 years).

Unlike the Bank and the Broker Company, the Trust Company depreciates the computer equipment over a 5-year period.

Individual allowance are recorded on those assets the net value in books of which is greater than the commercial value established through an appraisal; and when the net value is lower than the commercial value, such difference is recorded as assets appraisal.

l. **Branches and agencies** – These accounts include the charges and credits not corresponded between the Bank's Headquarters and its Branches, or amongst the latter, corresponding to internal transactions.

The Bank records the operations transferred from its branches and agencies in the asset account 1904, and leaves no items pending to correspond for more than thirty (30) days in the year-end balance sheets (see note 17).

m. **Prepaid expenses and deferred charges** – Prepaid expenses include interest, leases, equipment maintenance and insurance premiums, which are amortized during the period when services are received or costs and expenses are accrued.

Deferred charges record all costs applicable to future periods that correspond to goods from which it is expected to obtain economic benefits in several periods, and ordinarily correspond to deferred income tax, contributions and affiliations, voluntary retirement bonuses, organization and pre-operating expenses, office reconditioning, computer programs. Automatic teller machines, leasehold improvements, and are amortized based upon presumptions on benefited periods, as hereinafter explained.

Whenever an asset has been fully depreciated and requires reconditioning, it is only susceptible of being put into periods via a deferred charge on account of reconditioning, the amortization term of which cannot exceed two (2) years; this policy is included in the accounting policies manual inside the chapter of the Bank's fixed assets.

Until December 31, 2000 deferred charges were adjusted for inflation.

Computer programs are amortized over a period up to 36 months. Office reconditioning is amortized over a two (2) year period. Leasehold improvements are amortized over the term of the respective contract (without taking into account any extensions), provided that it does not exceed five (5) years, unless the lease term is shorter. Improvements to properties where in-house operates are amortized over the term of the respective commercial agreement; provided that it does not exceed five (5) years. Organization and pre-operating expenses are amortized over the time estimated in the study, and the duration of the specific project that generated them, whichever is lower, using the straight-line method; these policies are included in the Bank's accounting policies manual, within the chapter of prepaid expenses and deferred charges.

Bonuses recognized to personnel in compliance with the voluntary retirement program or similar program, are amortized according to the authorization given by the Superintendence.

As of September 2006, the Bank recorded a goodwill as a result of the purchase of Banco Comercial Granahorrar S.A., the linear amortization of which started in January 2006 for an initial ten- (10) year period, according to the Chapter XVII of the CBCF.

On October 9, 2006 the Superintendence through External Circular Letter 034, incorporated the following modifications to the aforementioned Chapter:

- The goodwill acquired is determined at the moment when the entity actually obtains control on the acquired company, which should be distributed in each of the business lines identified, inclusive at accounting level.

- A term to amortize the goodwill of up to twenty (20) years is established, according to the reasonable time to obtain future benefits.

- The exponential amortization method must be applied.

- On an annual basis, the cash-generating or business lines must be evaluated at market prices by an expert duly authorized by the Superintendence.

- It is established as an anti-cyclical measure to accelerate the amortization whenever it is foreseen a possible future impairment of the business lines associated to the goodwill.

- It is required to recognize, immediately, the impairment loss in the statement of income as amortization (non-deferrable) of the goodwill. If the situation subsequently is returned to the contrary, the losses may not be reverted, and also it is not allowed to increase the goodwill balances.

- A transition regime is established, which allows the entities that on the date the Circular Letter enters into force and effect show a balance in the goodwill account, amortizing exponentially for the remaining period to the new term established, supported by a study that justifies and supports their fair value.

On December 28, 2006, the Superintendence authorized the firm INCORBANK S.A., to act as expert under the terms established by External Circular Letter 034 of 2006. However, following the guidelines of Chapter XVII of the CBCF, which clearly states that the permanence of the appraiser person or entity of the commercial fund in the supervised entity may not exceed five (5) years, to undertake the valuation at market prices of the mercantile credit (goodwill) in 2011, the Bank engaged the services of the firm Valor en Finanzas – Valfinanzas S.A.

The business lines defined in the study required are: mortgage portfolio, credit card portfolio, and consumer portfolio.

In 2006, the Bank accepted the transition regime mentioned in the aforementioned circular letter.

In compliance with External Circular Letter 013 date April 15, 2008, the Bank reclassified the goodwill balance from deferred charges into intangible assets.

n. **Reappraisals of assets** – a. The reappraisals of certain assets that increase the shareholders' equity are determined by the excess value of commercial appraisals of goods such as the immovable assets with respect to the net value adjusted in books.

Under this understanding, the Bank initially recognizes the value of immovable assets for their acquisition cost and every three years it updates such value in asset valuation accounts, carrying the value of those immovable assets at the amount given by the commercial reappraisals conducted by legal entities of proven professional suitability, moral solvency, experience and independence.

Such reappraisal is neutrally prepared in writing according to the following rules:

- Presents the amount broken down by units.

- Treat, on a coherent fashion, the assets of the same class and characteristics.

- Take into account the criteria used by the Bank to record additions, improvements and repairs.

- Indicate the remaining useful life that the asset is expected to have under normal operating conditions.

With the purpose of preparing for the convergence of International Standards, the Bank has decided to update 100% of the reaappraisals of its immovable assets as of the December 2013 cut-off in order to determine the cost attributed to each of them and to detect possible impairments that may impact the Bank's results.

With respect to low or minimum marketability or not listed equity securities, which are classified as available-for-sale securities (variable yield), it records its initial recognition at acquisition cost and for the issuer's equity variations subsequent as of the investment acquisition date, in the equity share acquired therewith, that corresponds to the investor, they will be recorded as valorization or negative valorization surplus or deficit.

Investment expenditure is expected to grow more than GDP. However it will be less dynamic than previously anticipated given an expected slower recovery in manufacturing production that will maintain slack capacity in the industry. Investment expenditure growth forecast is 6.3% and 7.1% in 2013 and 2014.

o. **Labor liabilities** – Labor liabilities are recorded on a monthly basis and adjusted at each year-end based upon legal norms and currently in force labor agreements. The payroll liquidation system calculates the liability amount for each active employee.

p. **Retirement pensions** – The Bank establishes its pension liability based upon the actuarial estimate that covers the entire personnel, who according to legal norms are entitled to, or have the expectation of, a retirement pension in charge of the company, and that covers the benefits established in the current pension system.

The Bank conducted its actuarial estimate as of December 31, 2013, using the mortality tables of men and women rentiers, updated by the Superintendence through Resolution No. 1555 dated July 30, 2010. Although the current local norm - Decree 4565 of 2010 - states that the pension liability existing as from the financial statements with cut-off date as of December 31, 2010 should be amortized until 2029 on a linear basis, without prejudice to terminating such authorization before 2029. The Bank made a determination to assume the total value of the reserve of the actuarial estimate immediately upon the closing of the 2010 exercise.

Currently, Colpensiones (formerly, Instituto de Seguros Sociales "ISS") and other entities authorized by law (private AFPs since), receive contributions from the Bank and its workers to the General Pension System, in such a way that those entities are in charge of the coverage of the disability, old age and death risks defined by the System in favor of the workers. The pension liability directly in charge of the Bank, essentially corresponds to personnel hired on or before 1960, and/or with subsequent enrollments until 1984 and who worked in certain country regions where the Bank had offices but did not have coverage of the disability, old age and death risks on account of the ISS. The determination of the amount of liability is made based upon actuarial studies adjusted to the currently in force regulations and norms in that respect. The total value of the reserve, as well as the actuarial losses or gains generated during 2012 and the values deferred during 2013 were immediately assumed by the Bank and recorded against the income statement account.

The methodologies and actuarial bases adjusted to the norms in force for elaboration of actuarial estimates (Decree 2738 of 2001 and Decree 2984 of 2009) were used for evaluation of the mathematical retirement reserve, pension bonds and securities.

q. **Consortia and joint ventures** – The Trust Company records in the book accounts defined by the Office of the Superintendent of Finance in Colombia within External Circular Letter 029 dated June 28, 2002, the assets, liabilities, revenues and expenses of the consortia and/or joint ventures, according to the participation that the Trust Company has in each of them, starting from the financial statements issued by each joint venture and/or consortium. These figures are updated with the financial statements received at each cut-off date and the periodicity of which may not be greater than 3 months.

BBVA Research forecasts the Colombian economy will grow 4.7% in 2014. In the first half of the year economic growth will reach a 5.2% rate whereas in the second half of the year growth will slow down to 4.1% given a lower contribution from Government.

r. **Income tax –** The income tax expenses is determined based upon the taxable income or presumptive (minimum taxable) income, whichever is greater. The income tax allowance includes, among others, those taxes resulting from temporary differences between deductible expenses for tax purposes and the expenses recorded for financial statement purposes. As from tax year 2013, the income tax rate is 25%, as established in Article 94 of Law 1607 of 2012; this modification was made when it was created the income tax for equity (CREE).

   Law 1607 of December 26, 2012, creates the income tax for equity (CREE) as from January 1, 2013 as the contribution that income-taxpayer companies and legal persons and similar contribute for the benefit of the workers, employment generation and social investment.

   The tax base for the income tax for equity (CREE) is determined pursuant to the allowance of Article 22 of Law 1607 of 2012 (revenues less costs and deductions expressly indicated). The rate of this tax is 8%; however, for the periods 2013 to 2015, it will be 9%. Its collection shall be devoted to finance the ICBF, the SENA and the health social security system.

s. **Tax on equity and its surtax –** According to allowance of the Law that regulates accounting principles generally accepted in Colombia and the book recording alternatives established therein, the Bank decides to accrue the entire tax on equity and its surtax, with charge to a deferred asset, which is amortized against operations, on an annual basis during four years for the value of the enforceable installments in the respective period. The tax on equity established for 2011 is amortized and fully paid during the years 2011, 2012, 2013 and 2014.

t. **Real Value Unit ("Unidad de Valor Real – UVR") –** The real value unit (UVR) is certified by the Central Bank and reflects the purchasing power based upon the variation of the consumer price index (IPC) during the calendar month immediately prior to the month of the start of the calculation period.

   The UVR is a count unit used for calculating the cost of housing (mortgage) credits that allows the financial entities to keep the purchasing power of the money lent and the methodology used for calculating such indicator was established by the Board of Directors of the Central Bank, in strict compliance with the order given by the Constitutional Court in Ruling C-955/2000.

   The Bank carries out transactions to obtain savings deposits, to grant short- and long-term loans and investments, in real value units (UVR) reduced at the legal tender in conformity with the allowance of Law 546 of December 23, 1999, which created the legal framework for housing financing.

This law established the general objectives and criteria the national government should be subject to in order to regulate the system, further creating savings instruments devoted to such financing; the financing system is stated in Real Value Units (UVR) and shall reflect the purchasing power of money, which implies being linked to the consumer price index.

As of December 31, 2013 and 2012 the quotation rate of the real value unit (UVR) was $207.8381 and $204.2017, respectively.

u. **Translation of foreign-currency denominated transactions and balances –** Foreign-currency denominated transactions are translated into Colombian pesos using the market representative exchange rate certified by the Superintendence for the last working day of the month.

The resulting negative and positive exchange difference is carried to the financial expense or revenue item, respectively. The exchange rate used for adjusting the resulting balance in US Dollars as of December 31, 2013 and 2012 was $1,926.83 and $1,768.23 per USD$1, respectively.

The exchange difference generated by foreign-currency denominated accounts payable and obligations required for the acquisition of property, plant and equipment is capitalized until the asset is in conditions of being transferred or used. All other exchange gains and losses are included in results for the period.

v. **Adequate equity –** According to the allowance in numeral 2.1 of Chapter XIII-13 of the CBCF, the adequate equity of the Bank must meet the following two conditions:

- *Basic Solvency Ratio:* It is defined as the Ordinary Basic equity value divided by the value of assets weighted by credit and market risk levels. This ratio may not be lower than four point five percent (4.5%)..

$$Basic\ Solvency = \frac{Basic\ Ordinary\ Equity}{APNR + \frac{100}{9} VeR_{RM}} \geq 4{,}5\%$$

- *Relación de Solvencia total:* Se define como el valor del Patrimonio Técnico dividido por el valor de los activos ponderados por nivel de riesgo crediticio y de mercado. Esta relación no puede ser inferior a nueve por ciento (9%).

$$Basic\ Solvency = \frac{Basic\ Ordinary\ Equity}{APNR + \frac{100}{9} VeR_{RM}} \geq 4{,}5\%$$

w. **Premium in placement of shares (additional paid-in capital)** – The premium in placement of shares is the value additional to the nominal value of the shares that is charged when transferring them and arises when the shares are placed in the market for a price that is higher than the nominal value.

Is originated in a share subscription agreement and corresponds to a legally valid option; however, while the shares obtained as a result of the aforementioned contract are part of the capital stock, the premium, as an additional value to the nominal value of the share, constitutes an equity item crediting the legal reserve.

x. **Recognition of revenues, costs and expenses** – Revenues, costs and expenses are carried to operations on an accrual basis; however, as from March 2002 the Superintendence requires not to record interest income from the loan portfolio whenever a credit shows the delinquency indicated in the table below:

Credit Modality	Delinquency in excess of
Commercial	3 months
Consumer	2 months
Housing (Mortgage)	2 months
Microcredits	1 month

Those credits that become delinquent and which as from March 2002 anytime had stopped accruing interest, monetary correction, exchange adjustments, rates of rental and revenues for other concepts, shall stop accruing those revenues as from the first day in arrears. Once they become current, they may accrue again. While their collection is made, the corresponding record shall be kept in contingent accounts.

In order for the suspension of interest accrual and other concepts to be applicable, it is required the simultaneous presence of two situations: that the credit is at least one day past due; and that prior to that situation, the respective credit had stopped accruing interest.

Whenever the portfolio restructuring agreements or any other modality of agreements should contemplate capitalization of interest that is recorded in memorandum accounts, or of written-off receivable balances, including principal, interest and other concepts, they shall be recorded as deferred credit on account and their amortization and recognition as revenues shall be made proportionally to the actually collected amounts, except in the credits endorsed by the Nation in restructurings of Law 617 of 2000.

Likewise, the interest that should be generated from this type of restructurings shall have the same treatment indicated in the previous paragraph.

All costs originated in the granting of loans are carried to income statement accounts when incurred and the revenues, when collected.

y. **Contingent and memorandum accounts** – Contingent accounts include those transactions whereby the Bank acquires a right or assumes an obligation the arising of which is conditioned to the appearance or not of a fact, depending upon future, eventual or remote factors.

Contingencies for penalties, sanctions, litigation and lawsuits are analyzed by the Legal area and its legal advisors, because the estimate of these possible losses necessarily involves an exercise of a legal opinion.

With respect to the estimate of loss contingency in legal processes pending against the Bank, the legal area and its advisors evaluate, among other aspects, the merits of the claims, the jurisprudence of the courts in that respect, and the current status of the processes.

Under this understanding, if the contingencies evaluation indicates that it is probable the occurrence of a material loss and the liability amount may be reliably estimated, then it is recorded as an accrued (estimated) liability in the financial statements and the result is affected; but if the evaluation indicates that a potential loss is remote, then the nature of the contingency does not affect actual balance sheet accounts and it is fully recorded in contingent accounts.

The Bank records letters of credit issued but not used, endorsements, loans approved but not disbursed, credit card limits, processes against the Bank, collaterals granted, uncollected interest of past due loans, fiscal losses to be amortized, and other contingent obligations, as contingent accounts.

Memorandum accounts record the transactions carried out with third parties that due to their nature do not affect the Bank's financial position. There, we find the assets; securities received and given under custody and as collateral; the rights in term contracts and derivative transactions; the unused credits in favor; the written-off assets; other securities and the portfolio by age. Memorandum accounts also carry the inflation adjustments of the fiscal values of assets and equity; the inflation adjustments of book balances that applied until December 2000: fully-depreciated property and equipment; reciprocal transactions with affiliates; goods and securities received under management; and the fiscal value of the assets and equity.

z. **Statements of cash flows –** The accompanying statements of cash flows are presented using the indirect method, which includes the reconciliation of the year's net profit and the net cash provided by operating activities.

aa. **Net income per share –** It is calculated by dividing the net profit for the year by the weighted average number of the subscribed and paid-in shares, both common and preferred that are outstanding during each year.

bb. **Trust memorandum accounts –** In the Broker, all those actions by virtue of which a person delivers to a Broker one or more assets with the purpose of the latter complying with them a specific end, for the benefit of the constituent the subscriber, the investor or the depositor, are recorded in trust memorandum accounts. Additionally, there are recorded the portfolios managed by the Broker, property of third parties, at their par value, and the foreign capital funds, without detriment to the independent accounting management for each fund or managed portfolio and of the need to prepare separate financial statements by the businesses that so require it.

The Trust Company records those balances that correspond to goods under trust separated from the company's financial statements, using the same accounting policies and practices applicable thereto, and form independent equities according to norms of the Code of Commerce and of the Superintendence.

Goods subject matter of trust businesses are not part of the general guarantee of the Trust Company's creditors and only guarantee the obligations contracted in fulfilment of the purpose contemplated in each Trust agreement.

4. Maturity of assets and/or expiration of liabilities

Credits portfolio – The periodical amortization of principal and interest of each obligation, as contractually agreed-to with the client is taken into account for the maturity of the credit portfolio. The maturity process is conducted in only one stage, classifying the portfolio into commercial, consumer, housing (mortgage) and microcredit credits, and their evaluation is separately conducted for legal tender, foreign currency, and total currency.

Investments – The maturity of the principal and interest of investments in marketable fixed-yield debt securities and held-to-maturity is classified in the time periods defined by the Superintendence, taking into account the financial conditions of each security. The investments portfolio includes securities issued by the Nation with expiration in excess of 12 months, which mainly correspond to TES and TRD.

Deposits and financial claims – The maturity of savings deposits and current accounts is statistically made with a 99% confidence level, determining volatile resources and stable resources. Fixed term deposit certificates mature according to the conditions agreed-to with the client.

5. Foreign-currency transactions

The Banks are authorized to freely trade and keep foreign currency. Colombian norms establish that the own position is determined by the difference between foreign-currency denominated rights and obligations, recorded inside and outside the balance sheet, realized or contingent, including those that can be liquidated in Colombian legal tender. According to External Circular Letter 033 of 2007, the arithmetical average of three (3) business days of the own position may not exceed twenty percent (20%) of the technical equity equivalent in foreign currency, and the minimum amount may be negative without exceeding five percent (5%) of the technical equity stated in US Dollars.

As from June 27, 1999 the Superintendence established the difference between all assets and liabilities denominated in foreign currency, excluding the derivatives, as "cash own position", and as from August 27, 2003 the held-to-maturity investments, the available-for-sale investments in debt securities, the available-for-sale investments in equity securities and the contributions in foreign branches. In the maximum limits of the cash own position it is established that the arithmetical average of three (3) business days may not exceed fifty percent (50%) of the intermediary's technical equity and the minimum amount is zero (0), in other words, it may not be negative.

BBVA Research forecasts the Colombian economy will grow 4.7% in 2014. Construction and infrastructure investment will be the main drivers.

The gross leverage position ("posición bruta de apalancamiento – PBA") is defined as the summation of the rights and obligations in term contracts and futures in foreign currency with compliance between one and two banking days, and the exchange exposure associated to those debit contingencies and the credit contingencies acquired in the trading of options and derivatives on the exchange rate. External Resolution 3 of 2008 issued by the Central Bank states that the PBA may not exceed five hundred and fifty percent (550%) of the technical equity amount to the calculation of the arithmetical average of three (3) business days thereof. Additionally, through External Resolution No. 3 of 2011 issued by the Board of Directors of the Central Bank and the External Circular Letter 024 of 2011, state that the futures on exchange rate and the forward contracts offset and liquidated in a counterparty central risk chamber acting on its own name and of third parties, shall be included in the calculation of the gross leverage position, weighted by 0%.

To determine the maximum or minimum amount of the daily own position, of the cash own position, and of the leverage in foreign currency, it must be based upon the technical equity of the Bank reported in the financial statements to the la SFC, corresponding to the second prior calendar month, with respect to the month subject matter of control translated using the exchange rate established by the Superintendence at the closing of the immediately prior month.

As of December 31, 2013 and 2012, the balances of the position equivalent to US Dollars was:

Position	2013		2012	
Own cash	USD$	404.955.572	USD$	450.259.457
Own		14.454.082		9.590.705
Gross leverage	$	5.942.401.421	$	5.639.653.323

Those figures are within the legal limits in force and effect established by the Superintendence.

As of December 31, the breakdown of foreign-currency assets and liabilities, equivalent to US Dollars are as follows:

Position	2013		2012	
	(US Dollars)			
Assets:				
• Cash, deposits in banks and interbanking funds	USD$	80.650.141	USD$	198.599.035
• Investments		-		2.291.667
• Loan portfolio		676.514.842		664.554.824
• Acceptances, cash transactions and with derivative instruments, net		3.111.956.417		2.795.016.108
• Accounts receivable		3.226.001		3.321.690
• Other assets		847.772		2.467.671
• Options Delta		5.744.459		(75.369.812)
Total foreign currency assets	**USD$**	**3.878.939.632**	**USD$**	**3.590.881.183**
Liabilities:				
• Deposits	USD$	52.346.737	USD$	33.243.377
• Outstanding banker's acceptances		3.480.864.809		3.218.144.450
• Financial obligations		323.092.148		400.649.753
• Accounts payable		1.442.200		2.135.693
• Other liabilities		994.129		2.487.017
• Options Delta		5.744.459		(75.369.812)
Total liabilities in foreign currency	**USD$**	**3.864.484.483**	**USD$**	**3.581.290.478**
Net assets (liabilities) in foreign currency	**USD$**	**14.455.149**	**USD$**	**9.590.705**

The Trust Company and the Broker did not record foreign-currency balances; due to that, as of December 31, 2013 and 2012, the Bank's participation in foreign currency was 100%.

6. Cash on hand

As of December 31, the balance of this account was broken down as follows:

Position	2013	2012
Legal tender in Colombian pesos:		
• Cash	$ 1.404.721	$ 1.140.883
• Deposits in the Central Bank (1)	856.189	1.865.911
• Deposits in other banks	1.469	2.039
• Remittances in transit of negotiated checks	3.732	2.630
Subtotal	**2.266.111**	**3.011.463**
Foreign currency:		
• Cash	1.058	269
• Deposits in the Central Bank	274	385
• Foreign correspondents	153.996	345.669
• Remittances in transit of foreign negotiated checks	71	77
Subtotal	2.421.510	3.357.863
Less – Provision on cash on hand	**(179)**	**(220)**
Total cash and deposits in banks	**$ 2.421.331**	**$ 3.357.643**

(1) The decrease in the Central Bank's balance between 2012 and 2013 is mainly generated by the cancellation of active repo transactions with the Central Bank, active simultaneous transactions and correspondents.

As of December 31, 2013 and 2012 there was restriction on the use of the cash and deposits in the Central Bank amounting to $2,394,678 and $2,105,464, respectively. The restriction, which is determined according to the cash reserve norms set by the Central Bank's Board of Directors, is based upon percentages of the average deposits kept at the Bank by its clients.

In local currency, as of December 31, 2013, there were 1,158 conciliatory items amounting to $169,251, compared to 208 reconciling items that amounted to $53,964 in 2012; the reconciling items in legal tender basically correspond to charges and credits of transactions carried out with the Central Bank and their age did not exceed eight (8) days.

As of December 31, 2013 and 2012, in the Broker here were no reconciling items aging in excess of thirty (30) days, or restrictions on the cash on hand.

The Broker handles three (3) bank accounts as follows:

Position	2013	2012
BBVA – Current account	$ 2	$ 4
BBVA- Savings account	222	287
Central Bank – remunerated deposit	385	1.288
Total accounts	**$ 609**	**$ 1.579**

The accounts in foreign banks are denominated in the following foreign currencies: US Dollar, Euro, Sterling Pound, Canadian Dollar, Swiss Franc, Japanese Yen, Swedish Krona, Chinese Yuan, and Mexican peso. As of December 31, 2013, 266 reconciling items in foreign currencies were reported and 370 were reported for the same cut-off in 2012.

As of December 31, 2013 and 2012 there were reconciling items denominated in foreign currency aging in excess of thirty (30) days, on which the Bank conducted an analysis and created the respective provisions in the applicable items, as detailed below:

Foreign Currency	2013			2012		
	Number of Pending Items	Value of Provision		Number of Pending Items	Value of Provision	
Citibank New York	3	$	64	3	$	67
Wachovia Bank New York	-		-	1		12
BBVA Madrid	5		74	3		27
Bank Of America	1		1	-		-
Total Foreign currency items	**9**	**$**	**139**	**7**	**$**	**106**

As of December 31, 2013 and 2012, the Trust Company had reconciling items in excess of thirty (30) days in local currency amounting to $ 0 and $ 6, respectively:

Local currency	2013		2012	
Debit notes pending in the statement	$	-	$	3
Non-recorded debit notes		-	$	3
	$	**-**	**$**	**6**

The reconciling items that are considered to be risky for the company, on which an analysis was conducted and the respective provisions were created as follows:

Fiduciaria	2013			2012		
	Number of Pending Items	Value of Provision		Number of Pending Items	Value of Provision	
Collective portfolios	11	$	38	22	$	69
Trust businesses	150		2	314		45
Total foreign-currency items	**161**	**$**	**40**	**336**	**$**	**114**

The variation of provision in collective portfolios is mainly due to the management of items cleaning during 2013 and request of supports to the banking entities for identification thereof. In the collective portfolio FAM, the outstanding debit notes in the accounting books amounting to $19,890, consisted of some GMF pending to be reintegrated by the Banco de Bogotá and two items pending to be identified. In the collective portfolio country, pending debit notes in accounting consist of three items pending to be identified that added up to $14,221.

The variation in trust businesses is mainly due to the management of items cleaning during 2013 and request of supports to the banking entities for identification thereof. Ninety-five percent (95%) of the items that remained pending, such as debit notes pending to be recorded, were due to some withholdings pending to be reimbursed by the baking entities.

As of December 31, 2013, the Bank's share in the account balance was 99.01%; the Trust Company's share of 0.96%; and for the Broker of 0.02%, whereas that as of December 31, 2012 they were: 99.38% for the Bank; 0.57% for the Trust Company, and 0.05% for the Broker.

7. Active positions in monetary market and related transactions

As of December 31, the balance of this account was broken down as follows:

Description	Rate	2013	Tasa	2012
Ordinary interbank funds sold:				
• Local Banks		$ -	3,37%	$ 26.769
Total interbank		**-**		**26.769**
Commitments of transfer closed repo transactions:				
• Banks	3.80%	10.005		-
Total transfer commitments		**10.005**		**-**
Transfer commitments in simultaneous transactions:				
• Central Bank	1.86%	67.686	4,04%	573.026
• Trust companies		-	4,82%	41.334
• Capitalization companies		-	4,34%	2.356
• Insurance and reinsurance companies	3.63%	21.809	4,34%	6.114
Total simultaneous transactions		**89.495**		**622.830**
Total active transactions		**$ 99.500**		**$ 649.599**

Sixty-two percent (62%) of the current transactions, active simultaneous, were conducted with the Central Bank, with expiration between 6 and 16 days; ten percent (10%) with trust companies and at a 7-day term; and the remaining part have a 7- and 82-day term (calendar days).

As of December 31, 2013 and 2012, the Bank's participation in the account balance was 100%.

In 2014 exports will recover according to BBVA Research forecast, though full recovery will only take place until 2015. In 2014 exports may increase 5.8%, given a better performance from manufacturing production and the absence of supply shocks that had a negative impact on mining industry in 2013.

8. Investments, net

As of December 31, the balance of this account was broken down as follows:

Descripción	2013	2012
Marketable:		
Securities issued or guaranteed by the Nation (1)	$ 2.808.530	$ 2.125.114
• Securities issued by financial institutions	695.876	395.302
• Securities issued by national public entities	-	31.636
• Participative collective portfolio	25.902	206
• Participative - Pension and severance funds	4.547	-
Total marketable investments	**3.534.855**	**2.552.258**
Held-to-maturity: (2)		
• Internal public debt	861.053	231.689
• Securities issued in securitization processes	71.974	9.911
• Securities issued by financial institutions	30.719	-
• Securities issued by national public entities	382.165	421.065
Total held-to-maturity without provisions	**1.345.911**	**662.665**
• Less - provision	(8.020)	(4.930)
Total held-to-maturity investments	**1.337.891**	**657.735**
Available-for-sale:		
• In equity securities	75.170	69.641
• Less - provision	(20)	(20)
Total available-for-sale in equity securities	**75.150**	**69.621**
Available-for-sale in debt securities: (2)		
• Securities issued or guaranteed by the Nation	-	764.158
• Securities issued in securitization processes of mortgage portfolio	-	105.111
• Securities issued by financial institutions	-	4.213
• Less - provision	-	(3.496)
Total available-for-sale in debt securities	**-**	**869.986**
Total available-for-sale	**75.150**	**939.607**
Transfer rights of marketable investments in debt securities or titles	26	7.162
Transfer rights of held-to-maturity investments (3)	331.881	-
Available-for-sale investments delivered as collateral with derivative financial instruments in debt securities or titles (2)	-	54.821
Marketable investments delivered as collateral in transactions with financial instruments derived in debt securities or titles	9.648	-
Held-to-maturity investments delivered as collateral in transactions with financial institutions	97.836	-
Total investments transfer rights	439.391	61.983
Total investments	**$ 5.387.287**	**$ 4.211.583**

(1) The variation with respect to the securities issued or guaranteed by the Nation between 2013 and 2012 is explained by the fact that these investments for the immediately prior year were in guarantee; therefore, they were not included in the Bank's investment portfolio.

(2) The variation of the securities classified as available-for-sale (DPV, for its Spanish initials) and held-to-maturity securities (VTO) between the periods 2013 and 2012, is originated by application of the External Circular Letter 035 of December 2, 2013 and External Circular Letter 033 of 2013, in which the Financial Entities are communicated the transition regime established for reclassifying into held-to-maturity or marketable investments the investments classified as available-for-sale in their portfolio.

The Bank reclassified 62 securities for an amount of $815,468, which were classified in their portfolio within available-for-sale investments and placed them within the held-to-maturity securities classification. This event generated a positive result in December amounting to $7,255.

BBVA Valores reclassified its investments placing them in marketable and held-to-maturity, generating a positive result of $78.

BBVA Fiduciaria reclassified $6,075 from available-for-sale investments into marketable and on the very same day sold them. The effect thereof in the statement of income was $233.

As of December 31, 2013, the Trust Company transferred to the investments portfolio the value of the stabilization reserve of yields of funds managed by the Trust Found FONPET 2012, which as of December 31, 2012 was recorded in other assets.

(3) The variation is due to the establishment of guarantees for Repo operations as established by Resolution 6 of 2011 of the Central Bank.

BBVA Research anticipates the Free Trade Agreements (FTAs) recently signed with developed and emerging economies will start having a positive impact in the GDP growth by the end of 2014 or the beginning of 2015.

As of December 31, 2013 the investments account balance was broken down as follows: for the Bank, 98.63%; for the Trust Company, 1.20%; and for the Broker, 0.17%. As of December 31, 2012 it included: for the Bank, 98.18%; for the Trust Company, 1.51%; and for the Broker, 0.31%.

The maturity of debt security investments as of December 31 was as follows:

Rangos	2013			2012		
	Marketable	Held-to-Maturity	Available-for-sale	Marketable	Held-to-Maturity	Available-for-sale
Less than 1 year						
From 1 to 5 years	441.563	473.793	-	1.205.640	165.467	522.176
From 6 to 10 years	32.507	57.390	-	9.395	4.445	123.065
From 11 to 20 years	2.932	52.309	-	200.125	-	53.615
Total	**$ 3.514.080**	**$ 1.775.629**	**$ -**	**$ 2.556.401**	**$ 662.663**	**$ 930.764**

Break-down of securities portfolio by security as of the 2013 closing

(in millions of COP)

Class of Security	Marketable		Held-to-maturity		Available-for-sale		Total general
	Amount	%	Amount	%	Amount	%	Amount
Bonos de Paz	$ 110	-	$ -	-	$ -	-	$ 110
Bonos ordinaries	75.760	2%	4.145	-	-	-	79.904
CDT'S	620.143	18%	26.779	2%	-	-	646.921
TIPS	-	0%	71.975	4%	-	-	71.974
TRD	-	0%	159.267	9%	-	-	159.267
Titulos de tesoreria TES	2.817.060	80%	799.621	45%	-	-	3.616.681
TDAS	-	-	713.842	40%	-	-	713.842
TCO	1.008	-	-	-	-	-	1.008
Total general	**$ 3.514.081**	**100%**	**$ 1.775.629**	**100%**	**$ -**	**-**	**$ 5.289.707**

Break-down of securities portfolio by security as of the 2012 closing

(in millions of COP)

Class of Security	Marketable		Held-to-maturity		Available-for-sale		Total general
	Amount	%	Amount	%	Amount	%	Amount
Bonos de Paz	$ 110	-	$ 4	-	$ -	-	$ 114
Bonos ordinarios	29.917	1%	-	-	4.213	-	34.130
CDT'S	396.224	15%	11.940	2%	-	-	408.164
TIPS	-	-	9.911	1%	105.111	11%	115.022
TRD	-	-	225.697	34%	238	-	225.935
Titulos de tesoreria TES	2.130.150	84%	5.987	1%	821.202	89%	2.957.339
TDAS	-	-	409.124	62%	-	-	409.124
Total general	**$ 2.556.401**	**100%**	**$ 662.663**	**100%**	**$ 930.764**	**100%**	**$ 4.149.828**

The provisions recorded in the Balance Sheet cover the TIPS, securities issued by the *Titularizadora Colombiana*, according to the guidelines established by Basic Accounting Circular Letter 100 issued by the SFC, Chapter XVIII, numeral 8.

Securities issued by the Titularizadora Colombiana TIPS, derived from securitization processes of mortgage portfolio in Colombian pesos, issued in 5-, 10- and 15- year terms.

During 2013 the Bank BBVA Colombia S.A. did not participate in securitization processes.

Currently, in the market there are nineteen (19) series, out of which the Bank holds series E9, E10, E11, E12 and N6 that presented a balance of $67,451 and $105,111, respectively, as of December 31, 2013 and 2012.

A summary and the balance of securities derived from securitization processes (TIPS) are shown in the following table:

Series	Nominal Value	Issue Date	Maturity Date	Term	2013	2012
TIPS E-9 A 2018	$ 61.420	17/12/2008	17/12/2018	10	$ -	$ -
TIPS E-9 A 2023	25.950	17/12/2008	17/12/2023	15	3.928	18.622
TIPS E-9 B 2023	10.484	17/12/2008	17/12/2023	15	10.484	10.484
TIPS E-9 MZ 2023	699	17/12/2008	17/12/2023	15	699	699
Subtotal	**98.553**				**15.111**	**29. 805**
TIPS Pesos E-10 A 2019	28.046	12/03/2009	12/03/2019	10	-	-
TIPS Pesos E-10 A 2024	18.025	12/03/2009	12/03/2024	15	-	8.582
TIPS Pesos E-10 B 2024	5.529	12/03/2009	12/03/2024	15	5.311	5.529
TIPS Pesos E-10 MZ 2024	1.474	12/03/2009	12/03/2024	15	1.474	1.474
Subtotal	**53.074**				**6.785**	**15.585**
TIPS Pesos E-11 A 2019	19.436	13/05/2009	13/05/2009		-	-
TIPS Pesos E-11 A 2024	10.971	13/05/2009	13/05/2009		-	4.222
TIPS Pesos E-11 B 2024	3.649	13/05/2009	13/05/2024	15	2.528	3.649
TIPS Pesos E-11 MZ 2024	1.216	13/05/2009	13/05/2024	15	1.216	1.216
Subtotal	**35.272**				**3.744**	**9.087**
TIPS Pesos E-12 A 2019	34.327	26/08/2009	26/08/2019	10	-	-
TIPS Pesos E-12 A 2024	14.888	26/08/2009	26/08/2024	15	31	8.886
TIPS Pesos E-12 B 2024	5.906	26/08/2009	26/08/2024	15	5.906	5.906
TIPS Pesos E-12 MZ 2024	1.969	26/08/2009	26/08/2024	15	1.968	1.969
Subtotal	**57.090**				**7.905**	**16.761**
TIPS Pesos N-6 B 2027	26.641	23/08/2012	23/08/2027	15	26.736	26.703
TIPS Pesos N-6 MZ 2027	6.104	23/08/2012	23/08/2027	15	6.104	6.104
TIPS Pesos N-6 C 2027	1.066	23/08/2012	23/08/2027	15	1.066	1.066
Subtotal	**33.811**				**33.906**	**33.873**
Total	**$ 277.800**				**$ 67.451**	**$ 105.111**

As of December 31, 2013 and 2012, there were no encumbrances on the investments.

Private consumption and infrastructure expenditure will drive economic growth in 2014. Concerning household consumption, expenditure in foodstuff and perishable goods (which weights 30% of total household expenditure) will increase at a moderate pace whereas expenditure in durable goods will continue growing at high rates. Given this positive outlook, BBVA Research uptick private consumption grow forecast for 2014 to 4.4%.

Available-for-sale investments in equity securities – Correspond to the variable-yield investments with low or minimum quotation and as of December 31, they consisted of:

Year 2013

2013	Capital Stock	Equity Capital	Percentage of Share
Stock with low or minimum marketability:			
• Almacenes Generales de Depósito S.A. "ALMAGRARIO"	$ 83.757	$ 28.233	35,38
• Fondo para el Financiamiento del Sector Agropecuario "FINAGRO"	716.133	65.077	9,09
• DECEVAL S.A.	66.067	9.584	14.51
• A.C.H. Colombia S.A.	23.393	2.508	10,72
• Cámara de Compensación de Divisas de Colombia S.A.	4.270	136	3,19
• Compañía Promotora de Inversiones del Café S.A.	28.903	20	0,13
• Redeban S.A.	72.263	7.452	10,31
• Cifin	27.768	2.977	10,72
• Cámara de Riesgo Central de Contraparte de Colombia S.A.	30.340	815	1,77
• Bolsa de Valores de Colombia S.A.	110.361	1.525	1,41
• Fogacol (Compulsory investment)	10.910	329	-
Subtotal	-	-	-
Less – Protection provision	-	-	-
Total available-for-sale investments in equity securities	$ -	$ -	-

	Carrying Value	Commercial Value	Valorization and/or Negative Valorization	Provision	Solvency and market risk rating
	$ 6.987	$ 28.233	$ 21.246	$ -	A
	56.083	65.077	8.994	-	A
	5.917	9.584	3.669	-	A
	711	2.508	1.797	-	A
	80	136	56	-	A
	20	20	-	20	E
	3.114	7.452	4.338	-	A
	643	2.977	2.334	-	A
	815	537	(278)	-	A
	471	1.525	1.054	-	A
	329	329	-	-	A
	$ 75.170	**$ 118.378**	**$ 43.210**	**20**	
	(20)	-	-	-	
	$ 75.150	**$ -**	**$ -**	**$ -**	

There were neither hedging investments nor legal restriction on the property. During 2013, these companies decreed dividends as follows: BBVA Asset Management S.A., $12,661; BBVA Valores Colombia S.A., $4,100; FINAGRO, $4,731 (in shares); DECEVAL S.A., $3,769; ACH Colombia S.A., $118; REDEBAN, $2,954; and Cámara de Compensación de Divisas, $29.

In January 2013, 74,345,253 shares of the Counterparty Central Risk Chamber were acquired for an amount of $141, and in August 2013, 3,084,295 shares were acquired for an amount of $6.

In January 2013, 64,320 shares were acquired with the entity CIFIN, for an amount of $643. These investments are valued according to the marketability ratio that they kept on the valuation date, taking into account the equity variations subsequent to the acquisition of the investment. For that purpose, the variations in the issuer's equity were calculated based upon the last certified financial statements.

Investments that are the property of the Broker, which required an assessment for the credit risk, were classified in the AAA and A categories, respectively. Within the available-for-sale investments, the securities of low or minimum marketability or without any quotation are valued based upon the participation percentage that should correspond to the investor on the equity variations subsequent to the acquisition of the investment. As of this date, it records no provision according to the parameters given by the "CBFC".

Investments in equity securities – Correspond to the variable-yield investments with low or minimum quotation and as of December 31, they included the following:

Year 2012

2012	Capital Stock	Equity Capital	Percentage of Participation
Shares with low or minimum marketability:			
• Almacenes Generales de Depósito S.A. "ALMAGRARIO"	$ 68.984	$ 24.404	35,38
• Fondo para el Financiamiento del Sector Agropecuario "FINAGRO"	638.939	58.356	9,86
• DECEVAL S.A.	67.678	9.297	13,74
• A.C.H. Colombia S.A.	19.899	2.133	10,72
• Cámara de Compensación de Divisas de Colombia S.A.	4.022	128	3,19
• Compañía Promotora de Inversiones del Café S.A.	19.021	20	0,13
• Redeban S.A.	68.435	7.057	10,31
• Cámara de Riesgo Central de Contraparte de Colombia S.A.	30.030	474	1,58
• Bolsa de Valores de Colombia S.A.	110.060	471	1,38
• Fogacol (Compulsory investment)	10.421	322	-
Subtotal			
Less – Provision for protection			
Total available-for-sale investments in equity securities	$ -	$ -	

There were neither hedging investments nor juridical restriction on the property.

During 2012, these companies decreed dividends as follows: BBVA Asset Management S.A., $14,892 ($6,821 in cash and $8,070 in stock); BBVA Valores Colombia S.A., $1,384; FINAGRO $3,998 (in shares); Deceval S.A., $3,522; ACH Colombia S.A., $214; and Cámara de Compensación de Divisas, $12.

With respect to the investment in Almagrario, a provision was made in March 2012 for an amount of $1,397, which was reversed in July 2012, according to the updating of the risk rating, which changed to "A", given by the Risks Committee, in compliance with the provisions of Chapter I of the CBCF.

In March 2012, 18,677,452 shares of the Counterparty Central Risk Chamber were acquired for an amount of $28.

	Carrying Value	Commercial Value	Valorization and/or negative valorization	Provision	Solvency and market risk rating
	$ 6.987	$ 24.404	$ 16.020	$ -	A
	51.646	58.583	6.938	-	A
	5.622	9.297	3.675	-	A
	711	2.133	1.422	-	A
	80	128	49	-	A
	20	20	-	20	E
	3.114	7.057	3.944	-	A
	668	474	(194)	-	A
	471	1.521	(194)	-	A
	322	322	-	-	A
	$ 69.641	**$ 103.939**	**$ 31.660**	**20**	
	(20)	-	-	-	-
	$ 69.621	**$ -**	**$ -**	**$ -**	

In February 2012, shares that were held at the entity Credibanco Visa Internacional were transferred, which generated a positive impact on results amounting to $19,305.

These investments were valued according to the marketability index that they maintained until the valuation date, taking into account the equity variations subsequent to the acquisition of the investment. For that purpose, the variations in the issuer's equity were calculated based upon the last certified financial statements.

The investments that are the property of the Broker, which require evaluation by the credit risk were classified in categories AAA and A, respectively. Within the available-for-sale investments, the low or minimum marketability securities or with no quotation (unlisted) are valued based upon the percentage of participation that corresponds to the investor on equity variations subsequent to the acquisition of the investment. As of this date, no provision is recorded according to the parameters given by the "CBFC".

9. Portfolio of credits

The credits portfolio of receivables is represented for the consolidated in 100% by the Bank. Below there is a list of the classification and rating per portfolio modality as of December 31:

Credits portfolio - 2013

Portfolio	Principal	Interest	Other	Principal provision	Interest provision	Other Provision	Guarantee
Commercial:							
With suitable collateral:							
• Category "A"	$ 2.171.123	$ 31.244	$ -	$ 17.291	$ 435	$ -	$ 7.820.989
• Category "B"	101.035	1.991	-	2.279	125	-	336.495
• Category "C"	28.532	1.044	-	3.278	848	-	87.524
• Category "D"	12.582	307	-	10.246	301	-	41.145
• Category "E"	29.626	1.641	-	21.002	1.548	-	111.886
Subtotal	**2.342.898**	**36.227**	**-**	**54.096**	**3.257**	**-**	**8.398.039**
With other collateral:							
• Category "A"	7.250.709	50.234	561	66.631	509	37	-
• Category "B"	72.264	826	71	5.443	774	64	-
• Category "C"	79.917	448	54	11.475	172	99	-
• Category "D"	4.381	81	41	1.048	76	107	-
• Category "E"	30.059	800	448	15.924	898	876	-
Subtotal	**7.437.330**	**52.389**	**1.175**	**100.521**	**2.429**	**1.183**	**-**
Total commercial	**9.780.228**	**88.616**	**1.175**	**154.617**	**5.686**	**1.183**	**8.398.039**
Consumer:							
With suitable collateral:							
• Category "A"	557.261	3.494	-	4.837	-	-	916.961
• Category "B"	15.423	262	-	744	34	-	27.284
• Category "C"	11.520	156	-	1.627	96	-	21.336
• Category "D"	8.637	142	-	4.885	132	-	16.056
• Category "E"	9.607	185	-	7.304	175	-	26.327
Subtotal	**602.448**	**4.239**	**-**	**19.397**	**437**	**-**	**1.007.964**
With other collateral:							
• Category "A"	7.659.953	71.523	770	141.840	-	1.836	-
• Category "B"	195.086	3.701	134	16.808	454	19	-
• Category "C"	110.003	2.159	102	15.040	1.368	113	-
• Category "D"	100.527	2.364	161	74.020	2.302	201	-
• Category "E"	65.150	1.487	331	52.002	1.396	332	-
Subtotal	**8.130.719**	**81.234**	**1.498**	**299.710**	**5.520**	**2.501**	**-**
Total consumer	**$ 8.733.167**	**$ 85.473**	**$ 1.498**	**$ 319.107**	**$ 5.957**	**$ 2.501**	**$ 1.007.964**

Portfolio	Principal	Interest	Other	Principal provision	Interest provision	Other Provision	Guarantee
Microcredit:							
With suitable collateral:							
• Category "A"	$ 24	$ 2	$ -	$ -	$ 1	$ -	$ 109
• Category "B"	-	-	-	-	-	-	-
• Category "C"	-	-	-	-	-	-	-
• Category "D"	-	-	-	-	-	-	-
• Category "E"	7	-	-	8	-	-	29
Subtotal	**31**	**2**	**-**	**8**	**1**	**-**	**138**
With other collateral							
• Category "A"	10	-	-	-	-	-	-
• Category "B"	-	-	-	-	-	-	-
• Category "C"	-	-	-	-	-	-	-
• Category "D"	-	-	-	-	-	-	-
• Category "E"	-	-	-	-	-	-	-
Subtotal	**10**	**-**	**-**	**-**	**-**	**-**	**-**
Total microcredit	**$ 41**	**$ 2**	**$ -**	**$ 8**	**$ 1**	**$ -**	**$ 138**
Mortgage (Housing):							
With suitable collateral							
• Category "A"	$ 5.539.620	$ 29.346	$ 2.117	$ 55.844	$ 2.555	$ 294	$ 14.709.107
• Category "B"	152.010	1.643	327	4.926	1.636	354	457.357
• Category "C"	41.090	601	339	4.128	604	329	121.353
• Category "D"	15.668	272	213	3.144	273	217	48.178
• Category "E"	44.428	1.056	913	15.580	977	931	128.905
Total mortgage (housing)	**5.792.816**	**32.918**	**3.909**	**83.622**	**6.045**	**2.126**	**15.464.900**
General Provision	-	-	-	57.929	-	-	-
Countercyclical individual provision	-	-	-	197.592	2.023	-	-
Other	-	5.041	-	-	-	-	-
Total credits portfolio	**$ 24.306.252**	**$ 212.050**	**$ 6.582**	**$ 812.875**	**$ 19.712**	**$ 5.810**	**$ 24.871.041**

Credits portfolio - 2012

Portfolio	Principal	Interest	Other	Principal Provision	Interest Provision	Other Provision	Collateral
Commercial:							
With suitable collateral:							
• Category "A"	$ 2.275.713	$ 35.382	$ -	$ 28.228	$ 560	$ -	$ 6.138.499
• Category "B"	84.964	2.338	-	6.601	221	-	283.735
• Category "C"	9.931	451	-	1.647	270	-	67.746
• Category "D"	36.202	448	-	35.275	437	-	74.623
• Category "E"	21.727	991	-	19.462	907	-	113.018
Subtotal	**2.428.537**	**39.610**	**-**	**91.213**	**2.395**	**-**	**6.677.621**
With other collateral:							
• Category "A"	5.231.300	50.505	465	45.994	461	44	-
• Category "B"	115.082	933	101	4.787	594	19	-
• Category "C"	12.653	556	48	6.634	306	91	-
• Category "D"	8.206	528	25	5.429	732	52	-
• Category "E"	16.699	465	279	11.653	549	2.031	-
Subtotal	**5.383.940**	**52.987**	**918**	**74.497**	**2.642**	**2.237**	**-**
Total commercial	**7.812.477**	**92.597**	**918**	**165.710**	**5.037**	**2.237**	**6.677.621**
Consumer:							
With suitable collateral:							
• Category "A"	476.223	3.499	-	4.020	78	-	850.880
• Category "B"	15.044	250	-	624	36	-	34.687
• Category "C"	9.689	136	-	1.012	86	-	23.336
• Category "D"	8.041	146	-	5.046	139	-	19.161
• Category "E"	8.142	214	-	7.218	207	-	24.958
Subtotal	**517.139**	**4.245**	**-**	**17.920**	**546**	**-**	**953.022**
With other collateral:							
• Category "A"	6.373.874	65.509	714	118.108	1.703	28	-
• Category "B"	190.474	3.616	106	30.953	522	22	-
• Category "C"	104.103	2.088	89	18.198	1.276	93	-
• Category "D"	91.788	2.184	136	80.582	2.066	144	-
• Category "E"	51.914	1.186	225	43.225	1.141	276	-
Subtotal	**6.812.153**	**74.583**	**1.270**	**291.066**	**6.708**	**563**	**-**
Total consumer	**$ 7.329.292**	**$ 78.828**	**$ 1.270**	**$ 308.986**	**$ 7.254**	**$ 563**	**$ 953.022**

Portfolio	Principal	Interest	Other	Principal Provision	Interest Provision	Other Provision	Collateral
Microcredit:							
With suitable collateral:							
• Category "A"	$ 36	$ 1	$ -	$ -	$ -	$ -	$ 729
• Category "B"	1	-	-	-	-	-	31
• Category "C"	-	-	-	-	-	-	-
• Category "D"	-	-	-	-	-	-	-
• Category "E"	38	2	-	25	2	-	159
Subtotal	**75**	**3**	**-**	**25**	**2**	**-**	**919**
With other collateral							
• Category "A"	8	-	-	-	-	-	-
• Category "B"	-	-	-	-	-	-	-
• Category "C"	-	-	-	-	-	-	-
• Category "D"	-	-	-	-	-	-	-
• Category "E"	13	1	-	1	-	-	-
Subtotal	**21**	**1**	**-**	**1**	**-**	**-**	**-**
Total microcredit	**96**	**4**	**-**	**26**	**2**	**-**	**919**
Mortgage (Housing):							
With suitable collateral							
• Category "A"	4.656.157	32.665	2.461	50.189	2.485	290	12.416.986
• Category "B"	130.074	1.497	294	5.630	1.489	292	402.615
• Category "C"	39.293	647	264	4.061	649	264	113.970
• Category "D"	15.069	315	188	3.106	316	185	43.893
• Category "E"	45.005	1.151	957	21.904	1.233	981	142.009
Total mortgage (Housing)	**4.885.598**	**36.275**	**4.164**	**84.890**	**6.172**	**2.012**	**13.119.473**
General Provision	-	-	-	48.857	-	-	-
Countercyclical individual provision	-	-	-	167.021	2.128	-	-
Other	-	3.479	-	-	-	-	-
Total credits portfolio	**$ 20.027.463**	**$ 211.183**	**$ 6.352**	**$ 775.490**	**$ 20.593**	**$ 4.812**	**$ 20.751.035**

Changes in the external trade outlook will drive a new composition of the list of exported Colombian goods.

The movement of the credit portfolio provisions account during the year ended as of December 31 was as follows:

Year 2013

Descripción	Commercial	Consumer	Mortgage (Housing)	Microcredit	Total
Balance at the beginning of year	$ 210.475	$ 431.242	$ 133.750	$ 23	$ 775.490
Provision charged to expenses in the year	206.492	487.200	65.054	2	758.748
Less - Provisions recovery (See Note 32)	(157.973)	(262.559)	(29.506)	-	(450.038)
Loans written-off as uncollectible	(37.259)	(200.917)	(11.366)	(41)	(249.583)
Cancellations	(1.496)	(3.839)	(6.359)	(2)	(11.696)
Other movements	(6.178)	6.128	(10.022)	26	(10.046)
Balance at year end	**$ 214.061**	**$ 457.255**	**$ 141.551**	**$ 8**	**$ 812.875**

Year 2012

Descripción	Commercial	Consumer	Mortgage (Housing)	Microcredit	Total
Balance at the beginning of year	$ 227.440	$ 364.724	$ 128.091	$ 65	$ 720.320
Provision charged to expenses in the year	204.297	405.031	49.023	7	658.358
Less - Provisions recovery (See Note 32)	(171.621)	(171.348)	(32.582)	(16)	(375.567)
Loans written-off as uncollectible	(58.485)	(148.662)	(9.640)	(29)	(216.816)
Cancellations	(660)	(1.258)	(7.771)	-	(9.689)
Other movements	9.504	(17.245)	6.629	(4)	(1.116)
Balance at year end	**$ 210.475**	**$ 431.242**	**$ 133.750**	**$ 23**	**$ 775.490**

During the years ended as of December 31, 2013 and 2012, previously written-off portfolio amounting to $74,861 and $88,928, respectively, was recovered. Those recoveries were recorded as "other-than-interest revenues" in the statement of income (see Note 32).

During 2013, the Bank conducted portfolio sale transactions for an amount of $244,713.09 million, represented by 32,715 obligations, where 84.45 % of such asset was written-off.

The breakdown of the portfolio transferred by modality was represented as follows: Mortgage, 2.82%; Commercial, 9.13%; and Consumer, 88.05%. These operations were conducted in the months listed in the attached table:

Month	Status	Number of Contracts	Total Debt (*)	Total	Precio de Venta
jan-13	Write-off	4	$ 261	$ 42	$ 127
feb-13	Balance	1	34	9	31
	Write-off	2	85	9	50
mar-13	Balance	2.135	5.129	3.940	1.201
	Write-off	11.178	64.016	-	10.100
may-13	Balance	12	394	278	324
	Write-off	8	342	-	154
jun-13	Balance	1.000	2.389	2.120	502
	Write-off	4.942	28.078	-	4.475
jul-13	Balance	9	288	80	190
	Write-off	3	3	-	2
sep-13	Balance	193	8.761	8.449	2.641
	Write-off	7.646	68.675	-	7.598
oct-13	Balance	57	966	304	340
	Write-off	1.084	26.284	-	5.199
nov-13	Balance	2.404	19.971	14.774	4.880
	Write-off	1.253	11.265	-	2.339
dec-13	Balance	13	129	73	10
	Write-off	771	7.641	-	1.244
TOTAL SALES	**Active**	**5.824**	**$ 38.061**	**$ 30.027**	**$ 10.119**
	Written-off	**26.891**	**$ 206.650**	**$ 51**	**$ 31.288**

(*) Amount includes principal, interest and accounts receivable balances.

Massive portfolio sales operations were conducted with the companies Fideicomiso Recuperación Activos, Covinoc S.A., Aecsa S.A. and Refinancia S.A., litigious rights sales to natural and legal persons. Credit transactions sold that were in the balance sheet generated a $24,955 loss on the sale, whereas the written-off portfolio reported $29,324 revenue in the sale transaction.

During 2012, the Bank conducted portfolio sales transactions for an amount of $506,775.24, represented in 36,472 obligations, where 98.44 % of such assets was written-off.

The breakdown of the portfolio per modality was represented by: Mortgage, 12.01%; consumer, 38.93%; and Commercial, 49.06%. These transactions were carried out in the months listed in the table below:

Month	Status	Number of Contracts	Total Debt (*)	Total	Precio de Venta
jan-12	Write-off	5	$ 29	$ 1	$ 10
	Castigo	1.743	75.996	-	12.567
feb-12	Write-off	2	346	40	316
mar-12	Castigo	6	634	-	162
may-12	Write-off	367	1.583	1.549	190
	Castigo	19.602	169.587	-	15.846
jun-12	Write-off	1	68	4	54
	Castigo	4	512	-	106
jul-12	Castigo	4	213	10	172
aug-12	Write-off	2	160	34	115
	Castigo	7	131	-	58
sep-12	Castigo	8	851	-	278
oct-12	Write-off	95	1.029	666	239
	Castigo	1.638	21.712	-	2.533
nov-12	Write-off	2.491	4.343	3.462	804
	Castigo	2.805	13.374	-	2.258
dic-12	Write-off	39	371	168	10
	Castigo	7.653	215.836	-	3.592
TOTAL SALES	**Active**	**3.002**	**$ 7.929**	**$ 5.924**	**$ 1.738**
	Written-off	**33.470**	**$ 498.846**	**$ 10**	**$ 37.572**

(*) Amount includes principal, interest and accounts receivable balances.

Massive portfolio sales operations were conducted with the companies Fondos de Capital Privado Alianza Konfigura Activos Alternativos I and II, Covinoc S.A. and New Credit S.A.S., litigious rights sales to natural and legal persons. These transactions generated a $5,763 loss in portfolio sales and $34,890 in revenues from the sale of written-off portfolio.

As of December 31, the classification of credits portfolio and provisions by geographic area were as follows::

2013

Zone	Principal	Interest	Other	Principal Provision	Interest Provision	Others Provision
Barranquilla	$ 4.081.662	$ 42.437	$ 1.338	$ 150.331	$ 4.406	$ 904
Bogotá	8.927.714	71.701	1.819	242.360	5.027	2.968
Cali	2.350.181	20.529	925	93.312	2.601	544
Cundiboyacá	845.731	7.570	340	33.678	1.296	186
Eje Cafetero	1.041.423	10.466	338	34.147	996	186
Huila	594.912	5.169	257	21.568	772	174
Llanos Orientales	1.007.044	10.499	365	37.316	1.159	176
Medellín	3.560.875	28.437	690	86.844	1.953	410
Santander	1.405.353	11.026	347	38.349	1.020	182
Tolima	491.357	4.216	163	17.041	482	80
General Provision	-	-	-	57.929	-	-
Total	**$ 24.306.252**	**$ 212.050**	**$ 6.582**	**$ 812.875**	**$ 19.712**	**$ 5.810**

2012

Zone	Principal	Interest	Other	Principal Provision	Interest Provision	Others Provision
Barranquilla	$ 3.336.937	$ 43.404	$ 1.163	$ 140.493	$ 4.118	$ 598
Bogotá	6.993.204	67.980	1.962	260.672	6.887	2.571
Cali	2.228.268	20.755	984	99.113	2.860	634
Cundiboyacá	736.951	7.243	311	28.231	993	161
Eje Cafetero	928.490	11.535	314	30.334	958	152
Huila	521.354	4.926	164	17.533	518	70
Llanos Orientales	797.894	9.336	312	28.806	894	139
Medellín	2.837.302	29.299	651	73.088	1.977	290
Santander	1.209.592	12.191	323	33.327	916	123
Tolima	437.471	4.514	168	15.036	472	74
General Provision	-	-	-	48.857	-	-
Total	**$ 20.027.463**	**$ 211.183**	**$ 6.352**	**$ 775.490**	**$ 20.593**	**$ 4.812**

The Bank's credit portfolio as of December 31 was distributed in debtors devoted to the following economic activities:

Activity	2013	2012
Association – education – health activities	$ 932.201	$ 816.619
Amusement activities –cultural activities	86.084	79.420
Real estate – companies – rental activities	818.451	373.327
Capture – depuration – distribution of water	106.852	120.912
Wholesale trade – commission – contracting	1.168.326	904.594
Retail trade – non-specialized establishments	1.427.921	1.155.693
Construction – reconditioning – finishing	1.326.856	1.062.394
Mail and telecommunications	405.934	295.215
Elaboration of food and beverage products	496.450	371.913
Exploitation of public administration and defense	720.401	751.813
Exploitation non-metallic minerals	12.597	19.499
Extraction of coal	31.399	18.469
Extraction of metallic minerals	12.475	13.512
Extraction oil and gas – natural gas	649.368	338.564
Factory of paper – cardboard and their products	17.525	40.704
Fabrication– refinement – petroleum–chemical products	351.218	222.077
Fabrication non-metallic minerals	28.317	132.422
Fabrication other manufacturing industries	124.357	42.987
Fabrication metallic products – machinery	200.631	201.186
Fabrication of textile products	143.291	80.959
Financing of safe plans	27.453	23.452
Generation– fabrication electricity – gas – water	1.085.684	844.763
Hotels and restaurants	177.015	153.670
Industry – fabrication – metals	121.594	231.758
Financial intermediation	444.856	351.753
Wage earners	9.633.124	8.181.729
Capital rentiers	148.664	109.975
Printing activities	29.819	1.812
Non-differentiated activities of individual households	117	34
Organizations and extraterritorial bodies	7.276	5.041
Other community service activities	2.187.483	1.662.811
Fishing production fish farm	12.997	12.966
Agricultural and animal husbandry production	760.966	674.369
Sanitations and similar services	21.501	17.560
Forestry, wood extraction and services	5.776	4.306
Transformation– factory– basketwork	14.087	11.560
Transportation	567.186	697.625
Total	**$ 24.306.252**	**$ 20.027.463**

The Colombian economy faces different risks in the next years. A slower recovery in the manufacturing production given the headwinds from a challenging global outlook may dim exports performance which may have a negative impact in household and business confidence.

Below it is a summary of restructured loans and in charge of companies with which informal agreements were reached and which were requesting meetings of creditors; 10,839 and 9,874 operations as of December 31, 2013 and 2012, respectively by type of portfolio:

Year 2013

Restructured	Principal	Interest	Other	Principal provision	Interest Provision	Others Provision	Collaterals
Commercial:							
• Category "A"	$ 37.651	$ 552	$ 17	$ 580	$ 29	1	154.264
• Category "B"	48.816	803	15	3.662	85	4	103.202
• Category "C"	85.644	484	21	11.271	184	18	61.510
• Category "D"	10.941	117	8	9.067	114	8	32.870
• Category "E"	20.622	277	49	15.716	266	49	55.743
Total commercial	**203.674**	**2.233**	**110**	**40.296**	**678**	**80**	**407.589**
Consumer:							
• Category "A"	26.115	247	9	2.487	51	2	28.392
• Category "B"	21.376	225	8	4.851	63	3	9.263
• Category "C"	17.718	209	10	5.657	106	7	6.801
• Category "D"	21.856	320	25	17.282	292	24	9.407
• Category "E"	28.445	465	79	19.887	431	77	15.579
Total consumer	**115.510**	**1.466**	**131**	**50.164**	**943**	**113**	**69.442**
Mortgage:							
• Category "A"	20.924	179	18	165	71	9	82.998
• Category "B"	24.957	265	36	809	265	36	81.286
• Category "C"	5.398	66	23	521	66	23	16.695
• Category "D"	2.601	31	17	513	31	17	8.399
• Category "E"	10.330	173	81	3.212	173	81	27.104
Total mortgage	**64.211**	**713**	**175**	**5.220**	**606**	**166**	**216.482**
Total restructured portfolio	**$ 383.395**	**$ 4.412**	**$ 416**	**$ 95.680**	**$ 2.227**	**$ 359**	**$ 693.513**

Year 2012

Restructured	Principal	Interest	Other	Principal provision	Interest Provision	Others Provision	Collaterals
Commercial:							
• Category "A"	$ 51.098	$ 926	$ 23	$ 984	$ 30	$ 1	$ 197.980
• Category "B"	91.013	1.502	61	7.298	185	6	62.909
• Category "C"	15.487	427	32	8.689	291	27	38.078
• Category "D"	37.898	528	16	36.257	517	15	69.716
• Category "E"	19.751	370	100	15.974	341	96	49.067
Total commercial	**215.247**	**3.753**	**232**	**69.202**	**1.364**	**145**	**417.750**
Consumer:							
• Category "A"	27.526	320	12	4.329	104	4	35.071
• Category "B"	26.181	332	13	5.638	94	4	12.466
• Category "C"	13.923	178	9	4.640	99	6	5.975
• Category "D"	14.017	210	13	11.910	202	12	8.257
• Category "E"	18.015	325	60	13.803	317	60	15.319
Total consumer	**99.662**	**1.365**	**107**	**40.320**	**816**	**86**	**77.088**
Mortgage:							
• Category "A"	11.525	99	9	216	38	5	58.872
• Category "B"	19.857	226	28	950	226	28	65.716
• Category "C"	7.992	131	27	771	131	27	24.091
• Category "D"	2.825	36	8	625	36	8	9.337
• Category "E"	6.747	92	41	2.102	93	42	19.436
Total mortgage	**48.946**	**584**	**113**	**4.664**	**524**	**110**	**177.452**
Total restructured portfolio	**$ 363.855**	**$ 5.702**	**$ 452**	**$ 114.186**	**$ 2.704**	**$ 341**	**$ 672.290**

Colombia's economy faces a number of challenges in the coming years. On the one hand, a slower than expected recovery in the industry affected in turn by a global environment that undermines prospects for export growth affecting the levels of confidence of households and businesses.

Year 2013

	Principal		Interest and other accounts receivable		Provision		Collateral	
Per restructuring type:								
• Circular Letter 039 Superintendence	$	28	$	-	$	2	$	15
• Law 550		100		-		38		90
• Law 617		35.152		337		5.894		64.043
• Other restructurings		334.150		4.019		90.287		500.288
• Rainy Season		13.965		472		2.045		129.077
Total	**$**	**383.395**	**$**	**4.828**	**$**	**98.266**	**$**	**693.513**
By rating:								
• A	$	84.690	$	1.021	$	3.394	$	265.654
• B		95.149		1.352		9.777		193.752
• C		108.760		813		17.852		85.006
• D		35.398		519		27.349		50.676
• E		59.398		1.123		39.894		98.425
Total	**$**	**383.395**	**$**	**4.828**	**$**	**98.266**	**$**	**693.513**

Year 2012

	Principal		Interest and other accounts receivable		Provision		Collateral	
Per restructuring type:								
• Circular Letter 039 Superintendence	$	74	$	-	$	6	$	17
• Law 550		851		1		852		835
• Law 617		48.161		606		21.289		64.160
• Other restructurings		291.341		4.676		92.005		425.706
• Rainy Season		23.428		871		3.079		181.572
Total	**$**	**363.855**	**$**	**6.154**	**$**	**117.231**	**$**	**672.290**
By rating:								
• A	$	90.149	$	1.388	$	5.710	$	291.922
• B		137.052		2.161		14.430		141.092
• C		37.402		803		14.679		68.145
• D		54.739		810		49.581		87.310
• E		44.513		992		32.831		83.821
Total	**$**	**363.855**	**$**	**6.154**	**$**	**117.231**	**$**	**672.290**

The following is a summary by economic sector of the values of restructured loans and in charge of the companies with which informal agreements were achieved and of those that were re questing meetings of creditors; 10,839 and 9,874 operations as of December 31, 2013 and 2012, respectively:

Concept	2013			2012		
	Principal	Interest and Other accounts receivable	Provision	Principal	Interest and Other accounts receivable	Provision
Per economic sector:						
• Association – education – health activities	$ 10.516	$ 135	$ 3.158	$ 12.002	$ 199	$ 3.430
• Amusement activities –cultural activities	502	7	137	3.216	72	401
• Real estate – companies – rental activities	11.116	205	2.408	7.949	208	1.703
• Public administration and defense	62.346	418	20.001	71.738	721	37.547
• Capture – depuration – distribution of water	69	2	43	67	4	24
• Wholesale trade – commission – contracting	14.540	282	2.961	22.266	349	10.810
• Retail trade – non-specialized establishments	23.317	366	6.429	21.193	384	5.909
• Construction – reconditioning – finishing	14.477	532	2.478	16.228	910	2.745
• Mail and telecommunications	5.536	31	2.695	453	14	169
• Elaboration of food and beverage products	606	12	247	3.745	213	3.621
• Exploitation non-metallic minerals	11	-	11	28	1	24
• Extraction of coal	671	12	199	103	1	27
• Extraction of metallic minerals	-	-	-	26	-	3
• Extraction oil and gas – natural gas	1.390	20	155	6.882	225	6.906
• Factory of paper – cardboard and their products	38	-	38	326	11	147
• Fabrication- refinement – petroleum-chemical products	2.111	27	285	1.150	24	481
• Fabrication non-metallic minerals	171	3	71	-	-	-
• Fabrication other manufacturing industries	1.006	17	151	646	10	180
• Fabrication metallic products – machinery	1.515	7	566	2.300	160	375
• Fabrication of textile products	954	14	271	951	15	254
• Financing of insurance plans	489	6	179	489	8	163
• Generation- fabrication electricity – gas – water	243	2	139	138	3	77
• Hotels and restaurants	2.502	25	500	2.021	39	561
• Industry – fabrication – metals	140	1	86	408	1	294
• Financial intermediation	11.933	8	781	473	5	115

Concept	2013			2012		
	Principal	Interest and Other accounts receivable	Provision	Principal	Interest and Other accounts receivable	Provision
• Wage earners	98.250	1.236	32.157	78.370	1.085	24.630
• Capital rentiers	2.073	33	402	1.919	26	399
• Printing activities	19	-	7	32	1	15
• Non-differentiated activities of individual households	182	3	81	81	2	36
• Organizations and extraterritorial bodies	22.559	280	6.530	17.514	229	4.312
• Other community service activities	99	2	10	194	12	70
• Fishing production fish farm	26.845	841	5.185	26.648	875	4.533
• Agricultural and animal husbandry production	212	2	83	202	7	132
• Forestry, wood extraction and services	48	1	10	29	-	20
• Transformation- factory- basketwork	948	14	154	180	7	111
• Transportation	65.961	284	9.658	63.888	333	7.007
Total	**$ 383.395**	**$ 4.828**	**$ 98.266**	**$ 363.855**	**$ 6.154**	**$ 117.231**

Concept	2013			2012		
	Principal	Interest and Other accounts receivable	Provision	Principal	Interest and Other accounts receivable	Provision
By geographic area:						
• Barranquilla	$ 78.156	$ 1.047	$ 17.923	$ 61.371	$ 1.007	$ 22.011
• Bogotá	103.641	1.548	31.303	159.890	3.375	61.560
• Cali	99.059	671	23.380	90.881	711	19.692
• Cundiboyacá	11.540	228	3.427	7.227	168	2.023
• Eje Cafetero	17.931	321	4.584	8.248	168	2.539
• Huila	7.269	129	2.084	2.199	55	748
• Llanos Orientales	10.550	210	3.087	2.160	61	806
• Medellín	40.508	439	8.325	20.294	402	4.698
• Santander	5.693	103	1.496	4.854	94	1.340
• Tolima	9.048	132	2.658	6.731	113	1.814
Total	**$ 383.395**	**$ 4.828**	**$ 98.266**	**$ 363.855**	**$ 6.154**	**$ 117.231**

10. Leasing operations

Leasing operations for the consolidated are represented 100% by the Bank; below there is a list of the classification and the rating by modality as of December 31:

The classification and rating of financial leasing by modality as of December 31 was:

Financial de leasing operations - 2013 (includes Housing Leasing)

Portfolio	Principal	Interest	Other	Principal provision	Interest provision	Others provision
Commercial:						
With suitable collateral:						
• Category "A"	$ 1.054.838	$ 5.561	$ 810	$ 11.412	$ 93	$ 94.010
• Category "B"	49.325	528	196	1.973	31	5.173
• Category "C"	12.737	133	80	683	96	549
• Category "D"	1.724	71	63	841	67	-
• Category "E"	10.043	274	242	7.780	266	21.607
Total commercial	**1.128.667**	**6.567**	**1.391**	**22.689**	**553**	**121.339**
Consumer:						
With suitable collateral:						
• Category "A"	6.005	33	-	75	1	151
• Category "B"	286	4	-	15	-	-
• Category "C"	159	2	-	13	2	-
• Category "D"	-	-	-	-	-	-
• Category "E"	12	-	-	12	-	-
Total consumer	**6.462**	**39**	**-**	**115**	**3**	**151**
Housing:						
With suitable collateral						
• Category "A"	398.075	1.593	-	7.346	52	2.149
• Category "B"	14.711	201	-	472	14	-
• Category "C"	1.112	39	-	94	39	-
• Category "D"	211	7	-	74	7	-
• Category "E"	570	13	-	200	13	-
Subtotal	**414.679**	**1.853**	**-**	**8.186**	**125**	**2.149**
With other collateral						
• Category "A"	464	-	-	13	-	-
• Category "B"	-	-	-	-	-	-
• Category "C"	-	-	-	-	-	-
• Category "D"	-	-	-	-	-	-
• Category "E"	-	-	-	-	-	-
Subtotal	**464**	**-**	**-**	**13**	**-**	**-**
Total housing	**415.143**	**1.853**	**-**	**8.199**	**125**	**2.149**
• Countercyclical individual provision	-	-	-	13.961	123	-
• Other	-	3.621	-	-	-	-
Total financial leasing (includes housing)	**$ 1.550.272**	**$ 12.080**	**$ 1.391**	**$ 44.964**	**$ 804**	**$ 123.639**

Financial de leasing operations - 2012 (includes Housing Leasing)

Portfolio	Principal	Interest	Other	Principal provision	Interest provision	Others provision
Commercial:						
With suitable collateral:						
• Category "A"	$ 880.322	$ 5.796	$ 472	$ 9.911	$ 88	$ 6.386
• Category "B"	45.158	571	93	1.671	32	200
• Category "C"	5.823	341	69	2.668	98	190
• Category "D"	1.517	51	21	701	45	-
• Category "E"	3.911	156	184	2.405	154	88
Total commercial	**936.731**	**6.915**	**839**	**17.356**	**417**	**6.864**
Consumer:						
With suitable collateral:						
• Category "A"	1.900	13	-	34	-	-
• Category "B"	-	-	-	-	-	-
• Category "C"	-	-	-	-	-	-
• Category "D"	-	-	-	-	-	-
• Category "E"	-	-	-	-	-	-
Total consumer	**1.900**	**13**	**-**	**34**	**-**	**-**
Housing:						
With suitable collateral						
• Category "A"	187.848	1.127	-	1.284	-	1.766
• Category "B"	10.187	103	-	248	-	-
• Category "C"	849	4	-	83	-	-
• Category "D"	96	1	-	33	-	-
• Category "E"	166	2	-	58	-	-
Subtotal	**199.146**	**1.237**	**-**	**1.706**	**-**	**1.766**
With other collateral						
• Category "A"	407	-	-	-	-	-
• Category "B"	-	-	-	-	-	-
• Category "C"	-	-	-	-	-	-
• Category "D"	-	-	-	-	-	-
• Category "E"	-	-	-	-	-	-
Subtotal	**407**	**-**	**-**	**-**	**-**	**-**
Total housing	**199.553**	**1.237**	**-**	**1.706**	**-**	**1.766**
• Countercyclical individual provision	-	-	-	9.754	3	-
• Other	-	2.936	-	-	-	-
Total financial leasing (includes housing)	**$ 1.138.184**	**$ 11.101**	**$ 839**	**$ 28.850**	**$ 420**	**$ 8.630**

The movement of the financial leasing provisions account during the year ended as of December 31 was as follows:

Year 2013

Description	Commercial	Consumer	Housing	Total
Balance at the beginning of year	$ 25.594	$ 22	$ 2.534	$ 28.850
Provision charged to expenses in the year	21.840	159	7.880	29.879
Less – Provisions recovery (See Note 32)	(10.636)	(32)	(1.615)	(12.283)
Write-offs	(4.551)	-	-	(4.551)
Cancellations	(58)	-	-	(58)
Other movements	94	(734)	3.767	3.127
Balance at year end	**$ 32.283**	**$ 115**	**$ 12.566**	**$ 44.964**

Year 2012

Description	Commercial	Consumer	Housing	Total
Balance at the beginning of year	$ 18.201	$ 365	$ 821	$ 19.387
Provision charged to expenses in the year	17.796	56	1.535	19.387
Less – Provisions recovery (See Note 32)	(8.946)	(7)	(252)	(9.205)
Write-offs	(1.594)	-	-	(1.594)
Other movements	137	308	430	875
Balance at year end	**$ 25.594**	**$ 722**	**$ 2.534**	**$ 28.850**

Our baseline scenario considers a recovery from the US and Euro Zone, in addition to favorable terms of trade given high commodity prices as long as Emerging Asia keeps growing fast. On the other hand, exports to other countries in Latin America may rise as a consequence of stronger economic ties, for instance in the case of the Pacific Alliance members.

The classification of financial leasing and provisions per geographic area as of December 31 was as follows:

Year 2013

Zone	Principal	Interest	Other	Principal provision	Interest provision
Barranquilla	$ 172.173	$ 2.832	$ 208	$ 6.241	$ 100
Bogotá	639.333	3.741	375	18.416	331
Cali	226.945	1.841	196	5.255	71
Cundiboyacá	30.642	208	28	1.237	19
Coffee-growing areas	61.821	406	65	1.701	17
Huila	32.869	130	17	727	13
East Plains	49.258	642	175	2.036	77
Medellín	156.225	993	163	4.094	73
Santander	147.600	1.078	133	4.150	87
Tolima	33.406	209	31	1.107	16
Total	**$ 1.550.272**	**$ 12.080**	**$ 1.391**	**$ 44.964**	**$ 804**

Year 2012

Zone	Principal	Interest	Other	Principal provision	Interest provision
Barranquilla	$ 112.936	$ 2.384	$ 75	$ 3.565	$ 78
Bogotá	419.887	3.403	248	7.450	16
Cali	245.691	2.256	177	7.440	95
Cundiboyacá	23.823	161	23	667	11
Coffee-growing areas	49.010	360	19	1.562	31
Huila	26.898	179	7	550	13
East Plains	36.368	495	109	1.222	34
Medellín	108.562	885	115	2.877	72
Santander	95.566	785	52	2.873	61
Tolima	19.643	193	14	644	9
Total	**$ 1.138.184**	**$ 11.101**	**$ 839**	**$ 28.850**	**$ 420**

Economic policy should aim to accelerate productivity growth. “This topic must be the priority for public policy and has to be part of the new generation of structural reforms”.

As of December 31, the Bank's financial leasing was distributed in debtors devoted to the following economic activities:

Activity	2013	2012
Association – education – health activities	$ 161.407	$ 112.478
Amusement activities –cultural activities	22.152	19.986
Real estate – companies – rental activities	130.172	88.643
Exploitation public administration and defense	1.098	557
Capture – depuration – distribution of water	142.826	116.925
Wholesale trade – commission – contracting	164.036	109.667
Retail trade – non-specialized establishments	105.948	119.074
Construction – reconditioning – finishing	6.302	4.901
Mail and telecommunications	52.661	30.665
Elaboration of food and beverage products	8.590	5.232
Exploitation non-metallic minerals	6.343	14.477
Extraction oil and gas – natural gas	2.894	1.375
Extraction of coal	2.312	1.565
Extraction of metallic minerals	28.232	35.357
Fabrication non-metallic minerals	1.700	4.528
Factory of paper – cardboard and their products	26.324	31.398
Fabrication– refinement – petroleum–chemical products	2.630	3.622
Fabrication other manufacturing industries	13.233	11.217
Fabrication metallic products – machinery	21.568	16.741
Fabrication of textile products	14.258	6.878
Financing of insurance plans	3.134	3.362
Generation– fabrication electricity – gas – water	3.436	2.085
Hotels and restaurants	20.026	14.944
Industry – fabrication – metals	5.812	1.737
Financial intermediation	31.957	32.992
Wage earners	287.230	138.636
Capital rentiers	9.723	7.212
Printing activities	4.711	79
Organizations and extraterritorial bodies	364	186
Other community service activities	56.258	37.332
Fishing production fish farm	1.539	1.127
Agricultural and animal husbandry production	96.023	62.186
Sanitation and similar services	4.649	4.100
Forestry, wood extraction and services	721	315
Transformation– factory– basketwork	990	1.092
Transportation	109.013	95.523
Total	**$ 1.550.272**	**$ 1.138.184**

The Bank's financial leasing as of December 31was distributed in debtors devoted to the following economic activities:

The following was a summary of the values of restructured loans ad in charge of the companies with which informal agreements were reached and of which were requesting meetings of creditors; 34 operations as of December 31, 2013, for 2012 no restructured credits in leasing portfolio, by portfolio type:

Year 2013

Restructured	Principal	Interest	Other	Principal provision	Interest provision	Others provision	Collateral
Commercial:							
• Category "A"	$ 137	$ -	$ 2	$ 5	$ -	$ -	$ -
• Category "B"	4.992	63	15	350	6	2	200
• Category "C"	1.236	3	29	132	-	5	170
• Category "D"	89	1	8	42	-	8	-
• Category "E"	3.321	2	46	1.670	2	46	-
Total commercial	**9.775**	**69**	**100**	**2.199**	**8**	**61**	**370**
Total restructured portfolio	**$ 9.775**	**$ 69**	**$ 100**	**$ 2.199**	**$ 8**	**$ 61**	**$ 370**

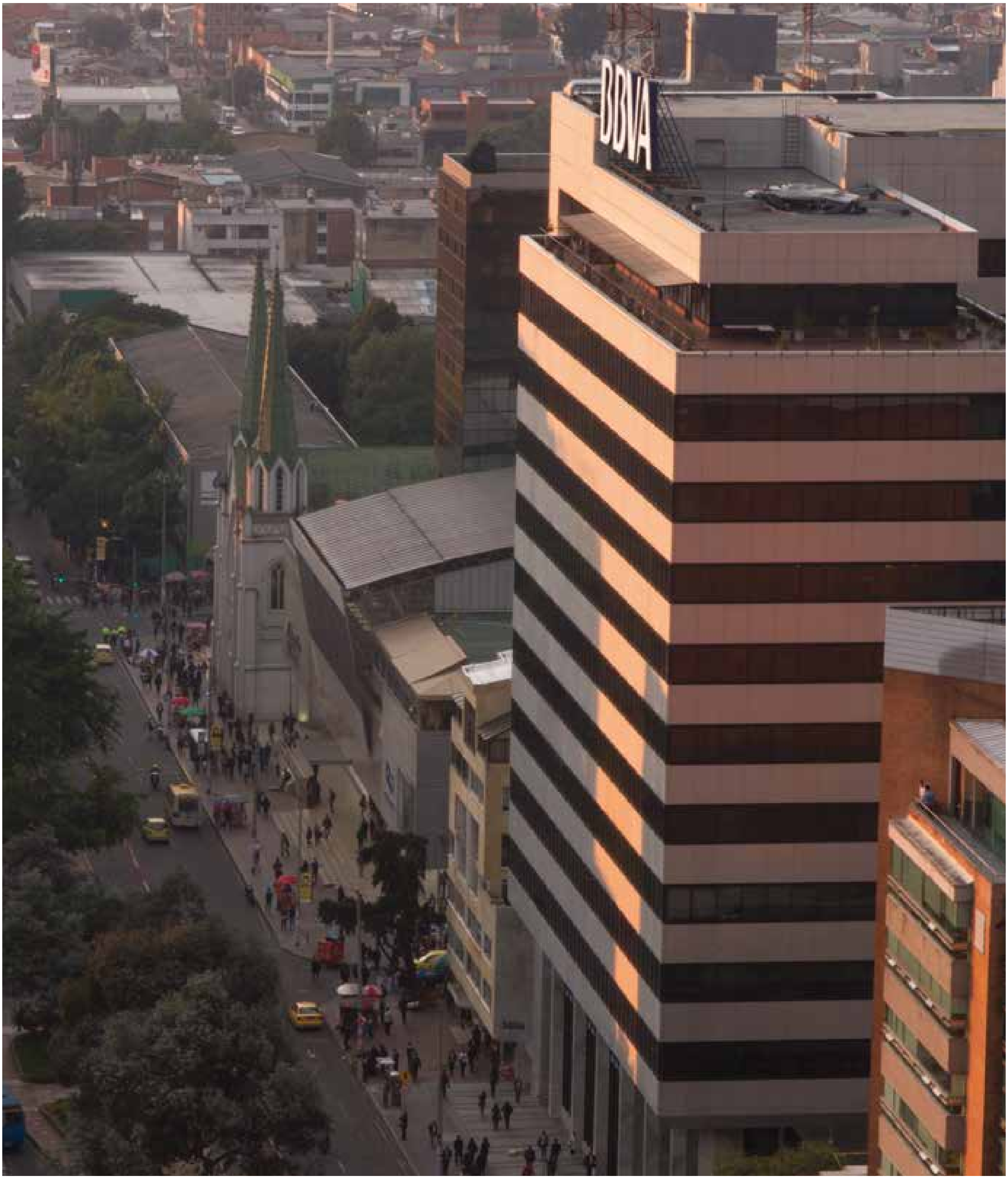
Year 2012

Reestructurados	Capital	Intereses y cuentas cobrar	Provisión	Garantía
Per restructuring type:				
• Other restructuring	$ 9.775	$ 169	$ 2.268	$ 370
Total	**$ 9.775**	**$ 169**	**$ 2.268**	**$ 370**

A summary by economic sector of the amounts of restructured loans and in charge of companies with which informal agreements were reached and of which were requesting meetings of creditors; 34 operations as of December 31, 2013:

Year 2013	Principal	Interest and accounts receivable	Provision
Per economic sector:			
• Association – education – health activities	$ 1.180	$ 21	$ 127
• Amusement activities– cultural activity	2.539	25	187
• Wholesale trade – commission – contracting	2.873	38	1.472
• Retail trade establishments	955	16	166
• Construction – reconditioning – finishing	546	10	54
• Coal extraction	56	-	25
• Metallic minerals extraction	868	9	70
• Oil and gas extraction – natural gas	152	16	11
• Electricity – gas – water generation/fabrication	46	1	9
• Financial intermediation	137	2	5
• Wage earners	77	1	60
• Agricultural and animal husbandry products	52	8	33
• Transportation	294	22	49
Total	**$ 9.775**	**$ 169**	**$ 2.268**
By geographic zone:			
• Barranquilla	$ 3.540	$ 67	$ 1.553
• Bogotá	3.884	34	306
• Cali	169	1	96
• Coffee-growing areas	107	1	16
• East plains	191	11	85
• Medellín	1.046	29	77
• Santander	838	26	135
Total	**$ 9.775**	**$ 169**	**$ 2.268**

The excellent business performance in South America allowed, once again, a double-digit revenue growth.


BBVA

11. Securitizations and repurchase of securitized portfolio

During the period January to December 2013, 100% of these transactions were conducted by the Bank:

Securitization 2013 - During the period January to December 2013, the following portfolio transactions were carried out:

Spain is the country where BBVA's Head Quarters and the Parent Company are located. BBVA is a Universal Bank.

Cancellation E4: Dated February fourteen (14) of 2013 it appeared the advanced liquidation causal of the TIPS Universality foreseen in the issuance bylaws, considering that on that date the result of adding the total principal amount of the Non-VIS credits plus the principal balance of all VIS credits was lower than or equal to 3% of the addition of the total principal amount of Non-VIS plus VIS credits, on the issuance date.

In compliance with the provisions of this bylaws, the advanced liquidation causal of the issuance of TIPS was formalized on February 14, 2013, through a communication remitted both to Helm Fiduciaria S.A. in its capacity as Legal Representative of the holders of the TIPS issue as well as to the International Finance Corporation (IFC) in its capacity as supplier of the partial IFC hedging mechanism applicable to the Non-VIS E-4 securities issued as from the Non-VIS E-4 Universality, reporting the occurrence of the advanced liquidation causal.

As of the date of formalization of the liquidation causal of the TIPS Issue, the underlying assets of the universalities consisted of Non-VIS mortgage credits and VIS mortgage credits loans for a book value of $15,148.53 million and goods received in payment (foreclosed assets) for a book value of $14 million originated by the bank BBVA Colombia.

Fogafin was not notified taking into account the Nation – Fogafin Collateral Contract applicable to the VIS E-4 Class A Securities issued as from the VIS E-4 Universality derived from the total payment of the Class A TIPS on February 14, 2013.

TSecuritization of productive portfolio: During 2013, the bank BBVA Colombia S.A. did not participate in securitization processes; below there is a list of the active securitization processes or previous periods:

Issue	Securitized Portfolio Principal	TIP Securities
TIPS N6	$ 113.738	$ 33.811
TIPS E-5 VIS	2.185	4.524
TIPS E-5 NO VIS	455	-
TIPS E-9	17.595	15.043
TIPS E-10	10.894	6.785
TIPS E-11	6.884	3.743
TIPS E-12	7.967	7.905
Total	**$ 159.718**	**$ 71.811**

Portfolio repurchases: Repurchases of 1216 credits were made from Titularizadora Colombiana S.A. of the Issues TIPS E4 - VIS, TIPS E4 – NON-VIS, TIPS E5 – VIS, TIPS E5 – NON-VIS, TIPS E9 PESOS, TIPS E10 PESOS, TIPS E11 PESOS, E12 PESOS and N6 PESOS, for an amount of $70,168 million, which included 283 credits for Advanced Liquidation Issue E4 amounting to $3,298 million as follows:

Concepto	Ene.	Feb.	Mar.	Abr.	May.	Jun.	Jul.	Agos.	Sept.	Oct.	Nov.	Dic.	Total
Number of credits	14	301	18	255	201	55	45	59	77	82	38	71	1.216
Active Principal Value	1.328	4.860	1.234	16.713	13.028	3.733	4.212	5.056	6.896	5.799	2.233	3.964	69.056
Reacquisition Value	1.336	5.496	1.244	16.871	13.130	3.762	4.243	5.089	6.935	5.827	2.249	3.986	70.168

Productive portfolio securitization history - In November 2004, the former Banco Commercial Granahorrar S.A. together with Banco AV Villas S.A., Banco Colpatria S.A. and Banco Colmena S.A., participated in the fifth issue of mortgage securities TIPS E5 for a total value of $370,477, in which the underlying asset was mortgage portfolio rated "A". The mortgage portfolio of Banco Commercial Granahorrar S.A. incorporated in this negotiation was 6,791 credits with a total net debt of deferred income of $102,216. In this time, Class A and B TIPS were issued with maturities in 2009 and 2014, respectively; and Class MZ and C TIPS with maturities in 2019. The ratings were AAA, AA+, A and CCC, respectively. As a novelty, securities denominated MZ or mezzanine appeared in this issue, and they took the interest-rate spread that is generated between the weighted average rates of the securitized portfolio and the weighted average rate at which securities were placed.

Securitization 2008 - In December 2008, it was conducted the issue of mortgage-portfolio representative TIPS originated by BBVA Colombia S.A., Bancolombia S.A., BCSC S.A. and Davivienda S.A., for a total amount of $401,000, where BBVA participated with $140,000.

On December 17, 2008 it was offered to the market the first lot corresponding to 30% of the issue (Series A 2008) with a 1.7 times demand at a 10.90% rate, the same as the closing rate of the TES 2020. The amount placed was $119,587 with total demand of $208,000, where BBVA Colombia sold $41,938.

On December 18, 2008 the second lot was assigned to the originating banks (70% of the issue) and to BBVA Colombia corresponded $98,554, including the MZ security that corresponds to the present value of the excess cash flow and that was recorded as revenue for the Bank. Additionally, this operation generated a $2,868 provisions reimbursement.

The Class A, B, and MZ TPS issued had ratings of AAA, AA-, and BBB, respectively, and their maturity is between 2010 and 2023.

Securitization 2009 - - In March 2009, it was made the issue of mortgage-portfolio representative TIPS, originated by BBVA Colombia S.A., Bancolombia S.A., BCSC S.A. and Davivienda S.A., for a total amount of $498,593, where BBVA participated with $74,233.

On March 12, 2009 the market was offered the first lot corresponding to 39% of the issue (Series A 2019) with a 1.8 times demand at a 9.00% rate equal to the closing rate of the TES 2020. The value placed was $194,695 with total demand of $345,995, where BBVA Colombia sold $22,114.

On the same date, the second lot was assigned to the originating banks (61% of the issue) and $53,074 corresponded to BBVA Colombia, including the MZ security that corresponds to the present value of the excess cash flow and that is recorded as revenue for the Bank. In addition, this transaction generated provisions reimbursement of $1,483.

The Class A, B and MZ TIPS issued have ratings of AAA, AA-, and BBB, respectively, and their maturity is between 2019 and 2024.

In May 2009, it was made the issue of E-11 TIPS representative of mortgage portfolio, originated by BBVA Colombia S.A., Bancolombia S.A. and

Davivienda S.A., and for a total amount of $431,857, where BBVA participated with $48,650.

On May 13, 2009 it was offered to the market the first lot corresponding to 30% of the issue (Series A 2019) with a 2.1 times demand at a 7.70% rate, equal to the closing rate of the TES 2020. The value placed was $129,557 with total demand of $271,678, where BBVA Colombia sold $14,595.

The remaining 70% of this TIPS E-11 issue was entirely purchased by the originators of the portfolio for an amount of $313,096, where BBVA Colombia purchased $35,272, including the MZ security, which represents profit for the Bank. Additionally, this transaction generated a $977 provisions reimbursement.

The class A, B, and MZ E-11 TIPS issued have ratings of AAA, A, and BBB, respectively, and their maturity is between 2019 and 2024.

In August 2009, it was made the issue of E – 12 TIPS representative of mortgage portfolio, originated by BBVA Colombia S.A., Bancolombia S.A. and Davivienda S.A., for a total amount of $376,820, where BBVA participated with $78,745.

On August 26, 2009 it was offered to the market the first lot corresponding to 34% of the issue (Series A 2019) with a 1.7 times demand at a 7.69% rate. The amount placed was $132,752 with total demand of $222,900, where BBVA Colombia sold $23,623, corresponding to 30% of their portfolio securitized in this issue.

The remaining 66% of this issue of E - 12 TIPS was entirely purchased by the portfolio originators for an amount of $253,488, where BBVA Colombia purchased $57,090, including the MZ security, which represents profit for the Bank. Additionally, this operation generated $1,607 of provisions reimbursement.

The class A, B. and MZ E - 12 TIPS issued have ratings of AAA, AA, and BBB-, respectively, and their maturity is between 2019 and 2024.

In summary, the following are securitizations in force as of December 31, 2013:

No.	Date	Securitization Portfolio	Issue Number	TIPs	%
1	11/12/2008	$ 139.793	E9	$ 97.855	70
2	04/03/2009	73.713	E10	51.599	70
3	14/05/2009	48.650	E11	34.055	70
4	20/08/2009	78.745	E11	55.121	70
	Total	**$ 340.901**		**$ 238.630**	

The balances as of December 31, 2012 of the securitized portfolio and of TIPS securities purchased described above are as follows:

Issue	Securitized Portfolio Principal	TIPs Securities
TIPS E-9	$ 43.526	$ 41.684
TIPS E-10	21.158	24.086
TIPS E-11	15.065	15.443
TIPS E-12	19.941	25.244
Total	**$ 99.690**	**$ 106.457**

Securitization 2010- In 2010, the portfolio repurchase operations from Titularizadora Colombiana S.A. were the Issues TIPS E3-VIS, TIPS E3 – NON-VIS, TIPS E4 - VIS, TIPS E4 – NON-VIS, TIPS E5 – VIS, TIPS E5 – NON-VIS, TIPS E9 PESOS, TIPS E10 PESOS, TIPS E11 PESOS and E12 PESOS, corresponding to Assignment Law 546 amounting to $33,025 million pesos, as follows::

Concept	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Number of credits	1	3	5	11	4	3	3	8	5	89	127	268	527
Active principal value	$ 115	501	522	244	211	73	160	384	433	6.776	10.285	13.080	$ 32.784
Reacquisition value	$ 115	502	524	273	213	73	162	389	434	6.822	10.359	13.159	$ 33.025

Securitization 2011 - During 2011, BBVA Colombia S.A. did not participate in securitization processes.

During the period January to December 2011, the following portfolio transactions were carried out:

Portfolio purchase from Titularizadora Colombiana S.A. – Repurchases of 1,157 credits were made from Titularizadora Colombiana S.A. of the Issues TIPS E3-VIS, TIPS E3 - NON-VIS, TIPS E4 - VIS, TIPS E4 - NON-VIS, TIPS E5 – VIS, TIPS E5 – NON-VIS, TIPS E9 PESOS, TIPS E10 PESOS, TIPS E11 PESOS and E12 PESOS, corresponding to Assignment Law 546 amounting to $47,450 million pesos, as follows:

Concept	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Number of credits	127	137	63	66	133	200	181	41	47	52	75	35	1,157
Active principal value	$ 7.417	6.862	1.187	2.224	4.843	9.216	6.671	1.013	661	667	3.539	2.293	$ 46.593
Reacquisition value	$ 7.469	6.912	1.349	2.272	4.894	9.349	6.749	1.070	667	673	3.646	2.400	$ 47.450

This year, we have extended our network all over the Country, opening 47 new branches, 127 new ATMs and more than 1.200 Banking Agents.

TSecuritization 2012: In August 2012, it was made the issue TIPS N6 Pesos Non-VIS representative of mortgage portfolio, originated by BBVA Colombia S.A. for a total amount of $213,130 represented in 2,847 credits and Davivienda S.A. amounting to $155,867, represented in 1,661 credits.

On August 23, it was made the issue TIPS N6 Pesos Non-VIS, for a total amount of $381,882 distributed in the following classes and amounts:

Series A2022 amount $322,872, series B2027 amount $46,125, series MZ amount $11,040 and Series C, amount $1,845.

The first lot: Total TIPS purchased by the market (87.5%) corresponded to Series A2022 for an amount of $322,872; out of this first lot, the TIPS sold as per percentage of participation of BBVA portfolio were Series A2022, amount $186,489.

The second lot: TIPS purchased by the originators (12.5%) of their portfolio + excess NVP cash flow (MZ-C) distributed as follows: B2027 amount $46,125, MZ 2027 amount $11,040 and C2027 amount $1,845.

Out of this second lot: TIPS purchased by BBVA according to the percentage of participation of their portfolio (12.5%) + excess NPV cash flow distributed as follows: TIPS B2027 Amount $26,641; Tips MZ 2027 amount $6,104; and C2027 amount $1,066, for a total of $33,811.

Class B, MZ and C TIPS issued have ratings of A+, BBB- and BB+, respectively.

Portfolio repurchases: The repurchase of 508 credits was made from Titularizadora Colombiana S.A. of Issues TIPS E3-VIS, TIPS E3 - NON-VIS, TIPS E4 - VIS, TIPS E4 - NON-VIS, TIPS E5 – VIS, TIPS E5 – NON-VIS, TIPS E9 PESOS, TIPS E10 PESOS, TIPS E11 PESOS, E12 PESOS and N6 PESOS, for a value of $15,520 million, which include 313 credits for Advanced Liquidation Issue E3 amounting to $3,705 million, as follows::

Concept	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Number of credits	34	9	11	15	15	8	322	11	22	18	22	21	508
Active principal value	$ 1.851	472	438	760	782	609	2.982	494	1.445	1.433	1.321	1.685	$ 14.272
Reacquisition value	$ 1.876	476	439	924	790	613	3.986	499	1.454	1.439	1.332	1.692	$ 15.520

The participation of the bank in the balance of securitizations and securitized portfolio repurchase as of December 31, 2013 and 2012 was 100%.


BBVA
Accion
APERT
CEMARGOS
8.55
CORFICOLCF
34.80
ECOPETROL
3.56
25.74
7.75
NUTRESA
23.50
PFBCOLOM
22.22
PFGRUPSURA
30.62

12. Acceptances, cash transactions and with derivative financial instruments

As of December 31, the balance of this account was broken down as follows:

Forward Contracts	Maturity in Days		Importes	
	2013	2012	2013	2012
Purchase on foreign currency:	2-120	2 -350		
• Rights			$ 972.463	$ 310.788
• Obligations			(960.097)	(307.363)
Sale on foreign currency:	2-699	2 -1064		
• Rights			3.656.683	4.319.285
• Obligations			(3.626.236)	(4.199.709)
Sale on securities:	2-14	2 -277		
• Rights			272.219	11.823
• Obligations			(271.705)	(11.802)
Total forward contracts			**$ 43.327**	**$ 123.022**

Cash transactions	Importes	
	2013	2012
Purchase on foreign currencies:		
• Rights	$ 47.917	$ 34.653
• Obligations	(47.873)	(34.678)
Sale on foreign currencies:		
• Rights	6.312	3.651
• Obligations	(6.310)	(3.632)
Purchase on Securities:		
• Rights	9.387	-
• Obligations	(9.406)	-
Sale on Securities:		
• Rights	3.013	-
• Obligations	(3.011)	-
Total cash transactions	**$ 29**	**$ (6)**

Banker's Acceptances	Importes	
	2013	2012
In term	$ 5.138	$ 3.413
Total banker's acceptances	**$ 51.1238**	**$ 3.413**

Options	Importes	
	2013	2012
Options on foreign currencies purchased - put:		
• Rights	$ 531.080	$ 370.080
• Fair exchange price	7.647	15.754
Options on foreign currencies purchased - call:		
• Rights	476.812	429.270
• Fair exchange price	8.395	912
Total fair exchange price	**$ 16.042**	**$ 16.666**

Swaps	Importes	
	2013	2012
On interest rates:		
• Rights	$ 664.862	$ 149.188
• Obligations	(642.072)	(142.133)
On foreign currencies:		
• Rights	908.567	458.663
• Obligations	(866.813)	(444.918)
Total swaps	**$ 64.544**	**$ 20.800**

For BBVA, adelante (going forward) means innovation, offering new products and services that help reaching your goals and having a better life. Adelante is the present and the future of people.

Futures	Importes	
	2013	2012
Purchase on foreign currencies:		
• Rights	$ 929.388	$ 479.984
• Obligations	(929.388)	(479.984)
Sale on foreign currencies:		
• Rights	342.397	446.386
• Obligations	(342.397)	(446.386)
Purchase on securities:		
• Rights	10.288	-
• Obligations	(10.288)	-
Sale on securities:		
• Rights	25.701	-
• Obligations	(25.701)	-
Total futures	**$ -**	**$ -**
Total cash transactions, acceptances and derivatives	**$ 129.079**	**$ 163.895**

The entire cash transactions, acceptances and derivatives with financial instruments for 2013 and 2012 were conducted by the Bank - 100%..

The Bank has conducted forward operations on foreign currencies and on securities. Future contracts on national bonds, at the Market Representative Exchange Rate (TRM, for its Spanish initials) and standardized forwards, option on foreign currencies, swap on foreign currencies and swap on interest rates, which are valued according to the provisions of Chapter XVIII of the la CBCF in force and effect.

With respect to the transactions with derivatives, they are mainly covered with crossed forwards.

As a general policy for derivative transactions, the Bank is ruled by the norms issued by the Superintendence and it takes into account the restrictions and limits of its own position, the own cash position, the leveraging position, and the interest rates established by the BBVA Group.

As of December 31, 2013 and 2012, transactions with derivatives show no charges, restrictions or encumbrances

The BBVA team has outstanding professionals who are committed to support our customers guiding them through our portfolio of products and services so they can reach their goals. That is our corporate culture.

of a legal or financial nature, or pledges, embargoes, litigation or any other limitation to the exercise of rights inherent to these transactions.

As of December 31, 2013, the breakdown of transactions with derivative financial instruments was as follows:

			Maturity Days		Cifras en miilones de pesos		
Class of Instrument	Type of Operation	Currency	Min	Max	Value of Right	Value of Obligation	Net Result
• Forward Securities	Sale	COP	2	14	284.619	284.123	$ 496
		Total forward security			**284.619**	**284.123**	**496**
• Futures	Purchase	USD	-	-	939.676	(939.676)	-
	Sale	USD	-	-	420.286	(420.286)	-
		Total futures			**1.359.962**	**(1.359.962)**	**-**
• Financial Options	Call Purchase	USD/COP	2	360	8.395	-	8.395
	Call Sale	USD/COP	2	360	-	(8.395)	(8.395
	Put Purchase	USD/COP	2	360	7.647		7.647
	Put Sale	USD/COP	2	360	-	(7.647)	(7.647)
		Total financial options			**16.042**	**(16.042)**	**-**
• Cash foreign currencies	Purchase	EUR/COP	2	2	51	(50)	
	Purchase	USD/COP	2	2	47.867	(47.823)	44
	Sale	USD/COP	2	2	6.311	(6.310)	2
		Total cash foreign currencies			**54.229**	**(54.183)**	**46**
• Currencies Swap terest rate Swap	CCS	USD	79	4378	1.726.734	(1.733.000)	(6.266)
	IRS	USD	254	2555	197.975	(197.895)	80
	IRS	COP	2	3633	841.327	(844.991)	(3.664)
		Total swap			**2.766.036**	**(2.775.886)**	**(9.850)**
• Foreign currencies Forward	Purchase	USD/COP	2	699	3.721.711	(3.733.600)	(11.889)
	Sale	USD/COP	2	699	5.122.084	(5.110.311)	11.773
	Purchase	EUR/COP	2	120	6.364	(6.299)	65
	Sale	USD/EUR	2	246	8.837	(8.955)	(117)
	Sale	USD/CAD					
	Sale	USD/MXM	8	22	72.839	(73.610)	(771)
	Sale	USD/BRL					
	Sale	COP/EUR	7	715	21.779	(22.401)	(622)
	Purchase	EUR/USD	2	715	24.000	(23.305)	695
	Purchase	CAD/USD					
	Purchase	MXM/USD	8	22	73.626	(72.839)	787
		Total Foreign Currencies Forward			**9.051.240**	**(9.051.320)**	**(79)**
				Total	**$ 13.532.128**	**$ (12.973.270)**	**$ (9.383)**

As of December 31, 2012, the breakdown of the transactions with derivative financial instruments was as follows:

			Maturity Days		Cifras en miilones de pesos		
Class of Instrument	Type of Operation	Currency	Min	Max	Value of Right	Value of Obligation	Net Result
• Forward Securities	Sale	COP	2	277	$ 170.834	$ (177.137)	$ (6.303)
		Total forward securities			**170.834**	**(177.137)**	**(6.303)**
• Futures	Purchase	USD	0	0	497.687	(497.687)	-
	Sale	USD	0	0	464.088	(464.088)	-
		Total futures			**961.775**	**(961.775)**	**-**
• Financial Options	Call Purchase	USD/COP	4	361	912	-	912
	Call Sale	USD/COP	4	361	-	(912)	(912)
	Put Purchase	USD/COP	4	361	15.754	-	15.754
	Put Sale	USD/COP	4	361	-	(15.754)	(15.754)
		Total financial options			**16.666**	**(16.666)**	**-**
• Cash foreign currency	Purchase	EUR/COP	2	2	118	(113)	5
	Purchase	USD/COP	2	2	34.535	(34.565)	(30)
	Sale	USD/COP	2	2	3.651	(3.632)	19
		Total financial options			**38.304**	**(38.310)**	**(6)**
• Currencies Swap Interest rate Swap	CCS	USD	86	3560	1.278.231	(1.306.413)	(28.182)
	IRS	USD	619	2278	1.796	(2.050)	(254)
	IRS	COP	2	2901	185.748	(185.266)	482
		Total swap			**1.465.775**	**(1.493.729)**	**(27.954)**
• Foreign currency Forward	Purchase	USD/COP	2	1064	3.459.947	(3.561.522)	(101.575)
	Sale	USD/COP	2	1064	4.390.305	(4.270.889)	119.416
	Purchase	EUR/COP	57	350	6.030	(5.909)	121
	Sale	USD/EUR	2	324	84.519	(86.552)	(2.033)
	Sale	USD/CAD	28	28	2.858	(2.876)	(18)
	Sale	USD/MXM	29	29	44.152	(44.461)	(309)
	Sale	USD/BRL	9	50	28.056	(28.819)	(763)
	Sale	COP/EUR	10	288	6.181	(6.190)	(9)
	Purchase	EUR/USD	2	324	81.006	(78.906)	2.100
	Purchase	CAD/USD	28	28	2.876	(2.857)	19
	Purchase	MXM/USD	29	29	44.461	(44.152)	309
	Purchase	BRL/USD	9	50	28.819	(28.056)	763
		Total foreign currency forward			**8.179.210**	**(8.161.189)**	**(18.021)**
				Total	**$ 10.832.564**	**$ (10.848.804)**	**$ (16.240)**

13. Accounts receivable, net

As of December 31, the balance of this account was broken down as follows:

Concept	2013	2012
Credits portfolio interest	$ 212.041	$ 211.183
Leasing transactions financial component	12.080	11.101
Yields of investments, commissions and rentals	2.697	3.485
Rates of rental goods given under leasing	121	33
Payment on behalf of clients	7.973	7.191
Promising sellers	1.716	266
Advances of contracts and to suppliers (1)	299.187	277.453
Claims to insurance companies (2)	2	4.330
National Treasury Direction	17.824	17.684
Accounts receivable from FOGAFIN	18.046	13.739
Use of affiliate networks	78	450
Accrual of insurance Titularizadora Colombiana S.A.	155	205
Other (3)	8.566	23.537
Subtotal	**580.464**	**570.657**
Less protection provision	(33.049)	(33.134)
Total accounts receivable, net	**$ 547.415**	**$ 537.523**

(1) The increase in 2013 is basically generated in disbursements under the "advanced payment for leasing transactions" modality, where the main clients are Petroelectrifica de los Llanos SA amounting to $75,652, Biomax S.A. amounting to $39,793; Trust Found, amounting to $14,526; OBS Assens SAS amounting to $12,547; and Concretos y Asfalto S.A., $10,000.

(2) The decrease is due to the payment of indemnities by the insurance companies for illicit actions during 2013, with respect to illicit actions reported in the Unicentro de Occidente office amounting to $1,368; institutional Barranquilla amounting to $1,922, and Institutional Cartagena amounting to $1,038.

(3) Cancellation of market transactions with Banco de Bogotá for $10,048 and Corpbanca for $5,024.

The share in the accounts receivable balance as of December 31, 2013 was: the Bank, 99.66%; the Trust Company, 0.22%; and the Broker, 0.12%. As of December 31, 2012 it was: the Bank, 99.45%; the Trust Company, 0.41%; and the Broker, 0.14%.

The movement of the accounts receivable protection provision account in the years ended as of December 31, was as follows:

Concept	2013	2012
Balance at the beginning of year	$ 33.134	$ 33.700
Provision charged to expenses for the year	34.028	27.139
Plus or less – Transfer other items	1.072	(1.904)
Less – Provision recovery	(23.577)	(14.738)
Less – Write-offs and utilizations	(11.608)	(11.063)
Balance at year end	**$ 33.049**	**$ 33.134**

14 . Reusable goods received as payment and restituted goods, net

As of December 31, the balance of this account was broken down as follows:

Concept	2013	2012
Goods not used in the corporate purpose:		
• Lands	$ 201	$ 58
• Offices, garages and locales (1)	2.028	494
Less – Depreciation	(1.949)	(338)
Subtotal goods not used in the corporate purpose	**280**	**214**
Realizable goods:		
• Other merchandises	-	4
Subtotal realizable goods	**-**	**4**
Goods received as payment (foreclosed assets):		
• Immovable goods	6.122	7.900
Subtotal goods received as payment (foreclosed assets)	**6.122**	**7.900**
Goods restituted leasing contracts:		
• Immovable goods (2)	6.340	122
• Vehicles	381	272
• Movable goods	-	430
Subtotal restituted goods	**6.721**	**824**
Subtotal realizable, received as payment and restituted	**13.123**	**8.942**
Less provision for the protection of:		
• Realizable goods	-	4
• Restituted goods	2.063	320
• Goods received as payment of obligations	2.684	3.017
Subtotal provisions	**4.747**	**3.341**
Total goods not used in the corporate purpose, received as payment and restituted goods, net	**$ 8.376**	**$ 5.601**

As of December 31, 2013 and 2012, the Bank's share in the net balance of the "realizable goods, received as payment and restituted goods" account was 100%.

The Trust Company and the Broker recorded no goods received in dation of payment.

The Bank's Management is currently undertaking the necessary actions for the

In BBVA you will find the adequate tools for your savings and loans requirements in addition to customer centre advisory to help you achieving your goals. Innovation, which is our main advantage, combined with the latest technologies for providing banking services, updating and enhancing our portfolio of products and services in order to become ourselves in the "Bank of the future".

realization of these goods within the terms established by the Superintendence.

The movement of the provision for protection of realizable and received as payment goods during the years ended as of December 31 was as follows:

Concept	2013	2012
Balance at the beginning of year	$ 3.341	$ 4.049
Provision charged to expenses in the year	3.201	2.773
Transfers	124	-
Less – write-offs or utilizations	210	35
Less – Retirement for sales and recoveries	1.710	3.446
Balance at year end	**$ 4.746**	**$ 3.341**

With respect to the methodology implemented to evaluate the provision level, the Bank applied External Circular Letter 034 of 2003 issued by the Superintendence that determined the deadline of December 31, 2005 for financial entities to keep, at least, provisions equivalent to 80% of the adjusted cost of the immovable goods received before October 1, 2001.

The Bank calculates and records the provisions within the framework of the provisions of those rules established in numeral 1.3.1.2 of Chapter III of the CBCF, as follows:

- Through monthly proportional parts, it shall be created a provision equivalent to thirty percent (30%) of the value of reception of the good within the year following the date of reception thereof. Such provision percentage shall be increased until reaching sixty percent (60%) through monthly proportional parts within the second year, counted as from the date of reception of the BRDP.

- For the movable goods and stocks and shares (securities) the creation of the provisions is made according to numeral 1.3.2 of Chapter III of the CBCF. Notwithstanding, the Bank, as per principle of prudence, in some cases, makes a provision for up to 100% of the value received of the good.

For the Bank the amounts, permanence time, and provision level of the goods received in dation of payment as of December 31, 2013 and 2012 were as follows:

Type of Good	Amount		2013		2012	
	2013	2012	Permanence Time (3)	Provisión	Permanence Time (3)	Provisión
Bienes inmuebles	$ 6.122	$ 7.900		2.684	11	$ 3.017
Total	**$ 6.122**	**$ 7.900**	16	**$ 2.684**		**$ 3.017**

The commercial value of these goods is updated based upon the appraisals, the term of which is three years. However, each time a good is received it forces itself to make a valuation to record it in books; if the commercial value results being lower than the cost in books, it is made a provision for the difference.

(1) As per minute No. 1579 of April 08, 2013, the Bank's Board of Directors approved the fiscal write-off, sale, dation and/or rental of the Bank's assets and the transfer to the book account and cost center managed by Non-financial Assets (GANF) of the following Assets: Business premise 109 and garages 15, 16 and 17, located at Cra. 9 No. 12-20 in the city of Chiquinquirá; Offices 200 and 208 located at Centro Comercial Colonial Calle 19 No. 11 – 13 of the city of Tunja.

(2) Reception on a restituted-good capacity of a Warehouse located at Carretera Vieja No. 22 120 Industrial Sector of Arroyo Hondo, Municipality of Yumbo – Valle, coming from the Client INTERCOL.


BBVA
Premium

15. Property and equipment, net

As of December 31, the balance of this account was broken down as follows:

Concept	2013	2012
Lands	$ 55.494	55.637
Constructions under course (1)	16.604	6.231
Buildings	284.836	282.359
Furniture, equipment and fixtures	193.602	170.388
Computer equipment	193.464	153.326
Vehicles	3.873	4.115
Goods given under leasing (2)	17.025	3.164
Subtotal	**764.898**	**675.220**
Less – Accrued depreciation	456.027	407.397
Property and equipment provision	280	406
Subtotal	**456.307**	**407.803**
Total property and equipment, net	**$ 308.591**	**$ 267.417**

(1) The increase for 2013 corresponds to works pending to be finished, basically supported in the strategic plan that pretends the corporate expansion at country level; the main cities that receive office works are: Soacha, Avenida Tercera Norte Cali, La Dorada branch, Calle 71 Building..

The share in the property and equipment account balance as of December 31, 2013 was: the Bank, 99.99%; the Trust Company, 0.01%; and the Broker, 0.00%; and as of December 31, 2012 it was: the Bank, 99.97%; the Trust Company, 0.03%; and the Broker, 0.00%.

All the property and equipment of the Bank and its subsidiaries are duly covered against fire, weak current and other risks through insurance policies current and there is no domain restriction.

Total depreciation charged to operations for the years ended as of December 31, 2013 and 2012 was $53,321 and $45,699, respectively (see Note 33).

For purposes of establishing provisions or individual valorization on the immovable, the Bank and its Subsidiaries conduct commercial appraisals through independent firms registered at the Real Estate Organized Exchange ("Lonja de Propiedad Raíz"). The term applied to these appraisals is three (3) years, in the Bank as of the December 31, 2013 cut-off date appraisals were conducted on 100% of the immovable assets.

Appraisal Date	Amount	Percentage of Participation
2013	274	100
Total	**274**	**100**

As of December 31, 2013 and 2012, the valorization of property and equipment was $427,086 and $329,071, respectively (see Note 18).

Global diversification, in particular with our business units in Latin America, has been the key to continue growing year after year.

Vehicles and computer equipment given under operating leasing have comprehensive insurance, which is assumed by the lessee.

(2) A summary of goods given under operating leasing is as follows:

Concept	2013	2012
Vehicles	$ 3.060	$ 156
Machinery and equipment	12.973	1.205
Computer equipment	992	1.803
Subtotal - Capital	**17.025**	**3.164**
Less - Accrued depreciation	(5.141)	(1.529)
Subtotal - Capital	**11.884**	**1.635**
Provision goods given under operating leasing	(280)	(39)
Total	**$ 11.604**	**$ 1.596**

BBVA's portfolio of services is broad enough in order to satisfy our client needs regardless if they are big corporate, small or medium enterprises, big investors or public agencies.

The goods given under operating leasing as of December 31 were distributed in debtors devoted to the following economic activities:

Año 2013

Zone	Principal	Depreciation	Other	Principal provision
Bogotá	$ 8.881	$ 2.118	$ 85	$ 221
Cali	114	74	-	-
East plains	554	182	13	4
Coffee growing areas	230	13	2	5
Barranquilla	7.246	2.754	21	50
Total	**$ 17.025**	**$ 5.141**	**$ 121**	**$ 280**

Año 2012

Zone	Principal	Depreciation	Other	Principal provision
Barranquilla	$ 526	$ 444	$ 2	$ 1
Bogotá	1.928	944	17	29
Cali	114	50	-	1
East plains	555	57	13	8
Medellín	41	34	1	-
Total	**$ 3.164**	**$ 1.529**	**$ 33**	**$ 39**

The goods given under operating leasing as of December 31 were distributed in debtors devoted to the following economic activities:

Activity	2013	2012
Association – education – health activities	$ 165	$ 515
Amusement activities – Cultural activity	82	-
Real estate activities – companies - rental	217	-
Wholesale trade – commission – contracting	1.875	-
Construction – reconditioning – finishing	413	562
Exploitation public administration and defense	4.132	-
Fabrication of metallic products – machinery	-	7
Hotels and restaurants	438	550
Community service activities	4.562	-
Total	**$ 11.884**	**$ 1.634**

16. Prepaid expenses, intangible assets and deferred charges

As of December 31, the balance of this account was broken down as follows:

Concept	2013	2012
Prepaid expenses:		
• Insurance	$ 1.433	$ 1.432
• Maintenance, lease and others	3.568	2.611
Subtotal	**5.001**	**4.043**
Deferred charges:		
• Deferred income tax	4.949	4.967
• Computer programs	48.617	41.191
• Leasehold improvements	11.769	4.112
• Office remodeling	3.510	6.768
• Retirement plan bonus (1)	2.165	10.257
• CDT present	1.785	1.317
• Tax on equity	33.581	67.161
• Results first day valuation SWAP (2)	-	22.272
• Other	9.944	8.365
Subtotal	**116.320**	**166.410**
Intangible assets:		
• Mercantile credit (goodwill) (3)	192.203	312.065
Subtotal	**$ 192.203**	**$ 312.065**
Total prepaid expenses – intangible assets and deferred charges	**$ 313.524**	**$ 482.518**

BBVA Colombia is a key business unit with great impact in the Global Group results. In 2013 the bank increased its market share, in part, as a consequence of its new lending products.

The movement of prepaid expenses, deferred charges and intangibles during 2013 was as follows:

Concept	2012	Addition	Amortization or Retirement	2013
Insurance	$ 1.432	$ 91.170	$ 91.170	$ 1.433
Maintenance, lease and others	2.611	22.533	21.576	3.568
Office remodeling	6.768	3.898	7.156	3.510
Computer programs	41.191	32.493	25.067	48.617
Improvements to property taken on lease	4.112	11.317	3.660	11.769
Deferred income tax	4.949	-	-	4.949
Retirement plan bonus (1)	10.257	6.991	15.083	2.165
CDT present	1.317	3.027	2.559	1.785
Tax on equity	67.162	-	33.581	33.581
Mercantile credit (goodwill) (3)	312.065	-	119.862	192.203
Results first day valuation Swap (2)	22.272	-	22.272	-
Other	8.382	3.118	1.556	9.944
Total	**$ 482.518**	**$ 174.548**	**$ 343.542**	**$ 313.524**

(1) At the Bank, expenses for bonuses recognized to personnel in compliance with voluntary retirement plans are amortized according to the individual authorizations received by the Superintendence in compliance with all legal and presentation requirements for that purpose.

A summary of the authorizations that the Bank has received with respect to retirement programs is as follows:

Authorization Date	Number of Filing	Term	Amount Approved
August 10, 2010	2010052985-000-000	36	$ 30.576
March 5, 2009	2009008425-001-000	36	41.761
April 30, 2008	2008013322-003-000	36	30.033
August 8, 2007	2007043968-002-000	36	32.612
September 13, 2006	2006044885-000-000	21	29.450
February 20, 2006	2006007367-001-000	24	8.300
August 31, 2005	2005040550-001-000	36	12.576

The table below reflects the detail of the deferred balances for retirement plan and amortization made in the period 2013, as well as the payments made during the same period:

Concept	Amount
Balance of deferred authorizations prior to 2013	$ 10.257
• Payment made during 2013	6.991
• Amortizations made during 2013	(15.083)
Total balance pending to be amortized	**$ 2.165**

(2) According to External Circular Letter No.002 dated February 5, 2013 of the Office of the Superintendent of Finance in Colombia, it states the modification of sub-numeral 2.1 of the External Circular Letter 006 of 2012, which shall read as follows: "2.1 The deferment of profits and/or losses must be individually realized for each of the investments and they may not be offset or establish a net

among them. Those profits and/or losses should contemplate the dismount of the provisions created on the securities and/or equity securities with low or minimum marketability or with no quotation (unlisted) and the deferred pending amortization of the derivative financial instruments - swaps". Additionally, modify instruction seven of External Circular Letter 006 of 2012, which shall read as follows: "Seven: The term stated by External Circular Letter 041 of 2011 is extended until September 30, 2012. The Bolsa de Valores de Colombia – Infoval must continue to supply the prices for investments valuation in the terms and conditions they have been authorized until March 3, 2013". The application of the above norm generated in March 2013 a charge to operations amounting to $20,646, coming from IRS transactions amounting to $336 and CCS amounting to $20,310.

(3) The purchase of Banco Granahorrar, which gave place to the creation of a mercantile credit (goodwill) in BBVA Colombia's balance sheet, which amounted to $514,415 as of September 30, 2006. The business lines determined at the moment of the merger with Banco Commercial Granahorrar S.A., were: consumer, mortgage and credit cards with distribution of $270,824, $952,419 and $61,831, respectively. The valorization of the business lines for purposes of comparing before the mercantile credit balance were made using the profit flow method generated for each business line.

The Group's strategic plan is focus in the countries with better economic outlook in the region, Colombia, Peru and Chile. The Group is expecting to increase its market share by opening new branches and using of new technologies.

The table below reflects the summary of balances of deferred for the retirement plan and amortization made in the period 2012 as well as the payments made during the same period:

Concept	Amount	
Balance of deferred authorizations prior to 2012	$	25.766
• Amortization realized during 2012		(15.509)
• Total pending to be amortized prior to 2012		10.257
• Payments made during 2012		4.957
• Amortization realized during 2012		(4.957)
Balance pending to be amortized - 2012		-
Total balance pending to be amortized	**$**	**10.257**

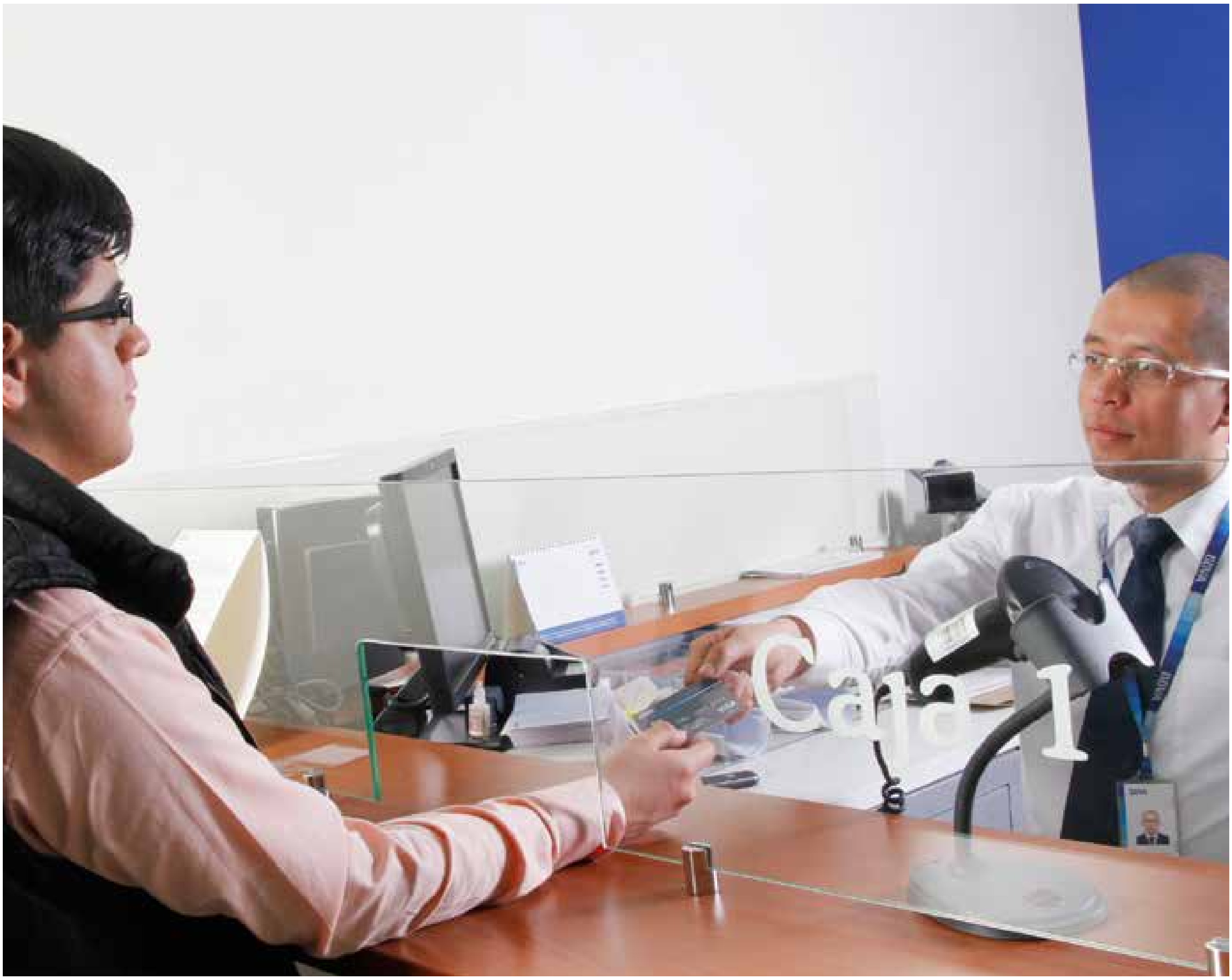
The Bank by its own decision, decided to accelerate as from January 2012 the amortization of the mercantile credit (goodwill) in monthly aliquots of $9,989 and the projection of total depletion of such assets is planned for August 2015, as shown in the table below:

Period	Annual Amortization		Balance	
2011	$	18.053	$	431.927
2012	$	119.862	$	312.065
2013	$	119.862	$	192.203
2014	$	119.862	$	72.341
2015	$	72.341	$	-

The distribution corresponding to the mercantile credit (goodwill) was as follows:

Business Line	Acquired		Percentage of Participation	Balance	
Consumer	$	270.824	21,07	$	40.506
Mortgage		952.419	74,11		142.449
Credit cards		61.831	4,82		9.248
	$	1.285.074	100,00	$	192.203

Attending the norms of Chapter XVII of the CBCF, which states that the permanence of the expert who carries out the valuation may not exceed five (5) years, for 2012, BBVA Colombia engaged the firm Valor en Finanzas - Valfinanzas to carry out such valuation. The final report and presentation of the expert were remitted to the Superintendence in December 2013.



When evaluating an acquisition, BBVA's main concerns are price and control. In Colombia we have considered four or five different deals in recent years. However our priority is organic growth.

For the sake of conducting a valuation of the business lines in a robust and consequent manner with the behavior of the economy, in general, and the Bank goals, parameters were used that result key for purposes of projecting profit flows and which were obtained from reliable sources. In this sense, to the projection model macroeconomic variables were incorporated obtained from the Medium Term Fiscal Framework, such as:

Macro-economic assumptions: One of the fundamental parameters for exercising projections is the inflation rate. This rate was estimated pursuant to the policies of the Medium Term Fiscal Framework of 2012, established by the Ministry of Finance and Public Credit. In this fashion, during the term of projection a 3% annual rate was used.

Regarding income tax, it was used the effective tax rate defined in the Tax Statute of 34% for 2013, 2014 and 2015 and of 33% for 2016, 2017 and 2018.

Discount rate: For determining the capital cost, the following parameters were taken into account:

1) It was estimated the risk-free rate as the yield rate of 10-year US Treasury Bonds, because it tends to be less volatile and has greater liquidity than the State issues of a larger term. This figure was obtained on December 3, 2013 from the database offered by the US Treasury Department.

2) The market premium (Rm-Rf) corresponds to the geometric average of the yield of the S&P 500 ratio from 1928 and until 2011/9 less the geometric average of the yield rate of 10-year US Treasury Bonds for the same period.

3) For the beta ratio leveraged, it was estimated according to the most recent update of the figure related for the US Banking industry, with a value of 0.77.

4) The country risk is measured by the EMBI+; it corresponds to the differential of the average cost of the public debt of Colombia in US Dollars with that of the sovereign debt of the United States.

5) The implicit devaluation corresponds to the expected devaluation of the Colombian peso versus the US Dollars, estimated as the differential between the yields of bonds issued in US Dollar (Yankee)/13 and the bonds issued in Colombian pesos (TES)/14 in the long-term.

Financial revenues – Financial revenues were calculated for each business line evaluated, taking as input the medium balances of the gross portfolio projected for the years 2013 to 2017 and the respective placement rates.

The total value of the BBVA's business lines evaluated, the value of the lines acquired from Granahorrar and the balance in millions of Colombian pesos of the mercantile credit (goodwill) as per the valuation report performed by Valfinanzas Banca de Inversión, as of the October 2013 cut-off, was:

Business Line	Total Value	Value per Line	October Balance
Consumer	$ 4.864.095	$ 738.370	$ 44.716
Mortgage	2.069.796	1.425.262	157.255
Credit cards	991.895	232.996	10.290
	$ 7.925.786	**$ 2.396.628**	**$ 212.261**

Historical amortization of the mercantile credit (goodwill) in the Bank as of the December 31, 2013 cut-off amounted to $322,249 and was broken-down as follows::

Period	Annual Amortization	Mercantile Credit balance
Initial balance mercantile credit	$ -	$ 514.451
2006	3.174	511.277
2007	13.828	497.449
2008	14.781	482.668
2009	15.800	466.868
2010	16.889	449.980
2011	18.053	431.927
2012	119.862	312.065
2013	119.862	192.203
	$ 322.249	**$ 192.203**

The participation in the prepaid expenses, intangibles and deferred charges item for 2013 was 99.59% for the Bank; 0.34% for the Trust Company; and 0.08% for the Broker. For 2012, it was: 99.50% for the Bank; 0.41% for the Trust Company; and 0.09% for the Broker.

17. Other assets, net

As of December 31, the balance of this account was broken down as follows:

Concepto	2013	2012
Furniture and fixtures in the storehouse	$ 809	$ 578
Rights in trusts (1)	197	197
Letters of credit of deferred payment	1.034	3.839
Permanent contributions	579	579
Deposits (2)	4.125	3.448
Consortium	1.840	4.251
Withholding taxes	2	-
Advances and tax withholdings surpluses	13	1
Art and cultural goods	455	456
Goods pending to be placed in leasing contract	59.531	13.800
Payment express money remittances from abroad	13	185
Tele remittances issued and received from abroad	926	422
Other	4.520	7.861
Subtotal other assets	**74.044**	**35.617**
Less other assets provision	(7.917)	(10.341)
Total other assets, net	**$ 66.127**	**$ 25.276**
Loans made to employees (3)	124.952	116.119
Less provision of loans made to employees	(1.513)	(1.364)
Total loans made to employees, net	**$ 123.439**	**$ 114.755**
Movement of provisions		
Initial balance	11.705	12.544
• Provision charged to expenses	1.834	2.126
• Reclassification other accounts	(161)	(1.674)
• Recoveries	(3.949)	(1.291)
Final balance of provision for protection	**9.430**	**11.705**
Total other assets and loans to employees, net	**$ 189.565**	**$ 140.031**

The participation in the other assets account balance as of December 31, 2013 was: for the Bank, 98.49%; for the Trust Company, 1.00%; and for the Broker, 0.51%. As of December 31, 2012 it was: for the Bank, 93.72%; for the Trust Company, 6.24%; and for the Broker, 0.04%.

(1) In the Bank the trust rights amounting to $197 correspond to investments: Inca Fruehauf and Concepción Molinas Vivas, with share of 7.17% and 4.73%, respectively, which are 100% provisioned.

(2) Deposits made by BBVA Colombia with collateral given in collateralization contract for derivative products transactions, as follows:

Counterparty	2013	2012
Morgan Stanley Capital Service	$ 597	$ 495
Total	**$ 597**	**$ 495**

(3) Loans made to employees are granted to acquire housing, at a low interest rate (between 3% and 10% annual) and for limited terms (not to exceed 15 years). For May 2013, the Bank launched into the market a new credit line to finance the acquisition of new vehicle through the leasing modality at a preferential rate for employees between 6.50% and 12.50% effective annual, in terms not exceeding 20 years.

18. Appraisals/valorization, net

As of December 31, the balance of this account was broken down as follows:

Concept	2013	2012
Valorization of investments (1)	$ 43.488	$ 33.096
Valorization of property and equipment (2)	427.086	329.071
Negative valorization of investments (3)	(278)	(194)
Total	**$ 470.296**	**$ 361.973**

(1) A summary of the valorization on variable-yield investments is:

Entity	2013	2012
Almagrario S.A.	$ 21.246	$ 16.020
Finagro	8.994	6.711
Deceval S.A.	3.669	3.901
ACH Sistema Electrónico	1.797	1.422
Redeban	4.338	3.944
Cámara de Compensación de Divisas de Colombia	56	48
Bolsa de Valores de Colombia S.A.	1.054	1.050
Cifin	2.334	-
Total	**$ 43.488**	**$ 33.096**

(2) During 2013, the Bank updated 100% of the technical appraisals of its fixed assets, which generated an increase in the valorization item of 29.79%.

(3) The negative valorization on variable-yield investments entirely correspond to the investment in the Counterparty Central Risk Chamber..

The participation in the asset valorization and negative valorization account balance as of December 31, 2013 was: for the Bank, 99.75%; for the Trust Company, 0.04%; and for the Broker, 0.21%. As of December 31, 2012 it was: for the Bank, 99.68%; for the Trust Company, 0.06%; and for the Broker, 0.26%.

19. Deposits and financial claims

The main goals of our strategic plan are increasing our market share in South America and, before 2016 becoming the best recommended bank by our clients.

The passive portfolio of the Bank as of December 31, 2013 and 2012 consisted of the following:

	Año 2013	%	Año 2012	%
Savings deposits	$ 15.468.012	54,9	$ 13.855.004	57,1
CDT'S pesos	7.596.774	26,9	6.437.772	26,5
Current account	4.687.283	16,6	3.595.490	14,8
Financial claims banking services	308.511	1,1	274.050	1,1
CDT'S UVR	32.917	0,1	33.013	0,2
Special deposits	55.093	0,2	29.034	0,1
Banks and correspondents	2.432	0,0	16.889	0,1
Special savings accounts	14.738	0,1	16.483	0,1
Simple deposit	7.345	0,1	4.248	0,0
Total deposits	**$ 28.173.105**	**100**	**$ 24.261.983**	**100**

A summary of deposits and financial claims as of December 31, 2013 is as follows:

Current Account	Local Currency	Foreign Currency	Total Currency
Private sector	$ 2.304.288	$ 37.932	$ 2.342.220
Official sector	2.325.825	19.238	2.345.063
Total current account	**$ 4.630.113**	**$ 57.170**	**$ 4.687.283**

Current Account	Local Currency	Foreign Currency	Total Currency
Private Sector	$ 7.345	$ -	$ 7.345
Total simple deposit	**$ 7.345**	**$ -**	**$ 7.345**

CDT - Pesos	Local Currency	Foreign Currency	Total Currency
Private Sector	$ 6.912.369	$ -	$ 6.912.369
Official Sector	684.405	-	684.405
Total CDT-Pesos	**$ 7.596.774**	**$ -**	**$ 7.596.774**

Savings Deposits	Local Currency	Foreign Currency	Total Currency
Deposits:			
• Private Sector	$ 10.347.907	$ -	$ 10.347.907
• Official Sector	5.120.105	-	5.120.105
• Special Savings:			
• Private Sector	14.738	-	14.738
Total savings deposits	**$ 15.482.750**	**$ -**	**$ 15.482.750**

CDT-UVR	Local Currency	Foreign Currency	Total Currency
Private Sector	$ 32.917	$ -	$ 32.917
Total CDT-UVR	**$ 32.917**	**$ -**	**$ 32.917**

Otros depósitos	Local Currency	Foreign Currency	Total Currency
Banks and correspondents	$ 2.381	$ 51	$ 2.432
Special deposits	54.033	1.060	55.093
Banking services	265.929	42.582	308.511
Total other deposits	$ 322.343	$ 43.693	$ 366.036
Total deposits and financial claims	**$ 28.072.242**	**$ 100.863**	**$ 28.173.105**

A summary of deposits and financial claims as of December 31, 2012 is as follows:

Current Account	Local Currency		Foreign Currency		Total Currency	
Private Sector	$	1.924.408	$	1.582		1.925.990
Official Sector		1.651.802		17.698		1.669.500
Total current account	**$**	**3.576.210**	**$**	**19.280**	**$**	**3.595.490**

Simple Deposit	Local Currency		Foreign Currency		Total Currency	
Private Sector	$	4.248	$	-	$	4.248
Total simple deposit	**$**	**4.248**	**$**	**-**	**$**	**4.248**

CDT-Pesos	Local Currency		Foreign Currency		Total Currency	
Private Sector	$	5.378.162	$	-	$	5.378.162
Official Sector		1.059.610		-		1.059.610
Total CDT-Pesos	**$**	**6.437.772**	**$**	**-**	**$**	**6.437.772**

Savings Deposits	Local Currency		Foreign Currency		Total Currency	
Deposits:						
• Private Sector	$	9.981.730	$	-	$	9.981.730
• Official Sector		3.873.274		-		3.873.274
• Special saving:						
• Private Sector		16.483		-		16.483
Total savings deposits	**$**	**13.871.487**	**$**	**-**	**$**	**13.871.487**

CDT-UVR	Local Currency		Foreign Currency		Total Currency	
Private Sector	$	33.013	$	-	$	33.013
Total CDT-UVR	**$**	**33.013**	**$**	**-**	**$**	**33.013**

Other Deposits	Local Currency		Foreign Currency		Total Currency	
Banks and correspondents	$	11.295	$	5.594	$	16.889
Special deposits		29.034		-		29.034
Banking services		240.143		33.907		274.050
Total other deposits		280.472		39.501		319.973
Total deposits and financial claims	**$**	**24.203.202**	**$**	**58.781**	**$**	**24.261.983**

The increase of deposits and financial claims for 2012 had the following impact on the results:

Savings deposits	2013		2012		Absolute Variation	
Savings deposits cost	$	504.491	$	453.982	$	50.510
CDTS cost		393.481		313.381		80.100
Cost other savings interest		427		287		141
Total deposits	**$**	**898.400**	**$**	**767.650**	**$**	**130.751**

The participation of the Bank in the deposits and financial claims account balance as of December 31, 2013 and 2012 was 100%.

20. Passive positions in monetary market and related operations

As of December 31, the balance of this account was broken down as follows:

Description	Rate (%) 2013	Tasa % 2012	2013	2012
Ordinary interbank funds purchased:				
• Banks	3,11%	4,57%	$ 39.000	$ -
Total interbank purchased			39.000	-
Commitments of transfer in closed repo transactions:				
• Banks	3.15%	-	305.054	-
Total closed repo transactions			305.054	-
• Commitments of transfer in simultaneous transactions:				
Banks	-	4,51	$ -	$ -
Total simultaneous positions			-	-
Commitments originated in short positions for simultaneous transactions			8.220	54.614
Total passive positions in monetary market transactions			**$ 352.274**	**54.614**

As of December 31, 2013 short transactions were conducted with Treasury securities in UVR and in COP, of several issues. The amounts are not subject to restrictions or limitations.

The participation of the Bank in the balance of passive positions in monetary market and related transactions as of December 31, 2013 and 2012 was 100%.

21. Outstanding banker's acceptances and transactions with derivative financial instruments

As of December 31, the balance of this account was broken down as follows:

Forward Contracts	Maturity in Days		Importe	
	2013	2012	2013	2012
Purchase on foreign currencies:	2-699	2-1064		
• Rights			$ (2.853.238)	$ (3.312.351)
• Obligations			2.875.946	3.414.038
Sale on foreign currencies:	2-120	2-324		
• Rights			(1.568.856)	(395.797)
• Obligations			1.589.040	405.412
Total forward contracts			**$ 42.892**	**$ 111.302**

Banker's acceptances	Importe	
	2013	2012
In term	$ 5.138	$ 3.413
Total banker's acceptances	**$ 5.138**	**$ 3.413**

Options	Importe	
	2013	2012
Options on foreign currencies issued - put:		
• Obligations	$ 531.080	$ 370.080
• Fair exchange price	7.648	15.754
Options on foreign currencies issued - call:		
• Obligations	(476.812)	(429.27)
• Fair exchange price	8.394	912
Total fair exchange price	**$ 16.042**	**$ 16.666**

Swaps	Importe	
	2013	2012
On interest rates:		
• Rights	$ (374.440)	$ (38.356)
• Obligations	400.814	45.184
• On foreign currencies:		
• Rights	(818.167)	(819.569)
• Obligations	866.186	861.495
Total swaps	**$ 74.393**	**$ 48.754**
Total cash transactions, acceptances and derivatives	**$ 138.466**	**$ 180.135**

The analysis of monetary market transactions is disclosed in Note 12, given that the derivative financial instruments must be jointly seen, although through accounting norms in force, the accounting books are recorded separately depending upon the results of the valuation, so understanding that the positive result in this type of operations is recorded in the assets and the loss in the liabilities; the latter attending the guidelines of Resolution 1420 of 2008, issued by the Superintendence.

The participation of the Bank in the balance of outstanding banker's acceptances and transactions of financial instruments as of December 31, 2013 and 2012 was 100%.

The outlook for 2014 has improved significantly and BBVA is ready and prepared to provide new lending in response to the expected increase in credit demand.

22. Credits in banks and other financial obligations

As of December 31, the balance of this account was broken down as follows:

Foreign currency:	2013	2012
• Banco de Comercio Exterior S.A. – Bancoldex	$ 140.101	$ 98.066
• Mercantil Commerce Bank Miami	37.762	-
• Commerzbank AG Frankfurt	19.268	-
• Findeter	-	23.280
• Bank of America N.A. San Francisco	28.955	53.047
• Citibank N.A.	92.304	188.305
• Corporación Andina de Fomento – CAF	67.439	88.411
• Bladex – Panamá	86.707	79.570
• Standard Chartered Bank	-	12.378
• Wells Fargo Bank N.A.	110.539	135.723
• Bank of Nova Scotia	-	29.661
• Toronto Dominion Bank - Houston AG	39.469	-
Total foreign currency	**622.544**	**708.441**

Legal tender:	2013	2012
• Fondo para el Fomento del Sector Agropecuario - FINAGRO	$ 95.929	$ 105.996
• Banco de Comercio Exterior S.A. – BANCOLDEX	38.417	33.396
• Financiera de Desarrollo Territorial – FINDETER	46.838	19.526
Total legal tender	**181.184**	**158.918**
Total credits in banks and other financial obligations	**$ 803.728**	**$ 867.359**

The participation of the Bank in the account's balance as of December 31, 2013 and 2012 was 100%.

Foreign-currency denominated financial obligations were contracted to maintain the Bank's liquidity and were acquired without real collateral.

Average interest rates of the obligations denominated in foreign currencies were Libor +0.78% and 1.25% for short-term obligations, with maturity of up to one year; and Libor +1.49% and 2.46% for the medium-term obligations with maturity from one to five years, as of the December 31, 2013 and 2012, respectively.

The Colombian government has established programs to promote the development of certain sectors of the economy. These sectors include foreign trade, agriculture, animal husbandry, tourism, and other industries. Those programs are under the administration of the Central Bank and of Government entities.

These loans generally pay interest between 10% and 13%. Maturity of the loans vary according to the program (normally between one and ten years), and the funds directly provided by the Bank vary from 0% to 40% of the total value of the loan, whereas the balance is provided by Government entities. The obligations are guaranteed by the corresponding loans made to the clients.

The breakdown by term of the obligations as of December 31, was::

Foreign currency obligations

Year 2013

2013	Interest	Principal			Total
		Short Term	Medium Term	Long Term	
Banco de Comercio Exterior S.A. - Bancoldex	$ 442	$ 107.526	$ 32.576	$ -	$ 140.101
Bank of America N.A. San Francisco	25	28.955	-	-	28.955
Bladex - Panamá	78	86.707	-	-	86.707
Citibank N.A.	84	92.304	-	-	92.304
Corporación Andina de Fomento - CAF	215	67.439	-	-	67.439
The Toronto Dominion Bank	73	39.469	-	-	39.469
Commerzbank AG Frankfurt	40	19.268	-	-	19.268
Mercantil Commerce Bank Miami	49	32.756	5.006	-	37.762
Wells Fargo Bank N.A.	46	110.538	-	-	110.538
Total	**$ 1.052**	**$ 584.962**	**$ 37.582**	**$ -**	**$ 622.544**

Obligaciones en modena extranjera

Year 2012

2012	Interest	Principal			Total
		Short Term	Medium Term	Long Term	
Banco de Comercio Exterior S.A. - Bancoldex	$ 545	$ 42.509	$ 41.411	$ 14.146	$ 98.066
Bank of America N.A. San Francisco	228	53.047	-	-	53.047
Bladex - Panamá	1.219	79.570	-	-	79.570
Citibank N.A.	190	188.305	-	-	188.305
Corporación Andina de Fomento - CAF	83	88.411	-	-	88.411
Bank of Nova Scotia	36	29.661	-	-	29.661
Findeter	103	23.280	-	-	23.280
Mercantil Commerce Bank Miami	14	12.378	-	-	12.378
Wells Fargo Bank N.A.	180	135.723	-	-	135.723
Total	**$ 2.598**	**$ 652.884**	**$ 41.411**	**$ 14.146**	**$ 708.441**

Legal Tender obligations

Year 2013

	Interest	Principal			Total
		Short Term	Medium Term	Long Term	
Fondo para el Fomento del Sector Agropecuario – FINAGRO	$ 886.267	$ 26.565	$ 40.155	$ 29.209	$ 95.929
Banco de Comercio Exterior S.A. – BANCOLDEX	44.508	1.731	17.382	19.304	38.417
Financiera de Desarrollo Territorial - FINDETER	12.413	291	3.735	42.812	46.838
Total	**$ 943.188**	**$ 28.587**	**$ 61.272**	**$ 91.325**	**$ 181.185**

Legal Tender obligations

Year 2012

	Interest	Capital			Total
		Short Term	Medium Term	Long Term	
Fondo para el Fomento del Sector Agropecuario – FINAGRO	$ 1.376	$ 22.548	$ 22.767	$ 60.679	$ 105.996
Banco de Comercio Exterior S.A. – BANCOLDEX	118	28.067	3.788	1.541	33.396
Financiera de Desarrollo Territorial - FINDETER	70	14.137	1.132	4.257	19.526
Total	**$ 1.564**	**$ 64.752**	**$ 27.687**	**$ 66.477**	**$ 158.918**

23. Accounts payable

As of December 31, the balance of this account was broken down as follows:

Concepto	2013	2012
Deposits and financial claims	$ 71.477	$ 69.477
Monetary market and related transactions	11	-
Bank credits and other financial obligations	2.193	4.161
Outstanding investment securities (1)	4.608	12.087
Commissions and fees	663	598
Taxes payable (2)	100.691	160.619
Dividends and surpluses payable	33.765	28.261
Contributions on transaction (3)	14.006	8.999
Value Added Tax payable	3.749	3.964
Promising purchasers (4)	12.267	4.686
Suppliers (5)	25.235	36.842
Withholding taxes (6)	53.124	30.780
Withholding tax employees	21	85
Written not-collected checks	12.992	16.415
Collections made	24.068	27.300
Nation Law 546 of 1999	29.389	29.474
Purchase of immovable housing leasing. Leasing providers, payment of invoices (7)	93.056	16.763
Security bonds principal	11.387	11.576
Foreign currency transactions surpluses	2.116	1.237
Efipagos waiting account	3.098	4.812
Fogafin's deposit insurance	21.479	17.255
Security bonds interest	3.975	4.038
ISS covenant payroll (8)	77.957	69.993
Fire and earthquake, life and vehicles insurance	598	783
Securitized portfolio collection	825	885
Other	19.449	32.599
Total	**$ 622.199**	**$ 593.689**

(1) The variation between periods basically is due to the payment of interest for total and partial cancellation of the BBVAIPC0913 Bonds amounting to $5,236 and BBVAIPC0917 amounting to $2,157.

(2) The decrease is due to a greater tax advanced payment of 2013, paid in the 2012 income tax return and to self-withholdings created by the National Government and established by Law 607 of 2012 which entered into force and effect for 2013. The trust company made the income tax provision for 2013 and 2012, which was calculated based upon ordinary income, for income tax. The income tax rate for 2012 was 33%, for 2013 and it will be 25% for subsequent years.

This item includes the tax on equity liquidated for an amount of $104,081 taking as a base the net equity possessed as of January 1, 2011 at a 4.8% rate plus 25% of the surtax. The tax return was filed in May 2011 and its payment will be made in eight (8) equal installments in the months of May and September during the years 2011, 2012, 2013 and 2014. In May 2011, the Bank, the Trust Company and the Broker accrued and recorded 100% of the tax on equity and its surtax, and their tax on equity balance payable as of December 31, 2013 was $32,525, $872 and $184, respectively. As of December 31, 2013 the consolidated balance payable was $33,581.

(3) Account payable corresponding to tax on financial movements, week 53 of 2013, which is paid off on the second business day of January 2014.

(4) Corresponds to down payments and partial credits received from the sale of non-financial assets; its decrease will be reflected once the total payment thereof is made. In the case of Leasing operations, the extra rates of rental required for the formalization of the housing leasing credit are received.

(5) Corresponds to leasing operations payments, which will be cancelled once the contract with the client is constituted or activated.

(6) The increase of the withholding taxes payable balance is due to CREE self-withholdings, self-withholdings for credit portfolio interest (includes monetary correction and a greater self-withholdings for commissions). For the income tax for equity CREE, in the Trust Company, it was calculated on revenues less costs and deductions expressly indicated by Law 1607 of 2012.

(7) Records the net purchase value of the immovable that will be placed under housing leasing. Resources payable of suppliers by leasing operations when making the disbursement of credits; the main operations are: CONVAGS and CIA, $2,000; Valencia and Soto S.A., $2,000; VIPI SAS, $1,717; Jorge Cortes, $629; VISUM and CIA LTDA, $629; Fiduciaria Alianza, $586; and COMPROLAB, $460. Corresponds to payments pending to be made to suppliers with respect to the acquisition of hardware and software; the main suppliers are: IBM Colombia, $8,226; MUREX, $4,256; ETEK Internacional, $1,284; Value Added Solution, $885; DESCA Colombia, $834; Tecnocom Colombia, $726; Diseño Interior, $605; JIMPA LTDA, $577; and VAITS, $503.

(8) Corresponds to the service offered by the Bank to enterprise clientele that wishes to make their employees payroll payment automatically; the service is subscribed through a covenant previously-established between the entity and the Bank. The credit balance of $77,957 corresponds to resource from companies the final destination of which will be the credit on third-parties account.

The participation in the accounts payable balance as of December 31, 2013, was as follows: 99.27% of the Bank, 0.57% of the Trust Company, and 0.16% of the Broker. As of December 31, 2012 it was as follows: 98.60% of the Bank, 1.06% of the Trust Company, and 0.35% of the Broker.

24. Outstanding investment securities

As of December 31, the balance of this account was broken down as follows:

Concept	2013	2012
Bonds:		
• Series A and B – 2008 ordinary bonds	$ 198.110	$ 337.110
• Series A and B – 2009 ordinary bonds	167.650	561.780
• Series G-2011 subordinated bonds	364.000	364.000
• Series G-2013 subordinated bonds	365.000	-
Total bonds	**$ 1.094.760**	**$ 1.262.890**

The second issue of Series A 2008 ordinary bonds amounting to $198,110, indexed at the CPI, was conducted on August 4, 2009 with a redemption term between 6 and 11 years, with yield at a maximum variable rate of CPI + 4.58% E.A. and CPI + 5.69%, respectively. From the first issue of Series A there is no current debt.

Series A and B – 2009 bonds are ordinary bonds denominated in Colombian pesos with a first issue on September 29, 2010 for an amount of $561,780, indexed at DTF and CPI, have a redemption term between three (3) (expired bonds) and seven (7) years, with yields of maximum variable rate of DTF+1.15 for three (3) years, CPI +2.80% E.A. for three (3) years, CPI +3.05% E.A. for five (5) years, and CPI +3.70% E.A. for seven (7) years.

The first issue of Series G 2009 subordinated bonds amounting to $364,000 was made on September 19, 2011 with a redemption term between 7 and 15 years, with yield of maximum variable yield rate of CPI + 4.28% for 7 years, and of CPI + 4.45% for 10 years and of CPI + 4.70% for 15 years.

The second issue of Series G 2009 subordinated bonds amounting to $365,000 was made on February 19, 2013 with a redemption term between 10 and 15 years, with yield of maximum variable rate of CPI + 3.60% for 10 years, and of CPI + 3.89% for 15 years.

The bank's results beat market expectations when considering net interest income. However gross income growth was below market consensus due to an underperformance from other operating net income.

The issue prospects contemplate the following characteristics:

Ordinary 2008 Bonds Prospect

- *Subordination of obligations:* Since they are ordinary bonds, there is no obligations subordination.

- *Capital amortization fashion, prepayments and reacquisition events:* The principal of ordinary bonds will be amortized under the following modalities: month in arrears, quarter in arrears, semester in arrears, year in arrears, only one payment on the maturity date thereof, as determined in the public offering notice. No prepayments are contemplated in this issue.

The issuer may repurchase their own ordinary bonds through the Bolsa de Valores de Colombia, provided that it is met the minimum expiration term established in numeral 5 of Article 1.2.4.2 of Resolution 400 of 1995 issued by the Superintendence or by the norms that modify or add it. This transaction is voluntary for the security holders. In case the issuer acquires their own securities, it shall operate the confusion principle without the need to having to wait until the maturity of those securities.

Collateral the issue counts on: Because they are ordinary bonds of a direct and unconditional obligation of the institution, it is not necessary to establish specific collateral; the equity of the Issuer becomes the general collateral before the creditors.

This issue is not covered by the Deposits Insurance of the Financial Institutions Collateral Fund ("Seguro de Depósitos del Fondo de Garantías de las Instituciones Financieras – FOGAFIN").

Ordinary 2009 Bonds

- *Subordination of obligations:* Since they are subordinated bonds, in case of the issuer's liquidation, the redemption of the subscribed capital is subordinated to the prior payment of the external liabilities; this latter obligation is irrevocable.

- *Capital amortization fashion, prepayments and reacquisition events: The principal of the bonds will be amortized under the following modalities: month in arrears, quarter in arrears, semester in arrears, and/or year in arrears, and/or only one payment on the maturity date thereof, as determined in the corresponding public offering notice. Pre-payable bonds may be issued, which is determined in the respective public offering notice. The issue of ordinary bonds made under this Program in 2010 does not contemplate prepayment thereof..*

The Issuer may repurchase its own ordinary bonds. The repurchase shall be conducted through the Stock Exchange, provided that one year has elapsed since the issue of the bonds. This transaction is voluntary for the Bondholders. If the Issuer acquires their own bonds, it shall operate the confusion principle without having to wait until the maturity of the securities.

Adelante (going forward) is the new business model in BBVA focused on our clients' satisfaction. It is our corporate culture, a new way of thinking, offering new products and services that will help our clients' dreams come true. It is listening our clients' needs and move forward. Adelante is the future and we want to share it with our clients.

Collateral that ordinary bond issues count on: When referring to ordinary bonds there is no subordination of the obligations. In this sense, all holders of bonds that are issued within the framework of this program shall have the same range (pari passu) and with no preference among them, as well as the same range (pari passu) with respect to all other cash debt obligations not guaranteed and not subordinated, assumed by the issuer, that are pending to be paid.

This issue is not covered by the Deposits Insurance of the Financial Institutions Collateral Fund ("Seguro de Depósitos del Fondo de Garantías de las Instituciones Financieras – FOGAFIN").

Subordinated 2009 Bonds (issues made in September 2011 and February 2013)

- *Subordination of obligations:* Since they are subordinated bonds, in case of the issuer's liquidation, the redemption of the subscribed capital is subordinated to the prior payment of the external liabilities; this latter obligation is irrevocable.

- *Capital amortization fashion, prepayments and reacquisition events:* The principal of ordinary bonds will be amortized under the following modalities: month in arrears, quarter in arrears, semester in arrears, and/or year in arrears, and/or only one payment on the maturity date thereof, as determined in the corresponding public offering notice. Pre-payable bonds may be issued, which is determined in the respective public offering notice. The issue of subordinated bonds made under this Program in 2011 and 2013 do not contemplate the prepayment thereof..

The Issuer may repurchase its own subordinated bonds. The repurchase shall be conducted through the Bolsa de Valores de Colombia, provided that one year has elapsed since the issue of the bonds. This transaction is voluntary for the Bondholders. If the Issuer acquires their own bonds, it shall operate the confusion principle without having to wait until the maturity of the securities.

This issue is not covered by the Deposits Insurance of the Financial Institutions Collateral Fund ("Seguro de Depósitos del Fondo de Garantías de las Instituciones Financieras – FOGAFIN").

Issue of Bonds	Authorized Amount	Term in years	Rate	Coupon	Issue Amount	Issue Date	Maturity Date
Ordinary 2008	500.000	11	IPC+5.69%	TV	$ 155.000	26/08/2008	26/08/2019
		6	IPC+4.58%	TV	43.110	26/08/2008	26/08/2014
Ordinary 2009		5	IPS+3,05%	TV	33.600	29/09/2010	29/09/2015
		7	IPC+3,70%	TV	134.050	29/09/2010	29/09/2017
Subordinados 2011	2.000.000	7	IPC+4,28%	TV	102.000	19/09/2011	19/09/2018
		10	IPC+4.45%	TV	106.000	19/09/2011	19/09/2021
		15	IPC+4.70%	TV	156.000	19/09/2011	19/09/2026
Subordinados 2013		10	IPC+3,60%	TV	200.000	19/02/2013	19/02/2023
		15	IPC+3,89%	TV	165.000	19/02/2013	19/02/2028
Total bonos	$ 2.500.000				$ 1.094.760		

The participation of the Bank in the balance of outstanding investment securities as of December 31, 2013 and 2012 was 100%.

25. Other liabilities

As of December 31, the balance of this account was broken down as follows:

Concept	2013	2012
Deferred income	$ 1.418	$ 1.049
Labor liabilities (1)	46.953	42.481
Retirement pensions (2)	51.130	51.896
Deferred partial payments (3)	8.207	6.258
Letters of Credit of deferred payment	1.034	3.839
Cancelled accounts (4)	437	500
Save good collection	27.654	25.178
Result first-day valuation SWAP (5)	-	16.166
Balances in favor of third parties M.E.	881	559
Balances to apply to obligations	17.726	21.108
CDT incidences	21.374	22.812
Surpluses credit cards payments	4.081	3.544
Surpluses in barter	62	170
Debit card transactions in ATM and others	19.651	17.293
Joint Ventures	706	467
Remittances pending confirmation	1.231	783
Other	9.113	5.989
Total other liabilities	**$ 211.658**	**$ 220.092**

(1) The items that form the labor liability balance for the years ended as of December 31 were:

Labor obligations	2013	2012
Severance payment	$ 10.320	$ 9.237
Interest on severance	1.190	1.088
Vacations	9.831	8.076
Other social benefits	17.841	16.388
Social security contributions	7.771	7.692
Total	**$ 46.953**	**$ 42.481**

(2) *Retirement Pensions* – For private workers, the recognition and payment of pensions was the direct responsibility of certain entrepreneurs, given that, pursuant to labor legislation especially Article 260 of the Labor Code and Laws 6 of 1945 and 65 of 1946, the retirement was a special benefit only for certain employers, i.e., companies with capital stock in excess of $800,000 thousand Colombian pesos. Subsequently, as from 1967, the ISS started to assume the recognition and payment of pensions of private workers. As from that date, the Bank subrogated the pension risk of those people that were working in the different sectional offices of the country where the Social Security institute had coverage, assuming only those pensions of the workers that were not affiliated to the Social Security because of the non-coverage.

As from April 1, 1994 the Colombian Pension System managed by the Medium Premium Regime and the Individual Savings with Solidarity Regime are the entities authorized to manage and assume the pension responsibility.

The actuarial estimate covers a total of 279 people, with a series of benefits established in the legal norms and in the adjustments of Circular Letter 039 of October 21, 2009, in which there are calculated the extralegal benefits that the Company offers its retirees and beneficiaries.

The Superintendence issued Resolution 1555 dated July 30, 2010 whereby it updated the Mortality Table of Validated Rentiers Men and Women, which is of compulsory use to generate the actuarial estimates of the pension liabilities.

The liability that the Bank directly assumes according to law, on account of pensions is summarized as follows:

Concept	Pension Liability	Deferred Cost	Net
Balances as of December 31, 2012	$ 51.896	$ -	$ 51.896
Plus - Adjustment as per actuarial estimate charged to expenses	3.360		3.360
Less:			
• Pension payment	(4.126)	-	(4.126)
Balances as of December 31, 2013	**$ 51.130**	**$ -**	**$ 51.130**

The amounts of the pension liability as of December 31, 2013 and 2012, were determined based upon actuarial estimates in compliance with legal norms.

As of December 31, 2013, the impact on results for BBVA Colombia was revenue from decrease of the pension reserve that amounted to ($766) and for payment of pensions, $4,126.

Colombian economy has become one of the biggest attractions in South America. However it is crucial to modernize its regulatory framework and harmonize it according to international standards.

The main factors used in the actuarial estimates for the years ended as of December 31, were as follows

Concept	2013	2012
Accumulated amortization	100%	100%
Annual interest rate	4.80%	4,80%
Annual future increase of pensions	2.99%	3,26%

The methodologies and actuarial bases adjusted to current norms for elaboration of actuarial estimates (Decree 2738 of 2001 and Decree 2984 of 2009) were used for the evaluation of the mathematical reserve of retirement, pension bonds and securities.

Technical bases for the actuarial estimate

a. Table of mortality of rentiers valid for men and women "experience 2005 – 2008", as per Resolution 1555 of 2010 issued by the Superintendence.

b. Pension and salary adjustment: 2.99% annual.

c. Technical interest rate: 4.8 % annual.

With respect to taxation aspects, it is conducted according to Decree No. 2783 dated December 20, 2001.

Covered beneficiaries - The actuarial retirement pension liability covers the legal social benefits of the personnel:

a. Retirement reserve:
- Retiree in charge of the company.
- Retiree with pension that is shared with the ISS.
- Retiree by the company and in expectation of the ISS.
- Retiree whose pension is in charge of the company and is a quota-part of the pension.
- Personnel with life rent (annuity) in charge of the company.
- Personnel with life rent (annuity) shared with the ISS.
- Personnel with life rent (annuity) in charge of the company and is a quota-part of the pension.
- Active personnel in expectation of company and ISS.
- Voluntarily retired personnel with more than 20 years of service.
- Voluntarily retired personnel with less than 20 and more than 15 years of service.
- Personnel unfairly dismissed with more than 10 and less than 15 years of service.

b. Pension bonds and securities:
- Pension bond – validation of service length.
- Pension bond – salary difference.
- Pension security/ title.

(3) *Deferred partial payments* - The items that form the deferred partial payments item for the years ended as of December 31 were:

Deferred partial payments	2013		2012	
Deferred profit on sale of foreclosed assets	$	732	$	582
Restructured credits revenues		7.475		5.676
Total deferred partial payments	**$**	**8.207**	**$**	**6.258**

The deferred profits on sale of foreclosed assets are generated as a consequence of the celebration of term sales transactions, which are deferred over the term in which the transaction was agreed-to; its amortization must be made against the statement of income as long as its collection is effective.

With respect to the deferred income generated in restructured credit transactions, the norm states that whenever it is contemplated the capitalization of interest that are recorded in memorandum accounts or of written-off portfolio balances including principal, interest and other concepts, they shall be recorded as deferred partial payment and their amortization to the statement of income shall be made proportionally to the amounts actually collected..

(4) Cancelled accounts – With respect to cancelled accounts, the unilateral cancellation of current account contracts by the Bank, the numeral II "Current Account Bylaws", numeral 7 of the contract signed with the clients, states that if the decision is adopted by the Bank, evidence must be left of the motives that determined the contract dissolution.

In the case of savings accounts, Article 29 "Cancellation of the Account", states that in case of making such decision, the Bank shall transfer the deposits existing in the accounts into a book item of accounts payable, where they shall be available to the accountholder, stated in Colombian pesos as of the account cancellation date.

With respect to inactive accounts, the transfer is being made based upon the regulation issued by the SFC, External Circular Letter 001 of January 5, 1999, which indicates that the current and savings accounts balances that should have remained inactive for a period in excess of one year and do not exceed 321.55 UVR, shall be transferred to the National Treasury Direction (Ministry of Finance and Public Credit),.

(5) Valuation of swap first day - External Circular Letter No.002 dated February 5, 2013 of the Office of the Superintendent of Finance in Colombia states the modification of sub-numeral 2.1 of the External Circular Letter 006 of 2012, which shall read as follows: "2.1 The deferment of profits and/or losses must be individually realized for each of the investments and they may not be offset or establish a net among them. Those profits and/or losses should contemplate the dismount of the provisions created on the securities and/or equity securities with low or minimum marketability or with no quotation (unlisted) and the deferred pending amortization of the derivative financial instruments - swaps". Additionally, modify instruction seven of External Circular Letter 006 of 2012, which shall read as follows: "Seven: The term stated by External Circular Letter 041 of 2011 is extended until September 30, 2012. The Bolsa de Valores de Colombia – Infoval must continue to supply the prices for investments valuation in the terms and conditions they have been authorized until March 3, 2013". The application of the norm described above generated a partial payment to operations amounting to $15,258, coming from IRS transactions amounting to $4,587 and CCS amounting to $10,671.

(6) Consortia and joint ventures – Law 80 of 1993 regulates this type of agreement by virtue of which the Trust Company jointly participates in the proposals for the award, celebration and execution of contracts, being jointly and severally responsible for compliance therewith.

n this sense, the Trust Company, following the guidelines of External Circular Letter 029 of 2002 issued by the Superintendence, records on a monthly basis in its financial statements the total value corresponding to its share on the liabilities of the consortia or joint ventures it is part of.

As of December 31, 2013 and 2012 these are the balances recorded in the consolidated financial statement:

Name	2013		2012	
Joint Venture Horizonte Fidugan	$	7	$	19
Consortium EPM Une		34		34
Consortium FIA		661		369
Consortium Fimproex 2009		4		28
JV Horizonte Pensiones Fidugan / Fonpet 2006		-		5
Consortium Pensiones Ecopetrol 2011		-		12
	$	**706**	**$**	**467**

The participation in the other liabilities account balance as of December 31, 2013 WAS: the Bank, 99.43%; the Trust Company, 0.53%; and the Broker, 0.04%. As of December 31, 2012,it was: the Bank, 99.60%; the Trust Company, 0.37%; and, the Broker, 0.03%.


Ambición:
Tengamos mayores niveles
de exigencia personal.

26. Accrued liabilities and provisions

As of December 31, the balance of this account was broken down as follows:

Concept	2013	2012
Interest	$ 7.792	$ 7.792
Bonuses	38.132	31.629
Other benefits	11.494	4.427
Fines and sanctions, litigations, and indemnifications (1)	80.755	77.983
Accrued expenses payable (2)	92.737	109.703
Other	720	4.044
Total accrued liabilities and provisions without minority interest	**231.630**	**235.578**
Minority interest	**5.336**	**5.510**
Total accrued liabilities, provisions and minority interest	**$ 236.966**	**$ 241.088**

(1) Corresponds to the provisions recorded by civil, criminal, tax and labor processes that are currently held against the Bank.

(2) For the Bank, they correspond to accrued expenses payable as suppliers, public services and other services provided during 2013, which will be billed during 2014, for the Trust Company corresponds to Statutory Audit fees, IT developments, financial education project in investment funds – Asofiduciaria, implementation of new software; for BBVA Valores it corresponds to the recording of estimated expenses related to messaging, transportation, public services, IT services and the management and custody of the securities. The above were estimated with an average of related invoices from the last three months of the year.

The share in the accrued liabilities and provisions account balance as of December 31, 2013 was: for the Bank, 98.68 %; for the Trust Company, 1.12%; and for the Broker, 0.20%. For December 31, 2012 it was: for Bank, 98.63%; for the Trust Company, 0.99%; and for the Broker, 0.25%.

Judicial contingencies - The Bank is involved in 1,125 judicial proceedings of a civil, criminal, administrative, tax and labor nature, derived from the normal course of its activity and businesses, for an approximate value of $232,121 the amount of which is recorded in contingent accounts.

For the judicial contingencies provisions amounting to $53,489 have been created. Further, for the processes guaranteed by Fogafín there is coverage between 85% and 95% of the net economic effect, according to the terms of the contingencies warranty granted by the Fund in development of the privatization process of the bank Granahorrar.

In management's opinion, after consulting with its legal internal and external advisors, these processes

2013 was a great year for BBVA results in spite of the challenging business cycle. Geographical diversification and South America's economic performance were the key for the Group's results.

would not reasonably have an adverse material effect on the financial condition of the Bank or on the results of its operations and are adequately provisioned.

The main processes that are currently filed against the entity are as follows:

Civil processes

a) a) Ordinary process of Servientrega S.A.: The plaintiff company claims a declaration of the extra-contractual civil liability of BBVA Colombia for its allegedly negligent action ion the elaboration of the due diligence study on Banco de Caldas, that was presented to Fenalco, in order to fix the structure, terms and conditions under which the purchase of this bank would be made by Fenalco and its subsequent democratization between thee merchants affiliated to such association. Likewise, a declaration of the extra-contractual civil liability of Fenalco as a consequence of the implementation of the business proposed by Banco Ganadero, because they did not count on a due diligence to promote the enrolment of its affiliates to the project for democratization of Banco de Caldas, which subsequently changed its denomination into that of Banco Nacional del Comercio (BNC).

Accordingly, it is requested the indemnification of damages in favor of Servientrega for having purchased a stock package without having derived any benefits, having to state precisely that the BNC merged with the Banco Ganadero in 1998. The plaintiff also invokes its condition of assignee of Telegiros, an entity that likewise acquired stock of Banco de Caldas.

The lawsuit was notified to the Bank on September 26, 2013, subsequently, it was filed an appeal for reversal against the writ of admission of the lawsuit, which is pending to be decided. The lawsuit's claim amounts to $26,895.

b) *Ordinary process of Prounida and Coloca:* In 1982 the companies Prounida and Coloca as promising buyers and former stockholders of Banco Caldas as promising sellers, entered into two contracts of promise on shares of Banco de Caldas. They agreed to $265M as earnest money, with which Coloca and Prounida constituted two CDTs (Time Deposits) at Banco de Caldas, with instructions to give them to the sellers or restitute them to the constituents when some conditions are met. In August 1982, the Banco de Caldas, understanding that conditions were met, delivered the CDTs to the promising sellers. In April 1983 Prounida and Coloca, being in disagreement with the delivery of the CDTs, filed a lawsuit against the bank and other defendants, pretending, inter alia, the annulment or the resolution of the contracts together with the restitution of the moneys. Likewise, it was requested the declaration of liability by Banco de Caldas for the payment of the CDTs.

In April 2001, the Tenth Civil Court of the Venue of Bogotá resolved to condemn the Bank to pay $265 of principal plus interest of 34% from May to September 1982 and on this basis, all the interest on arrears, according to pertinent legal norms, accrued since October 1982 and until the day when payment is made. The first-instance ruling was appealed by BBVA and other defendants. In 2007, the Higher Court of the Judicial District of Bogotá – Civil Room decided to condemn the Bank to pay $12,460, which corresponds to principal of 1982 plus CPI.

The extraordinary motion to vacate (appeal for annulment) filed by the parties is being processed before the Supreme Court of Justice. A $16,137 provision has been made for this contingency.

c) *People's and Class Actions:* Were initiated by clients or users of the Bank or of Granahorrar, on housing and other type of loans, termination of enforcement processes, rates review, commissions, housing loan and credit card interest, impairment of assets given as collateral. These undetermined-amount processes are classified as “remote” contingency.

d) *Ordinary proceeding of Kachina:* A proceeding that initiated in 1999 at the Bolivarian Republic of Venezuela, related to Telegán, a telecommunications company that was held by Grupo Ganadero. A first motion to vacate was ruled in 2002 and it was ordered to redo the ruling. Banco de Crédito also appears as defendant; notwithstanding, according to the background, in 1988 Bank Ganadero sold the assets and liabilities of the Caracas branch office with a guarantee of contingencies for actions or facts prior to the sale.

Through second-instance ruling dated December 14, 2012 the Higher Judge Eight of Caracas – Venezuela resolved, on a “renvoi” (send back) basis, to condemn BBVA Colombia to pay an amount of $8,330M, an amount that has been duly provisioned. Before the hurried ruling, a motion to vacate was filed.

e) *Incident damage regulation from Melian Ltda. and others:* The claim is the indemnification of alleged damages valued in an initial amount of $10,500M. The claimants assert that they suffered damages with the precautionary measures exercised within a mortgage enforcement process where their exceptions succeeded. The process is in the first instance and has a guarantee of Fogafín.

f) Ordinary process of Sandra Patricia Galvis and others: The lawsuit refers to the delivery of some immovable assets in a project developed by Provisoc denominated “Ciudadela Paseo Real de Soacha”, financed by Granahorrar. The contingency is classified as “remote”, without provision and guaranteed by Fogafin. Process pending to be ruled in the first instance.

g) *Enforcement (executive) process of IFI against Corfigán:* The claim is the collection of the final liquidation of a salt refinery contract ion which Corfigán participated within a joint venture. An enforcement (executive) process is filed against the Bank in an enforcement (executive) process at the Council of State and, in parallel, one of annulment before the Judicial District Court. The writ of payment was issued for $6,000M of principal plus interest. A $10,800M provision has been created.

Labor processes

The Bank is part in 200 actions under labor law (191 as defendant and the remaining 9 as plaintiff) with estimated claims of $22,198 and provisions of $10,745. The main reasons for the lawsuits are: legal and conventional reinstatement, “salarization”, alleged unfair dismissal indemnities, controversies about the juridical nature of the conventional vacation and service-length premiums, and pension issues. These processes are adequately provisioned as per legal norms, as per the procedures established by the Bank, and as per the guidelines of the Superintendence..

Tax processes

In the government methods and before the contentious-administrative jurisdiction, the Bank is attending tax processes amounting to $1,551 million, which correspond to five (5) class actions for withholdings of the tax on financial transactions; and processes for territorial taxes; in essence for Industry and Commerce Tax, and Property Tax.

BBVA Valores Colombia S.A. shows no tax lawsuits.

BBVA Fiduciaria attends in the government methods a special requirement amounting to $541 million, which corresponds to the greater tax payable and the inaccuracy penalty in the 2011 tax on equity tax return alleged by the tax authorities; they consider that there are differences in the calculation of the taxable base. The Bank and its advisors have classified this contingency as "eventual".

BBVA Valores Colombia S.A. and BBVA Asset Management S.A., show no labor, civil or ordinary lawsuits.

Income tax

For 2012, the applicable income tax rate was 33%. With Law 1607 of December 26, 2012, as from tax year 2013 the income tax rate is 25%, and the income tax form equity (CREE) was created at an 8% rate; however, for the period from 2013 to 2015, the tax rate is 9%.

For purposes of calculation of the income tax and income tax for equity (CREE) liability, this liability is determined by applying the tax rate to 3% of net equity as of December 31 of the immediately prior year or the income actually perceived, whichever is greater.

Below we present the reconciliations between profit before taxes and taxable income, as well as the determination of the income tax and income tax for equity – CREE expense:

Description	2013	2012
Profit before income tax and income tax for equity – CREE expense	$ 744.609	$ 635.222
Elimination of reciprocal items in the process of being consolidated	16.890	17.769
Revenues that do not constitute income or tax exempt	(29.257)	(25.087)
Revenues recognized in books but not fiscally	(242.668)	(193.886)
Revenues recognized fiscally but not in books	17.825	2.337
Costs and expenses recognized in books but not fiscally	207.218	224.673
Costs and expenses recognized fiscally but not in books	(74.364)	(110.823)
Fiscal profit (loss), base to calculate income tax	640.253	550.205
Plus: Revenues recognized in books but not fiscally for CREE (1)	27.541	-
Fiscal profit (loss), base to calculate income tax on equity CREE	667.794	550.205
Income tax rate	25%	33%
Income tax for equity CREE rate	9%	0%
Income tax expense	160.063	181.568
Income tax for equity CREE expense	60.101	-
Prior years' income tax expense	723	-
Total Income Tax Expense	**$ 220.887**	**$ 181.568**

(1) Corresponds to revenues obtained from leasing transactions that are taken as taxed income on the calculation of the Income tax for equity - CREE..

The Bank BBVA, BBVA Valores and BBVA Fiduciaria calculated their taxes on ordinary income.

The Banco BBVA Colombia's income tax return for tax year 2012 is within the term for review by the tax authorities. The Bank's management and its legal advisors consider that there will not be significant differences with respect to the amounts already paid for such term.

The income tax returns for 2011, 2009 and 2008 of BBVA Fiduciaria are subject to the review and acceptance of the fiscal authorities. The Trust Company's Management and its legal advisors consider that there will not be significant differences with respect to the amounts already paid for those terms.

Our two main goals are becoming the best recommended bank by our clients and to be the leader bank in each country we are. BBVA is also aware about how the market appreciates the bank's recurrent results which are possible given our geographical diversification and our business model.

The income tax returns for 2011 and 2012 of BBVA Valores are open to the review of the National Tax and Customs Direction.

As of December 31, 2013 and 2012, the book equity differs from the fiscal equity due to the following::

Description	2013	2012
Book equity	$ 3.240.493	$ 2.857.240
Plus or (less) items that affect equity for fiscal purposes:		
Elimination of reciprocal items in the process of consolidation	97.101	100.216
Fiscal adjustments and readjustments of assets	95.164	124.775
Provisions of assets that do not constitute the fiscal decrease thereof	67.526	116.889
Deferred income	2.225	2.283
Accrued liabilities and provisions	151.183	166.231
Book appraisal of assets	(427.086)	(330.121)
Amortization deferred charges	(216.010)	(256.627)
Other (includes tax on equity - securities)	(144)	(253)
Fiscal equity	$ 3.010.452	$ 2.780.633

27. Subscribed and paid-in capital

The subscribed and paid-in capital of the Bank is divided into ordinary shares and non-voting preferred dividend shares. The latter may not represent more than 50% of the subscribed capital. As of December 31, 2013 and 2012, 13,907,929,071 ordinary shares were subscribed and paid-in shares and 479,760,000 were preferred shares with a nominal value of $6.24 pesos, for a total capital stock of $89,779.

The subscribed and paid-in capital of the Trust Company as of December 31, 2013 and 2012 is represented by $55,089 of common shares with a nominal value of $1,000 (in Colombian pesos) each, which were subscribed and paid-in as of those dates.

The subscribed and paid-in capital of the Broker as of December 31, 2013 and 2012 is represented by $3,882.

28. Appropriated retained profits

As of December 31, the balance of this account was broken down as follows:

Concept	2013	2012
Legal reserve	$ 1.681.400	$ 1.436.940
Occasional reserves:		
• Equity strengthening	294.444	425.202
• As per fiscal norms and others	163.654	48.061
Total reserves	**$ 2.139.498**	**$ 1.910.203**

Legal Reserve – According to legal norms, ten percent (10% of the Bank's net profits each year must be appropriated with credit to a "reserve fund" until the balance thereof is equivalent to, at least, 50% of the subscribed capital stock. As a consequence, the legal reserve may not be reduced to less than 50% but to attend losses in excess of retained earnings. Additional paid-in capital (premium in placement of shares) is also credited to the legal reserve.

Reserve for equity strengthening – The General Stockholders' Meeting held on March 20, 2013 determined to devote $294,444 million Colombian pesos with a 5-year minimum permanence and on an irrevocable basis, attending to the provisions of Decree 1771 of 2012.

Available to the Board of Directors and Others - These reserves may be used for future distributions, and include:

- Non-taxed at the board of directors' disposal, a balance equivalent to $130,757 million Colombian pesos.

- For investment protection, the balance equivalent to $532 million Colombian pesos.

Dividends decreed - Durante the years ended on December 31, 2013 and 2012, dividends were decreed payable in the fashion detailed below:

Concept	2013	2012
Prior year's profit	**$ 444.272**	**$ 483.915**
• Outstanding preferred shares	479.760.000	479.760.000
• Preferential dividends per share (Colombian pesos)	15,44 por acción	16,82 por acción
Total dividends decreed	**7.407**	**2.874**
• Outstanding ordinary shares	13.907.929.071	13.907.929.071
• Ordinary dividends per share (Colombian pesos)	15,44 por acción	16,82 por acción
Total dividends decreed	**$ 214.738**	**$ 233.931**
Dividends payable on December 31	**$ 33.762**	**$ 28.259**

Preferential and ordinary dividends of the 2012 period were paid off in cash in two (2) equal installments on June 14 and October 3, 2013.

In 2013 and 2012, the Trust Company paid dividends in cash to the stockholders amounting to $13,396 and $ 6,831, respectively, and in stock, $0 and $8,539, respectively. Further, in 2013 it was distributed to the stockholders the reserve of Decree 2336 of 1995 corresponding to 1997, 1998 and 2010 amounting to $386. The Trust Company made the capitalization of 8,539,009 shares with a $1,000 Colombian peso par value each in June 2012 and 7,547,784 shares with a $1,000 Colombian peso par value each in May 2011.

The Broker, in its ordinary meetings held on March 19, 2013 and March 16, 2012 approved a dividend of $1,118.42 and $377.59 Colombian pesos, respectively, per subscribed and paid-in share, the total amount of which amounted to $4,341 and $1,466, as of those same dates.

BBVA is a customer-centric global retail financial Group, with a diversified business model that offers financial services in more than 30 countries to 53 million clients. The bank has a strong position in Spain and is the first financial institution in Mexico. It has leading franchises in South America and the United States. Also we are in China and Turkey through strategic alliances with the CITIC Group and Garanti Bank. BBVA is also on the top of the ranking of banks in Europe by profitability (return over assets).

29. Controls of law

During 2013 and 2012, the Bank and its Subsidiaries complied with all Controls of Law norms established by the Superintendence related to the limit of own position in foreign currency, minimum cash reserve on legal-tender deposits, and compulsory investments in TAD.

The technical equity of banks in Colombia may not be lower than 9% of their total assets and credit contingencies weighted by risk level, calculated on a monthly basis on the non-consolidated financial statements of the banks and, on a quarterly basis, calculated on the financial statements consolidated with local and foreign subsidiaries of the financial sector, this last periodicity as from June 2013; for 2012 this report was made on a biannual basis.

BBVA is commitment to growth its retail business model with 60 new branches in addition to the 40 new branches that were opened in 2013. In addition there will be new investments in technology to modernize our network.

Changes in transition periods arise in compliance with Decree 1771 of 2012 issued by the National Government and the External Circular Letter 020 of 2013 issued by the Office of the Superintendent of Finance in Colombia, which modifies the definitions and the calculation of regulatory capital stock for Credit Establishments.

As of December 31, 2013 and 2012 the Bank's technical equity represented 11.37%, and 11.27%, respectively, of its assets and credit contingencies weighted by their risk level calculated on non-consolidated financial statements.

Pursuant to the provisions of Decree 1797 of 1999, numeral 5, Article 208 of the Organic Statute of the Financial System, and Article 3.1.3.1.2 of Decree 2555 of 2010, the total amount of resources managed in development of the collective portfolio management activity, may not exceed one hundred (100) times the amount of paid-in capital, the legal reserve, both free from encumbrances, and the additional paid-in capital (premium in placement of shares). Of the respective managing company, less the most recent value recorded of equity investments held in companies that may manage third-party resources under the modalities of: security management, third-party portfolio management or collective portfolio or funds management. As of December 31, 2013 and 2012, this ratio was 27.45% and 30.86%, respectively, according to the provisions of Decree 1885 of September 11, 2012, whereas the minimum ratio was 9%.

During 2013 and 2012, the Trust Company complied with all other legal controls established by controlling entities for trust companies, as well as for the trust businesses it manages, such as the minimum operating capital, concentration limits per adhering party, limit of investment per issuer and per asset type, rating of acceptable assets, and investment policy.

The Broker must comply with a minimum solvency ratio of 9%. As of December 31, 2013 and 2012 the legal requirement was adequately complied with, because its solvency ratio was 141.43% and 91.35%, respectively.


BBVA
Asamblea General Ordinaria de Accionistas
27 de febrero de 2014
BBVA
Clic aquí

30. Contingent and memorandum accounts

In the development of its normal course of operations, as of December 31, there were the following contingent liabilities and commitments recorded as memorandum accounts:

Concept	2013	2012
Debit contingent accounts:		
• Credit portfolio interest	$ 53.234	$ 49.692
• Option rights (1)	1.007.893	799.350
• Securities as collateral repo and simultaneous transactions (2)	331.881	-
• Purchase options receivable	81.319	67.569
• Relief Law 546 of 1999	17.940	17.940
• Monetary correction credit portfolio	528	1.026
• Excess presumptive income over ordinary income	-	-
• Rates of rental receivable (3)	1.373.699	1.172.642
• Other	15.292	15.021
Total debit contingent accounts	**2.881.786**	**2.123.240**
Credit contingent accounts:		
• Collateral signatures	400	41
• Bank collaterals granted (4)	925.171	729.153
• Securities received in simultaneous operations	95.203	582.104
• Issued, not-used letters of credit	293.068	342.088
• Approved, not-disbursed legal-tender credits	721.247	718.843
• Credits opening (5)	1.747.895	1.399.209
• Obligations in speculative options (6)	1.007.893	799.350
• Accounts payable Nation – Law 546 of 1999	21.708	21.708
• Litigation	193.454	174.839
• Other credit obligations	98.594	88.020
Total credit contingent accounts	**5.104.633**	**4.855.355**
Debit memorandum accounts:		
• Goods and securities given under custody and collateral	4.557.659	3.151.401
• Written-off assets	856.383	846.051
• Non-used credits in favor	1.195.911	1.330.446
• Asset inflation adjustment	42.896	42.897
• Subscribed capital distribution	89.779	89.779
• Dividends for equity reappraisal	161	161
• Investment yield accounts receivable	68.226	63.758
• New loans – agricultural portfolio	4.496	3.448
• Fully depreciated property and equipment	233.282	203.649
• Fiscal value of assets (7)	30.183.827	21.922.695
• Provision people under deed of arrangement	1.956	1.965
• Active reciprocal operations	1.349	8.874
• Reciprocal operations - expenses and costs	9.524	15.441
• Investments	35.008	62.323

Concept	2013	2012
• Spot purchase rights – forward (8)	24.974.920	17.229.830
• Written-off items – offices	101.966	101.966
• Individual portfolio provision - Form 477	-	205.711
• Figures control – Form 110 (9)	16.233.396	11.803.196
• Condonations/cancellations	73.922	71.913
• Foreign-currency purchase operations, forex, forward and futures	925.703	484.945
• Assigned value goods under trust	310	310
• Foreign currency letters of credit operations for exports, stand by and collection	12.750	66.301
• Tax base (10)	26.095.744	21.790.824
• Appraisal goods received as payment	2.889	2.855
• Unpaid checks		
• Securitized portfolio issues E5 and E9	161.032	347.048
• Settlement of interest after write-offs	522.613	659.600
• Approved, non-disbursed credits	721.247	718.843
• Delta of options purchased	317.549	155.174
• Other debit memorandum accounts	721.939	414.663
Total debit memorandum accounts	**108.146.437**	**81.796.067**
Credit memorandum accounts:		
• Goods and securities received under custody	62.586	63.371
• Goods and securities received as collateral (11)	51.706.667	46.351.665
• Recovery of written-off assets	74.861	88.928
• Collections received	412	378
• Equity inflation adjustment	532.144	532.144
• Equity reappraisal capitalization	532.144	532.144
• Marketable investments yield	190.776	175.908
• Fiscal value of equity	2.902.701	2.375.433
• Portfolio rating, interest and accounts receivable (12)	26.307.686	21.588.015
• Passive reciprocal operations	92.091	242.294
• Reciprocal operations – revenues	50.715	51.785
• Delta of options issued	317.549	155.174
• Foreign currency letters of credit operations for exports, stand by and collection (13)	9.170.471	5.948.046
• Securitized portfolio, interest, accounts receivable and financial interest	189.695	296.252
• Foreign currency sale operations, forex, forward and futures	393.097	452.769
• Spot sale obligations, forward and swap	6.360.987	5.457.396
• Mutual (common) funds	2.006.663	1.911.562
• Bounced checks	167.722	127.145
• Managed portfolio (other different from FOGAFÍN)	678	510
• Profit on sale of issued securities	-	-
• Other credit memorandum accounts (14)	3.743.962	3.363.660
Total credit memorandum accounts	**104.803.607**	**89.714.579**
Total contingent and memorandum account	**$ 220.936.463**	**$ 178.489.241**

(1) Corresponds to rights executed by the bank in the purchase of option with speculative purposes, defined in Chapter XVIII of the Basic Accounting and Financial Circular Letter

(2) Record of the delivery of the security at market prices for the transfer on the initial date of repo and simultaneous operations.

(3) Leasing credit rates of rental that have suspended accrual

(4) Records the obligation acquired by the bank in a collateral contract, whereby, in case of non-compliances by the counterpart, BBVA responds moneywise.

(5) Records the availability in favor of clients pursuant to the credit opening contract, accepted by the client and granted by BBVA Colombia

(6) Record of the obligations derived from contracts entered into by the bank in the issue or sale of speculative options.

(7) Record of equity (fiscal) values of assets, including their inflation adjustment.

(8) Record of amounts for purchase rights, swaps and forwards

(9) Record for amounts control listed in Form 110 - NO PUC

(10) Control accounts used for extracting information used in tax withholding, VAT withholding, and ICT withholding certificates.

(11) Record of amounts of immovable goods, transferable securities and other movable goods, as well as the securities comparable to suitable guarantee, that have been received as support of future credit transactions; those that should be pending or in a cancellation procedure; those received as collateral of active credit operations and supported with another guarantee.

(12) Records of credit investment per past-due age with respect to principal, interest and other concepts, derived from the assessment conducted by the Bank.

(13) Record of foreign-currency letters of credit for imports, stand by and collection operations.

(14) The amount basically consists of the recording of sundry memorandum accounts of the technical equity value that amounts to $3,081,638, which has been calculated based upon the standards of solvency ratio, which is taken as a abase to completing form NO PUC 110-Adequate equity.

Stronger competition is tightening net interest margin and the risk is this would worsen if the FED hikes its discount rate. However higher credit growth demand would help to offset the income effect of tighter NIM. Hence higher lending activity would compensate for smaller NIM.

31. Contingencies

The Bank and Subsidiaries had the following contingencies as of December 31, 2013:

The Bank had the following contingencies as of December 31, 2013:

Credit commitments – In the normal course of its operations, the Bank issues financial instruments, which are recorded in contingent accounts. The Bank's Management does not expect material losses as a result of these transactions. Below there is a summary of the most important commitments:

Letters of credit issued and not used – Generally speaking, the letters of credit are issued to be used within a term not to exceed ninety (90) days. In the case of letters of credit with correspondents that do not belong to Grupo BBVA, an opening commission equivalent to 1% of the value of the letter of credit, minimum USD 130 + VAT; plus USD 35 commission per swift message + VAT; plus $5,300 (in Colombian pesos) for stationary, for the import letters; for export letters the charges are: for opening notice, USD 50; for confirmation, 0.225% over the value of the letter of credit, minimum USD 50 and negotiation commission, 0,15% minimum USD 50. In the case of letters of credit opened with banks of Grupo BBVA, the charges are: an opening commission of 0.70%, minimum USD 80 + VAT, plus USD 20 commission per swift message + VAT, for import letters; for export letters, the charges are: opening notice USD 30; confirmation, 0.15%, minimum USD 35, and negotiation commission of 0.10%, minimum USD 35.

Avales y garantías de obligaciones – El Banco emite avales y garantías para garantizar contratos y obligaciones de clientes especiales. Estas garantías tienen vencimientos entre uno y quince años, y por este servicio se cobran comisiones con bancos corresponsales no pertenecientes al Grupo BBVA del 0,30%, sobre el valor del aval o garantía, con una mínima USD$100 dólares trimestre anticipado. Con bancos del Grupo BBVA se cobra una comisión del 0.20% con una mínima de USD$80.

Collateral signatures and collaterals of obligations – The Bank issues collateral signatures and collaterals to guarantee contracts and obligations of special clients. These collaterals have maturities between one and fifteen years, and for this service commissions are charged with correspondent banks non- Grupo BBVA members equivalent to 0.30%, on the value of the collateral signature or collateral, minimum USD 100 quarter in advance. With Grupo BBVA bank members a 0.20% commission, minimum USD 80, is charged.

Unused Credit Card limits – Upon delivery of the credit card to the clients a credit limit is authorized which the client may use at any time; for that reason it should be available. As per internal bank policy, the cards are issued for eight-year periods. The maximum effective average annual interest rate for credit cards was 30.54% EA in 2013. The risk of loss for the Bank in case of breach by the clients in the commitments to grant credits, letters of credit and collaterals is represented by the nominal values of the respective financial instruments; however, given that credit commitments may expire without having been used, the total amount of the commitment not necessarily represents future cash requirements. The Bank uses the same credit policies to grant loans whenever it assumes credit conditional commitments and obligations. In general for the granting of these financial instruments, the Bank assesses the client's financial capacity and obtains the collateral considered necessary. The collateral obtained, if the Bank considers it pertinent, is based upon the credit risk assessment. Collateral types vary but may include accounts receivable, inventories, property and equipment, and financial investments, among others.

Additionally, the Trust Company and the Broker had recorded the following trust memorandum accounts, which are not included in the consolidated balance sheet:

Concepto	2013	2012
In the Trust Company:		
• Investment trust	$ 67.284	$ 65.206
• Real estate trust	101.196	101.610
• Administration and payments trust	3.217.983	3.076.033
• Trust as collateral	422.733	325.324
• Resources from the general social security system and other related retirement pension and disability funds	4.463.013	4.513.252
• Collective portfolio– General Collective portfolio	1.721.306	1.593.746
In the Broker:	**9.993.515**	**9.675.171**
Other		
• Securities received under management	7.424	6.589
• Títulos recibidos en administración	112.773	758.602
Total	**$ 10.113.712**	**$ 10.440.362**

32. Non-interest revenues

As of December 31, the balance of this account was broken down as follows:

Concept	2013	2012
Commissions and fees	$ 363.023	$ 345.581
Sale of checkbooks	17.245	17.371
Exchange profit (1)	575.167	190.855
VISA financing partial payment	5.922	4.568
Cables and postage	1.478	422
Profit on sale of investments (2)	57.577	49.358
Consortia revenue	3.155	17.687
Recovery of provisions other accrued liabilities (3)	12.522	18
Recovery of provision for goods received as payment	1.710	3.446
Recovery of accounts receivable provision	22.949	14.904
Recovery of provision for credit portfolio and financial leasing operations (4)	348.918	295.435
Recovery of provision for financial leasing operations portfolio	8.612	6.867
Recovery of countercyclical component portfolio (5)	104.808	82.679
Reimbursement other assets provision	22.044	26.639
Profit on sale of receivables	-	7.170
Profit on sale of goods received as payment and restituted	991	1.155
Profit on sale of property and equipment	277	1.290
Profit on short positions of repo, simultaneous and temporary transfer of securities	9.921	7.462
Profit on the market value of investments (6)	573.934	388.517
Leases	973	720
Recovery of written-off loans (7)	74.861	88.961
Derivatives revenue (8)	1.413.553	1.549.744
Leasing operations revenue (9)	133.992	103.166
Sundry revenues (10)	55.549	40.538
Total	**$ 3.809.181**	**$ 3.244.553**

(1) 92% was generated by the restatement of foreign-currency assets; 8% by the purchase-sale of foreign currency; and the remaining part by the restatement of liabilities that are included in the foreign-currency balance sheet.

(2) Corresponds to the negotiation of fixed-yield securities basically for treasury securities TES.

(3) Reimbursement of accrued liabilities of previous periods corresponding to GMF (tax on financial transactions), legal and fiscal recorded in 2012.

(4) The recovery in credit investment provisions is mainly due to the result of collection campaigns that were undertaken throughout 2013, where the recovery of provisions resulting from the payment of the clientele for the commercial, consumer, microcredit, credit card, housing and countercyclical credit lines.

(5) The recovery in credit investment provisions is mainly due to the result of collection campaigns that were undertaken throughout 2013 on the financial leasing credits.

(6) For investment valuation corresponds to 83% of the Marketable; 13% of Available-for-sale; and the remaining part to Held-to-Maturity.

(7) Decrease with respect to the prior year in the recovery of written-off receivables for the consumer and housing lines.

(8) The contracting of derivative financial instruments, such as forward and swap, and the exchange rate volatility generated the following result: 82% for liquidation, and 18% for valuation.

(9) The increase is given by the increase in the volume of housing leasing operations, which grew by 108% versus the previous year.

(10) Refund deposit insurance with Fogafin and reimbursement of provisions with respect to difference in On – Off valuation curves, singular treasury operations with the Multilateral Financial Institution CAF recorded in 2012, of the synergies for services rendered to Horizonte and partial payment of Visa regional agreement with the parent company.

The participation in the non-interest revenues account as of December 31, 2013 was: 98.83% for the Bank; 1.01% for the Trust Company; and 0.16% for the Broker. As of December 31, 2012 the participation was: 98.16% for the Bank; 1.47% for the Trust Company; and 0.37% for the Broker.

33. Non-interest expenses

As of December 31, the balance of this account was broken down as follows:

Concept	2013	2012
Personnel expenses	$ 442.279	$ 403.908
Depreciation	53.321	45.699
Contributions and affiliations	12.110	8.813
Commissions (1)	176.532	150.983
Public utilities	24.584	25.100
Provisions for investments, BRDP, fixed assets and others	15.178	21.366
Provisions TES Law 546 of 1999	-	-
Transportation	38.508	34.531
Insurance (2)	91.770	72.403
Service, cleaning and security	13.819	12.674
Other-than-income taxes	108.559	100.967
Implements and stationery	6.274	5.775
Consortium	2.442	2.321
Maintenance and repairs	21.576	19.889
Electronic Data Processing	56.612	53.686
Loss on sale of investments (3)	42.538	29.032
Temporary services	28.939	23.445
Amortization deferred charges	156.362	154.830
Fees	24.513	27.223
Leases	20.468	14.272
Advertising and propaganda	20.188	21.155
Travel expenses	10.796	9.823
Investments valuation (4)	340.099	180.600
Monetary correction	587	985
Public relations	2.184	3.317
Office reconditioning and installation	3.067	2.826
Loss on sale of receivables (5)	24.995	5.763
Loss from derivatives (6)	1.475.340	1.539.881
Buildings management	5.756	4.855
Receivables cancellation	12	307
CDT prizes and "libretón" payroll	2.559	3.802
ATM withdrawals, network usage and others	11	10
Food expenses employees	730	521
Documents file administration	1.261	1.180
Collaterals custody and transportation	6.734	5.784
Risk central office consultations - call center	16.073	14.203
Development CDR software recording and technical support	7.478	6.898
Exchange loss (7)	447.004	147.770

Concept	2013	2012
Mileage Points Program (8)	17.444	13.884
Loss on sale of goods received as payment	235	261
Expenses from goods received as payment and restituted	947	1.687
Donations	71	2.662
Fines, sanctions, costs and litigation and indemnities	5.191	5.437
Corporate social responsibility	1.842	4.839
Operating risk	4.864	9.995
Sundry expenses (9)	44.295	53.393
Total	**$ 3.776.147**	**$ 3.248.755**

(1) Sales force commissions for placement of bank products to the public, transactions conducted through interbank services networks.

(2) Deposit insurance of Fogafin made on the gatherings of bank clients

(3) 96% of the loss generated by marketable investments is mainly due to the transfer of treasury securities TES

(4) The loss in valuation of fixed-yield investment caused by the constant fluctuation in curves and prices.

(5) Is basically due to the portfolio sales made during 2013 corresponding to consumer loan portfolio and credit cards.

(6) The volatility in exchange rates and interest rates generated a decrease in the result by liquidation, 82% and by valuation, 18% of the operations with derivative financial instruments. The loss generated by short sales and liquidity, Repo and Simultaneous operations decreased by 30%, which was caused by the reduction of this operative in the medium balances of the year.

(7) 96% was generated by the restatement of foreign-currency liabilities and the remaining 4%, by the restatement of the assets that form the foreign-currency balance sheet.

(8) Greater number of users registered in the mileage points program.

(9) Singular treasury operations and by difference in ON – OFF valuation curves..

The participation in the other-than-interest expense account balance as of December 31, 2013 was: for the Bank, 99.48%; for the Trust Company, 0.41%; and for the Broker, 0.11%. As of December 31, 2012 it was: for the Bank, 99.39%; for the Trust Company, 0.46%; and for the Broker, 0.15%.

In compliance with the provisions of Article 446 of the Code of Commerce, numeral 3, literals a), b), c) and d), we inform that the expenditures made by the following concepts during 2013 and 2012 were:

Concept	2013	2012
Payments to management:		
• Salaries	$ 7.024	$ 6.273
• Allowances	2.379	2.175
• Other	3.060	3.677
Propaganda and public relations expenses:		
• Advertising	$ 20.188	$ 21.155
• Public relations	2.184	3.317
Other payments:		
• Fees	$ 24.513	$ 27.723
• Donations	71	2.662

The detailed list is in the documents that are presented to the General Stockholders' Meeting.

34. Transaction with related parties

Below, there is a summary of the main operations of stockholders whose share is greater than 10% in BBVA Colombia:

Year 2013

Assets

Concept	Importe		Descripción
Banks and other financial entities	$	2.455	Correspondent banks
Accounts receivable		1.392	Forward operations security depositories
TOTAL	$	3.847	

Liabilities

Concept	Importe		Descripción
Accounts payable	$	1.246	Maturity forward operation BBVA Madrid.
TOTAL	$	1.246	

Revenues

Concept	Importe		Descripción
Profit on assets valuation	$	56.827	Forward and swaps operations BBVA Madrid
TOTAL	$	56.827	

Expenses

Concept	Importe		Descripción
Loss in derivatives valuation	$	70.220	Forward and swaps operations BBVA Madrid
Advisory and consulting service fees		2.274	Corporate applications advisory BBVA Madrid
Corporate application services		8.052	Applications maintenance BBVA Madrid
TOTAL	$	80.546	

BBVA is one of the leaders in mortgages lending and its market share is 20%. When the FED announced the tapering strategy in May 2013, long run interest rates rose sharply. This is a new challenge for the industry.

Year 2012

Assets

Concept	Importe		Descripción
Accounts receivable	$	775	Depositories of forward operations securities
Other assets		211	Letters of credit – exports
TOTAL	$	986	

Liabilities

Concept	Importe		Descripción
Accounts payable	$	1.049	Expiration forward operation BBVA Madrid
TOTAL	$	1.049	

Revenues

Concept	Importe		Descripción
Profit on derivatives valuation	$	92.780	Forward and swaps operation BBVA Madrid
TOTAL	$	92.780	

Expenses

Concept	Importe		Descripción
Loss in derivatives valuation	$	43.036	Forward and swaps operations BBVA Madrid
Advisory and consulting service fees		2.086	Advisory corporate applications BBVA Madrid
Corporate applications services		5.507	Maintenance corporate applications BBVA Madrid
TOTAL	$	50.629	

As of December 31, a summary was as follows:

Year 2013

2013	Stockholders' participation greater than 10%	Board of Directors' Members	Legal representatives and Vice Presidents in the Main Office	Other BBVA group companies not subordinated to BBVA Colombia	
				BBVA Seguros	BBVA Seguros de Vida
Assets:					
Loans portfolio	$ -	$ 176	$ 2.694	$ -	$ -
Banks and other Financial Entities	2.455	-	-	-	-
Accounts receivable	1.392	-	-	-	2
Prepaid expenses	-	-	-	1.035	201
Other Assets	-	-	-	-	-
Total	**$ 3.847**	**$ 176**	**$ 2.694**	**$ 1.035**	**$ 203**
Liabilities:					
Deposits	$ -	$ 598	$ 58.187	$ 8.456	$ 83.540
Accounts payable	1.246	-	-	-	95
Total	**$ 1.246**	**$ 598**	**$ 58.187**	**$ 8.456**	**$ 83.635**
Revenues:					
Dividends	$ -	$ -	$ -	$ -	$ -
Interest and/or investments' yields	56.827	23	386	-	-
Commissions	-	6	14	10.385	40.255
Leases	-	-	-	8	68
Total	**$ 56.827**	**$ 29**	**$ 400**	**$ 10.393**	**$ 40.323**
Expenses:					
Interest	$ -	$ 1	$ 175	$ 387	$ 3.819
Salaries	-	-	10.576	-	-
Derivatives operations	70.220	-	-	-	-
Insurance	-	-	-	4.869	449
Advisory and consulting service fees	2.274	322	-	-	-
Corporate applications services	8.052	-	-	-	-
Total	**$ 80.546**	**$ 323**	**$ 10.751**	**$ 5.256**	**$ 4.268**
Others - Dividends paid preferred and ordinary stock	**$ 211.995**	**$ -**	**$ -**	**$ -**	**$ -**

The operations above were conducted under general market conditions in force and effect for similar transactions with third parties, except in the cases of loans to attend health, education, housing, and transportation needs, made to Bank officers, which were conducted according to the entity's policies, pursuant to what is expressly allowed by the legal norms that regulate the matter.

As of December 31, a summary was as follows:

Year 2012

2012	Stockholders' participation greater than 10%	Subordinated Companies		Board of Directors' Members	Legal Representatives and Vice Presidents at the Main Office	Other BBVA Group Companies not subordinated to BBVA Colombia		
		BBVA Valores	BBVA Fiduciaria			BBVA Horizonte	BBVA Seguros	BBVA Seguros de Vida
Assets:								
Investments	$ -	$ 6.061	$ 53.652	$ -	$ -	$ -	$ -	$ -
Loans portfolio	-	-	-	12	5.430	-	-	-
Accounts receivable	775	-	76	-	-	374	4.329	2
Prepaid expenses	-	-	-	-	-	-	1.042	141
Other Assets	211	-	-	-	-	-	-	-
Investments appraisal	-	7.490	27.503	-	-	-	-	-
Total	**$ 986**	**$ 13.551**	**$ 81.231**	**$ 12**	**$ 5.430**	**$ 374**	**$ 5.371**	**$ 143**
Liabilities:								
Deposits	$ -	$ 294	$ 19.421	$ 13	$ 3.858	$ 152.716	$ 8.895	$ 80.395
Accounts payable	1.049	-	-	-	-	-	-	288
Total	**$1.049**	**$ 294**	**$ 19.421**	**$ 13**	**$ 3.858**	**$ 152.716**	**$ 8.895**	**$ 80.683**
Revenues:								
Dividends	$ -	$ 1.384	$ 14.892	$ -	$ -	$ -	$ -	$ -
Interest and/or investment's yield	92.780	-	-	4	500	-	-	-
Commissions	-	32	718	2	19	7.270	9.153	32.244
Recoveries	-	-	-	-	-	-	2.960	-
Leases	-	-	128	-	-	84	7	67
Total	**$ 92.780**	**$ 1.416**	**$ 15.738**	**$ 6**	**$ 519**	**$ 7.354**	**$ 12.120**	**$ 32.311**
Expenses:								
Interest	$ -	$ 4	$ 699	$ -	$ 46	$ 7.090	$ 414	$ 2.980
Commissions	-	5	-	-	-	-	-	-
Salaries	-	-	-	-	10.172	-	-	-
Derivative operations	43.036	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	4.753	204
Other	-	-	6	-	-	-	-	-
Advisory and consulting services fees	2.086	-	-	282	-	-	-	-
Corporate applications services	5.507	-	-	-	-	-	-	-
Total	**$ 50.629**	**$ 9**	**$ 705**	**$ 282**	**$ 10.218**	**$ 7.090**	**$ 5.167**	**$ 3.184**
Other - Dividends paid on preferred and ordinary stock	**$ 230.942**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

The above operations were performed under general market conditions in force for similar transactions with third parties, except in the cases of loans to attend to health, education, housing and transportation needs made to the Bank officers, which were performed according to the entity's policies, pursuant to what is expressly allowed by the legal norms that rule the matter.

Transactions with related parties between subordinated and non-subordinated companies bbva colombia and other companies of the bbva group

At December 31, 2013 detailed as follows:

2013	BBVA Fiduciaria with other companies of the BBVA Group			BBVA Valores with other companies of the BBVA Group		
	BBVA Valores	BBVA Seguros Generales	BBVA Seguros Vida	BBVA Fiduciaria	BBVA Seguros Generales	BBVA Seguros de Vida
Assets:						
Accounts receivable	$ 1	$ 1	$ -	$ -	$ -	$ -
Prepaid expenses	-	148	6	-	46	-
Total	**$ 1**	**$ 149**	**$ 6**	**$ -**	**$ 46**	**$ -**
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Total	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Revenues:						
Dividends	$ -	$ -	$ -	$ -	$ -	$ -
Interest and/or investment yields	-	-	-	-	-	-
Commissions	-	1	-	33	-	-
Leases	-	-	-	-	-	-
Total	**$ -**	**$ 1**	**$ -**	**$ 33**	**$ -**	**$ -**
Expenses:						
Commissions	$ 31	$ -	$ -	$ -	$ 34	$ -
Insurance	-	291	13	-	-	-
Leases	-	-	-	-	-	-
Total	**$ 31**	**$ 291**	**$ 13**	**$ -**	**$ 34**	**$ -**

BBVA Seguros Vida with other companies of the BBVA Group			BBVA Seguros Generales with other companies of the BBVA Group		
BBVA Valores	BBVA Fiduciaria	BBVA Seguros Generales	BBVA Valores	BBVA Fiduciaria	BBVA Seguros Vida
$ -	$ -	$ -	$ 3	$ -	$ -
-	-	-	-	-	-
$ -	**$ -**	**$ -**	**$ 3**	**$ -**	**$ -**
$ -	$ -	$ -	$ -	$ -	$ -
$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
$ 121	$ 367	$ -	$ 121	$ 367	$ -
-	20	-	39	305	-
-	-	-	-	-	-
-	-	**-**	**-**	**-**	**-**
$ 121	**$ 387**	**$ -**	**$ 160**	**$ 672**	**$ -**
$ -	$ -	$ -	$ -	$ 1	$ -
-	-	-	-	-	-
-	-	-	-	-	-
$ -	**$ -**	**$ -**	**$ -**	**$ 1**	**$ -**

Colombia's economy has proved being resilient and is appealing to foreign investors. The Pacific Alliance will become a new engine of growth attracting more FDI.

Transactions with related parties between subordinated and non-subordinated companies bbva colombia and other companies of the bbva group

At December 31, 2012 detailed as follows:

2012	BBVA Fiduciaria with other companies of the BBVA Group				BBVA Valores with other companies of the BBVA Group			
	BBVA Valores	BBVA Horizonte	BBVA Seguros Generales	BBVA Seguros Vida	BBVA Fiduciaria	BBVA Horizonte	BBVA Seguros Generales	BBVA Seguros de Vida
Assets:								
Accounts receivable	$ -	$ 2	$ -	$ -	$ -	$ -	$ -	$ -
Prepaid expenses	-	-	132	-	-	-	-	-
Total	**$ -**	**$ 2**	**$ 132**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Liabilities:								
Accounts payable	$ -	$ -	$ 56	$ -	$ -	$ -	$ -	$ -
Total	**$ -**	**$ -**	**$56**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Revenues:								
Dividends	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest and/or investments yield	-	-	-	-	-	-	-	-
Commissions	1	3	1	1	-	-	-	-
Leases	-	-	-	-	-	-	-	-
Total	**$ 1**	**$ 3**	**$ 1**	**$ 1**	**$ -**	**$ -**	**$ -**	**$ -**
Expenses:								
Commissions	$ -	$ -	$ -	$ -	$ 1	$ -	$ -	$ -
Insurance	-	-	280	12	-	-	22	-
Leases	-	-	-	-		-	-	-
Total	**$ -**	**$ -**	**$ 280**	**$ 12**	**$ 1**	**$ -**	**$ 22**	**$ -**

When dealing with volatility and uncertainty with the Latin American exchange rates, BBVA has the expertise to hedge the consolidated and subsidiaries balance sheet in order to preserve the shareholders' equity.

BBVA Seguros Vida with other companies of the BBVA Group				BBVA Seguros Generales with other companies of the BBVA Group				BBVA Horizonte with other companies of the BBVA Group			
BBVA Valores	BBVA Fiduciaria	BBVA Horizonte	BBVA Seguros Generales	BBVA Valores	BBVA Fiduciaria	BBVA Horizonte	BBVA Seguros Vida	BBVA Valores	BBVA Fiduciaria	BBVA Seguros Generales	BBVA Seguros Vida
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-	90	58
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 90	$ 58
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 41	$ 432	$ -	$ -	$ 41	$ 432	$ -	$ -	$ -	$ -	$ -	$ -
-	15	421	-	53	3	451	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	58
-	-	-	-	-	-	-	-	-	-	71	284
$ 41	$ 447	$ 421	$ -	$ 94	$ 435	$ 451	$ -	$ -	$ -	$ 71	$ 342
$ -	$ -	58	$ -	$ -	$ 1	$ -	$ -	$ -	$ 2	$ -	$ 34
-	-	-	-	-	-	-	-	-	-	313	112
-	-	284	-	-	-	71	-	-	-	-	-
$ -	$ -	$ 342	$ -	$ -	$ 1	$ 71	$ -	$ -	$ 2	$ 313	$ 146

35. Risks

Evolution of credit risk exposure and quality During 2013, the risk area management was targeted towards an adequate control and management of the credit portfolio contributing to profitable growth, with increase in excess of 21% in the credit investment, below the sector and risk premiums with stable trend.

At structure level, the organizational chart of the risk area was adjusted, strengthening all market segments. The admission, follow-up, retail recovery, and methodology and tools areas were unified, thus consolidating as a particulars segment. Also, all the admission, follow-up and recovery process of wholesale portfolio is unified in the companies segment. On the other hand, PyMES arises as an independent area to strengthen this niche, which is one of the growth pillars within the new strategic plan.

Lastly, the implementation of tools and models that facilitate the follow-up and recovery labor for all segments continued, and in this way, to be able to effectively manage all risks (credit, market and operational) involved.

Control de gestión de riesgos - A través de las herramientas de gestión corporativa (mapa de capitales y assetallocation) y de buró local, se realiza el monitoreo periódico de portafolios. De igual manera, acorde con las directrices definidas por la Superintendencia Financiera (anexos 3 y 5 del capítulo II de la circular básica contable), continúa el seguimiento de los modelos de referencia para la cartera comercial y de consumo para dar cumplimiento a la regulación en materia de calificaciones y de provisiones.

Risk management control

Enterprise Risk Admission – It was finished the implementation of the Rating Analyst (RA) tool that, in its first phase is being used in companies with revenues in excess of USD 50 million and in its loading, incorporates differentiated sectorial models providing ratings adjusted to international standards. Its entry was accompanied of training sessions to the local users by the respective areas in Spain and of S&P.

During the third quarter, it entered into operation the first phase of the digital financial program (Web format for RA and GRC environment clients), a corporate initiative the purpose of which is the integration and greater efficiency of the admission circuits.

CI&B Admission - It continued with the support to the segment through accompaniment to visits to clients and business committees that allow drilling down in their knowledge and structuring integral financial programs anticipating the clients' financing needs. The aforementioned support was reflected in a remarkable 27% increase of investment in this segment.

Enterprise Banking Admission - Efforts were focused on the teamwork and on a greater knowledge of the client, through visits thereof and the accompaniment and training in the business area. The growth of portfolio of receivables was accompanied of greater sectorial specialization and interaction with risk areas in Spain, with the purpose of making known the high-value sectors and clients. Likewise, in the largest clients, policies delegated to Colombia were authorized, which allow giving quick answers in line with sector requirements.

In the same fashion, as support to the business area, several campaigns were conducted (severance pay, prospect clients, portfolio purchase, coverage for leasing operations and long-term credit), all of that framed within the updating of sectorial vulnerabilities, and, the product factoring started with speedy approvals under a fast track circuit not exceeding two (2) days as response time.

Institutional Banking Admission - It continues the evaluation and approval of credit applications, under an acting framework that frames the risk appetite into terms, amounts and market quotas, the approval of which was made by the holding in March 2013.

During the 2013 term, the public sector had greater dynamism in investment expenses versus the previous year, which translated into a positive effect in credits' demand to finance projects contemplated in government plans of the different entities.

Additionally, it was relevant the fact that public entities sought to improve their obligations' profile allowing the bank to increase its participation in debt levels with good credit exposure and excellent compensations. On the other hand, an action framework was also defined for the entities corresponding to the family compensation fund and education sectors with the purpose of granting a work tool to the commercial area to empower these sectors at national level.

At internal level, the risk area highlights the support offered to the commercial area with the programming of training sessions to managers about the evaluation of territorial entities, health sector companies, and education sector entities.

In line with the objectives of investment growth, support to the institutional sector was targeted to increase risk limits to territorial entities as well as to health and education sector companies, already linked to the bank, as well as provide accompaniment in the visits to potential clients, with the purpose that the bank increase its participation in the market quota before the local banking system.

Promoter Admission – The level of approvals increased by 19%, differentiated 15% in real estate projects and 52% in other credit lines (specially, working capitals). Likewise, it was exceed the trillion Colombian pesos in approvals, which allowed increasing the portfolio by 14%.

Wholesale follow-up and recovery – The tool designed for valuating this risk was empowered, pursuant to the corporate framework of early warnings, starting from statistical basis that allow determining the warnings with greater predictability to maintain the quality thereof, and at the same time its scope was extended to achieve the publication of the tool in the Intranet. With the latter, it is foreseen a more efficient interaction between the central areas and the offices network.

In this fashion, clients are identified according to their priority of management, assigning action plans suggested for each case, the execution of which is supported from the central follow-up areas.

Likewise, continuity is given to support actions to investment growth through the pre-selection of collectives with positive behaviors, for the design of commercial strategies by the business area.

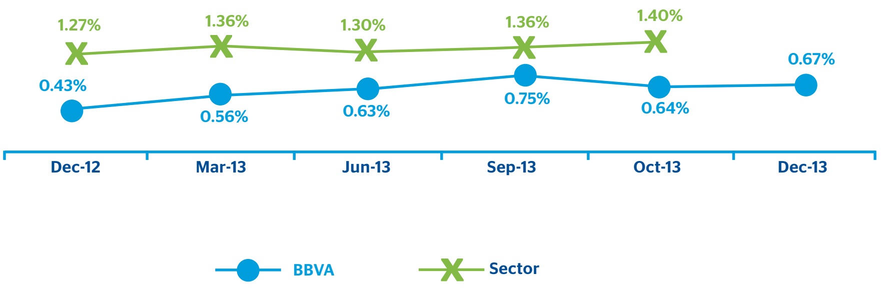
In parallel, it is maintained the continuous follow-up to the general behavior of the portfolio of receivables and the generation of monthly reports that are subject to study in the commercial portfolio committee, chaired by the Vice President of Risks and with the participation of the business areas of the commercial, companies, institutions, corporate and constructor, which issues action recommendations or requests for the study of specific collectives.

In the portfolio recovery, it was strategically privileged the contention of entries into delinquency of high-amount obligations, through the specialized management of the wholesale recovery team acting with innovative proposals before administrative and judicial authorities with a determinant accompaniment of the support and commercial areas, allowing to keep the portfolio quality indicator below the sector's.

In the same line, continuity was given to the specialized management for leasing portfolio applying restructuring strategies derived from private agreements directly reached with the clients or jointly celebrated with the financial entities.

We forecast Colombia, Peru and Chile GDP growth will be between 4.5 and 5.0%. Among South America business unit, the three banks net income contribution is increasing and is expected to continue this path with higher market shares and small risks in the horizon.

Evolution Delinquency Ratio - Commercial Portfolio



Fuente: Superintendencia Financiera de Colombia

Particulars Risk – In September 2013, all the integral risk management of particulars was been consolidated in only one direction, grouping the Retail admission, methodologies and tools, follow-up and recovery areas.

With this executive direction, processes, procedures, and policies area aligned, coordinated and improved from the start of the risk of a particular to its end, through the recovery or sale of portfolio allowing a coordinated work flow amongst the areas.

Retail Admission –By the end of 2013, the admissions area was restructured uniting into only one manager the admission of the network channels and the commercializing company and creating (in line with the group strategies targeted to increasing its positioning in the financing of automobiles worldwide) the Consumer Finance Admission Management position.

Taking into account that BBVA has delegations on head of the managers of the commercial network, the project body-with-deciding-powers entered into production under the direction of the methodologies and tools area, which allows the automation of controls to be taken into account at the moment of making a credit decision, thus improving the control of delegation and its inherent risks.

On the other hand, continuity was given to the migration of the collections agreement by the massive factory circuit, covering 43% of the agreements that previously were under

the supervision of the offices network. This circuit allows centralizing the operating processes and minimizing the payroll discount line formalization risks. Currently, 85% of the invoicing of the agreements is migrated, and the migrated agreements are the ones that have the greatest share in the monthly billing.

BBVA continues to focus the retail admission towards better profiles. So, for 2013, the pre-approved projects increased their share representing 46% of the free-investment credits and 20% of total consumption (including payroll discount). Strategic focuses were made in "refueling" for pensioners, the military forces, and educators; these approvals are characterized for having the best risk indicators with respect to the bank's other approval channels.

Retail follow-up – The attribution follow-up scheme continues to be deepened. Currently this scheme covers approximately 23% of the monthly disbursements of the offices network in their delegation (reactive admission).

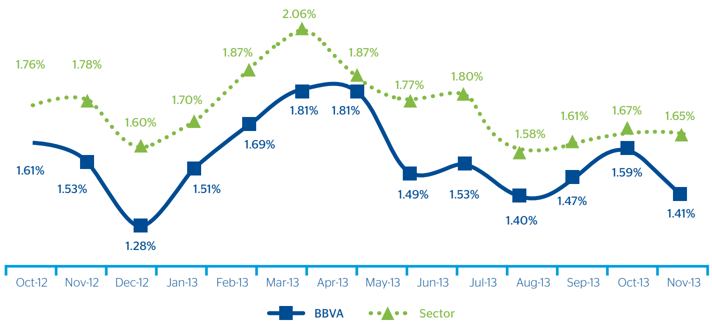
A large percentage of certified managers have attributions, which redounds in better response times for the client and benefiting investment growth.

With constant follow-up to the placements made by office managers, zone directors and territorial managers, it is possible to identify the cases that breach the credit policies established. These cases are exposed before the people responsible at risk committees periodically held, with the purpose of keeping good portfolio quality ratios.

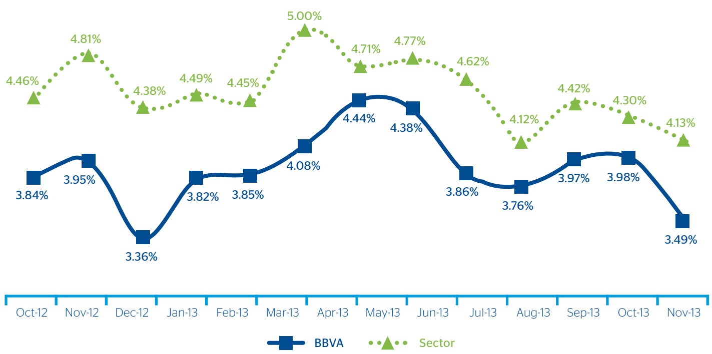
Likewise, detailed follow-ups by product and by channel are conducted seeking to identify possible focuses of non-compliance that allow time alerting the areas implied and so avoid greater impairment; likewise, admission policies have been redefined and recommendations have been made to adjust the tools that support the decision.

In 2013, BBVA Colombia continues with very good quality indicators before the retail portfolio sector::

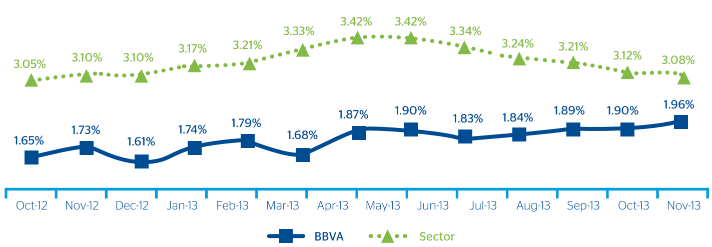
Past-due Ratio (31 – 60 days) Consumer



Past-due Ratio (31 – 120 days) Mortgage

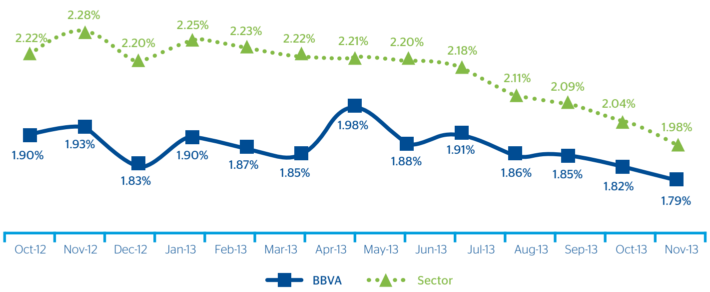


Delinquency Ratio (more than 60 days) Consumer



Concerning the bank's equity, the two main goals are: having enough eligible capital in order to comply with local regulatory requirements in each Country we have a bank, and at the same time make an efficient use of our shareholder's equity through a comprehensive management of assets and liabilities and also an efficient mix of equity given the available capital instruments.

Delinquency Ratio (more than 120 days) Mortgage



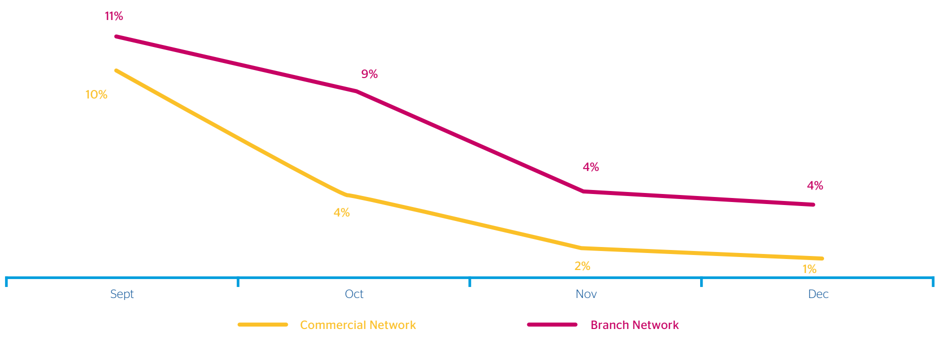
During 2013, more work has been put in the development of Early Warnings that allow anticipating, in a swift and accurate fashion, those possible channels, products, managers or analysts that suffer impairment in their portfolios, allowing putting the focus of the solution on those relevant aspects with higher haste, which shall redound in an improvement of risk ratios.

Retail recovery – In 2013, different strategies were executed to optimize the recovery results as follows:

Tallyman – early collection software was put into production. This is a management tool that allows greater control and follow-up of the collections work in the different channels (offices network, and commercializing entities).

Evolution of cases pending management in Workflow

since the start-up of Tallyman



A dynamics of normalization strategy to the different segments and strips was maintained in collections management, giving all channels an extensive normalization products portfolio according to the needs presented by clients. The industrialization of restructurings was started-up through the massive factory. The purpose of the latter is to free the offices network from the operating burden and significantly improving the timing in this process.

In the judicial management groups, designs were made and developments were started for the automation of operating procedures, including the implementation of a Work Flow that will control the process of airing in court ("judicialización") of clients, which is initiated from the identification of collectives that are susceptible of being aired in curt until the completion of the trials.

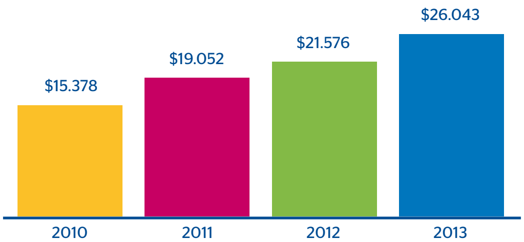
The training of human capital was discussed. Both the early and late collection management groups obtained, jointly with human resources a certification in retail risk admission (50) receiving technical training for the handling of negotiations and assertive collection. Coordinators of the collections houses also participated in this last program.

Portfolio sales contributed according to budget to the revenue generation for the Bank, which was reflected in their ROF indicators.

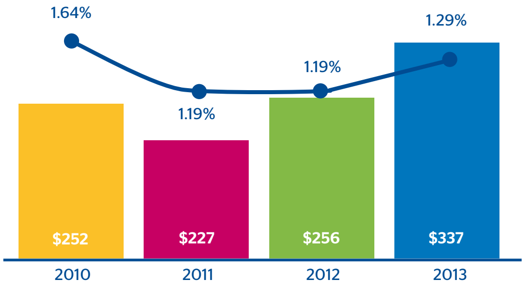
All the above allowed improving the efficiency ratios of portfolio recovery and contributing favorably to the entity's statement of income in its annual exercise

Total Investment

Figures in m.M.



Total Doubtful Receivables

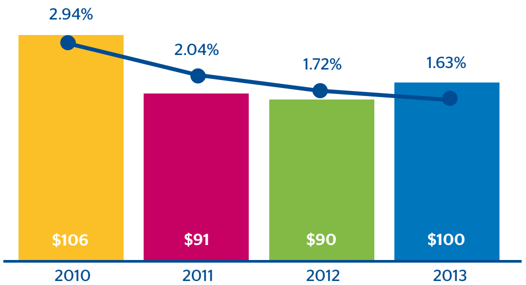


In the retail banking products, investment shows upward trends and doubtful receivables indicators are stable:

Mortgage Portfolio Investment

Figures in m.M.

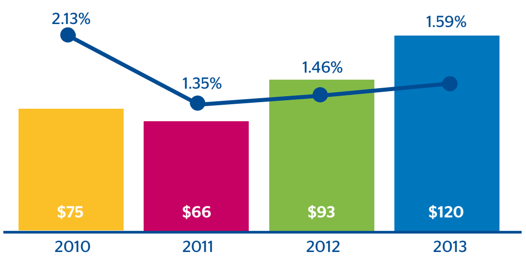
Mortgage Doubtful Portfolio



Consumer Portfolio Investment

Figures in m.M.

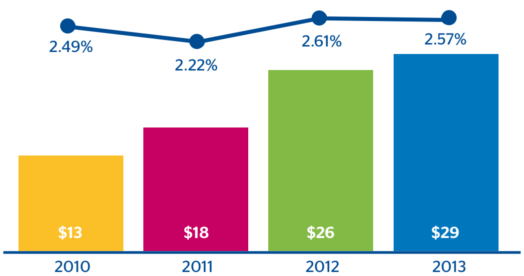
Consumer Doubtful



Credit Cards Portfolio Investment

Cifras en m.M.

Credit Card Doubtful Portfolio



Methodology and tools – During the entire year, it took care of making massive the Scoring Web tool, which allows evaluating the risk profile during the first contact with the client and it generates letters for credits pre-assessment. This tool allows the commercial advisor to be more competitive in the response time, since the pre-assessment is made in a 5 to 10 minutes time.

All models for granting of consumer, credit card and mortgage credits were updated improving their discriminating capacity. They are in the production stage with the specialization per different bank's credit lines: payroll discount, vehicle, free investment, credit card and mortgage. The expectation is that these new models allow deepening each niche in a controlled fashion.

Billing per Product Line (mM)

Portfolio Type	2013	2012	2011
TDC	$ 645	$ 599	$ 708
Consumer	4.859	3.868	3.221
Mortgage	2.099	1.763	1.563
Total	**$ 7.603**	**$ 6.230**	**$ 5.492**

Consumer Finance- In line with the group strategies targeted to increasing its positioning in the automobile financing worldwide, in 2013 BBVA Colombia formed the Consumer Finance admission management position. This new structure allows us being aligned to reach the growth and positioning objectives in the financing of particular automobiles of the Colombian automobile sector in an increasingly more demanding environment regarding quality and response times. We are prepared to attend to strategic alliances with the main brands of the country, with a human team and specialized processes from the sale of the product, the decision and to the formalization. The 2013 was characterized for being a year of great achievements, market quota passed from 6.49% to 8.41%.

PyMEs (SMBs) Risks

- The dynamics of holding committees with the people responsible for the business centers in each territory continued to be implemented in 2013, which generates a significant volume of operations revised through this process. Likewise, the powers for business centers continue, where it is decided almost 55% of total operations with clients with sales lower than 6,000MM and for clients with sales greater than 6,000MM, only 10% of total operations is being decided.

For the second semester of the year, it is created the PyMEs (SMBs) Risk Direction that groups both clients with sales lower than 6,000MM that were in the retail environment and clients with sales greater than 6,000MM and up to 12,000MM that were in the wholesale portfolio, with the purpose of establishing one sole person responsible of a segment which is one of the Bank's strategic pillars and that, likewise, is a portfolio that has gained a representative share within the Bank's total portfolio.

The tools and methodology team of the segment is created with the purpose of handling projects and decision models. The first objective will be the construction, with an external provider, of the reactive model for clients with sales lower than 6,000MM; this model will be implemented in the second semester of 2014. On the other hand, the behavioral model will be calibrated, with the purpose of improving all processes within PyMEs risks (admission, follow-up and recovery).

Further, a person responsible for follow-up is incorporated and will be responsible for following up the major clients of the portfolio and, in turn, will make the letters to the different offices reviewing that 100% of the approval conditions are complied with.

In terms of campaigns for the commercial area, with a behavioral model, two campaigns have been delivered during 2013: one for clients of the assets and another for clients of the liabilities. The first one had placements of 11% of the total amount authorized with a very good evolution in performance terms in past due and doubtful receivables.

In *Workflows*, for clients with sales lower than 6,000MM we continue to work and as from the last quarter, 100% of the clients with sales greater than 6,000MM was incorporated; this fact will allow having the monitoring of response times, and traceability in each operation.

Last, command tables (dashboards) and profile analyses have been developed to start with the review of admission policies and processes within the PyMEs (SMBs). Receivables portfolios are established by territory and by deciding center, which allows carrying a more adequate follow-up of the attribution of each business center.

Internal Control and Operating Risk

The elements of the different operating risk management methodologies were given continuity, in compliance with External Circular Letters 041 of 2007 (Operating Risk Management System) and 038 of

2009 (internal control system) issued by the Office of the Superintendent of Finance in Colombia.

We evolved towards a new risk management model established on a corporate level that is adapted strengthening the local regulatory guidelines. In this sense, we highlight the following

- The implementation of the figure of specialists in the operating risk model, who directly support the areas in the risk identification process, the definition of possible controls to improve operation and follow-up in risk mitigation.

- The application STORM (Support Tool for Operational Risk Management) is consolidated as a central and unique tool for documenting and managing the operating risk in the group.

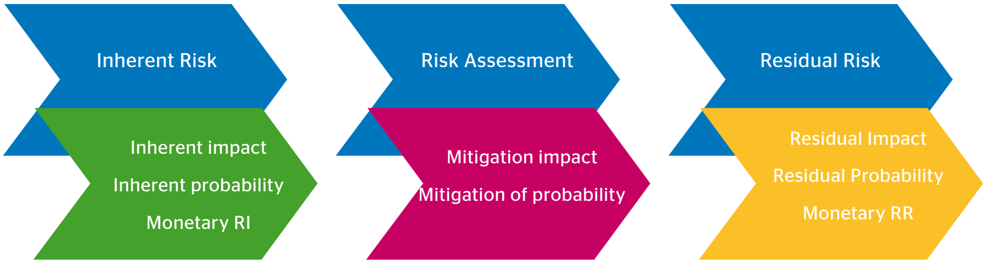
- The periodical conduction of operating risk committees of the areas as a muscle to develop the management and mitigation of the main risks detected.

- We implemented the calculation of the operating risk indicator – ORI as a tool for anticipating and supporting the management, with the purpose of evaluating at country level this risk tolerance.

- We worked in high-risk low-impact factors building operating risk scenarios, which in addition to being used for risk management, constitute one of the inputs required to determine the calculation of the economic capital by RO in the AMA model. Additionally, it was made the linking of related risks allowing the determination of their mitigation level.

- On the other hand, a significant contribution was given to the strengthening of processes with the initiation by the specialists of the incorporation of risk indicators within the management model.

In general terms, during 2013 it was carried out the review of the internal control model for the SOX and NO-SOX perimeters, based upon the methodology anchored on impact and occurrence probability, both of the inherent and residual risks, proving the adequate execution of controls and mitigation of risks.



Risks internal control actively participated in the improvement of the control model within the unit and, transversally, towards other dependencies, optimizing the processes related to the integral overdraft circuit, promoted the updating of regulations and the implementation of operating risk mitigating measures.

A review was made of compliance with the services externalization policy in BBVA Colombia, concluding that the outsourcing initiatives implemented are appropriate and they strengthen the control framework on externalized services. A positive diagnostic was conducted on 100% of the services. Likewise, the outsourcing regulation was updated according to the functions assigned to control of the de operative, and control mechanisms were strengthened for follow-up of suppliers regarding the quality of services rendered.

Regarding the generation of culture for operating risk prevention, they participated in the elaboration of the integral legal education bulletin published in the group's virtual education page.

Market risks – The market risk area management focused on the strengthening of support tools for the obtainment lf 2013 objectives related to strategies design and adapting of the treasury operative, of the balance sheet, for control and follow-up of the interest rate risk of the treasury positions and of the balance sheet, the impact on financial margin and to liquidity risk in search for achieving budget objectives with a prudent risk exposure. Additionally, the tools implemented helped as support for the timely decision-making at top-management level.

In this fashion, continuity was given to the daily controls by the area such as measurement of the VaR of treasury with the purpose that the daily management keeps controlled risk levels pursuant to the annual guidelines and accrued losses control (stop loss). Additionally, follow-up was conducted to other measurements such as open sensitivity to the different risk factors and term.

On the part of the periodical control to the entity's liquidity, in addition to the normative requirements, follow-up was conducted to the short-term liquidity through the basic capacity indicator as well as the financial structure of the balance sheet through supplementary additional indicators.

The Board of Directors is informed on a monthly basis about the following aspects:

- SARM SARL report: It informs about the most recent measures issued by the supervisory and controlling entities about the market and liquidity risks, as well as the credit risk in treasury, Likewise, it is presented the corresponding advance of the projects.

- Risk positions report: On a periodical basis, reports are made about the markets' behavior as well as the risk positions both of the treasury operative as well as of the balance sheet operative and the follow-up to the limit of those positions taken.

- Request of changes to the risk policy in those cases where Management does not have a delegation for defining it.

- Exposure and loss limits: It informs the evolution of these indicators and their deviations versus the levels authorized by the Board of Directors. This report has a monthly periodicity.

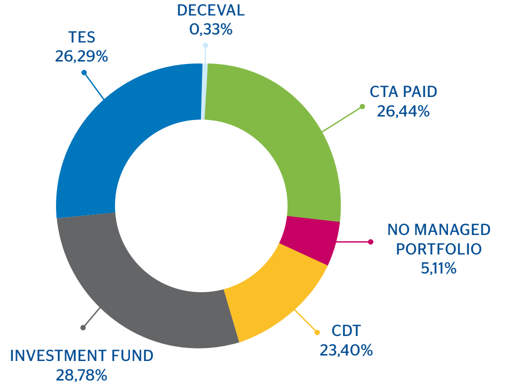
Those reports have been designed in such a way as to show the information in a clear, concise, agile and accurate fashion and the same contain the exposures per risk type, per business area and per portfolio.

The own resources portfolio of the Trust Company, closed with investments amounting to $88,979,349 with a breakdown as follows: 26.29% in TES; 5.11% corresponding to non-manageable portfolio; 13.05% in

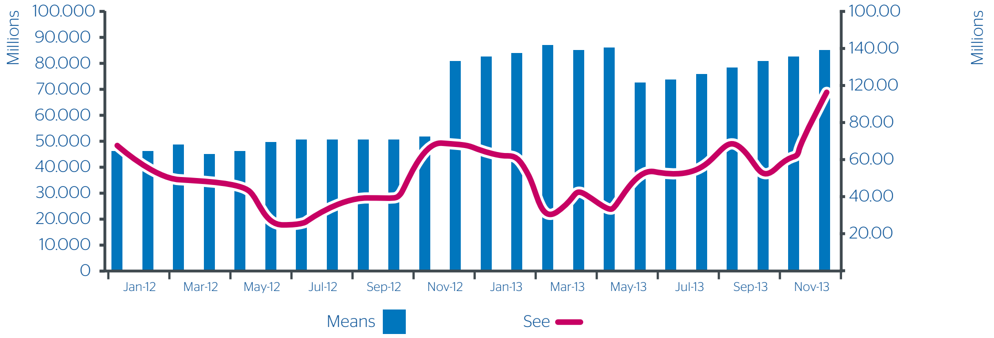
CDT; 0.33% in Deceval stock; 28.78% in investment funds; and 26.44% in cash on hand.

Portfolio Proprietary Position

December the 2013 • $ 88,979,349 miles



Trust BBVA equity



According to the Superintendence's standard methodology, as of December 31, 2013, the VaR gave a Value at Risk of $110.91 million, corresponding to 0.12% of the portfolio value.

The VaR corresponds to an estimate of the Market Risk exposure, or risk generated by the variation in interest rates, exchange rates, stock prices, and collective portfolios participation. It corresponds to the maximum probable loss that can be obtained, over a 10-day period with a probability of occurrence of 1% (99% confidence level).

The standard model of the Superintendence to estimate VaR, considers 17 risk factors: zero curve coupon in Colombian pesos (analyzed according to its three main components, videlicet parallel rate crashes, pending and convexity); zero curve coupon in UVR (3 components); zero curve coupon US treasury; DTF (short and long term); CPI, TRM, Euro/Pesos, IGBC, World Index and collective portfolios, not including the mandatory reserve for the FONPET business.

Factors	2013
Interest rate CEC pesos - Component 1	$ 8.221
Interest rate CEC pesos - Component 2	14.030
Interest rate CEC pesos - Component 3	3.698
Interest rate CEC UVR - Component 1	-
Interest rate CEC UVR - Component 2	-
Interest rate CEC UVR - Component 3	-
Interest rate CEC treasury - Component 1	-
Interest rate CEC treasury - Component 2	-
Interest rate CEC treasury - Component 3	-
Interest rate DTF - node 1 (short term)	7.974
Interest rate DTF - node 2 (long term)	-
Interest rate CPI	24.370
Exchange rate – TRM	-
Exchange rate - Euro / Pesos	-
Stock price – IGBC	9.644
Stock price - World Index	-
Collective portfolios	8.247
Vega risk for positions in options	-
Gamma risk for positions in options	-
Total Value at Risk	**$ 76.184**

As of December 31, 2013, the risk concentration was mainly given by the concentration in fixed-rate indexed papers components 1, 2, and 3, DTF and collective portfolios, affected by the volatilities published by the Superintendence for evaluation of these factors.

The VaR with the internal model of the "historical" manager, as of December 31, 2013

Despite the sluggish global economic performance, BBVA Group's results were strong and satisfactory. Net income had a significant increase driven by the geographic diversification strategy and the South America business unit performance.

gives an amount of $359.79 million at a 90-day time horizon, which is equivalent to 0.42% on the portfolio monitored. The limit of VaR for the own position portfolio is 8.48% as of December 31, complying with the limits established by global and internal policies.

Market risk profile - – Sensitivity (Delta) - The basic measure to estimate portfolios sensitivity to the interest rate risk is that so-called Delta, which is estimated through the modified duration, the sensitivity before a change of 100 Pbs, in interest rates.

The table below summarizes the measures calculated during 2013. The minimum and maximum values are determined by the resources managed, and the Delta and VaR values correspond to those observed at the times when the resources reached those values. In the case of average figures, it corresponds to the average observed of each of the concepts:

Resource Amount	Date	Resources Amount (million Colombian pesos)	Delta	VaR
(million Colombian pesos)	31/12/2013	$ 88.979	248	$ 29
Minimum	30/06/2013	73.601	564	64
Maximum	31/12/2013	88.979	248	29
Average	-	-	507	58

Sensitivity (Duration) – The Trust Company established as a maximum duration limit for the own resources portfolio a three (3) year term. As of December 31, 2013 the own position portfolio closes with a 0.26-year duration.

For the Broker, during 2013 the follow-up and limits control in market risk, a double measurement is made: the first one is based on the

Operational risk is the one that may cause net losses due to human failures, inadequate or inaccurate internal procedures, IT failures or natural catastrophes. BBVA has a model integrating internal control and operational risk, where the main risks in the bank's different areas have already been identified and ranked according to their estimated residual risk. Levels of tolerance for each residual risk have been defined in order to mitigate and manage gaps.

parametrical VaR with no exponential smoothing methodology, using one year of information of financial markets to estimate the volatilities and correlations of the risk factors; and the second measurement is based upon the VaR with exponential smoothing (a 94% decline factor), which gives greater weight to the volatilities of the last ten days.

Sensitivity (DELTA) – It is another measurement used for estimating the maximum expected loss of the own position resources, denominated "delta". This tool estimates the sensitivity on interest rate before a 100-basic point variation in the curve.

The above consumptions are mainly supported by the policy of keeping most part of the portfolio in short-term high-liquidity securities, mainly in the fixed-yield products in which state securities are posted in the general ledger ("mayorizan").

Inasmuch as the Broker's investment policy emphasizes that the investments must be mostly in public debt and private debt with the highest rating, the table below presents the investment portfolio as of December 31, 2013:

Own account composition

Portfolio Securities Species	NPV	% of the Portfolio	RATING
ACCS HIGH BVC	$ 1.525	15,12%	Mandatory
ACCS LOW BVC	134	1,33%	Marketable
BANCOLDEX	35	0,35%	Marketable
BOND BCO FALABELLA	71	0,70%	Marketable
BOND DAVIVIENDA	81	0,80%	Marketable
BOND DAVIVIENDA	502	4,98%	Marketable
BOND POPULAR	202	2,00%	Marketable
C.C.A. BBVA GLOBAL	161	1,59%	Marketable
CDT BANCO DE CREDITO	38	0,38%	Marketable
CDT BANCO DE CREDITO	41	0,41%	Marketable
CDT BANCOLOMBIA	74	0,73%	Marketable
CDT BANCOLOMBIA	71	0,70%	Marketable
CDT DAVIVIENDA	28	0,28%	Marketable
CDT OCCIDENTE	50	0,49%	Marketable
FOGACOL	329	3,26%	Marketable
TES SHORT TERM	6.372	63,15%	Marketable
TES Fixed Rate vto	264	2,62%	Marketable
TRD	112	1.11 %	Held-to-Maturity
Total	**$ 10.090**	**100%**	


BBVA

36. Market risk management

The Bank manages the market risk derived from its operation's activity with the basic objective of limiting the possible losses, quantifying the economic capital necessary to develop its activity and optimizing the ratio between assumed exposure level and fixed results.

To face this management with the highest guarantees, the Bank has developed a series of policies and systems of organizational type, of identification, measurement, information and control of the risks inherent to the operations, both treasury and balance sheet.

Market risk for the treasury operative - Top management has designated the following objectives to treasury:

- Management of the Bank's short-term liquidity; and

- Management of the mechanisms and necessary tools for coverage of the interest rate, exchange rates, and liquidity risks, both in the operative with own resources as well as in the operative with clients.

Due to the foregoing, the treasury area carries out actions on its own account to attend to its liquidity needs and those of external clients and actively participating as creator of fixed-yield market, in foreign currency transactions cash and term, as well as monetary market transactions. For this purpose, it counts on an organizational structure formed by generation tables (interest rates and operative in foreign currency), distribution tables (clients' needs) and structuring activities.

Taking the objectives assigned to treasury into account and for the sake of optimizing, managing and administering the risks inherent thereto, top management has decided to establish functions per area, quantifiable limits and risk measuring tools, as follows.

(i) Segregation - Depending upon the function with which the contracting, recording, compliance or follow-up of risk actions are related, the responsibility was assigned to each of the following areas:

- *Treasury* - Area in charge of directing the application of policies and programs established to guarantee an efficient handling of the Bank's financial resources and, likewise, controlling that there is the necessary liquidity for the normal development of the institution's operations, designing policies on projects and investment portfolios that contribute with the strengthening of the financial, competitive and group expansion position in the national and international environment.

- *Markets administration* – Area responsible for the control of the daily operative of the table, as well as the party responsible for confirming, liquidating and offsetting the treasury transactions. In turn, it is responsible for the custody of contracts and the administration of the securities deposits, depending from the Vice President of Media.

- *Markets accounting* - Area responsible for validating and assuring the adequate incorporation of the operations for the treasury activity to the Bank's balance sheet, further for controlling, calculating and reporting the foreign-currency own position, depending upon the Vice President of Finance.

- *Market and structural risks* - Area responsible for quantifying, valuing and timely reporting the risks of the treasury operative, as well as that of liquidity and of structural balance sheet depending from the Vice President of Risks.

- *Juridical area* - Responsible for analyzing and evaluating the juridical risks that might arise from the actions or contracts that should formalize the transactions in such a way that no legal situation is observed that legally affects the instrumentation or documentation thereof. In exercise of its functions, the juridical area verifies that pertinent legal norms are complied with and it is adjusted to the entity's policies and standards. In all cases, it legally structures the operations on the basis of legal norms in force and effect which the Bank is subject to, including the participation in new markets or products.

- *Internal control and operating risk area* – It is responsible for analyzing, evaluating and managing the Internal Control (processes) together with the operating risks that may derive from the Treasury operative, identifying them and proposing mitigating control measures, in compliance with the corporate model and local regulatory guidelines demanded for an adequate maintenance of the Internal Control System (SCI, for its Spanish initials) and the Operating Risk Management System (SARO, for its Spanish initials).

(ii) Limits – Limits were established to the risk exposures of the treasury activity, designating the following:

- *Credit risk in the Treasury activity* - Three types of limits have been defined: issuer risk, counterpart and settlement, which are annually requested by the business unit in accordance with the operative to be realized and the results budget, they are approved by the risk admission units. The follow-up and control is made by the market risk area in line through the treasury and risk management system STAR-LAMBDA.

- *Market risk for the treasury operative, limit of economic capital* – To make its measurement, on a daily basis the maximum loss is estimated, through the VaR methodology, to the treasury positions and follow-up is conducted within a "global limit", which in turn is disaggregated by risk factors, as well as by tables, foreign currencies and products, in which internal warning signals are established whenever the consumption thereof is 80% or 90%, as the case may be of each warning signal. A surpassing of this warning signal requires express communication of the treasury area responsible person towards the market and structural risks area, informing the strategy to be followed. The market and structural risks area informs top management and a global market risk unit who shall indicate until what moment it allows continuing with such strategy.

  Limits are approved by the Board of Directors, whereas the measurement, follow-up and control is made by the market and structural risks area on a daily basis, issuing reports to top management on a periodical basis and to the board of directors on a monthly basis.

(iii) Measurement and follow-up tools - Amongst the main tools for risk measurement there are the Value at risk - VaR and the delta-sensitivity. However, other tools are used such as the stress testing and the stop loss,

- *Value at Risk -VaR.* This calculation tool follows a parametrical model, based upon a co-variances matrix, estimated as from the analysis of the historical behavior of the main market risk factors, i.e., interest rate, exchange rates and implicit volatilities of the options. Assuming that the future evolution of the market variables is similar to the to the past evolution from an statistical point of view, the model obtains the maximum loss that can be produced in the market positions under the works scenario of variables, that would not occur with a 99% confidence level (it would only occur in 1% of the cases starting from an non-critical scenario).

For follow-up and limits control of the treasury operative, a double measurement is made: First, based upon the "parametrical VaR with no exponential smoothing" methodology, using two years of information of financial markets to estimate the volatilities and correlations of the risk factors; and the second measurement is based upon the "VaR with exponential smoothing" (a 94% decline factor), which gives greater weight to the volatilities of the last ten days

- *Stop loss:* Ithe accumulation of losses or stop-loss that triggers the application of a series of measures foreseen to limit their negative impact on the income statement account.

During 2013 stop-loss was followed-up through a double-control mechanism, implementing an annual limit, with the purpose of controlling possible losses in the income statement account, together with the monthly limit with the purpose of minimizing the impact on the total income statement account.

Sensitivity (Delta) – It is another measurement used at BBVA for estimating the maximum expected loss of the treasury portfolios. This tool estimates the sensitivity on interest rates before a 100-basic point variation in the curve and the objective thereof is the call to internal warnings of the rate risk. For that reason, supplementary sub-limits are established by products

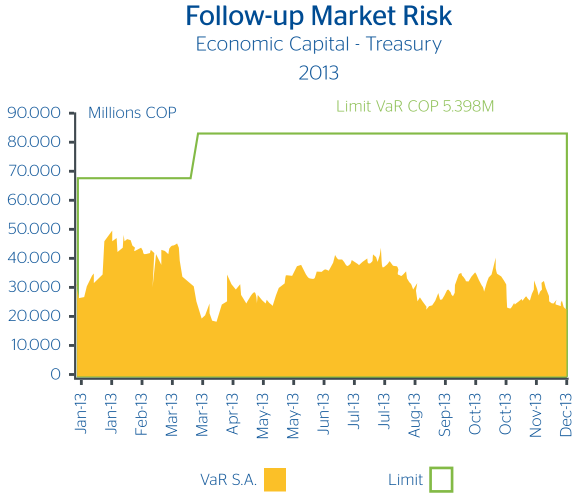
Market Risk Profile - 2013

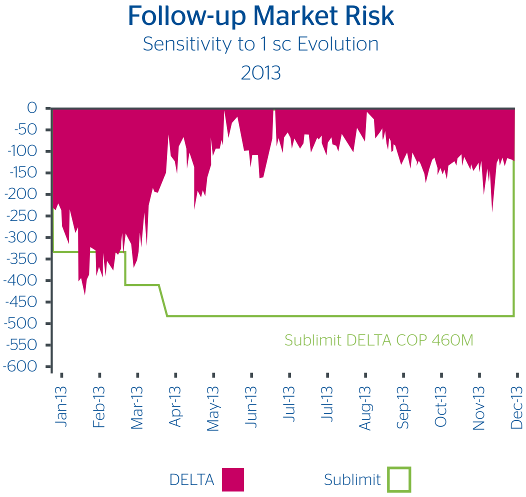
Treasury Risks	30/12/2013	Average	Maximum	Minimum
Interest rates VaR	1.729	2.601	3.962	1.434
Exchange rates VaR	694	279	1.348	16
Total VaR	1.830	2.596	3.922	1.447
Economic capital limit consumption	46%	47%	83%	24%
Total Delta before 100 pb	(11.530)	(14.994)	(42.116)	(357)
Delta sublimit consumption	25%	38%	131%	0.8%
Interest rates	2.192	2.719	4.279	822
Exchange rates	135	322	2.364	5
Total VaR	2.183	2.743	4.588	823
Economic capital limit consumption	40%	48%	85%	9%
Total Delta before 100 pb	(20.648)	(13.067)	(33.589)	(138)
Delta sublimit consumption	65%	38%	105%	0.3%

As it can be observed, during the year the average value of consumption of market risk of the treasury operative was COP 2,601 million, with consumption over the internal limit of authorized economic capital of 47%. The medium interest rate sensitivity before 100 pb (Delta) was COP 14,994 million with consumption of 38% over the authorized internal limit.

Market risk evolution – treasury: During 2013daily measurements and controls were carried out of the consumption limits of the internal limits approved, reporting on a regular basis to top management about compliance therewith.

The graphs below show the evolution thereof:





The consumptions above are mainly supported by the treasury strategy of keeping most of its portfolio in short-, medium-, and long-term high-liquidity securities; the main risk is interest rate in the fixed-yield public debt product, the medium position of the year which was COP 2,378 billion.

The following is a comparative table that shows treasury positions that were taken into account for the measurement of the aforementioned risks.

Treasury Positions - 2013

Classification	Amount 30/12/2013	Local Currency		Other Foreign Currencies	
		Medium	Maximum	Medium	Maximum
Public debt	2.368	2.378	3.001	2.649	10.837
Corporate securities	688	768	936	-	-
FX cash USD	417	-	-	644	820
FX USD	27	-	-	12	64

Treasury Positions – 2012

Classification	Amount 30/12/2012	Local Currency		Other Foreign Currencies	
		Medium	Maximum	Medium	Maximum
Public debt	1.855.135	1.074.684	2.333.450	822	4.067
Corporate securities	492.814	521.854	600.846	-	-
FX cash USD	453,9	-	-	530,9	777,1
FX USD	13,2	-	-	7,3	40,4

- The market risk follow-up process is supplemented with stress testing scenarios, periodical estimates of the losses the Bank would incur in case extreme situations occurred in the markets.

  The intention is to submit the positions held to strong hypothetical market oscillations based upon historical or eventual situations, obtained through scenario generation. In this fashion, the effect of results is quantified with the purpose of identifying possible adverse impacts higher than VaR figures that might potentially be produced, and designing contingency plans that must be immediately applied in case of the appearance of an abnormal situation.

  BBVA Colombia used historic scenarios consisting of making measurements of VaR to the current treasury positions, under the worst crisis scenarios occurred in the past. For this case, it is used the "September 11, 2001 crisis" and "double the maximum volatility" occurred in the immediately prior year.

Follow-up to Value at Risk - VaR Regulatory Model – Standard Model - According to External Circular Letter 09 of 2007 issued by the Superintendence, the Bank has been conducting the measurement of its exposure to market risks (interest rate, exchange rate), which incorporates the measurement for marketable and available-for-sale treasury positions and those securities classified as held-to-maturity that are delivered to create collaterals in a counterparty central risk chamber, with the purpose of determining the effect that likely changes in market conditions may have on the economic value of the Bank's equity, the impact of which is reflected on a solvency ratio. This measurement is made on a daily basis.

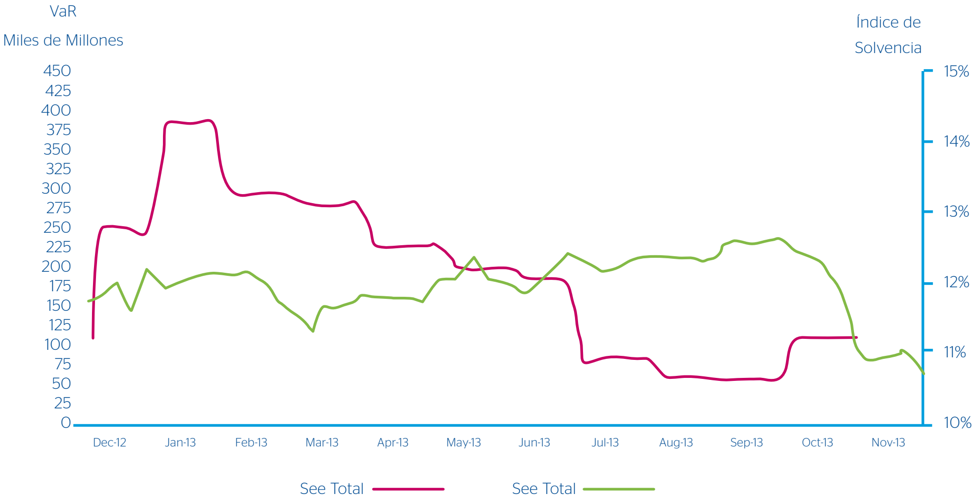
Limit: According to the provisions made by the regulator, the solvency margin of credit establishments may not be lower than 9%. For that reason, the Bank has established 10.0% as the minimum internal limit, which helps as a warning signal.

The management of liquidity helps to finance the recurrent growth of the banking business under suitable conditions of time and cost, through a wide range of tools that allow access to a large number of alternative sources of finance. A basic principle of BBVA in managing the Group's liquidity is the financial independence of the banking subsidiaries abroad. This principle prevents the spread of a liquidity crisis among the different areas of the Group and ensures the proper transfer of the cost of liquidity to the price formation process.


Somos
Desarrollo Comercial BBVA
HAPPY BIRTHDAY

The following graph shows the evolution of the value at risk and the solvency ratio:

Evolution Vs Value at Risk Capital Adequacy



*** Solvency data is as of the November 2013 cut-off

(iv) Policies regarding evaluation at market prices of treasury positions - It has been defined as policy of BBVA that the party responsible for supplying day-end market prices for treasury portfolio valuation is the market risk area, attached to the office of the Vice President of Risks.

Sources used for estimating the calculation of market prices on a daily basis are the sources duly approved by the Superintendence.

The tool used for estimating the calculation of market prices on a daily basis is asset control, which spreads to the different management, recording, and risk measurement systems.

(v) Policies regarding internal control with the purpose of preventing undue market conducts - BBVA has defined as a policy for all treasury area, back office, market risks and middle office officers, in the management of their daily activities, in such a way that they avoid risks and it is safeguarded the rightness and integrity of the Bank in the following codes:

- Code of conduct of BBVA group.
- Code of conduct in the securities market environment.
- Code of conduct and procedures manual for asset laundering and terrorism financing prevention.

The internal control area specialized in markets was created; it is in charge of monitoring the processes executed or that support the development of the market operative; among others, there outstand: calls recording system that provide transparency of the transactions carried out in the markets environment, the disclosure and measurement of operating risk factors of the tables, and supporting areas thereof.

Market risk for the balance sheet operative – Market risks, as an independent area from business areas, where risk is originated, is in charge of developing procedures targeted to the measurement and control of the market and balance sheet risks; watches over compliance with current limits and of risk policies, and report to top management. It is controlled through follow-up to the limits of economic capital and impact on financial margin.

Out of the procedures established, four indicators are generate, which take care of the future evolution of the financial margin and economic capital. Using parallel movements of the interest rate curves, it is estimated the sensitivity to the financial margin and to the economic value. The purpose of these indicators is not to exceed the level established as a function of the bank's financial margin projected as well as of the economic capital, respectively.

Additionally, through a correlated Monte Carlo simulation of interest rates, it is generated the entity's margin at risk and the structural capital at risk. Out of these four measures mentioned, sensitivity to the financial margin is established as limit, whereas the remaining ones perform an alerting function of the evolution of the structural balance sheet. During 201, there was no surpassing in the aforementioned indicators

Liquidity Risk

Internal Model - The measurement of liquidity and financing structure is made on a daily basis through three tools defined as follows: Follow-up to the basic capacity with a 360-day temporary horizon; it relates the liquidity needs before high-quality assets the limits of which are set to 30 days in 100%; the second tool is follow-up to the balance sheet financing structure, self-financing ratio, that contrasts stable resources of the clientele before the net credit investment, and it has set a higher limit of 125%. The third follow-up is made to the net, short-term financing, which in 2013 was set in a limit of COP 5.5 trillion. On a daily basis, the liquidity committee and top management are informed about the evolution of these indicators for a timely decision making.

The graphs below show the evolution of short-term liquidity for 2013:

Self-financing ratio:

Self-financing (ICN / RRCC)				Year 2013	
Self-financing ratio warning				119%	
Self-financing ratio limit				125%	
jan-13	106.2%	mayl-13	107.2%	sep-13	108.3%
feb-13	101.1%	jun-13	103.4%	oct-13	107.5%
mar-13	103.1%	jul-13	104.0%	nov-13	105.8%
Apr-13	104.6%	Aug-13	109.1%	dec-13	110.8%

Short-term wholesale financing ratio:

Short-Term Net Financing				Year 2013	
FM CP Ratio Warning				5.225	
FM CP Ratio Limit				5.500	
Jan-13	3.985	may-13	3.499	sep-13	5.119
feb-13	4.259	jun-13	2.424	oct-13	4.365
mar-13	3.649	jul-13	3.678	nov-13	3.937
apr-13	3.050	aug-13	4.787	dec-13	4.840

Basic capacity ratio:

Basic Capacity at 30 days				Year 2013	
CB Ratio Warning				110%	
CB Ratio Limit				100%	
Jan-13	Nc	may-13	Nc	sep-13	464%
Feb-13	Nc	jun-13	Nc	oct-13	1808%
Mar-13	5741%	jul-13	7262%	nov-13	2764%
Apr-13	Nc	aug-13	313%	dec-13	401%

Basic capacity shows no consumption for some month cut-offs, which indicates that the Bank shows net estimated flow entry in a one-month reference period.

Standard Model – As from January 2012, the regulation dictated by the Superintendence applied modifications to the liquidity risk measurement model, which pretends to do weekly and monthly follow-ups to the liquidity risk indicator (LRI) with a time horizon of 7 days and 30 days, but it is necessary to keep a ration in excess of 100%, equivalent to a positive amount of the ratios, in both indicators.

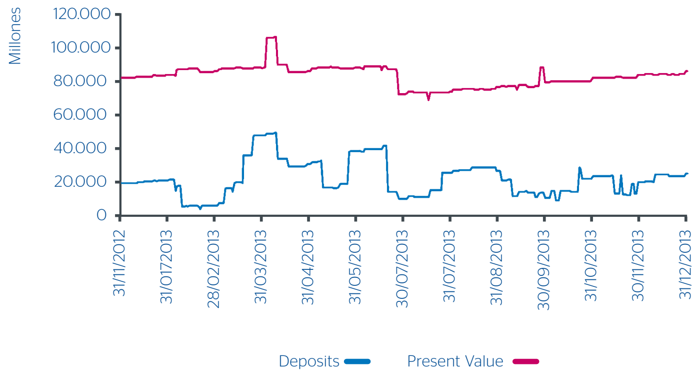
During 2013, the evolution of this indicator to 7 days in average was COP 5,978 Mm and COP 3,681 Mm to 30 days. The latter indicates that for a short-term horizon, BBVA Colombia shows enough liquidity.

Limits are approved by the Board of Directors, whereas the measurement, follow-up and control is conducted by the market and structural risk area on a weekly and monthly basis, issuing reports to top management on a periodical basis and to the Board of Directors, on a monthly periodicity.

According to the models supported before the Board of Directors and the regulatory entity, the model that was estimated for liquidity follow-up and control is that of the own position, given that this portfolio is managed by the managing company and resource entries and withdrawals are known in advance; it is monitored through a continuous follow-up to the cash on hand, the evolution of which is shown below:

Available Evolution Vs Value Equity Portfolio

to December 31, 2013

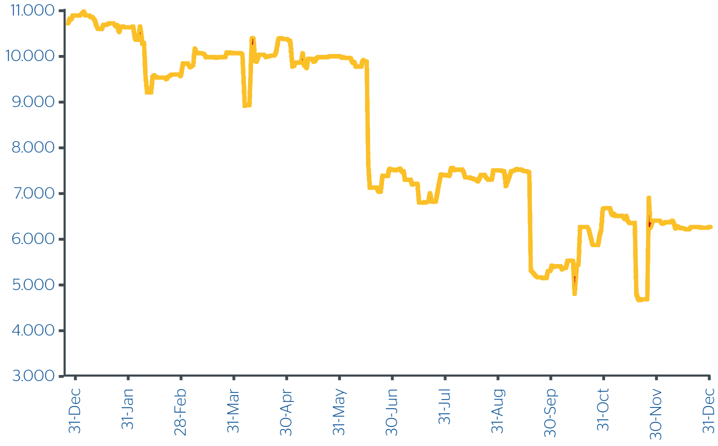


As of the December 2013 and 2012 closing, the indicator was equivalent to $6,295,932 and $10,667,325, respectively, which indicates that BBVA Valores shows comfortable liquidity.

Below, we present the evolution of this new indicator during 2013

Liquidity Indicator

to December 31, 2013



37. Corporate governance (non-audited)

BBVA Colombia's corporate governance system is in line with international, corporate and local recommendations and trends; its principles and elements are gathered in the corporate governance code, the bylaws of the general stockholders' meeting which regulates its operation, powers and stockholders' rights; the board of directors' bylaws and in the bylaws of the committees that support the Board. The latter supplemented with internal conduct standards contained in the BBVA group's code of conduct, the code of conduct in the securities market environment, and the code of conduct for prevention of asset laundry and terrorism financing, which consecrates the assumptions that rule the actions of its directors, administrators and employees.

The corporate governance system fundamentally rests in the distribution of functions amongst the Board of Directors and its different support committees, each with specific functions: audit committee, corporate responsibility, and nominations and retributions, as well as an adequate decision-making process.

According to the Bank's Corporate Bylaws, the Board of Directors is the natural body of administration, management and supervision of the company and it consists of five principal directors, two of which are independent, who are aware of the responsibility that implies the management of different risks and know about the Bank's processes and business structure, allowing them to provide the due support and follow-up.

In risk matters, it corresponds to the Bank's Board of Directors to approve the risk management and control policy; define the risk profile desired for the entity, as well as the periodical follow-up of the internal information and control systems. For better exercising this function, the Board counts of its support committees, the risk committees (Central Risk Committee – CRC and the technical operations committee – TOC) and other main actors in risk management, such as the business-area risk units, each of them with well-defined roles and responsibilities.

In each ordinary session of the Board of Directors, the entity's risk positions are clearly, concisely, speedily and accurately reported, indicating the exposures by risk type, by business area, and by portfolio and the operations with companies or people related to the Bank.

The risk function at the entity is unique and independent, with the following principles: risks assumed must be compatible with the target solvency level; they have to be identified, measured and valued, and in addition to solid control and mitigation mechanisms, there must exist procedures for follow-up and management thereof. All risks must be managed on an integral fashion during their life cycle, giving them a differentiated treatment according to their typology; the risks integration model recognizes the diversification amongst the different risk types (credit, market, liquidity, operational, etc.); the business areas are responsible for proposing and maintaining the risk profile within their autonomy and the acting framework (defined as the set of risk policies and procedures). The risk infrastructure is adequate in terms of human resources, tools and technology, information systems, methodologies for clear

BBVA Colombia assumes importance for large institutions to have a system of corporate governance to guide the structure and operation of its corporate bodies in the interest of the company and its shareholders. The Corporate Governance System of BBVA Colombia is conceived as a dynamic function of the evolution of society process.

measurement of the different types of risk and procedures, which facilitates a clear definition of roles and responsibilities, assuring independence between the negotiation, risk control and recording areas, as well as the efficient assignment of resources.

The integral risk management system is structured on three axes: i) a set of tools, circuits and procedures that configure the differentiated management schemes; ii) an internal controls system; and, iii) a risk governance corporate scheme, with separation of functions and responsibilities.

Risk management evolves towards a new model established at corporate level, with the implementation of specialists in the operating risk model, the consolidation of the corporate application STORM (Support Tool for Operational Risk Management) and the calculation of the operating risk indicator – ORI, that evaluates the tolerance to this risk, highlighting that both the business and the support areas have, in turn, operating risk managers, who are in charge of implementing the model in the areas' day-to-day operations. In this way, there is a vision at process level, which is where risks are identified and prioritized and the timely mitigation decisions are made.

The audit and compliance committee of BBVA Colombia, integrated by three (3) Board of Directors' members, two (2) of which are independent, during 2013 supported within their competence the management of the Board of Directors, being able to verify that both the internal audit as well as the statutory audit monitored that both the transactions with third parties as well as those with related parties of the Bank, were conducted within the limits, under market conditions.

IR (Investor Relations) recognition improving corporate governance standards. Last August 29, 2013, BBVA Colombia obtained the IR (Investor Relations) recognition granted by Bolsa de Valores de Colombia (BVC) with the purpose of promoting amongst Colombian security market issuers the voluntary adoption of practices that optimize the relationships with their investors.

As a consequence of the measures adopted, nowadays BBVA Colombia counts with a direct communication channel with the investors as a stakeholder group, which allows positioning as the main foreign bank in the country and reiterate its commitment with the implementation of good practices related to information disclosure and corporate governance, strengthening the security, trust and reliability between the national and international investing community.

Survey country code 2012 - Office of the Superintendent of Finance in Colombia. The Office of the Superintendence of Finance in Colombia issued the sixth annual report on the level of assumption of the recommendations of the best corporate practices code, which constitutes a tool for achieving an adequate corporate governance and contributes to complying with the objectives of stability, security and trust, promotion and development of the Colombian securities market, and protection of the investors and savers. This report shows a quantitative analysis of the issuers with respect to the adoption of recommendations for the January – December 2012 period.

From the results of the report, it outstands the fact that BBVA Colombia has 36 measures implemented (one more than the previous year), placing itself amongst the four financial entities that report more measures implemented.


BBVA
Cancelar
BBVA
Touchpad

38. Other aspects of interest

International Financial reporting Standards - IFRS - The International Accounting Standards are a set of general postulates of Accounting the purpose of which is to standardize on a worldwide basis the standards with which each country keeps the accounting in their companies.

The IFRS determine the requirements for recognizing, measuring, presenting and disclosing financial information that is important in the general-purpose financial statements, which satisfy the needs of users, as well as shareholders, employees, creditors and the general public.

Those standards were created by the International Accounting Standards Committee - IASC, a body that was formed in 1973 by Accounting Professionals representing countries such as: Germany, Australia, Canada, France, the Netherlands, Japan, Mexico, United Kingdom/Ireland and the United States. Now then, substituting the former IASC in the issuance of accounting standards, in April 2001, it was created the IASB, International Accounting Standards Board, through a restructure that it had in 2001, the IASB is the only professional body that is in charge of issuing IAS - IFRS.

Accounting under international standards arises as a result of the international trade, forced by the economic globalization that creates the need to apply homogeneous accounting standards and, hence, it is indispensable for the market to be able to handle financial information that meets the characteristics of comparability, transparency and reliability.

Es por esto que aplicar NIIF hoy es una necesidad, para los países y compañías que quieren participar en mercardos globales, realizando transacciones importantes en cualquier geografía bajo un modelo de total competitividad.

For that reason, to apply IFRS today is a need for countries and companies that want to participate in global markets, carrying out significant transactions in any geography under a total competitiveness model.

Due to that, the economic globalization creates the need to apply international standards and, hence, of being part of the harmonization process, regardless of the path preferred: adoption, adapting or others, if any.

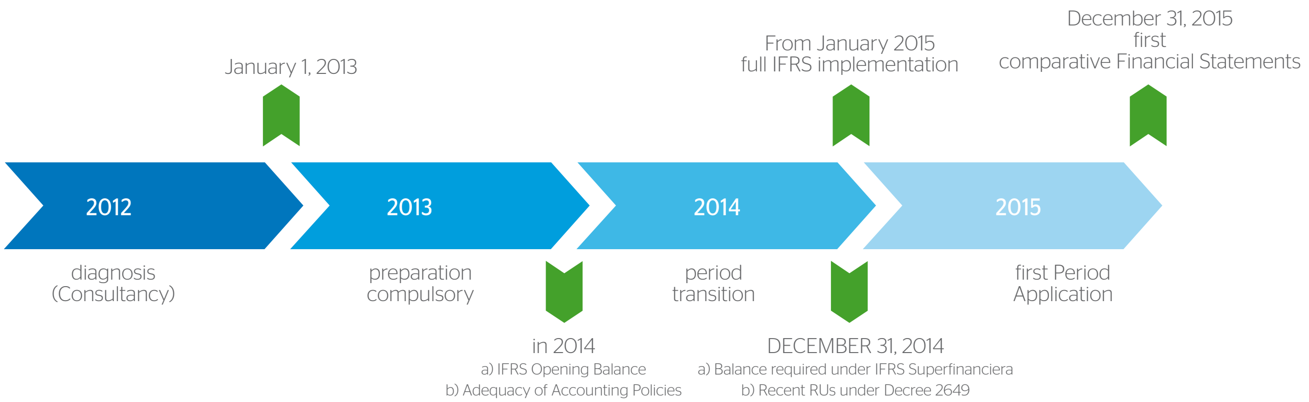
These trends towards IFRS, makes Colombia (currently as member of international trade agreements) acquire the commitment and the need to adhere to such norms. For that reason, the major companies of this country have started, little by little, to be participating of this harmonization phenomenon.

Its application in Colombia will allow the companies facilitate access to capital markets, reduce issuance costs and facilitate the comparative positioning of companies at a global level.

For this purpose, the Congress of the Republic issued in 2009 Law 1314 with the purpose of regulating the Accounting Principles and Norms and the Financial Information (IFRS).

In turn, the Technical Council of Public Accountancy – TCPA, in its recommendations for IFRS implementation classified companies into three groups, based upon the type of business and the sales volume. Because the Bank is an issuer of securities and a public-interest entity, it is classified within Group I.

Decree 2784 of 2012 is regulated by Law 1314 of 2009, about the Normative Technical Framework for the preparers of financial information that form Group 1, which establishes the following chronogram:



For tax purposes preparation of information required based on local regulations until 2018 (Art. 165 of the Tax Reform)

According to the provisions of Decree 2784 of 2012, modified by Decree 3024 of 2013, it is established the obligation to prepare an opening statement of financial position as of January 1, 2014 under the new regulations, in such a way that the transition is conducted during the entire 2014, with the simultaneous application of the current and the new accounting norms.

The most recent official financial statements pursuant to Decrees 2649 and 2650 of 1993 shall be with cut-off date on December 31, 2014 and the first financial statements under the new norms will be those of 2015 that require comparison with the transition information of 2014, under the normative technical framework established by Decree 2784 of 2012 and modified by Decree 3023 of 2013.

For Colombian entities, this process of acceptance and adoption of IFRS has to be understood as a need that must be satisfied speedily but cautiously, because this is an economic environment where information and globalization are the priorities.

In this sense, there is the need to update the accounting norms at internal level with the International Financial Reporting Standards, to be able to orient accounting processes towards a path where regulations are totally according to the current demands and characteristics.

Having said the above, since 2012 the Bank is immersed in this process, initially with the accompaniment of an external advisor who conducted the first diagnostics work which allowed him to receive training sessions and begin to see the main financial, operating and technological impacts.

In 2013, it was communicated within the organization the normative change that was about to come and training sessions were conducted with the process owners to warn them about the magnitude of changes that were generated by the convergence into IFRS.

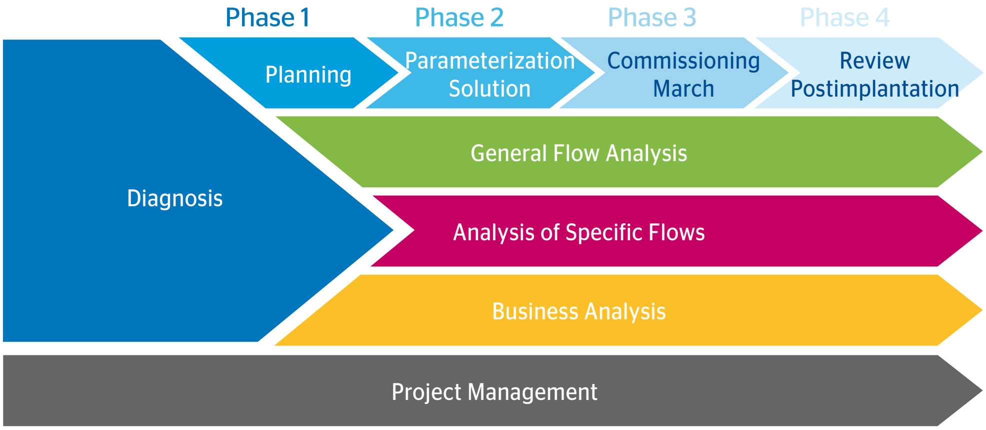
During the same period, a team within the Bank was in charge of studying the new standards and exactly identifying the impact that their application implied for the Bank. At the end of 2013, Top Management received the presentation of the analysis conducted, with the purpose of fine-tuning policies and obtaining the authorization thereof.

In parallel, during the period 2013, it was developed an IT simulation tool that allows the Bank during the transition period to obtain the first financial statements under IFRS (opening balance sheet) and additionally, keeping the duality of accounting information with respect to IFRS and COLGAAP.

Now then, for the period 2014 the Bank shall structure a robust project that allows it developing an IT solution capable of respecting the traceability of operations and that additionally through interfaces, feeds-back the Bank's IT CORE. This will allow BBVA Colombia to support the strong impact that implies adapting its native information and processing systems.

It is important to annotate that the tool that will be developed, will generate accounting and financial reports in XBRL format, being ahead of the information requirements of the regulatory entity.

The aforementioned stages of the project are as follows:



ROAD Map implementation project

Diagnostics: The review analysis and development of the Project document, which contains all the definitions required for the implementation of Corvus Financial. Some of the definitions contained in the BBP document are:

- Definitions of Charts of Accounts, Cost Centers, Projects.
- Currencies, exchange rates, companies, among others.
- Inventory valuation method
- Loading of opening balances and inventories.
- Definition of the work team.
- Definition of project milestones.
- Extra considerations

Implementation: A phase segmented into the following sub-processes.

- • Parameterization of Charts of Accounts, cost centers, currencies, exchange values, and configurations of security and back-up systems.
- Training to operating users, delivery of the User Manual.
- Start-up of loading of Initial Balances of IFRS accounts, Inventory Load and appraisals/valorization IFRS

Migration to production environment: It is the final phase of the process and pretends to take the tool to the Bank's productive environments; in this point the tool will have ready the reporting in the XBRL module as a result of the prior definitions made.

Economic globalization creates the need for international standards and, therefore, to be part of the harmonization process whatever way you prefer: adoption, adaptation or other. The key to this process of, reason is that it is essential for the market to handle financial information that meets the characteristics of comparability, transparency and driveability. This is why applying Hospitalizations Financial Reporting Standards - IFRS today, for countries that want to participate in globalization and remain or become competitive, is a key issue.

BBVA

General Coordination:
Communication and Image Area
mauricio.floresmarin@bbva.com • josealberto.rodriguez@bbva.com • liliana.corrales@bbva.com
General Accounting Area
william.londono@bbva.com • oscar.rodriguez@bbva.com
Management and Financial Planning Area
germanenrique.rodriguez@bbva.com • libia.fernandez@bbva.com • paula.contreras@bbva.com

Design:
BBVA
www.bbva.com

Layout:
Marketing Group D+C Ltda. / Alvaro Molina P.
www.mgcreativos.com • info@mgcreativos.com

Photography:
Banco de Imágenes BBVA / Alberto Jiménez

Print:
Editora Géminis Ltda.

BBVA

adelante.