

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

COLOMBIAN FOREIGN TRADE BANK
(BANCO DE COMERCIO EXTERIOR DE COLOMBIA S.A.) - BANCOLDEX -
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31 of 2008 and 2007

(Figures expressed in thousands of Colombian pesos, except those expressed in US Dollars)

"Currencies in this document are presented under the ISO Standards
COP is used for Colombian Peso."

1. REPORTING ENTITY

The Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.) - BANCOLDEX, is a mixed economy corporation of the National Order, organized as a banking credit establishment, belonging to the Ministry of Trade, Industry and Tourism organized under Colombian Law, established as of January 1, 1992, pursuant to the provisions of Law 7^a and Decree 2505, 1991. Its term of duration is 99 years counted as of December 30, 1992 and, in accordance with Resolution No. 0652 dated April 15, 1996 issued by the Finance Superintendence of Colombia, its term of duration is extended up to December 30, 2091.

Articles 58 and 94 and to Law 795 dated January 14, 2003 confirm, the Bank's legal nature, being exempt from obligatory investments and duly authorized to rediscount Leasing operations.

The Bank is domiciled in the city of Bogotá, D.C., as of December 2008, it operates with 241 employees including 14 employees of the Program Bank of Opportunities and it does not have any branches or agencies.

The most important amendments to the By Laws are as follows:

Public Deeds 1372 dated November 23, 1993; 1578 of December 29, 1993; 520 dated May 19, 1995, 2229 dated May 7, 1996; 3254 dated June 24, 1998; through

(Continues...)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

which several articles of its by laws were modified, relating to the Code of Commerce amendment, an extension of the Bank's authorized capital was made and an extraordinary closing of accounts to June 30, 1998; 1254 dated April 30, 1999 and 3798 dated September 3, 2001, through which several articles of the by laws were modified relating to their updates with respect to applicable law; 2904 dated July 9, 2002 through which article 50^o of the by laws was amended based upon the recommendation issued by the Finance Superintendence of Colombia with respect to the Good Governorship Code and, 4568 dated October 6, 2004 through which article 6^o was modified with reference to the corporate purpose of the Bank confirming its nature as a second floor bank and 2339 dated June 26, 2008 through which articles 6^o, 19^o, 21^o, 22^o ND 76^o were modified, which refer to the Bank's corporate by laws.

Its corporate purpose consists mainly but not exclusively in financing activities related to exports and to national industry, acting for such purpose as a discount or rediscount Bank, before acting as a direct intermediary.

It may also perform credit operations, even to finance purchasers of Colombian exports, discount credits granted by other financial entities, grant and receive guarantees and endorsements in domestic or foreign or legal currency, as well as to carry out other activities duly authorized by the Legal Structural Organization of the Financial System and by enforceable provisions.

The Bank has control in the Fiduciaria Colombiana de Comercio Exterior S.A. - Fiducóldex - with a share of 89.11%, a mixed economy indirect corporation by shares of the national order, subject to inspection and supervision by the Finance Superintendence of Colombia, organized as of November 3, 1992, with main offices in Bogotá D.C., whose corporate purpose is to enter into a mercantile trust agreement with the Nation, (represented by BANCOLDEX), for the promotion of Colombian exports and to comply with other ends provided for in Decree 663, 1993, such as entering into mercantile trust agreements in every aspect and modes, as well as performing all kinds of operations, business, acts, tasks and services pertaining to the trust activity.

Likewise, as from May 28, 2003, it configured a controlling situation with the corporation "Leasing BANCOLDEX S.A" having a share of 86.55%, mixed economy corporation indirectly created, not ascribed or related to any Ministry, with the characterization of and Industrial and Commercial State enterprise, with

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Colombian nationality and domiciled in the city of Bogotá D.C., organized as a company for commercial financing, subject to the inspection and supervision by the Finance Superintendence of Colombia, created through Public Deed 1557 of 1994 granted before the Bogotá Circle 4th Notary Public (operation authorization contained in Resolution 718 of 1994 by the Finance Superintendence of Colombia). The two foregoing investments are shown in detail on Note 5.

2. MAIN ACCOUNTING POLICIES

Basic accounting policy

The Bank's accounting policies and the drafting of the financial statements comply with the generally accepted accounting principles established and enacted by the Finance Superintendence of Colombia, by the provisions not included therein, and with the generally accepted accounting principles in Colombia.

Cash Equivalents

The Bank deems as cash equivalents, for purposes of the statement of changes in the cash flows, monetary market and related operations.

Float Reserves (minimum reserve requirement)

Applies to callabilities in legal currency established by the Board of Directors of the Central Bank (Banco de la República).

The Bank's ordinary float deposit is represented in cash or in interest deposits with the Central Bank; notwithstanding, the deposit account has been affected in favor of the Nation, in order to counter guarantee payment obligations by virtue of the guarantee granted by the Nation - Ministry of Finance and Public Credit to the loan agreement entered into between Bancoldex and the Interamerican Bank for Development -IBD.

During 2008, the Board of Directors of the Central Bank (Banco de la República) issued several resolutions and regulatory External Official Letters which

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

eliminates marginal float reserve deposits, modify the percentages for ordinary float deposits, establish new types of deposits and callabilities and add operations that shall be accounted for within the float reserve calculations.

The marginal float deposits, pursuant to article 1 of Resolution 5 of 2008 of the Board of Directors of the Central bank are as follows:

11% for accounts in Item A

4.5% for accounts in Item B

0% for accounts in Item C

Positive Positions in Monetary Market and Related Operations

Records operations in the monetary market such as repos, simultaneous operations, interbank funds and temporary security transfers, carried out by the Bank utilizing liquidity surplus.

Interbank fund transactions are agreed for a term not greater than thirty (30) calendar days; for other operations of the monetary market the term agreed shall not be greater than one year. Operations that have not been cancelled within the term agreed shall be accounted as investments or credit portfolio, as the case may be.

The difference between the present value (delivery of money) and the future value (resale price) constitutes an income as financial yield, which is calculated exponentially during the operation term and acknowledged in the statement of results, pursuant to the accounting principle of accrual.

Up to December 31, 2007 the simultaneous operations and temporary security transfers were recorded in the account cash transactions and derivatives.

Investments

Includes investments acquired by the Bank with the purpose of maintaining a secondary liquidity reserve, to acquire direct or indirect control of any corporation of the financial or services sectors, to comply with legal provisions or regulations or with the exclusive purpose of eliminating or significantly reducing

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

the market risk to which the assets, liabilities or other elements of the financial statements are exposed.

Classification

Investments are classified as negotiable investments, investments to keep until maturity, and investments available for sale. In turn, negotiable investments and investments available for sale are classified as securities or debt certificates and securities or share certificates.

Securities or debt certificates are those whose credit content grants the respective owners the capacity as issuer's creditor and securities or share certificates that grant the respective owner the capacity of issuer's co-owner.

- Negotiable investments:

All securities acquired with the main purpose of obtaining profits due to short term price fluctuations are classified as negotiable investments.

- Investments to keep until maturity:

Securities or shares respect of which there is a serious purpose as well as the legal, contractual, financial and operational means to keep them until their maturity term or redemption date.

- Investments available for sale

Investments available for sale are those securities or instruments not classified either as negotiable investments or as investments to be kept until maturity, respect of which the investor has a serious purpose and the legal, contractual, financial and operational means to keep them at least for one year counted as from the first day when they were classified for the first time or when they were re-classified as investments available for sale.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

The securities or share certificates forming part of the investments available for sale are as follows:

- Those with low or minimal stock exchange negotiability.
- Those not having a stock exchange listing.
- Those kept by the investor, in his capacity as parent or controller of the respective securities or instruments issuer.

For their sale, the share certificates do not require one (1) year permanence.

Appreciation

Its fundamental objective is the calculation, accounting record and disclosure of the value or fair exchange price at which a certain security or certificate could be negotiated on a fixed date, pursuant to its particular characteristics and under the market conditions prevailing at that date. The appreciation system was maintained throughout 2008 and 2007.

Appreciation of investments in debt certificates is carried out daily, recording the results with the same frequency, taking into account the investment classification:

- Negotiable instruments are appreciated using prices, reference rates and margins calculated and published daily by the Stock Exchange of Colombia.
- Those classified to keep until maturity and those that are obligatory, in an exponential way as from the internal rate of return calculated at the time of purchase.
- Investments available for sale in security shares with low stock exchange negotiability are appraised monthly and their results are recorded with the same frequency.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Securities or shares are appraised pursuant to the stock exchange negotiability index as of the date of appraisal, as follows:

- High stock exchange negotiability based on the latest weighted average daily negotiation price published by the Stock Exchange.
- Medium stock exchange negotiability, based on the average price determined and published by the stock exchanges where it was negotiated. Said average corresponds to the weighted average price of the quantity negotiated during the last five (5) days of negotiations.
- Low or minimum stock exchange negotiability, or lacking a stock exchange listing, increase or decrease their percentage of participation corresponding to the investor over the equity variations calculated based on the latest certified financial statements, which cannot be older than six (6) months counted as from the appreciation date, or the most recent statements, when known and determined.

Accounting

Investments are initially registered according to their acquisition cost and the registration of changes in their value is done individually for each security.

- **Negotiable Investments**

The difference shown between the current and its immediately previous market values shall be recorded as a higher or lower value of the investment, and its counter entry affects the results for the term.

- **Investment to be kept Until Maturity**

The present value is accounted for as a greater value of the investment and its counter entry is recorded in the term results.

- **Investments Available for Sale**

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Stock or debt securities: The changes in these stocks or securities are accounted for according to the following procedure:

- The difference between the present value on the day of appreciation and that of the previous day is registered as an increased value of the investment included in the accounts of results. The present value corresponds to the exponential appreciation calculated based on the internal rate of return calculated at the time of purchase.
- The market value is determined using the prices, reference rates and margins published daily by the Colombian Stock Exchange.
- The difference existing between the market value and the present value is registered as a profit or an accumulated unrealized loss in the equity accounts.

Securities or Shares: Low or minimal stock exchange negotiability or no stock listing

The changes present in these securities or certificates are accounted for as follows:

- When the market value or the investment value updated with the corresponding investor's participation exceeds the value for which the investment was recorded, the difference shall firstly affect the provision or its devaluation, until it is extinguished, and the excess shall be recorded as a surplus due to appreciation.
- When the market value or the investment value updated with the corresponding participation of the investor is less than the value for which the investment was recorded, the difference shall firstly affect the surplus due to appreciation of the corresponding investment until it is extinguished and the excess shall be recorded as a decrease in value of the respective investment within the equity.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

- When dividends or profits are distributed in kind, including those originating in the capitalization of the equity appreciation account, the portion that was recorded as surplus through value increase shall be recorded as income, charged to investment, and such surplus is reverted. When dividends or profits are distributed in cash, the value recorded as surplus due to appreciation shall be recorded as income, and such surplus shall be reverted, and the amount of the dividends in excess of the same shall be recorded as a lower value of the investment.

Restricted investments representing collateral guarantee of investment repurchase commitments are registered as Rights of Repurchase of Investments.

If dealing with negotiable investments in securities or in debt certificates, registration is carried out for the transference value at the time of fund collection and they are updated at a market value; variations between this and the last recorded value are registered in the result accounts as profit or loss as the case may be.

If dealing with investments to be kept until maturity, registration is carried out for the transference value at the time of fund collection, and they are updated due to the accrual of yields until their redemption or maturity with their result registered in the statement of earnings.

With respect to investments available for sale in share certificates, on a monthly basis, the Bank obtains certifications of the equity appraisal of each issuer, and pursuant to the data received the appraisal of the investment is updated, whether as appreciation or as credit risk provision, as the case may be.

Investments Credit Risk Rating

As a result of the credit risk assessment, investments are classified within the following categories: "A" Normal Risk, "B" Acceptable Risk, greater than normal, "C" Considerable Risk, "D" Significant Risk and "E" Non-collectable Investment.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

The price of securities or debt certificates, as well as the price of securities or shares with low or minimum stock exchange negotiability or without any listing, is adjusted on each valuation date based on the credit risk rating, as follows:

Investments rated in categories "B", "C", "D" and "E" may not be registered for a net value greater than eighty per cent (80%), sixty per cent (60%), forty per cent (40%) and zero per cent (0%), respectively, of the net nominal value of amortizations carried out as of the valuation date for securities or debt certificates, or of the acquisition cost for securities or share certificates.

Internal or external public debt certificates or securities issued or endorsed by the Nation, by the Central Bank and those issued or guaranteed by the Fund for Guarantees for Financial Institutions FOGAFIN, are not subject to this adjustment.

Credit Portfolio

Records credits granted by the Bank under the different authorized credit lines. Resources utilized for granting the credits originate from the Bank's own resources, in resources from the public as deposits and in other external and internal financing sources. Loans are registered for the amount disbursed, except for loan portfolio purchases "factoring", which are recorded at their cost.

The Bank's credit portfolio structure includes solely the commercial credit line, which is defined as the credits granted to individuals or legal persons for developing organized activities different than micro credits.

Evaluation Intervals

Complying with the provisions established by the Finance Superintendence of Colombia, the commercial portfolio and the result of this evaluation is recorded at the following month. Nonetheless, as an internal Bank policy, an assessment of the entire loan portfolio is carried out monthly and every six months.

Criteria to Evaluate the Credit Risk

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

The Bank evaluates the commercial portfolio based upon the following criteria: payment capacity of the debtor and co-debtors, as well as the project's cash flow, pursuant to the financial information duly updated and documented; debt service, and compliance of the terms agreed upon; information originating in risk information centers, consolidated with the system and other commercial information sources available to the entity; the information relating to the economic conglomerate is also taken into account.

Credit Risk Rating

Commercial credit operations are rated based upon the mentioned criteria and are classified in one of the following credit risk categories.

Type

"A" Normal Risk	Credits in force and up to 1 month due
"B" Acceptable Risk	Credits due for more than 1 month and up to 3 months due
"C" Considerable Risk	Credits due more than 3 months and up to 6 months due
"D" Significant Risk	Credits due over 6 months and up to 12 months due
"E" Non- collectable Risk	Credits due over 12 months due

When the Bank classifies any of the credits as "B", "C", "D" or "E" any of the debtor credits it raises other debtor's credits or contracts of the same type granted to such debtor to a higher risk category, except when evidencing, before the Finance Superintendence of Colombia, the fact that sufficient reasons exist for being classified in a lower risk category.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

When the Finance Superintendence of Colombia classifies any debtor credits as "B", "C", "D" or "E", other debtor's credits of the same type are brought into the same classification.

Credits may improve the rating after restructuring only when the debtor evidences improvement in its financial statements, as well as a regular and effective payment behavior.

Restructuring of a credit means any instrumented mechanism through a juristic act, which purpose is to modify financial conditions originally agreed upon, to allow the debtor to adequately comply with its obligation. Before restructuring a credit it shall be reasonably established that the same shall be recovered under the new conditions.

Law 550 of 1999 promotes and facilitates enterprise reactivation and restructuring of territorial entities. As of the date when the restructuring negotiation is initiated, the Bank suspends interest accrual upon credits in force and maintains the rating they had as of the date when negotiation is initiated. Nevertheless, if the client is rated in the "A", "B" or "C" risk categories, then it shall be reclassified at least into "D" or "E" categories, constituting one hundred per cent (100%) of the provision for accounts receivable. As of December 31, 2008 the Bank does not count with credit restructuring to which Law 1116 of January 27, 2007 shall be applied.

Pursuant to the provisions set forth in Chapter II of Circular External Letter 100 of 1995 issued by the Finance Superintendence of Colombia, the Bank, being a rediscount entity, is exempt from submitting internal reference models adopted by such Superintendence of Colombia, notwithstanding it shall constitute provisions to the credit portfolio in accordance with the provisions set forth in Schedule I, Chapter II of such Circular Letter.

Consequently, the Bank constitutes provisions charged to the income statement as follows:

- General provision

Is the mandatory general provision of 1% over the total gross loan portfolio. Said provision may be greater if so approved by the General Shareholders Meeting

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

with a deciding quorum greater than 85%. As of December 31, 2007 the percentage of the general provision was 1.5%, nevertheless, the General Shareholders Meeting dated May 30, 2008 adopted an increase of such percentage from 1.5% to 2%.

- Individual Provision

Without prejudice of the general provision, and applying External Circular Letter No. 029 of 2007, of the Finance Superintendence of Colombia, as from May 2007, individual provisions are constituted for protecting the credits rated in risk categories ("A", "B", "C", "D" and "E") in the following percentages:

<u>Category</u>	Commercial	
	<u>Capital</u>	<u>Interest and other Items</u>
A - Normal	1	1
B - Acceptable	3.2	3.2
C - Considerable	20	100
D - Significant	50	100
E - Non-collectable	100	100

Effect of Qualified Guarantees on Constitution of Individual Provisions

Guarantees for commercial credits only endorse credit capital; consequently, balances for payment of credits covered with securities having qualified guarantees, are provisioned in the percentage corresponding to the credit rating, applying said percentage to the difference between the unpaid balance and seventy percent (70%) of the amount of the guarantee.

In accordance with the nature of the guarantee and the time of default of the credit, in order to constitute provisions only the percentages of the aggregate appraisal of the guarantee are taken into account as follows:

Non-Mortgage Guarantee	
<u>Time in default</u>	<u>Percentage of coverage</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

0 - 12 months	70%
Over 12 months to 24 months	50%
Over 24 months	0%

Mortgage Guarantee or Mercantile Trust

<u>Time in default</u>	<u>Percentage of coverage</u>
0 - 18 months	70%
Over 18 months to 24 months	50%
Over 24 months to 30 months	30%
Over 30 months to 36 months	15%
Over 36 months	0%

Stand By letters of credit are deemed suitable when they are irrevocable, payable at sight and that the issuing bank is rated with qualification equal or greater than "BBB -", for long term debt, according to the international rating scale used by Standard & Poors, Duff & Phelps, Thomson Bankwatch and Fitch Investors Service or equal or greater than to "Baa2", according to the rating nomenclature used by Moody's.

Mortgage securities upon commercial or industrial establishments of the debtor where the corresponding establishment operates, as well as guarantees upon real estate property forming part of the respective establishment, will be taken at zero percent (0%).

Provisions with respect to processes relating to proceedings of arrangement with universal creditors:

Credits in charge of individuals admitted in processes of arrangement with universal creditors are classified immediately within "E" category subject to establishment of provisions, to suspension of accrual of yields, to monetary correction and other items provided for this category.

Credit ratings and provisions must remain in effect until the agreement with creditors is approved. If the purpose of this agreement is the recovery and survival of the company, it maybe reclassified in category "D" as of the date of the approval. The provisions can only be reversed gradually during the year

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

following the approval, by means of monthly aliquots, until reaching fifty percent (50%) of the total amount of e capital.

If the agreement concerning the recovery of the enterprise is approved before the year following the adoption of the process of arrangement with creditors, the credits may be classified into the "D" category and the provisions shall be immediately adjusted to fifty percent (50%) of the credit amount if they are less than said amount; otherwise they shall be reversed within the following year.

Loan Portfolio Write Offs

A loan portfolio is subject to write offs when the Administration deems them as non-recoverable, or with remote or uncertain prospects for recovery, after having exhausted the appropriate collection actions, pursuant to the recommendations given by legal counsels and collection firms approved by the Board of Directors.

Acceptances

Records the amount of bank acceptances created by the Bank on account of its clients and those created by the Bank on account of its correspondents. Bank acceptances have an expiration term of up to six (6) months and may only originate in transactions of purchase and sale of goods.

At the time of acceptance of the drafts, its amount is recorded simultaneously both in assets and liabilities as "debtors, bank acceptances during term" and, if at maturity they are not submitted for collection they are reclassified under the heading "debtors, bank acceptances after term". If they have not been covered by whom acquires the merchandise at the time of payment, they are reclassified in the loans account, "debtors, bank acceptances covered".

After maturity, bank acceptances are subject to the float reserve deposit established for callabilities at sight and before thirty (30) days.

Cash Operations and Derivatives

The Bank records cash operations and derivative agreements such as forwards, futures, swaps and options in order to provide coverage or to obtain profits; the amount of the agreements entered into between two or more parties to purchase or

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

sell assets in the future (securities) defining in advance quantity, price and date of execution of the operation, with the purpose of supplying and obtaining coverage, upon the terms defined by the competent authorities. By virtue thereof, reciprocal and unconditional rights and obligations arise. Those cases whose completion is agreed within two (2) business days immediately following the agreement date, are registered as cash transactions.

In *forward* purchases over certificates, the fee is calculated appraising the obligation and the certificate at market price, obtaining the amount's present purchase value agreed. For the case of forward sale over certificates, the fee calculation is obtained through the present value of the sale amount agreed and the obligation, appraising the certificate at market price. The Bank performs a daily appraisal of all its derivatives and records the results with the same periodicity.

The methodology for appraising the forward and cash operations over foreign currency utilized by the Bank is based on bringing to present value the future flows (obligations and rights) involved in the operation. Each flow is brought to present value using market discount rates in dollars and in Colombian pesos for the remaining term in each operation. These present values are calculated using continuous compound rates. After obtaining the present values of the flows, these are restated in Colombian pesos using the Exchange Rate Representative of the Market calculated for the respective business day and certified by the Finance Superintendence of Colombia.

Until December 31, 2007 the simultaneous operations and transfers were registered in this account; as from that date they are registered as positive positions in monetary market and related operations, as previously described.

Accounts receivable

Records amounts not collected such as interest, commissions, advanced payments relating to agreements and suppliers, advanced payments to employees and other. The Bank accrues financial yields in accordance with the conditions agreed, suspending interest accrual over the portfolio of payments having two or more months in default, depending on the credit line and its rating, and all of them are subject to provision. Interests not accrued are

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

controlled through contingency debtor accounts. For their evaluation, the Bank performs a permanent follow-up dealing separately with those deriving from the credit portfolio and treating the remaining ones as housing, consumption, commercial credits and micro credits.

Goods received as payment

Records the adjusted value of goods received as payment, due to unpaid balances originating in credits in favor of the Bank.

Goods received as payment represented in real estate property are received based upon a technically determined commercial appraisal and personal property, shares and other interests are received based on their market value.

The following conditions are taken into account for recording goods received as payment:

Accounting

- The initial record is carried out in accordance with the value determined by the court or the value agreed upon with the debtors.
- When the good received as payment may not be alienated, its cost is increased including all the necessary expenses to be incurred for its sale.
- If a balance in favor of the debtor results from the amount for which the good is received and the amount of the credit to be paid, the difference is recorded as an account payable; in the event that the appraisal of the good is not enough to cover the whole debt recorded, the difference is acknowledged immediately in the statement of earnings.
- When the commercial appraisal of the real property is less than the book value of the goods received as payment, a provision is recorded for the amount equivalent to the difference.

Provisions

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

For calculating the provisions the Bank being a rediscount entity, complies with the general regulations established by the Finance Superintendence of Colombia, pursuant to the provisions set forth under Chapter III of External Circular Letter 100 of 1995, of the Finance Superintendence of Colombia.

Individual provisions for real estate property are defined as monthly aliquots within the year following to the receipt of the good; a provision equivalent to 30% of the acquisition cost of the BRDP¹ (receipt value), shall be increased in monthly aliquots within the second year, in an additional 30%, until reaching 60% of the BRDP acquisition cost. Once the legal term for sale has expired, without having authorized an extension, the provision shall be 80% of the BRDP acquisition cost. If an extension period is granted, the remaining 20% of the provision may be constituted within the term of the same.

With respect to personal property BRDPs, a provision equivalent to 35% of the acquisition cost shall be constituted within a year of receiving the property, which shall be increased in an additional 35% during the second year, until reaching 70% of the book value of the BDRP before provisions. Once the legal term for sale has expired, without an authorized extension, the provision shall be 100% of the BDRP book value, before provisions. If an extension period is granted, the remaining 30% of the provision may be constituted within the term of the same.

Whenever the acquisition cost of the personal property is less than the debt amount recorded in the balance, the difference shall be acknowledged immediately within the income statement.

If the commercial value of personal property is less than the BRDP book value, the difference shall be accounted for through a provision.

Without prejudice of the aforementioned regulations for provisions, the personal property BRDPs corresponding to investment certificates shall be appraised applying the investment criteria.

¹ Goods received as payment in kind (BRDP in Spanish: “Bienes recibidos en dación de pago”)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

For each payment in kind received, the Bank shall immediately constitute the same individual provision already recorded in the credit portfolio.

Properties and equipment

Records tangible assets acquired, constructed or going through the process of being imported, constructed or assembled, which are used permanently during ordinary operation of the business and whose economic life is greater than one year. Includes direct and indirect costs and expenditures accrued up to the time when the asset is in operating conditions.

When an asset is sold or withdrawn, its cost and aggregate depreciation up to the date of withdrawal are cancelled and any loss or profit is included within the results of the period.

Substantial improvements extending the economic life of assets are capitalized and the expenditures for maintenance and repairs that do not extend the useful life of assets are recorded as expenditures, as they occur.

Since the initial capital of BANCOLDEX originated from the final capital of Proexpo, property and equipment transferred were recorded with their net book value and the depreciation was calculated based on the remaining useful life of each asset.

Depreciation is calculated through the linear method, based on the respective estimated assets useful life. The annual depreciation rates are as follows:

Buildings	5%
Equipment, office furniture and office gear	10%
Computers	20%
Vehicles	20%

The Bank has a maintenance plan for its computer equipment that allows the development of a preventive program for the whole computing system used for information processing. All the adequate security measures have been adopted

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

and the properties as well as equipment are duly insured and covered against risks relating to fire, earthquake, low electric current, theft, larceny and robbery.

Advanced expenditures and deferred charges

Advanced expenditures correspond to disbursements by the Bank during the performance of its operation, whose benefit is received during several future periods and may be recoverable. Advanced payments assume successive performance of the services to be received.

Deferred charges correspond to costs and expenditures that benefit future periods and are not subject of recovery. Amortization is acknowledged as starting from the date they contribute to income generation within the terms set forth by the Finance Superintendence of Colombia.

The Bank records the advanced payments and deferred charges carried out during the development of its operation within these items, and the amortization is applied on a monthly basis.

The items included in this category as well as the amortization policies are described as follows:

Advanced payments

- Interest payment of fixed term deposits certificates and bonds during enforceability of the term at which the payment corresponds.
- Insurance policies in force.
- Other advanced expenses in accordance with consumption.

Deferred charges

- Computer software up to three (3) years using the linear method.
- Discounts for bond placements during certificates enforceability.
- Advertising and propaganda.
- Contributions and affiliations.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Letters of credit for deferred payment

Records the amount of the letters of credit used, wherein it is foreseen that the payment shall be made in one or several defined dates. The utilization of the letter of credit for deferred payment constitutes a firm commitment for the Bank, acting as the entity confirming the documentary credit.

Appraisals

Records appraisals of investments available for sale of share certificates, property and equipment, specifically real estate, cultural goods and art works.

Increases in value of real estate property, of cultural goods and art works are determined comparing the appraisals against the net adjusted costs; the foregoing based on commercial appraisals performed by independent acknowledged specialized individuals or firms.

In the event of a decrease in value, following standards of prudence, a provision is constituted for each real estate property taken into account.

Appraisals of investments available for sale in share securities are recorded based upon the issuer 's equity variations.

Fixed Term Deposits

Records the obligations of the Entity by fund raising through issues of fixed term deposit certificates. These operations originate from liquidity requirements to attend mainly credit portfolio disbursements. The maturity terms are related to the terms granted for active portfolio operations. Its redemption is always made on the date of maturity or the following business day.

Special Deposits

Records guarantee deposits received by the Bank to attend the payment of obligations in its favor, which for any circumstance they may not be applied immediately.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Negative Positions in Monetary Market and Related Operations

Records the operations in the monetary market such as repos, simultaneous, interbank funds and temporary security transfers carried out by the Bank, with the purpose of attending the liquidity situation.

Transactions of interbank funds are agreed for terms not greater than thirty (30) calendar days, for the remaining monetary market operations the term agreed is not greater than one year. The operations that are not paid within the term agreed shall be registered as bank credits and other financial obligations.

The difference between present value (money receipt) and future value (repurchase price) constitutes a financial expenditure, calculated exponentially during the term of the operation and acknowledged in the statement of earnings, in accordance with the accounting principle of accrual

Until December 31, 2007 simultaneous operations and temporary transfers were recorded in the account of cash operations and derivatives. As from that date they are registered as negative positions in monetary market operations.

Bank Credits and Credits from Other Financial Entities

Records obligations acquired by the Bank due to resources obtained originating in banks and other entities, either in the country or abroad, under direct credit lines and use of credit lines established to be applied for specific purposes.

Transactions performed through immediate communication media shall be recorded on the same day they are effective, and shall be supported by agreements entered into between the parties. Those performed by telephone shall be confirmed via telex or by any other means providing written attestation of the operation and in each case containing the signature of the competent officer; those agreed through charge or credit notices shall be recorded on the day the same are received.

Accounts Payable

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Registers the amounts accrued and pending payment, such as yields agreed due to the utilization of third party resources, commissions, fees, sums received by virtue of a contractual relationship established in promissory purchase and sale agreements, suppliers, dividends, taxes, withholdings and labor contributions, contributions and affiliations and other sums payable of like characteristics.

Outstanding Investment Securities

Records the obligations of the entity due to fundraising through issues of investment securities or ordinary bonds. This fund raising is carried out to obtain resources destined for the placement of credit portfolio. Maturity dates and financial conditions are indicated in the corresponding issuing prospects. Its redemption is always made on the date of maturity or the following working day, as the case may be.

Other liabilities

Records consolidated labor obligations, differed payment letters of credit, income received in advance, differed credits, as well as other diverse liabilities.

For income received in advance the bank registers the amounts received to attend special financing agreements of credit portfolio operations, with an interest rate differential.

Estimated Liabilities and Provisions

The Bank records provisions to cover estimated liabilities taking into account the following:

- An acquired right exists and consequently, an obligation has been acquired.
- Payment is due at call or likely to occur, and
- The provision is justifiable, subject to quantification and verification. Likewise, it records estimated appraisals of tax items, contributions and

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

affiliations, court expenses during litigation and others. When the provisions are reversed during the same accounting period they are credited to the corresponding subaccount of expenses; if reversed during previous accounting periods the credit is performed to the account of income recovery.

Foreign currency conversion

Transactions in foreign currency are recorded in dollars and restated based on the exchange rate representative of the market enforceable on the date of each transaction. Rights and obligations in foreign currency shall be adjusted pursuant to the "exchange rate representative of the market" published daily by the Finance Superintendence of Colombia.

The Bank utilized the exchange rates of COP 2.243.59 and COP 2.014.76 for the closings of December 31. 2008 and December 31. 2007 respectively.

Operations carried out by the Bank in foreign currencies other than US Dollars are initially converted to dollars at the official exchange rate as of the date of the operation, and then converted to Colombian pesos.

"Net availability in foreign currency" is defined as the difference between all the rights and obligations denominated in foreign currency, registered within and out of the balance sheet, realized or contingent, including those to be liquidated in Colombian legal currency. The Credit Default Swaps (CDS) performed under the conditions established in the subparagraph of article 43 of Resolution N° 8 of 2000 of the Central Bank are excluded from its calculation.

The arithmetic average of three (3) business days of net availability in foreign currency of intermediaries of the exchange market cannot exceed the equivalent, in foreign currency, twenty percent (20%) of the technical capital of the intermediary. The arithmetic average of three (3) business days of net availability in foreign currency may be negative, without exceeding the equivalent of five per cent (5%) of its technical capital in foreign currency.

The net availability in foreign currency "in Cash" corresponds to the difference between assets and liabilities, denominated in foreign currency..

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

The arithmetic average of three (3) business days of net availability in foreign currency in Cash shall not exceed fifty per cent (50%) of the technical capital of the entity plus the difference between the rights acquired and assigned in debt handling operations with the National Government.

The net availability in foreign currency in cash cannot be negative.

The "Gross Availability for Leverage" is defined as the summation of the absolute values of rights and liabilities in fixed term and future agreements denominated in foreign currency; cash operations denominated in foreign currency with expiration of one banking day (t+1) and two banking days (t+2), and de exchange exposure associated to creditor contingencies acquired through the negotiation of options and other derivatives over the type of exchange. The Credit Default Swaps (CDS) performed under the conditions established in the subparagraph of article 43 of Resolution N° 8 of 2000 of the Central Bank are excluded from its calculation as well as the exchange transactions carried out by the Exchange Market Intermediaries, in their capacity as suppliers of liquidity with the Foreign Currency Clearing and Liquidation Systems when a delay occurs or non compliance in payment by a participant, and the financing in foreign currency obtained by the Exchange Market Intermediaries to carry out liquidity operations in foreign currency.

The arithmetic average of three (3) business days of gross availability for leverage of the Exchange Market Intermediaries shall not exceed five hundred fifty per cent (550%) of the technical capital of the respective entity.

As of December 31, 2008 the Bank reports a Net Availability in Foreign Currency of USD (1,092,568.51), Cash Net Availability in Foreign Currency of USD 75,561,048.52 and Gross Net Availability for Leverage of USD 326,910,900.

The Bank's availability limits as of December 31, 2008 are the following:

	<u>Maximum Amount</u>	<u>Minimum Amount</u>
Net Availability in Foreign Currency	106.379.115,14	(26.594.778,79)
Net Availability in Foreign Currency in Cash	265.947.787,86	Cannot be negative
Gross Availability for Leverage	2.925.425.666,42	-

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Reserves

Records those amounts that, due to express mandate of the General Shareholders Meeting have been appropriated from the liquid profits of previous fiscal periods obtained by the Bank, with the purpose of complying with legal and statutory provisions for specific purposes.

The losses shall be absorbed through the reserves that have been n destined especially for such purpose and otherwise, with the legal reserve. The reserves whose purpose is to absorb determined losses may not be utilized to cover different losses, except if such decision is taken by the Shareholders Meeting.

Pursuant to the enforceable provisions existing in Colombia, the Bank shall constitute a legal reserve, appropriating ten percent (10%) of the liquid profit of each period, until reaching at least fifty percent (50%) of the subscribed capital.

The statutory reserves shall be mandatory while they are not suppressed through an amendment of the incorporation agreement, or while they do not reach the amount foreseen for the same.

The temporary reserves ordered by the Shareholders Meeting shall solely be mandatory for the fiscal period in which they are defined and the Shareholders Meeting may change their destination or distribution should they become unnecessary.

Income acknowledgement through financial yield

Income due to financial yield and other items are acknowledged at the time of accrual, except those originating from:

Commercial, consumption and micro credits rated as "C" considerable risk, or in categories of greater risk, or when they complete ninety one (91) days for commercial credits and sixty one days (61) for consumption credits and thirty one (31) for micro credits.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Mortgage credits for housing rated as "C" considerable risk, or in categories of greater risk, or when they complete sixty one (61) days due.

These financial yields are controlled through contingency debtor accounts and are recorded as income, when effectively collected.

With respect to capitalization of interest, the recording is made in the account of deferred partial payment and income is acknowledged as they are effectively collected.

Credits in default, that at any time may have ceased to cause interest, monetary correction, exchange adjustments, charges and income for other reasons, shall cease to cause said income as from the first day of default. Once they become up to date they may return to be accrued.

While their collection occurs, the corresponding record will be kept as contingent accounts.

Contingent accounts

These accounts record operations through which the Bank acquires a right or obligation whose origin is conditioned to a fact that may or may not occur, depending on future events, that may be possible or remote. Likewise, it records the financial yields from the time when the accrual in the credit portfolio accounts is suspended. It also records the options defined as such agreement that grant the holder the option or right, but it does not assume the obligation, of buying or selling a specific portion of an asset at a determined price on a certain date, or during a determined period of time. Such agreement binds the subscriber to sell or purchase the asset on the date in which the "option" is exercised by the holder, pursuant to the conditions regarding quantity, quality and price established for such purpose under the agreement.

Order accounts

These accounts record operations carried out with third parties that by their nature do not affect the financial situation of the Bank. Likewise, it includes the fiscal order accounts which record figures for the drafting of tax returns;

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

likewise it includes records used for tax purposes, internal control, or for management information.

Net profit per share

For the periods ending December 31, 2008 and 2007 the net profit per share was determined based upon the average of outstanding shares: 855.669.623.

Main Differences between Special Regulations and Generally Accepted Accounting Principles in Colombia

The special accounting regulations established by the Finance Superintendence in Colombia show some differences with respect to generally accepted accounting principles in Colombia, such as:

Property, Plant and Equipment

Generally accepted accounting principles determine that at a closing period, the net value of property, plant and equipment whose adjusted value exceeds twenty (20) minimum enforceable legal monthly salaries, shall be adjusted to its realization value or present value, recording value increases and provisions as needed, while special regulations do not impose conditions on these types of assets.

Adjustments due to Inflation

The tax regulation establishing adjustments due to inflation was revoked through article 78 of law 1111 dated December 2006, as from tax year 2007. In its place taxpayers of income tax and supplementary may adjust the appraisal of their fixed assets subject to depreciation and/or amortization, other non-monetary assets, tax losses and any surplus of supplementary over ordinary income in the same percentage of the annual readjustment of the UVT (Unit tax value) established through the cited law. Based on the foregoing, such items may be readjusted for 2008 in a 7.75% and 5.15% for 2007, without affecting the accounting to tax income statement. Such adjustment shall constitute the base to determine the profit or loss in the sale of assets and for determining the income tax and windfall profits.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -

Notes to the Financial Statements

3. AVAILABILITIES

The detail of availabilities is as follows:

	<u>2008</u>	<u>2007</u>
Legal currency		
Cash	COP 23	COP 85
Central Bank (Banco de la República) ⁽¹⁾	3.231.324	5.016.512
Banks and other Financial Entities	2.363.192	3.945.566
Foreign Currency		
Cash	14.451	2.300
Central Bank (Banco de la República)	9.081	8.245
Banks and other Financial Entities	<u>2.062.502</u>	<u>1.450.171</u>
	<u>7.680.573</u>	<u>10.422.879</u>

- (1) Corresponds to the ordinary float reserve available in legal currency. These funds shall be affected in favor of the Nation by virtue of the loan agreement entered into between Bancoldex and the Interamerican Development Bank - IDB.

As of December 31, 2008 there were no conciliatory items in legal currency with more than thirty days pending for regularization.

4. POSITIVE POSITIONS IN MONEY MARKET AND RELATED OPERATIONS

The detail of interbank funds sold is as follows::

	<u>2008</u>			<u>2007</u>		
	<u>Int. Rate</u> (%)	Negotiation Term (Days)	Amount	<u>Int. Rate</u> (%)	Negotiation Term (Days)	Amount
Interbanking (1)						

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -

Notes to the Financial Statements

	<u>2008</u>			<u>2007</u>		
	<u>Int. Rate</u> (%)	<u>Negotiation</u> <u>Term</u> (Days)	<u>Amount</u>	<u>Int. Rate</u> (%)	<u>Negotiation</u> <u>Term</u> (Days)	<u>Amount</u>
Legal Currency						
Commercial Financial Companies	-	-	COP -	9.00	5	COP 2.800.000
Other Financial Entities	-	-	-	8.90	5	7.500.000
Foreign Currency						
Banks	0.40	2	11.217.950	4.30	4	1.007.380
Other Financial Entities	-	-	-	5.13	4	<u>20.147.600</u>
			<u>11.217.950</u>			<u>31.454.980</u>

(1) All transactions performed complied with the payment term established by the Bank and the balances were not subject to any restrictions whatsoever.

5. INVESTMENTS

The detail of investments is as follows:

	<u>2008</u>	<u>2007</u>
<u>Debt Certificates:</u>		
<i>Negotiable</i>		
Public Debt certificates issued and guaranteed by the Nation	COP 45.423.035	COP 26.788.953
Securities issued by entities under the surveillance of the Financial Superintendence	1.276.466	1.780.714
Securities with credit content deriving from securitization processes from underlying items other than mortgage portfolio	22.886.440	-
Securities issued by Multilateral Credit Entities	5.114.152	-
<i>To keep until maturity</i>		
Public Debt certificates, issued and guaranteed by the Nation	24.086.427	70.553.680
Certificates issued, endorsed or guaranteed by Fogafin	152.164	569.681
Certificates issued by entities under the supervision of the Finance Superintendence	-	5.044.118
<i>Available for sale</i>		
Public debt certificates issued and secured by the Nation	30.911.238	88.941.934

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLODEX -
Notes to the Financial Statements

	<u>2008</u>	<u>2007</u>
Securities issued by entities under the supervision of the Finance Superintendence	-	23.240.144
<i>Resale rights of negotiable investments</i>		
Public Debt Securities issued and guaranteed by the Nation	192.948.813	-
<i>Repurchase rights of investments to keep until maturity</i>		
Public Debt Securities issued or guaranteed by the Nation	26.923.096	-
<i>Repurchase rights of investments available for sale</i>		
Public Debt Securities issued or guaranteed by the Nation.	<u>51.278.772</u>	-
	<u>401.000.603</u>	<u>216.919.224</u>
<u>Share Certificates:</u>		
<i>Available for Sale</i>	<u>121.634.867</u>	<u>91.529.245</u>
	522.635.470	308.448.469
<i>Provision</i>		
Investments available for sale in share certificates	<u>15.317.429</u>	-
	<u>507.318.041</u>	<u>308.448.469</u>

Investments in debt certificates

	<u>Int. Rate</u>	<u>2008</u>	<u>Int. Rate</u>	<u>2007</u>
	(%)*	Amount	(%)*	Amount
<u>In legal currency:</u>				
Securities issued by the Nation				
<i>Peace Bonds</i>		COP -	5.61	COP 6.635.122
<i>-TRD´s - Debt Reduction Certificates</i>		24.086.427	-	22.337.718
<i>TES (*) issued by the Ministry of Finance</i>	9.21	347.483.223	9.60	157.308.531
Tax Reimbursement Certificates CERTS	2.61	1.731	-	3.195
Certificates issued by Fogafin	9.91	1.428.630	10.40	2.350.395
Certificates issued by entities under the supervision of the Finance Superintendence	11.54	22.886.440	10.67	28.284.262
Certificates issued by Multilateral Entities	10.74	<u>5.114.152</u>		-
Total investments in debt certificates		<u>401.000.603</u>		<u>216.919.223</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

* Refers to the weighted average rate.

The maturity of investments negotiable in debt securities in accordance with the future capital flows and interest and pursuant to the Assets and Liabilities Management (GAP) form of the Finance Superintendence of Colombia is as follows:

	<u>2008</u>	<u>2007</u>
0 - 90 days	COP 1.884.734	COP 9.328.118
91 - 180 days	21.555.884	14.787.671
181 - 360 days	57.108.760	28.708.022
Over 360 days	270.293.433	243.260.084

Investments available for sale in share certificates

				<u>2008</u>			
<u>Entity</u>	<u>Credit risk rating</u>	<u>Capital</u>	<u>% Part</u>	<u>Adjusted Cost</u>	<u>Equity value</u>	<u>Appreciation</u>	<u>Provision</u>
Banco Latinoamericano de Exportaciones S.A. BLADEX ⁽⁵⁾	A	USD363.291	1.34	COP 7.846.469	15.115.207	7.268.738	-
C.F.C.Leasing Bancoldex S.A.	A	24.870.949	86.55	21.160.858	21.906.337	745.479	-
Fiduciaria Colombiana de Comercio Exterior FIDUCOLDEX ⁽³⁾	A	11.269.822	89.11	10.471.489	16.721.554	6.250.065	-
Fondo Nacional de Garantías S.A. ^{(1),(2)}	B	240.444.890	29.24	76.587.145	68.141.142	-	(15.317.429)
Segurexpo de Colombia S.A. ⁽⁴⁾	A	7.773.764	48.86	<u>5.568.906</u>	8.004.251	<u>2.435.345</u>	-
				<u>121.634.867</u>		<u>16.699.627</u>	<u>(15.317.429)</u>

Notes:

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

- (1) The Bank received dividends in shares from the Fondo Nacional de Garantías. for COP 1.710.921 in May 2008.
- (2) In July 2008 the Bank carried out a capitalization to Fondo Nacional de Garantías S.A. for COP 25.000.000
- (3) The Bank received dividends in shares of Fiduciaria Colombiana de Comercio Exterior S.A. for COP 1.856.342 in June 2008.
- (4) The Bank received dividends in cash from Segurexpo de Colombia. for COP 879.482 in August 2008.
- (5) The Bank received dividends in cash from Banco Latinoamericano de Exportaciones S.A.-BLADEX for COP 639.597 en 2008.

2007

<u>Entity</u>	<u>Credit risk rating</u>	<u>Capital</u>	<u>% Part</u>	<u>Adjusted Cost</u>	<u>Equity value</u>	<u>Appreciation</u>	<u>Devaluation</u>
Banco Latinoamericano de Exportaciones S.A. BLADEX	A	USD363.291	1.34	COP 7.046.186	15.904.399	8.858.213	-
C.F.C.Leasing Bancoldex S.A.	A	24.870.949	86.55	21.160.858	18.894.409	-	(2.266.449)
Fiduciaria Colombiana de Comercio Exterior FIDUCOLDEX	A	9.186.368	89.11	8.615.146	13.491.371	4.876.225	-
Fondo Nacional de Garantías S.A. (1)	A	207.310.350	21.03	49.876.224	48.624.791		(1.251.434)
Segurexpo de Colombia S.A.	A	7.773.764	48.86	<u>4.830.831</u> <u>91.529.245</u>	8.565.063	<u>3.734.233</u> <u>17.468.671</u>	<u>-</u> <u>(3.517.883)</u>

Notes:

- (1) The Bank received dividends in shares from the Fondo Nacional de Garantías. for COP 815.730 in December, 2007.
- (2) In December, 2007 the Bank carried out the capitalization to Fondo Nacional de Garantías for COP 25.000.000.
- (3) The Bank received dividends in shares of Fiduciaria Colombiana de Comercio Exterior S.A. for COP 1.344.209 in April 2007

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Investments as of December 31, 2008 and 2007, do not report restrictions or liens.

The detail of provisions of investments in debt certificates and shares is as follows:

	<u>2008</u>		<u>2007</u>
Balance at the beginning of the period	COP -		COP 5.198.338
Constitutions (charges to results)	15.317.429		-
Write-offs	-		-
Recoveries (credits to results)	-		<u>(5.198.338)</u>
Balance at period closing	<u>15.317.429</u>		<u>-</u>

Treasury Business Purpose

The main objective of the Treasury is to obtain resources in the exchange, financial and capital markets to finance the active portfolio on a timely basis and under conditions that allow to contribute to the financial profitability and sustainability of the Bank. Likewise, the Treasury administers liquidity, following short, medium and long term strategies defined by the management. All the foregoing is within the framework of the regulations issued by the Finance Superintendence of Colombia, the Central Bank and the guidelines established by the Bank's Board of Directors.,

Risk Management in Investments Portfolio

The Bank counts with defined policies and mechanisms for measuring methodologies and risk control monitoring of the portfolio and of the treasury processes. All treasury processes include the participation of different levels within the entity within the organizational structure the relevant roles of front, middle and back offices have been defined. The Board of Directors, as main responsible of the Bank's risk management, approves the participation in new markets, as well as the negotiation of new products, prior assessment of financial risks, legal matters and operational processes, among others.

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

As a mechanism to facilitate that the treasury products are negotiated under favorable profitability and risk conditions, the bank performs a fundamental and technical analysis. On the other hand, the risk exposure level to market risks is determined as a function of the value under risk (VaR). As from this value the Stop loss levels (maximum loss allowed in a period of time) and stock loss (maximum monthly aggregate loss) are fixed for each type of operation.

The Bank counts with tools and reports that allow, on a daily basis, the identification of the market risk level of the consolidated portfolio and of each of the products that are negotiated.

6. NET LOANS PORTFOLIO

The detail of the commercial loans portfolio is as follows:

	2008	2007
Ordinary loans	COP 4,168,148,775	COP 3,155,708,111
Loans with resources of other entities	1,486,328,417	1,243,976,367
Discounts	<u>50,688,794</u>	<u>60,170,277</u>
	5,705,165,986	4,459,854,755
Minus: Provision	<u>177,680,748</u>	<u>126,003,836</u>
	<u>5,527,485,238</u>	<u>4,333,850,919</u>

The result of such evaluation is as follows:

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

2008								
				Provisions				
				Capital	Interests	Other Guarantee	Capital	Interests and others
Commercial Credits Qualified Guarantee								
A - Normal	COP	43,550,453	617,046	0	495,538,278	338,995	6,170	
		43,550,453	617,046	0	495,538,278	338,995	6,170	
Commercial Credits Other Guarantees								
A - Normal		5,652,412,874	39,575,359	-	29,608,793	56,620,638	395,754	
B - Acceptable		888,825	24,599	-	7,994,580	28,442	787	
D - Significant		3,448,965	222	-	8,972,814	1,724,484	111	
E - Non-recoverable		4,864,869	-	6,567	751,041	4,864,869	6,567	
		5,661,615,533	39,600,180	6,567	47,327,228	63,238,433	403,219	
General Provision						114,103,320		
		5,705,165,986	40,217,226	6,567	542,865,506	177,680,748	409,389	

2007								
				Provisions				
				Capital	Interests	Other Guarantee	Capital	Interests and others
Commercial Credits Qualified Guarantee								
A - Normal	COP	47,770,039	929,376	-	436,726,786	391,864	9,422	
B - Acceptable		25,644	-	-	25,644	-	-	
		47,795,683	929,376	0	436,752,430	391,864	9,422	

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

2007						
	Capital	Interests	Other	Guarantee	Provisions	
					Capital	Interests and others
Commercial Credits						
Other Guarantees						
A - Normal	4,394,983,006	37,969,573	-	30,447,291	44,035,666	379,567
B - Acceptable	1,364,563	35,377	-	7,345,927	43,666	1,132
C - Considerable	598,205	-	-	1,159,628	119,641	-
D - Significant	1,196,241	-	-	3,503,829	598,121	-
E - Non-recoverable	13,917,057	31,087	6,566	14,915,881	13,917,057	31,087
	4,412,059,072	38,036,037	6,566	57,372,556	58,714,151	411,786
General Provision					66,897,821	
	4,459,854,755	38,965,413	6,566	494,124,986	126,003,836	421,208

The movement of portfolio provisions is as follows:

	2008	2007
Balance at the beginning of the period	COP 126.003.835	COP 90.330.943
Constitutions (charge to results) *	64.573.123	44.626.824
Write offs	(2.612.217)	(711.184)
Recoveries (credit to results)	<u>(10.283.994)</u>	<u>(8.242.748)</u>
Balance at the period closing	<u>177.680.747</u>	<u>126.003.835</u>

Composition with creditors and restructuring agreements:

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

As of December 31, 2008:

		<u>Capital</u>	<u>Interests</u>	<u>Provisions</u>	<u>Guarantee</u>
<i>General restructuring agreements</i>					
Commercial	COP	<u>746.058</u>	<u>23.972</u>	<u>24.640</u>	<u>7.994.580</u>
<i>Restructured clients</i>					
Commercial	COP	<u>463.363</u>	<u>-</u>	<u>463.363</u>	<u>214.600</u>
<i>Clients under Law 550/99</i>					
Commercial	COP	<u>7.811.360</u>	<u>-</u>	<u>6.106.433</u>	<u>9.509.254</u>

As of December 31, 2007:

		<u>Capital</u>	<u>Interest</u>	<u>Provisions</u>	<u>Guarantees</u>
<i>General Restructuring Agreements</i>					
Commercial	COP	<u>2.731.363</u>	<u>33.518</u>	<u>748.815</u>	<u>11.209.145</u>
<i>Clients under Composition with creditors</i>					
Commercial	COP	<u>513.788</u>	<u>801</u>	<u>503.514</u>	<u>1.014.838</u>
<i>Clients under Law 550/99</i>					
Commercial	COP	<u>13.439.552</u>	<u>31.087</u>	<u>13.444.994</u>	<u>14.726.929</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

As of December 31 of 2008 and 2007, individual and general provisions were recorded pursuant to Chapter II, Annex 1 of the "Circular Básica Contable de la Superintendencia Financiera de Colombia" (Basic Accounting Circular Letter by the Finance Superintendence of Colombia). Likewise, the loans portfolio was assessed 100% as of December 31, of 2008 and 2007.

The Bank obtains resources for its credit operations mainly from its equity; from ordinary bonds; funding securities through CDT (fixed term deposit certificates) and from loans granted by banks and international entities.

The maturity of past-due credit portfolio is shown as follows, in accordance with its future capital and interest flows and pursuant to the report submitted in the form called Asset and Liabilities Management issued by the Finance Superintendence of Colombia.

<u>Commercial</u>	<u>2008</u>	<u>2007</u>
0 - 30 days	COP 296.483.369	COP 240.663.663
31 - 60 days	327.451.425	207.453.079
61 - 90 days	383.976.032	201.656.396
91 - 180 days	1.300.277.404	636.471.519
181 - 360 days	1.040.866.230	1.204.320.296
Over 360 days	3.055.593.795	2.410.322.434

During 2008 the Board of Directors of the Bank approved portfolio write-offs for COP 2.612.217.

The details of the portfolio regarding type of customer as of December 31, 2008 is as follows:

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -

Notes to the Financial Statements

Type of customer	Pesos	Foreign currency expressed in pesos	Total Capital	Individual Provision
Local financial intermediary	3,682,406,241	1,776,440,359	5,458,846,600	54,610,772
Foreign financial intermediary		193,680,197	193,680,197	1,936,802
Exporter	14,331,447		14,331,447	3,984,972
Importer		21,634,833	21,634,833	216,348
National Market	5,675,294		5,675,294	56,753
Local supplier of goods and services	1,530,576		1,530,576	15,306
Other	9,390,132	76,907	9,467,039	2,756,475
	<u>3,713,333,690</u>	<u>1,991,832,296</u>	<u>5,705,165,986</u>	<u>63,577,428</u>
General Provision				114,103,320
	<u>3,713,333,690</u>	<u>1,991,832,296</u>	<u>5,705,165,986</u>	<u>177,680,748</u>

7. BANK ACCEPTANCES AND DERIVATIVES

The detail of acceptances and derivatives is as follows:

		<u>2008</u>		<u>2007</u>
Bank Acceptances within term- Exports	COP	7.558.890	COP	5.887.049
Bank Acceptances within term- Imports		<u>196.539</u>		<u>1.451.478</u>
Total Bank Acceptances within term		<u>7.755.429</u>		<u>7.338.527</u>

Cash operations

Foreign currency purchase rights	2.244.163	-
Foreign currency sale rights	2.247.941	-
Foreign currency purchase obligations	(2.247.911)	-
Foreign currency sale obligations	(2.244.163)	

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Total cash operations	<u>30</u>	<u>-</u>
-----------------------	-----------	----------

Forward Agreements

Foreign currency purchase rights	273.580.824	67.494.460
Foreign currency sale rights	448.094.207	89.455.375
Foreign currency purchase obligations	(275.221.027)	(68.227.696)
Foreign currency sale obligations	<u>(452.151.224)</u>	<u>(88.649.440)</u>
Total Forward Agreements	<u>(5.697.220)</u>	<u>72.699</u>
	<u>2.058.239</u>	<u>7.411.226</u>

The following is the detail of the derivatives:

	<u>2008</u>		<u>2007</u>	
	Balance	Balance Average	Balance	Balance Average
Cash Operations				
Foreign currency purchases				
Rights	COP 2.244.163	7.688.704	COP -	12.233.421
Obligations	<u>(2.247.911)</u> <u>(3.748)</u>	(7.673.933)	=	12.229.924
Foreign currency sales				
Rights	2.247.941	4.458.748	-	7.979.195
Obligations	<u>(2.244.163)</u> <u>3.778</u>	(4.468.708)	=	7.978.697
Total cash operations	<u>30</u>		=	
Forward Agreements				
Foreign currency purchases				

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -

Notes to the Financial Statements

	<u>2008</u>		<u>2007</u>	
	Balance	Balance Average	Balance	Balance Average
Rights	COP 273.580.824	132.086.497	COP 67.494.460	117.506.881
Obligations	<u>(275.221.027)</u>	(131.473.330)	<u>(68.227.696)</u>	(133.090.951)
	<u>(1.640.203)</u>		<u>(733.236)</u>	
Foreign currency sales				
Rights	448.094.207	225.315.549	89.455.375	135.366.058
Obligations	<u>(452.151.224)</u>	(231.639.643)	<u>(88.649.440)</u>	(132.703.299)
	<u>(4.057.017)</u>		<u>805.935</u>	
	<u>(5.697.220)</u>		<u>72.699</u>	

The detail of the average yields of the cash and derivatives Bank's operations is shown as follows:

	<u>2008</u>	<u>2007</u>	<u>Variation %</u>
Operations in cash			
Sales of foreign currency	COP <u>315</u>	COP <u>(134)</u>	142,5
Average yield of operations in cash	<u>315</u>	<u>(134)</u>	142,5
Forward derivatives			
Purchases of foreign currency	(459.387)	(2.215.708)	(382,3)
Sales of foreign currency		1.489.004	27.040,55
	<u>(5.527)</u>		
Average derivative operations results			(56,3)
	<u>(464.914)</u>	<u>(726.704)</u>	
Average cash and derivative operations results	<u>(464.599)</u>	<u>(726.838)</u>	(56,4)

The average term of forward purchases is 25 days, and for forward sales is 43 days. There are no charges, restrictions or liens of a legal or financial nature over derivatives. Banking acceptances were assessed in whole, with an "A" category classification.

Purpose of Derivatives

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Bancoldex may carry out derivative operations in order to cover financial risks of different balance sheet positions or to obtain yields for negotiating the same always provided that de management and risks guidelines established are complied with and following the policies fixed by the Board of Directors for this type of operations.

Risk Management of Derivative Operations

Risk management of derivative operations is carried out following the guidelines established by the Finance Superintendence of Colombia in External Circular Letter 025 of 2008. In addition, the Bank counts with policies relating to derivative operations, among which it is worth highlighting the definition of limits, counterparts to operate and attributions for those who become involved in the negotiation, as well as the instrumentation of operations.

Following is the maturity of bank acceptances and derivatives in accordance with their future capital flows and interests and pursuant to the reports submitted under form Asset and Liabilities Management (GAP) of the Finance Superintendence of Colombia:

<u>Commercial</u>	<u>2008</u>	<u>2007</u>
0 - 30 days	COP (3.380.246)	COP 17.376.928
31 - 60 days	983.533	627
61 - 90 days	(4.823.319)	564
91 - 180 days	11.382.891	3.941.018
181 - 360 days	(57.059)	-
Over 360 days	-	-

8. ACCOUNTS RECEIVABLE

The detail of the accounts receivable is as follows:

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

	<u>2008</u>	<u>2007</u>
Interest:		
Interbank funds sold and resale agreements	COP 249	COP 26.643
Loan portfolio (note 6)	40.217.225	38.965.413
Other Interest	<u>16.574</u>	<u>32.609</u>
	<u>40.234.048</u>	<u>39.024.665</u>
Plus:		
Commission	51.567	37.703
Dividends and shares	-	216.547
Leasing	-	602
Payments on account of clients	-	1.210
Advanced payments of agreements and suppliers	11.040	11.040
Advanced payments to personnel	6	7.620
Purchase of goods	119.180	902.947
Welfare	306.540	293.291
Inter-administrative Agreement Min Commerce	15.074	50.884
Miscellaneous	<u>327.407</u>	<u>132.461</u>
	830.814	1.654.304
	<u>41.064.862</u>	<u>40.678.969</u>
Less provision accounts receivable		
Commercial	(402.822)	(421.208)
Housing	(9)	(1.519)
Other	<u>(6.567)</u>	<u>(6.816)</u>
	<u>(409.398)</u>	<u>(429.543)</u>
	<u>40.655.464</u>	<u>40.249.426</u>

The movement of provisions of accounts receivable is as follows:

	<u>2008</u>	<u>2007</u>
Balance at the beginning of the period	COP 429.544	COP 265.399
Constitutions (charged to results)	99.866	220.148
Write offs	-	(13.901)
Recoveries (credits to results)	<u>(120.012)</u>	<u>(42.103)</u>
Balance at the end of the period	<u>409.398</u>	<u>429.543</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

The maturity of other accounts receivable pursuant to their future flows of capital ad interest and according to the Assets and Liabilities Management (GAP) form of the Finance Superintendence of Colombia is as follows:

	<u>2008</u>	<u>2007</u>
0 - 30 days	COP 2.558.272	COP 897.470
31 - 60 days	1.044.246	872.890
61 - 90 days	423.343	353.874
91 - 180 days	1.693.372	1.415.497
181 - 360 days	310.452	259.508
Over 360 days	790.218	660.565

9. GOODS RECEIVED AS PAYMENT IN KIND

The detail of goods received as payment in kind is as follows:

	<u>2008</u>	<u>2007</u>
Cost		
Real Estate Property	COP 674.431	COP 674.431
Personal Property	<u>726.785</u>	<u>726.785</u>
Adjusted Cost	1.401.216	1.401.216
Minus: Provisions (*)	<u>(1.401.216)</u>	<u>(1.401.216)</u>
	=====	=====
	-	-

(*) The movement of the provisions as follows:

	<u>2008</u>	<u>2007</u>
Balance at the beginning of the period	COP 1.401.216	COP 1.527.864
Recoveries		<u>(126.648)</u>
Balance at the period closing	<u>1.401.216</u>	<u>1.401.216</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

The opportunity cost for the Bank has consisted in not receiving yields over these goods approximately for COP 124.691 and COP 118.512 during the periods ending December 31, 2007 and 2008 respectively. The appraisals of these goods were carried out during 2006. Generally the real property is well conserved.

10. PROPERTIES AND EQUIPMENT

The detail of property and equipment is as follows:

	<u>2008</u>	<u>2007</u>
Land	COP 339.484	COP 339.484
Buildings	5.318.590	5.318.590
Equipment, office furniture and office gear	2.850.727	2.431.992
Computers	1.917.257	2.035.093
Vehicles	<u>675.632</u>	<u>648.190</u>
	11.101.690	10.773.349
Less: Aggregate depreciation	<u>(8.876.803)</u>	<u>(8.820.836)</u>
	<u>2.224.887</u>	<u>1.952.513</u>

The bank has recorded the increases in value corresponding to property and equipment based on technically based acknowledged appraisals. The total depreciation charged to the results was COP 541.438 and COP 407.084 for the periods ended on December 31, 2008 and December 31, 2007 respectively. Property and equipment are duly insured and are free of encumbrances or liens. Likewise, they are in adequate conditions for use, since the Bank performs timely maintenance and repair activities.

11. OTHER ASSETS

The detail of other assets is as follows:

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

	<u>2008</u>	<u>2007</u>
Permanent contributions ⁽¹⁾	COP 92.218	COP 92.218
Advanced payments ⁽²⁾	3.776.548	3.281.013
Deferred charges ⁽³⁾	12.472.906	8.492.240
Letters of credit for deferred payment	43.834.217	56.046.544
Credits to employees ⁽⁴⁾	4.204.413	3.942.561
Guarantee deposits	70.955	70.955
Cultural goods and art works	111.059	111.059
Goods received in commodatum	63.339	63.339
Rights in Trusts ⁽⁵⁾	1.029.168	1.040.073
Remainders of advance payments and withholdings	-	6.977.932
Petty cash	12.000	9.000
Other	<u>6.258</u>	<u>6.133</u>
	65.673.081	80.133.067
Less:		
Provision employees credits	(33.195)	(27.220)
Provision rights in trust	<u>(981.023)</u>	<u>(872.200)</u>
	<u>(1.014.218)</u>	<u>(899.420)</u>
	<u>64.658.863</u>	<u>79.233.647</u>

(1) Permanent contributions correspond to the investment of the Bank in Clubs "Club de Ejecutivos" and "El Nogal".

(2) The detail of advanced payments is as follows:

	<u>2007</u>	<u>Charges</u>	<u>Amortization</u>	<u>2008</u>
Interest	COP 625.188	5.417.976	5.357.215	COP 685.949
Insurance	303.168	2.219.214	2.215.612	306.770
Other	<u>2.352.657</u>	<u>6.862.137</u>	<u>6.430.965</u>	<u>2.783.829</u>
	<u>3.281.013</u>	<u>14.498.327</u>	<u>14.003.792</u>	<u>3.776.548</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

(3) The detail of deferred charges is as follows:

	<u>2007</u>	<u>Charges</u>	<u>Amortization</u>	<u>2008</u>
Software	COP 872.423	7.605.037	664.664	7.812.796
Discount Placement of Investment Certificates	7.618.326	-	3.001.042	4.617.284
Advertising and Propaganda	1.491	73.132	71.799	2.824
Contributions and affiliations	-	<u>1.620.977</u>	<u>1.580.975</u>	<u>40.002</u>
	<u>8.492.240</u>	<u>9.299.146</u>	<u>5.318.480</u>	<u>12.472.906</u>

* Includes the deferred charge of the technological modernization project "Orion"

(4) The detail of credits to employees is as follows:

	<u>2008</u>	<u>2007</u>
Housing credit	COP 3.059.237	COP 3.552.659
Vehicle credit	<u>341.676</u>	<u>389.902</u>
	<u>3.400.913</u>	<u>3.942.561</u>
Free investment loans	<u>803.500</u>	-
Total credits to employees	<u>4.204.413</u>	<u>3.942.561</u>

Assessment of credits to employees:

The Bank carried out the assessment of credits to employees with closing as of December 31 2008 and 2007, awarding the following ratings

	<u>2008</u>	<u>2007</u>
Housing Credit		
A	COP 2.995.337	COP 3.514.215
B	19.394	11.595
C	13.258	-
E	31.248	26.849

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Vehicle Credit		
A	<u>341.676</u>	<u>389.902</u>
	<u>3.400.913</u>	<u>3.942.561</u>

The movement of other assets provisions is as follows:

	<u>2008</u>	<u>2007</u>
Balance at the beginning of the period	COP 899.420	COP 7.747.890
Constitutions (charges to results)	118.879	165.692
Recoveries	4.081	(148.310)
Cancellation of fiduciary right	=	<u>(6.865.852)</u>
Balance at the period closing	<u>1.014.218</u>	<u>899.420</u>

The maturity of other assets pursuant to their future flows of capital and interest and in accordance with the form of Assets and Liabilities Management by the Finance Superintendence of Colombia are as follows:

	<u>2008</u>	<u>2007</u>
0 - 30 days	COP 9.270.958	COP 810.943
31 - 60 days	6.170.141	171.277
61 - 90 days	5.315.976	104.813
91 - 180 days	11.261.073	375.992
181 - 360 days	9.201.632	618.483
Over 360 days	54.940.591	58.156.493

12. APPRAISALS

The detail of appraisals is as follows:

	<u>2008</u>	<u>2007</u>
Property and Equipment	COP 12.138.733	COP 12.138.733
Investments	16.699.627	17.468.671
Cultural goods and art works	<u>1.268.807</u>	<u>1.268.807</u>
	<u>30.107.167</u>	<u>30.876.211</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

The Bank has recorded its increases in value pursuant to appraisals with acknowledged technical value for the Property and Equipment as well as for the cultural goods and works of art. For investments, pursuant to appraisal standards applicable to the Bank

13. DEPOSITS AND CALLABILITIES

The detail of deposits and callabilities is as follows:

For fixed term deposit certificates:

	<u>2008</u>		<u>2007</u>
Issued for terms equal to or greater than 12 months	COP	-	COP 11.500.000
Issued for terms equal to or greater than 18 months	<u>1.065.400.000</u>		<u>641.900.000</u>
Total fixed term certificates	<u>1.065.400.000</u>		<u>653.400.000</u>
Guarantee Deposits	3.249.184		2.268.983
Callabilities for banking services	<u>9.344</u>		<u>50.647</u>
Banking Collection Services	<u>1.068.658.528</u>		<u>655.719.630</u>

During 2008 the risk rating firm Duff & Phelps de Colombia ratified the rating AAA to BANCÓLDEX for long term issues and DP1+ for sort term issues.

Likewise, the rating firm BRC Investor Services ratified the AAA rating for long term liabilities and bonds in local currency and BRC1+ for short term obligations in local currency.

The maturities of deposits and callabilities pursuant to their future flows of capital an interests and in accordance with the Management of Assets and Liabilities form by the Finance Superintendence of Colombia are as follows:

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

		<u>2008</u>		<u>2007</u>
0 - 30 days	COP	14.387.695	COP	17.110.310
31 - 60 days		5.438.694		3.095.032
61 - 90 days		17.861.263		37.948.966
91 - 180 days		32.435.197		17.148.120
181 - 360 days		283.429.172		141.487.432
Over 360 days		980.386.791		628.112.699

14. NEGATIVE POSITIONS IN MONEY MARKET AND RELATED OPERATIONS

The detail of interbank funds purchased and repurchase agreements as of December 31, 2008 is as follows:

	<u>Int Rate .</u>	<u>Negotiation</u>		<u>Amount</u>
	<u>(%)</u>	<u>Term</u>		
		<u>(Days)</u>		
Interbanking				
Legal Currency				
Other financial entities	8.60	24	COP	102.000.000
Foreign Currency				
Banks	0.32	5		<u>48.910.262</u>
				<u>150.910.262</u>
Commitments for transfer of operations - Closed Repo				
Legal Currency				
Central Bank	9.86	33		<u>251.308.986</u>
				<u>251.308.986</u>
				<u>402.219.248</u>

15. BANK CREDITS AND OTHER FINANCIAL LIABILITIES

The detail of bank credits and other financial obligations is as follows:

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -

Notes to the Financial Statements

	<u>2008</u>		<u>2007</u>			
	Int. Rate.	Amount	Amount	Int. Rate.	Amount	
	(%)	USD	Pesos	(%)	USD	
		(thousands)			(thousands)	
<u>IN FOREIGN CURRENCY</u>						
Short Term						
Bayerische Landersbank	-	-	-	5.63	6,665	13,428,768
Girozen Alemania						
Dresdner Bank Ag Alemania	3.68	47,146	105,776,584	5.40	25,319	51,011,656
BHF Bank Frankfurt Alemania	4.48	5,000	11,217,950	-	-	-
Toronto Dominion Bank Canada	3.47	10,246	22,987,172	5.17	20,255	40,809,836
Bank Of Montreal Canada	4.06	4,975	11,161,075	-	-	-
The Bank Of Nova Scotia Canada	3.76	28,488	63,916,289	4.85	2,954	5,951,601
Commerzbank A.G. USA	4.63	10,990	24,656,000	5.71	8,961	18,054,264
Bank Of Tokyo Mitsubishi N.Y. USA	5.50	20,000	44,871,800	-	-	-
Hypo Vereinsbank USA	4.12	8,000	17,948,720	-	-	-
Cobank ACB USA	4.45	11,500	25,801,284	5.44	394	793,274
Standard Chartered Bank USA	-	-	-	5.24	74,510	150,119,625
Banesto Banco Espanol de Credito USA	4.01	1,851	4,153,397	5.35	2,453	4,942,961
Citibank USA	-	-	-	5.46	61,249	123,402,387
Wachovia Bank N.A. USA	4.34	71,122	159,569,210	5.28	32,368	65,213,811
Natixis Banque BFCE USA	4.88	400	897,436	5.85	20,853	42,014,462
Interamerican Investment Corp.	5.11	5,863	13,153,794	5.91	12,951	26,092,373
Banca Intesa USA	3.62	24,000	53,846,159	-	-	-
Mizuho Corporate Bank Ltd USA	3.90	5,000	11,217,950	5.25	14,838	29,894,384
Commerce Bank Mercantil USA	3.92	4,350	9,760,499	-	-	-
TD Commercebank Na Nj USA	3.68	10,000	22,435,899	-	-	-
Banco Latinoamericano de Exportaciones Bladex Panama	-	-	-	5.90	10,895	21,950,612
Natixis Panama Branch	3.80	5,637	12,645,995	-	-	-
Royal Bank Of Scotland Inglaterra	6.26	30,000	67,307,700	-	-	-
Toronto Dominion Bank	5.26	19,950	44,759,621	-	-	-

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -

Notes to the Financial Statements

	<u>2008</u>		<u>2007</u>			
	Int. Rate.	Amount	Amount	Int. Rate.	Amount	
	(%)	USD	Pesos	(%)	USD	
		(thousands)			(thousands)	
Singapore						
UBS AG Zurich Suiza	-	4,000	8,974,359	-	-	-
Zurcher Kantonalbank Suiza	4.82	2,000	4,487,180	-	-	-
Corporación Andina de Fomento CAF Venezuela	4.16	104,775	235,072,142	5.59	54,203	109,205,960
	<u>4.30</u>	<u>435,293</u>	<u>976,618,215</u>	<u>5.44</u>	<u>348,868</u>	<u>702,885,974</u>
Medium Term						
Dresdner Bank AG Alemania	3.90	2,729	6,121,635	5.83	10,000	20,147,600
Instituto de Crédito Oficial del Reino de España	4.00	7,200	16,153,848	-	-	-
Commerzbank A.G. USA	4.73	11,250	25,240,388	5.96	15,000	30,221,400
Cobank ACB USA	3.24	45,538	102,168,093	5.32	68,307	137,621,527
Standard Chartered Bank USA	3.48	33,333	74,786,333	5.41	50,000	100,738,000
Interamerican Investment Corp.	4.69	20,605	46,228,878	6.01	14,972	30,164,987
Mizuho Corporate Bank Ltd USA	4.70	9,383	21,052,648	5.58	2,500	5,036,900
JBIC Japan Bank For Internat Coop.	5.24	6,100	13,685,897	6.79	5,500	11,081,180
Banco Latinoamericano de Exportaciones Bladex Panama	5.68	58,489	131,225,513	5.92	38,692	77,955,200
Corporación Andina de Fomento CAF Venezuela	4.42	70,853	158,966,183	5.79	76,913	154,961,907
	<u>4.42</u>	<u>265,480</u>	<u>595,629,416</u>	<u>5.67</u>	<u>281,884</u>	<u>567,928,701</u>
Long Term						
Instituto de Crédito Oficial del Reino de España	3.83	39,941	89,611,869	4.00	38,912	78,398,809
Interamerican Investment Corp.	5.21	1,744	3,913,808	6.59	12,535	25,254,698
Mizuho Corporate Bank Ltd USA	4.10	5,700	12,788,615	-	-	-
Interamerican Development Bank Usa	1.47	34,500	77,403,855	-	-	-
Corporación Andina de Fomento CAF Venezuela	4.25	10,806	24,243,506	6.13	3,301	6,650,724
	<u>3.04</u>	<u>92,691</u>	<u>207,961,653</u>	<u>4.72</u>	<u>54,748</u>	<u>110,304,231</u>
	4.35	<u>793,464</u>	<u>1,780,209,284</u>	5.48	<u>685,500</u>	<u>1,381,118,905</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -

Notes to the Financial Statements

	<u>2008</u>			<u>2007</u>		
	Int. Rate. <u>(%)</u>	Amount <u>USD</u> <u>(thousands)</u>	Amount <u>Pesos</u>	Int. Rate. <u>(%)</u>	Amount <u>USD</u> <u>(thousands)</u>	Amount <u>Pesos</u>
IN LEGAL CURRENCY						
Medium Term						
BBVA Colombia	<u>-</u>	<u>-</u>	<u>-</u>	<u>5.64</u>	<u>-</u>	<u>412.797</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5.64</u>	<u>-</u>	<u>412.797</u>
	<u>4.35</u>	<u>793,464</u>	<u>1,780,209,284</u>		<u>685.500</u>	<u>1,381,531,703</u>

There is no negative pledge* upon these balances.

The maturities of bank credits and other obligations pursuant to their future flows of capital an interests and in accordance with the Management of Assets and Liabilities form by the Finance Superintendence of Colombia are as follows:

	<u>2008</u>	<u>2007</u>
0 - 30 days	COP 56.620.487	COP 78.283.804
31 - 60 days	166.794.444	61.244.797
61 - 90 days	129.534.300	21.214.345
91 - 180 days	730.390.623	247.181.445
181 - 360 days	271.797.301	547.471.211
Over 360 days	464.683.317	503.956.388

16. ACCOUNTS PAYABLE

The detail of accounts payable is as follows:

* Negative Pledge: This type of guarantee (known under the name of the clause that contains it in syndicated credits) consists that an individual or legal person binds itself with the creditor not to constitute any type of pledge or mortgage lien, security trust or any other type of guarantee or lien while there are existing obligations in force on its charge and in favor of the creditor, over the real property or personal property it owns.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

	<u>2008</u>	<u>2007</u>
Interest	COP 40.342.352	COP 30.766.037
Commissions and fees	5.903	6.717
Taxes	387.146	7.762.002
Dividends	46.460	54.144
Contributions on operations	884	6
Sales Tax Payable	301.491	86.959
Promissory purchasers	31.500	-
Suppliers	594.058	88.935
Withholdings and labor contributions	2.398.214	477.434
Miscellaneous	<u>1.520.171</u>	<u>1.843.971</u>
	<u>45.628.179</u>	<u>41.086.205</u>

Maturities of accounts payable pursuant to their future flows of capital and interests and in accordance with the Management of Assets and Liabilities form of the Finance Superintendence of Colombia are as follows:

	<u>2008</u>	<u>2007</u>
0 - 30 days	COP 4.530.304	COP 1.549.745
31 - 60 days	688.318	355.825
61 - 90 days	220.098	125.573
91 - 180 days	331.118	251.087
181 - 360 days	360.218	21.104
Over 360 days	239.756	243.473

17. OUTSTANDING INVESTMENT SECURITIES

The detail of outstanding investment securities is as follows:

	<u>2008</u>	<u>2007</u>
Ordinary bonds in local currency second issue 2002)	COP -	COP 81,000,000
Ordinary bonds in local currency, fourth issue 2005 ^(A)	700,000,000	800,000,000
Ordinary bonds in local currency, fifth issue 2007 ^(B)	<u>724,530,000</u>	<u>400,000,000</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

1,424,530,000 1,281,000,000

During 2008 the risk rating firm Duff & Phelps de Colombia ratified BANCOLDEX the rating AAA for long term issues and DP1+ for short term issues.

Likewise, the rating BRC Investor Services ratified de rating AAA for long term obligations and bonds in local currency and BRC1+ for short term obligations in local currency.

Ordinary bonds issued in 2002, 2005 and 2007 registered discounts and premiums, which were amortized with charges and payment to the statement of earnings, as follows:

	<u>2007</u>	<u>2006</u>
For amortization of discounts	COP 3.001.042	COP 3.328,248
For amortization of premiums	3.489.462	4,012,736

The conditions for the bonds are as follows:

<u>Type of bond</u>	<u>Issued Amount</u>	<u>Date of Issue</u>	<u>Term</u>	<u>Amortization</u>	<u>Interest rate</u>
(A) Ordinary inn legal currency issue 2005	Up to 1.000.000.000	22-Sep-05	Up to 7 years	At maturity	Indexed at DTF-IPC-TF pursuant to placement term)
(B) Ordinary inn legal currency issue 2007	Up to 3.000.000.000	19-Sep-07 (Bonos 5em) 22-Abr- 08 (Bonos 6em)	Up to 10 years	At maturity	Indexed at DTF-IPC- UVR -TF pursuant to placement term

(1) Issued with premium and discount

There are no guarantees granted on bonds.

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Maturities of outstanding securities pursuant to their future flows of capital and interests and in accordance with the Management of Assets and Liabilities form of the Finance Superintendence of Colombia are as follows:

	<u>2008</u>	<u>2007</u>
0 - 30 days	COP 10.027.469	COP 2.229.475
31 - 60 days	-	-
61 - 90 days	131.875.461	30.987.153
91 - 180 days	239.493.345	33.508.675
181 - 360 days	226.480.067	247.749.536
Over 360 days	1.079.654.324	1.264.661.040

18. OTHER LIABILITIES

The detail of other liabilities is as follows:

	<u>2008</u>	<u>2007</u>
Consolidated labor obligations	COP 1.204.947	COP 1.016.718
Advanced income	86.229.666	69.659.560
Deferred partial payments	3.188.931	7.054.241
Deferred payment letters of credit	43.834.217	56.046.544
Miscellaneous	<u>23.635.151</u>	<u>64.957.128</u>
	<u>158.092.912</u>	<u>198.734.191</u>

All labor obligations contracted by the Bank are under the provisions of laws 50 of 1990 and 100 of 1993.

Maturities of other liabilities pursuant to their future flows of capital and interests and in accordance with the Management of Assets and Liabilities form of the Finance Superintendence of Colombia are as follows:

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

	<u>2008</u>	<u>2007</u>
0 - 30 days	COP 12.347.340	COP 5.284.617
31 - 60 days	10.203.552	5.568.407
61 - 90 days	8.919.395	4.854.523
91 - 180 days	19.934.254	11.992.216
181 - 360 days	23.392.913	16.700.714
Over 360 days	83.847.949	104.757.141

19. ESTIMATED LIABILITIES AND PROVISIONS

The detail of estimated liabilities and provisions is as follows:

	<u>2008</u>	<u>2007</u>
Income and supplementary Tax ⁽¹⁾	COP 3.343.861	COP -
Industry and Commerce Tax	1.123.912	836.188
Penalties and Sanctions	4.696	4.696
Miscellaneous	<u>2.311.416</u>	<u>2.053.692</u>
	<u>6.783.885</u>	<u>2.894.576</u>

There are no contingencies for probable losses, which could generate provisions for legal proceedings or litigations.

Maturities of estimated liabilities and provisions pursuant to their future flows of capital and interests and in accordance with the Assets and Liabilities Management of form of the Finance Superintendence of Colombia are as follows:

	<u>2008</u>	<u>2007</u>
0 - 30 days	COP 461.304	COP 196.680
31 - 60 days	291.707	124.371
61 - 90 days	135.678	57.847
91 - 180 days	861.553	367.329
181 - 360 days	149.245	63.632
Over 360 days	4.884.398	2.082.493

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

20. CAPITAL

The detail of the capital as of December 31 2008 and 2007 is as follows:

Ministry of Commerce, Industry and Tourism	COP 786.080.862
Ministry of Finance and Public Credit	67.177.642
Individuals	2.411.119

	COP 855.669.623
	=====

The number of subscribed and paid shares as of December 31, 2008 and 2007 is 855.669.623 not existing any re-acquired shares.

As of December 31, 2008 and 2007, there were 853.258.504 ordinary shares Series A, 1.498.445 ordinary shares Series B and 912.674 privileged shares denominated Series C.

Privileged shares of series C have a minimum annual preferential dividend equivalent to 3.5% of their equity value as of the beginning of the year, with charge to those profits whose calculation shall be decreed by the Shareholders Meeting. This minimum preferential dividend shall be enforceable in first instance, during eight (8) years, after which the Bank shall purchase the average value of the share listed in the Stock Exchanges of Bogotá, Medellín and Occidente during the twelve (12) months prior to the date when the comparison against the average equity value of the share during the same period is being made.

If the average Stock Exchange listing is equal or greater than 110% of the average equity value, the privilege shall be extinguished and consequently the minimum preferential dividend shall be suspended; otherwise, the privilege shall be extended for five (5) years, after which the Bank shall carry out a new comparison of average values in the same way. If the average Stock Exchange listing is still less than 110% of the average equity value, the privilege shall be extended during three (3) successive two-year periods, being it understood that at the closing of each of said periods the Bank shall perform the comparison of

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

average values. If the average Stock Exchange listing continues to be less than 110% of the average equity value at the expiration the periods mentioned, the privilege shall be extended for another year, after which it shall extinguish.

Such extinction of the privilege, regardless of the time it occurs, shall give place that the shares be converted into ordinary shares and to the corresponding replacement of certificates. Should the Shareholders Meeting determine the acknowledgement of a dividend greater in value to the minimum preferential, the payment of the former shall prevail over the latter.

In order to liquidate the privilege enshrined in the preceding paragraphs, BANCOLDEX shall proceed in accordance to the following formula:

Minimum Preferential Dividend = Equity value of the Share at the beginning of the year N x 3.5%.

Where:

Equity value of the Share at the beginning of the year N = Total equity as of December 31, of year N - 1 x Nominal value

Total Capital subscribed and paid as of December 31 of year N - 1

Where in turn N = year with charge to those profits whose calculation of the respective dividend shall be decreed by the Shareholders Meeting.

Payment of the minimum preferential dividend foreseen is ordered by the General Shareholders Meeting of the Bank, with charge to the liquid profits of the respective period; thus, without prejudice of the provisions set forth under item 2 of Article 381 of the Code of Commerce, the dates of payment of the preferential dividend correspond to those indicated by such body and in the event that during a determined term the Bank does not generate profits, or these may not be enough to attend such payment, the total or partial value of the unpaid dividend shall accumulate to be paid with charge to the liquid profits of the following term; should no profits exist during such term, or they may not be enough, the payment shall be accumulated likewise and thereon successively. Successive accumulation of the amount of dividends may not be extended for a period greater than five years.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

By decision of the General Shareholders Meeting dated August 21, 2002, the privilege had been extended for a five year term, and once more in the ordinary meeting held on March 31, 2008, taking into account that the value of its listing price is only a reference in order to know if the privilege is extended or not, in first instance for five years and afterwards for three successive two-year periods, the General Shareholders Meeting ordered to take as zero (0) the value of the listing price in the stock exchange and continue with the privilege for five additional years.

21. OTHER OPERATIONAL INCOME

The detail of other operational income is as follows:

	<u>2008</u>	<u>2007</u>
Recoveries of provisions		
Loan Portfolio	COP 10.283.994	COP 8.242.748
Accounts Receivable	120.012	42.103
Cables, postage, telephone	49.047	45.174
Loan and credit portfolio prepayments	156.502	142.688
Management of securitized portfolio	-	178.010
F.N.G premium devolution	1.196.996	1.447.543
Other	<u>7.301</u>	<u>20.214</u>
	<u>11.813.852</u>	<u>10.118.480</u>

22. OTHER OPERATIONAL EXPENSES

The detail of other operational expenses is as follows:

	<u>2008</u>	<u>2007</u>
Fees	COP 1.613.246	COP 1.517.730
Taxes (*)	25.773.254	24.503.308
Leasing	901.866	805.879
Contributions and affiliations	2.209.972	1.956.927
Insurance	2.587.511	2.192.174

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

	<u>2008</u>	<u>2007</u>
Maintenance and repair	1.034.812	1.212.539
Adapting and fitting of offices	1.409.735	656.791
Cleaning and Surveillance	504.124	421.298
Temporary Services	182.291	180.388
Advertising and Propaganda	1.105.467	1.197.480
Public Relations	22.799	25.234
Utilities	589.661	568.808
Electronic data processing	39.223	-
Travel expenses and lodging	758.041	711.500
Transportation	725.153	647.429
Stationery and props	80.695	92.047
Photocopying Services	8.386	15.777
Microfilming Services	21.511	69.767
Subscriptions and registrations	90.417	98.427
Consultation books	4.634	6.444
Work lunches	89.170	82.539
Cafeteria elements	83.160	70.301
Cleaning elements	21.415	23.007
Legal and Notarial expenses	6.235	7.089
Mail and delivery postage	235.886	202.090
Telex, Tas, SWIFT data transmission	522.484	382.496
Building Administration	423.458	406.176
Social welfare	714.320	705.922
Commercial information	134.996	219.940
Custody and Storage of magnetic files	102.175	102.030
Contact Center Bancoldex	211.239	208.829
Enrollment in stock exchange	59.900	54.412
Other Enrollment with Finance	-	31.710
Superintendence		
Contingencies processing alternate service	99.360	19.046
Other minor	<u>87.991</u>	<u>45.664</u>
	<u>42.454.587</u>	<u>39.441.198</u>

(*) As of December 31, 2008 and 2007, includes the tax on equity (Law 863 of 1993) for COP 14.914.544.

23. NON OPERATIONAL INCOME

The detail of non operational income is as follows:

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

	<u>2008</u>	<u>2007</u>
Profit in sale of goods received as payment in kind	COP -	COP 37.902
Profit in sale of property and equipment	37.026	5.132
Leasing goods owned	318.368	253.593
Refund of provisions		
Write-off goods	1.667.516	3.244.984
Goods received as payment in kind	-	126.648
Investments	738.076	5.198.338
Other provisions	69.537	45.445
Other assets	4.081	148.310
Devolutions	57.093	33.920
Recovery due to Casualties	3.190	33.833
Other recovery		
Expenses from previous periods	170.575	44.367
Suppliers conditioned discount	12.676	5.958
Reimbursement of insurance premium deposit	514.970	1.097.840
Other	-	250
Miscellaneous		
Income of goods received as payment in kind	75.944	56.108
Interest, loan portfolio previous periods	369.450	204.329
Reimbursement due to telephone calls	2.301	4.972
Reimbursement due to employee training	13.502	17
Other	<u>103.567</u>	<u>68.958</u>
	<u>4.157.872</u>	<u>10.610.904</u>

* The COP 738.076 million correspond to a correction registry carried out in September 29, 2000, through which the provision charged to the investment of Segurexpo S.A. was reversed.

24. NON OPERATIONAL EXPENSES

The detail of non operational expense is as follows:

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

	<u>2008</u>		<u>2007</u>	
Loss in sale of property and equipment	COP	7.980	COP	-
Loss due to casualties in operational risk		3.137		11.379
Penalties, sanctions, litigations and indemnity		884		9.092
Interests for penalties and sanctions		445		-
Expenses of goods received as payment		14.928		29.153
Reversion of income of previous periods		39.797		72.434
Withholdings assumed		57.982		56.336
VAT assumed by Bancoldex		96.480		133.914
Non-deductible expenses		140.658		-
Miscellaneous		<u>7.358</u>		<u>6.485</u>
		<u>369.649</u>		<u>318.793</u>

25. RECONCILIATION BETWEEN ACCOUNTING AND FISCAL ITEMS

The detail of the reconciliation between accounting and fiscal items is as follows:

	<u>2008</u>	<u>2007</u>
Profit before income taxes	COP 84.977.952	COP 65.655.785
<i>Plus or (minus) entries that increase (decrease) fiscal profit:</i>		
Non-deductible provisions that constitute a permanent difference	47.205.498	-
General Portfolio Provision		
Non-deductible provisions constituting a temporary difference - Provisioned expenses	1.778.765	1.193.929
Lesser (greater) fiscal income for investments accrual	1.696.922	13.021.051
Investment provision	15.317.429	-
Dividends and participations	(4.250.372)	(3.324.809)
Refund of provisions	(835.827)	(5.204.670)
Interest of security and peace bonds	(402.041)	(627.003)
Other	<u>19.643.926</u>	<u>40.740.114</u>
Ordinary liquid income (loss)	165.132.252	111.454.397
Compensation due to excess in presumptive income	<u>(165.132.252)</u>	<u>(111.454.397)</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Liquid Income (loss)	-	-
Applicable presumptive income	<u>39.160.889</u>	<u>37.014.310</u>
Estimated Taxable Base	<u>39.160.889</u>	<u>37.014.310</u>
Current tax (upon estimated taxable base) Tax expenses	<u>12.923.093</u>	<u>12.584.865</u>

The effective income tax rate on December 31, 2008 and 2007 was 15.21% and 19.17% respectively.

Tax returns of fiscal years 2007 and 2006 are within the term to be declared in firm.

Pursuant to the provisions set forth in article 78 of Law 1111 of December 2006, the adjustments due to inflation are eliminated as from tax year 2007.

As of December 31, 2008 and 2007, the accounting equity differed from the fiscal equity, due to the following:

	<u>2008</u>	<u>2007</u>
Accountancy Equity	COP 1.299.528.957	COP 1.272.077.555
Plus or (minus) entries that increase (decrease) the equity for fiscal effects:		
Fiscal adjustments of assets and liabilities and readjustment of fixed assets and other assets	118.270.441	69.861.944
Estimated liabilities and provisions	2.316.113	2.058.388
Accounting appreciation of property and equipment	(12.138.733)	(12.138.733)
Appreciation of Cultural goods and art works	<u>(1.268.807)</u>	<u>(1.268.807)</u>
Fiscal Equity	<u>1.406.707.971</u>	<u>1.330.590.347</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

26. CONTINGENT ACCOUNTS

Debtors

The detail of contingent accounts is as follows:

	<u>2008</u>	<u>2007</u>
Securities in Closed repo o	COP 270.871.211	COP -
Credit portfolio interests	897.746	1.134.581
Rights in options	3.365.385	-
Tax losses to be amortized litigation under process (*)	1.997.272	1.853.617
Excess of presumptive rent or liquidation	343.428.056	311.669.728
Litigations under process (*)	21.852.961	19.627.704
Other	<u>690</u>	<u>10.025</u>
	<u>642.413.321</u>	<u>334.295.655</u>

(*) Corresponds to five and seven civil proceeding as of December 31, 2008 and 2007, respectively.

Creditors

The detail of contingent accounts is as follows:

	<u>2008</u>	<u>2007</u>
Bank Guarantees	COP 33.762.392	COP 54.203.058
Letters of Credit	105.034.848	57.637.818
Credits approved not disbursed	11.584.942	11.837.942
Credit Openings	-	40.295.200
Other contingencies -creditors -litigations (*)	959.697	1.126.094
Other	<u>464</u>	<u>464</u>
	<u>151.342.343</u>	<u>165.100.576</u>

(*) Corresponds to eight labor proceedings and one civil proceeding as of December 31, 2008 and four labor proceedings as of December 31, 2007.

27. ORDER ACCOUNTS

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

The detail of order accounts is as follows:

	<u>2008</u>	<u>2007</u>
<u>DEBTOR</u>		
Goods and Securities given for custody	COP 77.670.154	COP 77.670.154
Remittances and other items for collection	1.642.116	575.255
Assets reduced in value (Write-Offs)	83.890.180	80.887.214
Non used credits in favor	1.566.778.278	1.000.150.582
Investment certificates not placed	2.275.470.000	2.600.000.000
Amortized Investment certificates	2.215.827.977	1.961.171.934
Assets adjustments due to inflation	6.813.007	7.352.689
Credits for affiliates and subordinates	50.351.423	23.929.818
Property and equipment totally depreciated	7.791.452	7.981.085
Difference between fiscal and accounting value non-monetary assets	4.897.705.786	3.407.492.521
Negotiable investments debt certificates	267.648.906	28.569.667
Investments to be kept until maturity	51.161.688	76.167.478
Investments available for sale debt certificates	82.190.010	112.182.078
Active reciprocal operations with subordinates	38.413.028	32.273.176
Reciprocal operations that affect expenses	277.357	127
Investment Program Banca de Oportunidades	151.284.228	136.933.829
	<u>3.486.496.460</u>	<u>4.201.750.656</u>
	<u>15.261.412.050</u>	<u>13.755.088.263</u>
<u>CREDITORS</u>		
Goods and securities received in custody	COP 137.773	COP 137.773
Guarantees pending cancellation	1.831.519	372.932
Goods and securities received as guarantee	506.849.515	448.990.683
Goods and securities received as guarantee - other	47.327.228	57.372.555
Equity adjustments due to inflation	895.894.056	895.894.056
Fiscal monetary correction	689.006.072	689.006.072
Capitalization due to equity revaluation	47.208.959	28.792.637
Yields received in advance for payment of fixed yield negotiable securities	1.331.459.343	1.261.626.889
Difference fiscal and accounting equity value	44.167.499	48.725.059
Total Commercial Credits Rating Qualified guarantee	5.752.883.680	4.513.580.936
Total Commercial Credit Ratings other guarantees	11.367	-

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

	<u>2008</u>	<u>2007</u>
Reciprocal operations of liabilities with subordinates	5.955.642	8.862.572
Investment Program Banca de Oportunidades	151.284.228	136.933.829
Other	<u>537.269.114</u>	<u>488.365.440</u>
	<u>10.011.285.995</u>	<u>8.578.661.433</u>

28. TRANSACTIONS WITH RELATED PARTIES

The following are deemed related parties: economic affiliates such as shareholders with 10% or more of the Bank's capital, Administrators and members of the Board of Directors. Likewise, shareholders with less than 10% of the capital and representing more than 5% of the technical capital. The items of the financial statements including balances or transactions with related parties are shown in detail as follows:

Operations with shareholders

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Investments		
Ministry of Trade, Industry and Tourism	COP 1.731	COP 3.195
Ministry of Finance and Public Credit	371.569.650	186.281.371
Accounts receivable		
Ministry of Trade, Industry and Tourism	15.074	50.884
Other ASSETS		
Ministry of Finance and Public Credit	<u>772.062</u>	<u>6.977.932</u>
	<u>372.358.517</u>	<u>193.313.382</u>
<u>LIABILITIES</u>		
Accounts payable		
Ministry of Trade, Industry and Tourism	6.564	-
Income received in advance		
Ministry of Trade, Industry and Tourism	79.338.264	56.142.363
Other LIABILITIES		
Ministry of Trade, Industry and Tourism	<u>15.020.583</u>	<u>54.628.968</u>
	<u>94.365.411</u>	<u>110.771.331</u>
<u>EQUITY</u>		
Subscribed and paid capital		
Ministry of Trade, Industry and Tourism	786.080.862	786.080.862

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -

Notes to the Financial Statements

	<u>2008</u>	<u>2007</u>
Ministry of Finance and Public Credit	67.177.642	67.177.642
Aggregate profit not realized in investments available for sale		
Ministry of Finance and Public Credit	<u>(4.870.907)</u>	<u>(6.237.616)</u>
	<u>848.387.597</u>	<u>847.020.888</u>
<u>INCOME</u>		
Other interests		
Ministry of Trade, Industry and Tourism	61.775.484	18.388.455
Profit of investments appreciation and sale		
Ministry of Trade, Industry and Tourism	40.560	1.236
Ministry of Finance and Public Credit	40.817.301	22.526.793
Income other previous years		
Ministry of Finance and Public Credit	<u>1.385</u>	-
	<u>102.634.730</u>	<u>40.916.484</u>
<u>EXPENSES</u>		
Commissions state entities		
Ministry of Finance and Public Credit		
Loss in sale of investments		
Ministry of Trade, Industry and Tourism	COP -	COP 2.961
Loss in investment appraisal and sale		
Ministry of Trade, Industry and Tourism	296	-
Ministry of Finance and Public Credit	<u>2.938.640</u>	<u>3.890.767</u>
Taxes		
Ministry of Trade, Industry and Tourism	-	-
Ministry of Finance and Public Credit	16.241.120	-
Other Expenses		
Ministry of Trade, Industry and Tourism	-	-
Ministry of Finance and Public Credit	9	-
Non operational expenses		
Ministry of Trade, Industry and Tourism	-	-
Ministry of Finance and Public Credit	<u>1.099</u>	-
	<u>17.465.436</u>	<u>2.938.936</u>

Balances with shareholders correspond to investments performed by the Bank in treasury certificates TES issued by the Ministry of Finance and Public Credit, which are acquired in the public market and are appraised at market prices. The average rate of the market for the TES was 9.21%.

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

There were no gratuitous or compensated services between the Bank and the shareholders, or any loans without interests or consideration whatsoever or operations whose characteristics differ from those carried out with third parties.

Operations with administrators

The President, Vice President and Comptroller of the Bank are deemed administrators.

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Accounts receivable		
Interests	COP 476	COP 266
Labor advanced payments	-	540
Other	11.185	10.369
Other ASSETS		
Credits for employees	<u>540.706</u>	<u>228.292</u>
	<u>552.367</u>	<u>239.467</u>
<u>LIABILITIES</u>		
Consolidated labor benefits		
Holidays	<u>228.357</u>	<u>181.147</u>
	<u>228.357</u>	<u>181.147</u>
<u>INCOME</u>		
Operational Income		
Loan Interests	8.631	10.243
Other commissions	22	-
Non operational Income		
Leasing	450	450
Other income	<u>1.208</u>	<u>2.652</u>
	<u>10.311</u>	<u>13.345</u>
<u>EXPENSES</u>		
Personnel expenses	<u>2.201.124</u>	<u>2.192.755</u>
	<u>2.201.124</u>	<u>2.192.755</u>

Assets correspond to housing, vehicle credits and free investment to accounts receivable over the same, granted in accordance with the terms and rate conditions enforceable pursuant to the internal regulations for housing, vehicle credits and free investment to employees of the Bank.

Operations with affiliates

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Investments		
Fiducoldex	COP 10.471.489	COP 8.615.146
Leasing Bancóldex	21.160.858	21.160.858
Investment Provision		
Leasing Bancóldex	-	-
Credit portfolio		
Leasing Bancóldex	50.351.423	23.929.818
Loan portfolio provisions		
Leasing Bancóldex	(503.514)	(239.298)
Accounts receivable		
Leasing Bancóldex	291.560	127.950
Provision accounts receivable		
Leasing Bancóldex	(2.908)	(1.256)
Appraisal of investments		
Fiducoldex	6.250.065	4.876.225
Leasing Bancóldex	745.479	-
Loss of value of investments		
Leasing Bancóldex	-	<u>(2.266.449)</u>
	<u>88.764.452</u>	<u>56.202.994</u>
<u>LIABILITIES</u>		
Other banking guarantees		
Leasing Bancóldex	<u>11.367</u>	-
	<u>11.367</u>	=
<u>EQUITY</u>		
Appraisal of investments		
Fiducoldex	6.250.065	4.876.225
Leasing Bancóldex	745.479	-
Loss of value of investments		
Leasing Bancóldex	-	<u>(2.266.449)</u>
	<u>6.995.544</u>	<u>2.609.776</u>
<u>INCOME</u>		
Portfolio interests		
Leasing Bancóldex	3.892.911	2.093.608
Appraisal of investments		
Leasing Bancóldex	-	47.788
Commissions		
Leasing Bancóldex	63.424	75.000
Dividends		

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

	<u>2008</u>	<u>2007</u>
Fiducoldex	1.856.342	2.255.947
Recovery of provisions		
Leasing Bancóldex	-	25.983
Other income		
Leasing Bancóldex	-	-
Fiducoldex	-	-
Non operational income		
Fiducoldex	124.703	118.132
Leasing Bancóldex	<u>32.140</u>	<u>4.246.342</u>
	<u>5.969.520</u>	<u>8.862.800</u>
<u>EXPENSES</u>		
Interests		
Leasing Bancóldex	11.489	-
Provisions		
Leasing Bancóldex	<u>265.868</u>	<u>127</u>
	<u>277.357</u>	<u>127</u>

Investments correspond to the Bank's share of 89.11% and 86.55% in Fiducoldex S.A. and Leasing Bancóldex S.A., respectively.

The credit portfolio corresponds to ordinary credits granted to Leasing Bancóldex, which were performed under the general conditions in force in the market for similar operations. The weighted average rate of the portfolio with Leasing Bancóldex is DTF EA+2.11%.

Other income correspond mainly to payments of leasing and shared expenses refund, received from Fiducoldex and Leasing Bancóldex.

There were no gratuitous or compensated services between the Bank and the aforementioned affiliates, or any loans without interests or consideration whatsoever or operations whose characteristics differ from those carried out with third parties.

Operations with members of the Board of Directors

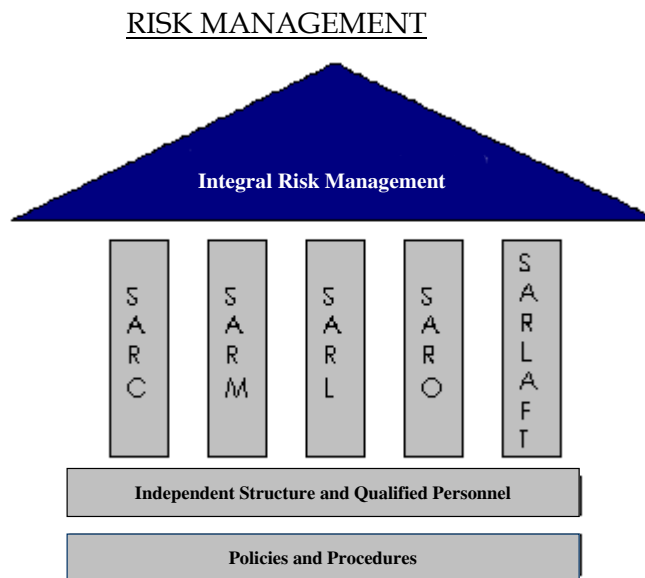
	<u>2008</u>	<u>2007</u>
<u>EXPENSES</u>		
Fees	COP <u>61.158</u>	COP <u>50.526</u>
	<u>61.158</u>	<u>50.526</u>

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Correspond to fees paid and to the attendance to the meetings of the Board of Directors, of the Credit Committee and the Assets and Liabilities Management (GAP) Committee and to the Audit Committee. Between the Bank and the members of the Board of Directors no gratuitous or compensated services, loans without interest or without any consideration whatsoever or operations whose characteristics differ from those performed with third parties.



The Risk Management procedure is performed in an integral manner, it comprises the identification, monitoring and the preventive and corrective actions to procure the Bank's financial sustainability and it is supported in an organizational structure that guarantees independence of functions among front, middle and back office areas. Such management is materialized through the Credit Risk Management System (SARC in Spanish: *Sistema de Administración de Riesgo de Crédito*), the Market Risk Management System (SARM in Spanish:

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -

Notes to the Financial Statements

Sistema de Administración de Riesgo de Mercado), the Liquidity Risk Management System (SARL in Spanish *Sistema de Administración de Riesgo de Liquidez*), the Operational Risk Administration System (SARO in Spanish: *Sistema de Administración de Riesgo Operativo*) and the Asset Laundering and Terrorism Funding Risk Management System (SARLAFT in Spanish: *Sistema de Administración de Riesgos de Lavado de Activos y Financiación del Terrorismo*). Each of these systems contemplates policies, risk measurement and follow-up methodologies and a clear identification of processes and procedures, among others.

Organizational Structure of Risk Management

The Board of Directors is the main decision maker and, as such, it is in charge of defining the general policies for risk management, as well as of approving the structural organization. Likewise, other decision bodies exist to support the Board of Directors for managing different risk categories, namely:

<u>Office</u>	<u>Risk Category</u>	<u>Main Functions</u>
Risk Management Committee of the Board of Directors	Credit Risk	<ul style="list-style-type: none"> • Analyze credit policies and operational proposals and submit recommendations to the Board of Directors • Approve credit and counterpart quotas. • Approve general guidelines for credit risk management methodologies. • To give an opinion about the operational risk profile of the Bank. • To approve contingency and business continuity plans and to provide the necessary resources for their timely execution.
	Operational Risk	
Internal Credit Committee	Credit Risk	<ul style="list-style-type: none"> • Approve credit risk management methodologies • Approve credit quotas.
Assets and Liabilities Management Committee	Market and Liquidity Risks	<ul style="list-style-type: none"> • Approve procedures and methodologies to mitigate market and liquidity risks. • Approve placement, fund raising and hedging strategies. • Perform follow-up of the liquidity situation

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

of the Bank.

Operational Risk and Quality Committee Operational Risk

- Perform follow-up of the operational risk profile of the Bank.
- Analyze the risk events and approve mitigation plans

Credit Risk Management System - SARC

Credit Risk Management in Bancóldex is aligned with the provisions set forth by the Finance Superintendence of Colombia and comprises four elements: policies, processes and procedures, granting and follow-up methodologies and auditing. The basic principles and rules to manage the credit operations are contained in the SARC Manual, whose fundamentals also cover treasury operations (namely the counterparts with which interbank and derivative operations are carried out, among others).

The Bank counts with methodologies for credit risk analysis for different segments, which are based in the CAMEL methodology and embody quantitative and qualitative aspects as well as corporate government evaluation.

Pursuant to Circular External Letter No. 035 of 2006 by the Finance Superintendence of Colombia, Bancóldex, as a rediscount entity, is not obliged to prepare internal models or to adopt reference models established by the regulating authority. Without prejudice of the foregoing, Bancóldex counts with an internal model to calculate the expected loss, supported by an econometric model and a broad database of customers of different segments to attend (local banks, international banks, microfinancial entities, countries, etc.). The results of this model are useful to feed the tools utilized by the bank to fix prices for different products and services offered.

The processes adopted by the Bank allow the administration of any credit operation in the stages of granting, follow up, control and recovery. Credits are granted based on global quotas (maximum exposure amounts) which result from the application of the different methodologies used.

Market Risk Management System -SARM

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

The Bank permanently reviews and adjusts the Market Risk Management System, treasury operation and the business strategies. During 2008 the efforts concentrated in carrying out adjustments deriving from regulatory changes.

a. Methodologies used to measure market risk

In order to measure the risk level assumed in its operations Bancoldex uses a standard value in risk (VaR) methodology proposed by the Finance Superintendence of Colombia (External Circular Letter 009, 2007). Pursuant to this Circular Letter, the calculation of the total value in risk of an investment portfolio results from the sum of the risk exposure of the interest rate, the price of shares and the type of exchange rate. This value is calculated daily by the Risk Department.

In addition Bancoldex has developed an internal methodology for measuring the value in risk that allows a better knowledge of the market risk exposure and its results constitute the start point for the daily negotiations. The VaR calculation is carried out daily in accordance with the market conditions and with the risk factors defined in the methodology.

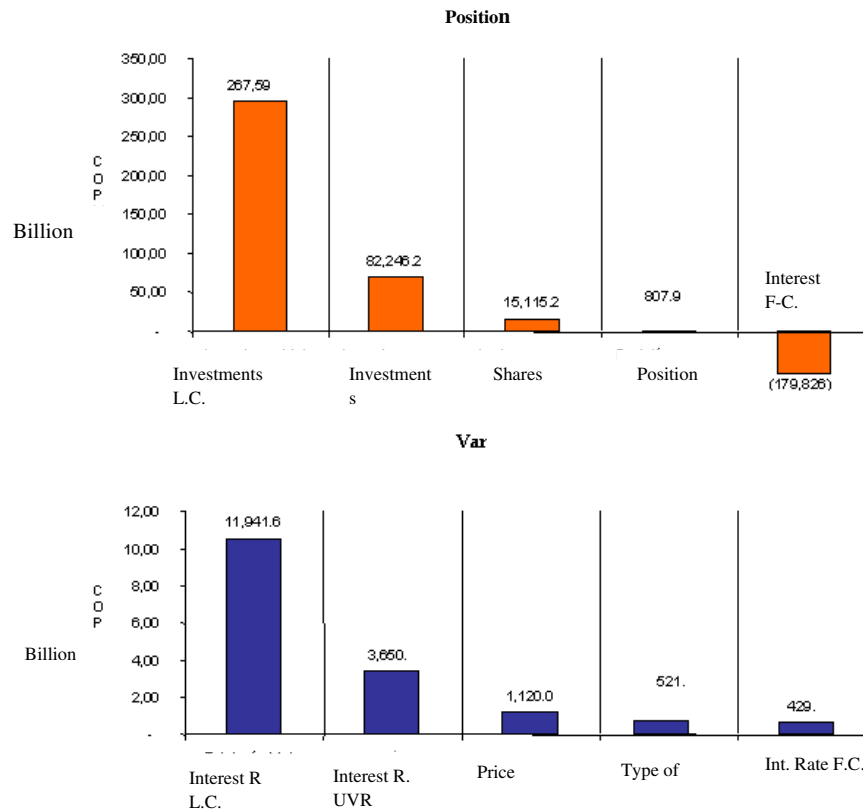
The monthly individual risk value for each of the analysis modules reported to the Finance Superintendence of Colombia with closing date as of December 2008 is as follows:

Risk Factor	
Interest Rate	COP 16.020.917
Exchange Rate	521.253
Price of shares	<u>1.120.037</u>
Total value in risk	17.662.207

The individual risk value of each of the positions with their respective value in risk for December 2008 is shown in the following graphs.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements



Liquidity Risk Management System - SARL

During the second semester 2008, Bancoldex initiated the implementation process of the Liquidity Risk Management System, although it was not obliged to comply with the requirements of External Circular Letter 016 dated May, 2008 of the Financing Superintendence of Colombia. The policies, methodologies and procedures to perform the evaluation and the follow-up of the liquidity risk are contained in the SARL Manual.

The Bank permanently analyzes the contractual expiration dates and the daily cash flow in order to determine the response capacity to attend expiration of liabilities. Likewise, on a monthly basis it performs a follow-up of the liquidity risk with the standard methodology of the Financial Superintendence of Colombia. This methodology is used

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

to calculate assets, liabilities maturities as well as positions outsider the balance sheet for different bands of time. The balances are distributed in accordance with the contractual expiration dates. In addition, in order to comply with the requirements of the Central Bank, and as support for the knowledge of the Bank's liquidity situation, the floating reserve is calculated on a daily basis.

External Circular Letter 016, besides setting the regulations regarding the SARL, establishes the provisions to adopt a model for the Measurement of the liquidity requirements pursuant to contractual expiration dates (Contractual Expiration Net Flows - FNVC), measurement of the liquid assets adjusted for market liquidity and floating reserve required (ALM) and the calculation of the Liquidity Risk Indicator (IRL) to one week.

On the other hand, Bancoldex counts with an interdisciplinary group to support the liquidity risk management and for proposing preventive or control actions to the Assets and Liabilities Management Committee, base don the analysis of different liquidity scenarios.

Operational Risk Management System - SARO

As of December 2006, in compliance with External Circular Letter 049 of the Financing Superintendence of Colombia, the Bank has carried out different activities in order to implement the SARO and the operation risk management.

During 2007, and taking as a reference framework the regulations requirements, the Bank drafted the Operational Risk Manual, that includes, among others the policies, structural organization, and operational risk methodologies and procedures. Likewise, the Bank adopted an approach of transversal processes, performed the drafting of risk maps for critical processes, started gathering loss events and acquired a specialized technological tool (Enterprise Risk Assessor -ERA) to facilitate the management of the operational risk.

During 2008 the Bank continued with the strengthening and implementation of the SARO. The drafting of risk maps for all the processes was completed, which allowed to establish the operational risk profile of the Bank, both consolidated as well as at the level

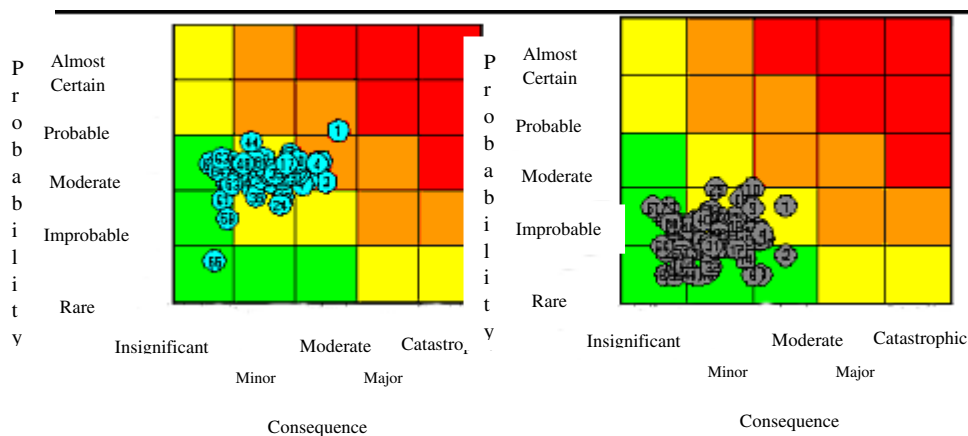
Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

of each process; continued with the registration of events and built some operating risk indicators. After completing the implementation phase of the bank's Risk Management, it devoted greater efforts to the management of operational risk, with the cooperation of the officers of each area supporting the SARO (operational risk managers).

In Bancoldex the management of operational risk is carried out from two perspectives : from the qualitative view, which with the help of the self-evaluations allows identifying the risks before they happen, and the quantitative view, which gathers information of risk events. The qualitative approach seeks to identify and mitigate risk in a preventive manner, through risk maps. These maps are drafted and updated with self-evaluations performed with each officer. The methodology utilized by the Bank for drafting risk maps of the processes was based on the risk management standard AS/NZ:4360 (Australian Standard) which, among other aspects, includes the identification, appraisal and measurement of risks, identification of controls, assessment and measurement risks with controls and design and implementation of mitigation plans. Currently Bancoldex counts with risk maps of all processes, which in average record low and moderate operational risk severity levels, in accordance with the rating table defined by the Bank's Board of Directors.

Risk map before and after the controls



* Circles represent each of the bank's processes.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

On the other hand, the start point of the quantitative approach is the information generated by operational risk events reported by the officers as from August 1, 2007. Such events are classified pursuant to the regulations (type A, B and C). Type A events are reflected in the accounting entries, so its registration allows a future database that could be to be used to implement methodologies following Basel II guideleines.

Due to the Bank's nature, being a rediscount entity, the greater number of events reported correspond to categories B and C. In accordance with the incidence of the events, regardless of their type, they shall be analyzed in the Quality and Operational Risk Committee or with the process owners, and if necessary, the treatment to be implemented shall be defined for each case.

With regards to the continuity management of the business, Bancoldex revised the critical success factors of its continuity plan, updated and integrated the documentation in one manual that was disclosed to all the organization, carried out operating tests and trained its officers.

Taking into account that most of the success of the SARO implementation and of the operational risk management is supported by the incorporation of a risk culture by each of the officers, the Bank periodically develops training programs with in house personnel and with external consultants. Likewise it publishes articles relating to the subject on the intranet.

Asset Laundering and Terrorism Funding Risk -SARLAFT

During 2008, the Bank developed and implemented the Asset Laundering and Terrorism Financing -SARLAFT, in compliance of the requirements set forth under Basic Legal Circular Letter Title I Chapter XI, whose most recent modification was issued by the Finance Superintendence of Colombia through External Circular letter 026 of June , 2008. In this sense all of the migration of the Integral System to Prevent Asset Laundering (SIPLA) to the SARLAFT was satisfactorily carried out as from July first, 2008. All the stages and elements required by the provision and defined by the Bank were carried out for the prevention, control, detection and reporting of suspicious operations of asset laundering and terrorism financing (LA/FT), under the new approach of a risk management system.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Applying the SIPLA during the first semester and the SARLAFT during the second semester, a due diligence was carried out regarding knowledge of the customers, training officers, monitoring operations, generation of timely internal and external reports, including the reports by the Compliance Officer and External Auditor for the Board of Directors and Audit Committee, and the Internal Comptroller's report to the Compliance Officer and to the Audit Committee, relating to different activities and the management results accomplished with respect to the Bank's SIPLA and SARLAFT.

Socialization journeys of the new system were carried out with all the officers of the Bank including the SARLAFT Manual containing the policies, ethical principles, methodologies and procedures for an adequate LA/FT risk management, which was approved by the Board of Directors in June 2008 and implemented as from July first 2008. Likewise, applying the methodology of the SARLAFT model, drafting of the risk maps was carried out and the LA/FT inherent (without controls) and residual (after controls) risk profiles were identified for the Bank business. Said maps are registered in the same technological tool utilized by the SARO (Operational Risk Management System) denominated "ERA" (Enterprise Risk Assessor), taking advantage of the synergies that would facilitate the Bank's risk management.

CORPORATE GOVERNMENT

Board of Directors and Senior Management

The Board of Directors is permanently informed about the Bank's processes and business. After the General Shareholders Meeting the Board is the highest directing body and generates the general risk policies for the entity, and based thereon, established a delegation arrangement for approval of credit operations in the Risk Management Committee, in the Assets and Liabilities Management Committee, in the Internal Credit Committee and in the Administration.

Policies and separation of functions

The Board of Directors determines the policies for all activities of the business. The Risk Management is the area specialized in identifying, estimating, administering and controlling risks inherent to different types of business.

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Reports to the Board of Directors

Periodical reports are submitted to the Board of Directors and to the Risk Management Committee, relating to the Bank's credit placements, monitoring of the financial situation of different types of debtors (financial intermediaries, countries, etc.), progress reports regarding the Credit Risk Management System (SARC), Market Risk Administration System (SARM), Operational Risk Management System (SARO), Asset Laundering and Terrorism Funding Risk Management (SARLAFT), revision of policies and methodologies for assessment of credit risk, market and liquidity risk, operational risk limits compliance, among others. The bank's risk exposure is periodically reported to the Board of Directors.

Likewise, all the significant risk events detected by the different Bank areas are reported to the Board of Directors and to Senior Management.

Technological Infrastructure

All of the Bank areas maintain an adequate technological infrastructure for support. The risk control and management area also relies on an adequate technological infrastructure to obtain the information necessary for risk analysis of current operations.

Methodologies for measuring risk

The Bank relies on methodologies and measurement systems to identify different risk types, being able to determine the risk exposure inherent to the business, as mentioned in the section titled Risk Management.

Structural Organization

In Bancóldex the areas that constitute *middle office* and *front office* are perfectly defined. Likewise there is adequate segregation of the functions in all levels of the organization and in all the operations.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

The Risk Management performs the evaluation of credit risk, market risk, liquidity risk, operational risk and country risk. The General Secretariat performs the legal risk evaluation

Human Resources

Bancóldex policy is to hire highly qualified personnel having a broad professional experience in order to generate value added while developing the tasks that have been assigned. Additionally, a human capital management system has been designed, based on the model of abilities seeking to optimize programs such as selection, training, development and evaluation. Such model supports the Bank's challenge for attaining permanent effectiveness.

Verification of operations

The Bank counts with verification mechanisms of negotiations carried out such as agreements with the related parties for recording telephone conversations with respect to treasury operations and keeping track of written communications that include negotiation conditions for each particular case. Likewise, in order to comply with the operations, funds are received or transferred through systems that provide a high degree of security as the "Sebra" of the Central Bank (Banco de la República), SWIFT and Deceval (administers and keeps the custody of the dematerialized funding instruments).

The Bank publishes the credit loan portfolio placement rates on a monthly basis in newspapers with national circulation, as well as through external circular letters disclosing the financial conditions of the credit lines and the requirements of access.

Through the web page (www.bancoldex.com) BANCOLDEX credit users may obtain information relating its operations, as well as information of the financial conditions enforceable for the different credit lines.

The Bank counts with transactional systems that register operations of assets and liabilities on the dates they occur, guaranteeing timeliness and precision in the accounting records.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

Audit

The Bank's Audit processes are carried out by the Internal Comptroller and by an independent External Audit firm with broad experience and acknowledged reputation. Within its Internal Audit processes the Bank's Comptroller office adopted the reference of the International Standards for the Professional Exercise of Internal Audits and the Code of Ethics. Pursuant to these provisions, it is governed by the principles of Independence, Objectiveness and Authority, and its main objective is to "Provide insurance and consulting services in an independent and objective manner, aimed at contributing with value added and to improve the Bank's operations, evaluating and providing advisory to the internal control system, the risk management and the corporate government to support the Organization for attaining its goals".

The Comptroller's office carried out a follow-up of the implementation and compliance of the different Risk Management Systems applied in Bancoldex, and regarding internal control, of the implementation of the Internal Control Standard Model - MECI- internal control model for the state entities promoted by the National Government Advisory Council regarding internal control.

The Bank's Internal Comptroller was aware of the operations carried out by the Bank and during 2008 and 2007, it carried out selective sampling and audit tests over the operations performed, within the framework of the annual Audit plans approved by the Audit Committee of the board of Directors. Among the recommendations performed to the management non-compliance of policies and limits of closing of operations were not recorded, nor any existence of situations, which could affect significantly safety, accounting or disclosure of information.

PROCESS OF ACCOUNTING CLEARANCE

The Board of Directors of the Bank, in its meeting held on August 28, 2002, through minutes No. 162, approved the creation of the Technical Committee for Accounting Clearance, to perform the adjustments for public entities, with closing date as of December 31, 2000, pursuant to the provisions set forth in Law 716 of 2001 and Decree 1282 dated June 20, 2002, as well as the operation regulations of the mentioned Committee. No accounting clearances were carried out during 2008 and 2007.

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

CONTROL APPLIED BY OPERATION OF THE LAW

During 2008 and 2007, the Bank complied with all the legal requirements provided for its operation.

EVENTS OF INTEREST

Through Decree 3078 dated September 8, 2006, the Ministry of Finance and Public Credit created the Investment Program "Bank of Opportunities", in order to promote access to credit as well as other financial services for families with lower income, for micro, small and medium enterprises and entrepreneurs. On January 16 2007 an inter-administrative agreement was entered into with the Ministry of Finance and Public Credit on order to administer resources for COP 120.000.000 which were assigned to the program.

The activities, acts and agreements entered into by the Bank with resources of the Investment Program "Bank of Opportunities" are governed by private law and are subject to the procedures and internal requirements established for the Bank's acts and agreements. Resources destined for these purposes are kept in order accounts separate from the Bank's equity and are administered through their own accounting; use their own bank accounts as well as transactional systems for the registration and control of their operations. The Bank's resources and those integrated to the program are maintained absolutely separate with regards to equity, accounting and legal aspects. The performance of such agreement does not generate any commission whatsoever in favor of the Bank, which shall cover all the costs accrued with charge to the resources to be administered.

The program shall be financed with resources originating in the National Budget, in public entities of the national or territorial order, multilateral bodies, cooperation entities or national and international donors, and the yield produced by the investment of resources contributed shall be invested pursuant to the policies of investment defined for the resources of the Bank, taking into account the liquidity conditions necessary for an adequate and timely financing of activities to be carried out with such resources.

In order to develop the activities of the Investment Program "Bank of Opportunities" only the real financial yields of the investment of contributions made by the National Government may be utilized. Exceptionally, prior approval by the Ministry of Finance and Public Credit, items corresponding to such contributions may be used. The

(Continued)

Colombian Foreign Trade Bank (Banco de Comercio Exterior de Colombia S.A.)

- BANCOLDEX -
Notes to the Financial Statements

resources supplied by the national Government or their yields cannot be used for granting credits, or to issue guarantees, or to carry out capital investments in enterprises. Exceptionally, upon compliance of the requirements of law and with prior authorization of the Intersectorial Commission, the resources may be destined for the purchase or subscription of subordinate securities issued by the Sociedad Integral de Apoyo a las Microfinanzas SA.

The Board of Directors of the Bank pursuant to its capacities shall be in charge of the supervision of the bank as administrator of resources. The yields produced by the resources assigned to the program shall be reinvested for the developing the activities and acts of the Program.

The financial statements of the Program shall be audited by the Bank's External Auditor who shall issue the corresponding report for the period ended on December 31, 2008.

29. SUBSEQUENT EVENTS

There are no economic vents incurred into subsequent to the closing date that may affect the financial situation, nor the Bank's prospects or those that may raise doubts about its continuity.