

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

DECEMBER 31 of 2007 and 2006

(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, 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 2007, it operates with 2206 employees; it does not have any branches or agencies.

The 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 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 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.

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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 controls 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 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 (Functioning 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

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

Cash Equivalents

The Bank deems as cash equivalents the interbank funds sold and the resale agreements, with regard to the statement of changes in the cash flows.

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. Interest is acknowledged only over the float deposit required by profitable callabilities.

During 2007, the Board of Directors of the Central Bank (Banco de la República) issued several resolutions and regulatory External Official Letters which provide additions to the 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 in the float reserve deposits:

The marginal float deposits are represented in the surpluses recorded in the deposits and callabilities, based on the balances as of May 7, 2007.

The regulations issued during 2007 are the following:

- External Resolution No. 3 dated May 6
- External Resolution No. 7 dated June 15
- Regulating Circular Letter DODM - 147 dated June 28
- External Resolution No. 10 dated July 27
- External Resolution No. 16, dated November 26
- External Resolution No. 19 dated December 14
- Regulating Circular Letter DODM - 147 dated December 14

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Interbank Funds Sold and Resale Agreements

Records funds placed by the Bank, utilizing liquidity surplus, with or without investment securities or credit loan portfolios, having terms not greater than thirty (30) calendar days. Likewise, it includes "Overnight" transactions, carried out with foreign banks abroad.

Operations that have been not cancelled within the term established are accounted for as investments or loan portfolio, as the case may be, with the exception of those carried out with the Central Bank and the Guarantee Funds during monetary control operations and of support of the participating entities.

The difference between the present value (delivery of cash) and the future value (resale price) constitutes an income as financial yield.

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

a. Classification

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

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

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- 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.

The securities or shares 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 shares do not require one (1) year permanence.

b. Appreciation

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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 carried out in the same way throughout 2007 and 2006.

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

- Negotiables 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 in security shares are appraised daily and their results are recorded with the same frequency.

Securities or shares are appraised pursuant to the stock exchange negotiability index as of the date of valuation, 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 upon the latest certified financial statements, which cannot be older than six (6) months counted as

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from the appreciation date, or the most recent statements, when known and determined.

c. 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

Stock or debt securities:

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

- The difference between the 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.

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- The difference 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.
- 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.

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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 profit and loss.

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.

d. 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.

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 shares.

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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 credit portfolio structure includes four (4) credit lines:

- a. Classification

Housing

Housing credits are those granted to individuals, destined for the acquisition of new or second hand housing; they shall have first degree mortgage guarantee, constituted upon the houses subject of financing.

The payment term shall be five (5) years as a minimum and thirty (30) years as a maximum. Credits may be prepaid totally or partially anytime without penalty whatsoever.

Consumption

Are those granted to individuals whose purpose is to finance the acquisition of consumption goods or payment of non-commercial or corporate services.

Micro credit

Consists of set of active credit operations granted to micro-enterprises, whose indebtedness balance with the respective entity does not exceed twenty five (25) minimum legal monthly salaries in force.

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Micro-enterprise means the economic exploitation unit performed by a natural or legal person, in entrepreneurial, agricultural and livestock, industrial, commercial, rendering of services, rural or urban activities whose personnel plant does not exceed ten (10) workers and its total assets are less than five hundred (500) minimum legal monthly salaries.

Commercial

Are all those credits granted to natural or legal persons for developing organized activities different than those of micro credits.

b. Evaluation

Evaluation Intervals

Complying with the provisions established by the Finance Superintendence, the commercial portfolio charged to clients whose indebtedness is over three hundred (300) minimum legal monthly salaries, 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.

Consumption and housing credits granted to employees are assessed on a monthly basis, and the results are recorded at the closing of the month subject to evaluation. The evaluation of these credits includes one hundred per cent (100%) of the same.

Criteria to Evaluate the Credit Risk

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

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information sources available to the entity; the information relating to the economic conglomerate is also taken into account.

c. Credit Risk Rating

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

Type	Commercial	Housing	Consumption
"A" Normal Risk	Credits in force and up to 1 month due	With installments up to date or up to 2 months due	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	Credits with due dated over 2 months and up to 5 months	Credits due over 1 month and up to 2 months
"C" Considerable Risk	Credits due more than 3 months and up to 6 months due	Credits due over 5 months and up to 12 months	Credits due over 2 months and up to 3 months
"D" Significant Risk	Credits due over 6 months and up to 12 months due	Credits due over 12 months and up to 18 months	Credits due over 3 months and up to 6 months due
"E" Non- collectable Risk	Credits due over 12 months due	Credits due over 18 months	Credits due over 6 months

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, the fact that sufficient reasons exist for being classified

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in a lower risk category. As of December 31, 2007, no credits have been granted under the micro-credit line.

When the Finance Superintendence 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" o "C" risk categories, then it shall be reclassified at least into "D" o "E" categories, constituting one hundred per cent (100%) of the provision for accounts receivable.

As of December 31, 2007 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, the Bank, being a rediscount entity, is exempt from submitting internal reference models adopted by such Superintendence, 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:

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- 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 with a deciding quorum greater than 85%.

Pursuant to the decision and approval by the Bank's General Shareholders Meeting, as of October 2001 this provision increased from 1% to 2% and delegated the adoption of the decision to assign it subsequently to individual provisions to the Board of Directors. The General Shareholders Meeting of December 9, 2004 approved the excess over the mandatory 1% should be allocated for one or more individual provisions, as necessary, pursuant to internal Bank methodologies, whether constituting individual or massive events, isolated or systemic, as well as establishing the criteria or directive guidelines relating to timeliness and manner in which the amount of the provision used should be recovered.

The General Shareholders Meeting dated March 6, 2006 adopted the decision of decreasing the percentage of the general provision from 2% to 1.5%.

- Individual Provision

Without prejudice of the general provision, and applying External Circular Letter No. 004 of 2005, of the Finance Superintendence, as from December 2005, individual provisions are constituted for protecting the credits rated in risk categories ("A", "B", "C", "D" and "E") in the following percentages:

Category	Commercial		Housing		Consumption	
	Capital *	Interest and other Items	Capital	Interest and other Items	Capital *	Interest and other Items
A - Normal	1	1	1	1	1	1
B - Acceptable	3.2	3.2	3.2	3.2	3.2	3.2
C - Considerable	20	100	10	100	20	100
D - Significant	50	100	20	100	50	100
E - Non-collectable	100	100	30	100	100	100

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Increases to individual provisions of loan portfolio classified as "A" and "B" shall be totally established on July 1, 2007 by virtue of External Circular letter 004 of 2005. For such purpose, and as from December 2005, the corresponding aliquot shall be established monthly. As of October 31, 2006, the Bank constituted the total provisions required by the Finance Superintendence in External Circular letter 004 of 2005.

With regard to housing credits, a provision upon the guaranteed portion shall be maintained, in the corresponding percentage pursuant to the rating. The provision shall cover one hundred per cent (100%) over the portion not guaranteed, as from a credit rating of "B" (acceptable).

If after two (2) consecutive years the credit has remained in category "E", the provision percentage on the guaranteed portion shall be raised to sixty per cent (60%). If these conditions remain for an additional year, the provision percentage on the guaranteed portion shall be raised to a hundred per cent (100%).

As of December 31, 2007 the Bank has not placed loan portfolio credits under the micro-credit line.

Effect of Qualified Guarantees on Constitution of Individual Provisions

Guarantees for commercial, consumption and micro 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, 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>
0 - 12 months	70%
Over 12 months to 24 months	50%

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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%

Increases in individual provisions for portfolio classified as "A" and "B" shall be constituted without discounting the value of qualified guarantees. The foregoing, in compliance of the provisions set forth under External Circular Letter No. 004 of 2005, issued by the Finance Superintendence.

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 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

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approval. The provisions can only be reversed gradually during the year 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.

d. 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 and derivatives

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, as well as operations with derivatives, instruments through fixed term and forward agreements entered into by the entity in order to supply or to obtain coverage.

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.

Derivatives and cash operations

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The Bank records the amount of the agreements entered into between two (2) or more parties to purchase or sell assets in the future, such as foreign currency or securities, or financial forwards over exchange rates, interest rates or stock exchange indexes, defining in advance quantity, price and date of execution and compliance 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 of certificates, the fee is calculated appraising the obligation and the certificate at market price, obtaining the amount's present value agreed for the purchase, discounted at a market rate for investments with a term equivalent to the operation's maturity term. For the case of *forward* sale of certificates, the fee calculation is obtained through the present value of the amount agreed for sale and the obligation, valuating the certificate at market price.

In *forward* foreign currency purchases type NDF (*Non Delivery Forward*), the fee is calculated with the nominal yield in dollars, and the peso/dollar market rate enforceable on the valuation date; the obligation is obtained with the nominal yield in dollars and the estimated peso / dollar market rate. For the case of *forward* sales based on the peso / dollar market rate, the fee calculation is made with the nominal yield in dollars and the estimated peso / dollar market rate; the obligation is obtained with the nominal yield in dollars and the peso/dollar market rate enforceable on the appreciation date.

Simultaneous operations are those constituted for purchases and sales by virtue of which an individual sells (original seller) to another (original purchaser) fixed rate securities, with the commitment for the latter, to sell to the former, in a subsequent date, and at the price established at the beginning of the operation, securities equivalent to those delivered. Similarly. The original seller acquires the obligation to buy the securities delivered to the original purchaser, under the terms expressly agreed upon in the agreement.

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For purposes of appreciation and accounting, a simultaneous operation comprises two parts, as follows:

Sale (Purchase) in cash, of a security within the market, performed in accordance with the regulations in force for forward operations.

Forward on the fixed rate security: to be carried out pursuant to the regulations set forth for forward operations of fixed rate securities and forward on interest rates and securities.

All derivative operations are appraised daily and its accounting is carried out likewise.

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 controlled through contingency debtor accounts.

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:

- a. Accounting

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- 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 property received as payment may not be alienated, its cost is increased including all the expenditures to be incurred for the 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 obligation, a provision equivalent to the difference is established.

b. Provisions

For calculating the provisions the Bank being a rediscount entity, complies with the general regulations established by the Finance Superintendence pursuant to the provisions set forth on External Circular Letter 035 dated October 2006, item 3, of the Finance Superintendence.

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.

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

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

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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.

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.

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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 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.

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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:

a. Advanced payments

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

b. Deferred charges

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

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.

Value Increase

Records increases in value of investments available for sale of shares, 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

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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.

Increase in value of investments available for sale in shares 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.

Interbank funds purchased and repurchase agreements

Records the funds obtained by the Bank from other financial entities in order to meet temporary liquidity needs.

The maximum term to pay these operations is thirty (30) calendar days, except for those entered into with the Central Bank (Banco de la República); operations not paid within the stipulated term shall be recorded as bank credits and other financial obligations.

The difference between present value (cash receipt) and future value (repurchase price) constitutes a financial expenditure.

Outstanding Investment Securities

Records the obligations of the entity due to fund raising 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

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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.

Bank Credits and other credits from other financial entities

Records obligations of the entity 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 by fund suppliers. This indebtedness is assumed in order to manage credit portfolio operations in local and foreign currency.

Advanced Income

The Bank records the interest received in advance from the clients due to loan portfolio operations within this item, including them in the results for the period, covering the payment, situation that also applies to commissions.

This item also includes amounts received in advance to attend special financing agreements for credit portfolio operations, with subsidies of rates or capital.

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 incurred.
- 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 affiliations, court expenses during litigation and those items with a specific purpose to be charged to occasional reserves constituted for such end.

Foreign currency conversion

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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.

The Bank utilized the exchange rates of COP 2.014.76 and COP 2.238.79 for the closings of December 31. 2007 and December 31. 2006 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 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..

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.

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

Through External Resolution No. 4 dated May 6, 2007 the Board of Directors established the "Gross Availability for Leverage" defined as the summation of the

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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 arithmetic average of three (3) business days of gross availability for leverage of the IMC shall not exceed five hundred per cent (500%) of the technical capital of the respective entity.

As of December 31, 2007 the Bank reports a Net Availability in Foreign Currency of USD 2,424,849.54, Cash Net Availability in Foreign Currency of USD 9,427,566.57 and Gross Net Availability for Leverage of USD 81,170,471.49.

The Bank's availability limits as of December 31, 2007 are the following:

	<u>Maximum Amount</u>	<u>Minimum Amount</u>
Net Availability in Foreign Currency	121.738.641,78	(30.434.660,44)
Net Availability in Foreign Currency in Cash	304.346.604,45	-
Gross Availability for Leverage	3.043.466.044,47	Cannot be negative

Legal Reserve

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 reduction in the legal reserve shall be adjusted to law only when its purpose is to pay aggregate losses exceeding the total amount of the profits obtained in the corresponding period and of those that have not been distributed from previous fiscal periods or when the discharged value is destined to capitalize the entity with the distribution of dividends through shares.

Income acknowledgement through financial yield

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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.

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.

Order accounts

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

Net profit per share

For the periods ending December 31, 2007 and 2006 the net profit per share was determined based upon the number 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

Special regulations establish that only order accounts whose adjustment treatment is ruled by enforceable tax provisions in force as of December 31, 2006, are subject to adjustments due to inflation. The generally accepted accounting principle establishes that the non-monetary assets shall be adjusted, in order to renew the effect of 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

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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 2007 in a 5.15% 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.

3. AVAILABILITIES

The detail of availabilities is as follows:

	<u>2007</u>	<u>2006</u>
Legal currency		
Cash	COP 85	COP 60
Central Bank (Banco de la República) ⁽¹⁾	5.016.512	5.853.809
Banks and other Financial Entities	3.945.566	1.425.315
Foreign Currency		
Cash		4.427
Central Bank (Banco de la República)	2.300	9.162
Banks and other Financial Entities	8.245	780.465
	<u>1.450.171</u>	-----
	COP 10.422.879	COP 8.073.238
	=====	=====

⁽¹⁾ Corresponds to the ordinary float reserve available in legal currency. These funds are not available as long as the liability that originates them exists.

As of December 31, 2007 there were no conciliatory items in legal currency with more than thirty days pending for regularization or over the availabilities.

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Notes to the Financial Statements

4. INTERBANK FUNDS SOLD AND RESALE AGREEMENTS

The detail of interbank funds sold is as follows::

	<u>2007</u>			<u>2006</u>		
	<u>Int. Rate</u> <u>(%)</u>	<u>Negotiation term</u> <u>(Days)</u>	<u>Amount</u>	<u>Int. Rate</u> <u>(%)</u>	<u>Negotiation term</u> <u>(Days)</u>	<u>Amount</u>
Banks Legal Currency Financial Corporations	-	-	COP -	7.26	7	COP 25.800.000
Commercial Financial Corporations	9.00	5	2.80.000	7.20	5	4.500.000
Other Financial Entities	8.90	5	7.500.000	7.30	14	20.000.000
Foreign Currency Interbanking Banks	4.30	-4	1.007.380	-	-	-
Other Financial Entities	5.13	4	20.147.600	-	-	-
Overnight Banks ⁽¹⁾	-	-	-	5.75	6	1.567.153
0 - 30 days			COP 31.485.772 =====			COP 51.867.153 =====

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

The maturity term for interbank funds is as follows.

	<u>2007</u>	<u>2006</u>
0 - 30 days	COP 31.485.772	COP 51.947.785

5. INVESTMENTS

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The detail of investments is as follows:

	<u>2007</u>	<u>2006</u>
<u>Debt Certificates:</u>		
<u>Negotiable</u>		
Internal Debt certificates issued and guaranteed by the Nation	COP 26.788.953	COP 25.156.521
Securities issued, endorsed or guaranteed by Fogafin	1.780.714	1.773.943
Securities with credit content deriving from securitization processes from underlying items other than mortgage portfolio	-	5.705
<u>To keep until maturity</u>		
Internal public Debt certificates, issued and guaranteed by the Nation	70.553.680	80.350.097
Certificates issued by Fogafin	569.681	567.690
Certificates issued by entities under the supervision of the Finance Superintendence	5.044.118	13.084.914
<u>Available for sale</u>		
Public debt certificates issued and secured by the Nation	88.941.934	52.797.760
Securities issued by entities under the supervision of the Finance Superintendence	<u>23.240.144</u>	<u>24.758.965</u>
	<u>216.919.224</u>	<u>198.495.595</u>
<u>Shares:</u>		
Available for sale	<u>91.529.245</u>	<u>64.241.064</u>
	<u>91.529.245</u>	<u>64.241.064</u>
<u>Repurchase rights of investments to be kept until maturity</u>		
Internal Public debt securities issued or guaranteed by the Nation	-	<u>10.106.281</u>
	-	<u>10.106.281</u>
<u>Repurchase rights of investments available for sale in debt securities</u>		
Internal Public debt securities issued or guaranteed by the Nation	-	<u>154.043.351</u>
	-	<u>154.043.351</u>

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	308.448.46	426.886.291
Provision		
Shares available for sale	-	<u>(5.198.338)</u>
	COP <u>308.448.469</u>	COP <u>421.687.953</u>
	=====	=====

Investments in debt certificates

	<u>Int. Rate</u>	<u>2007</u>	<u>Int. Rate</u>	<u>2006</u>
	(%)	Amount	(%)	Amount
<u>In legal currency:</u>				
Securities issued by the Nation				
Peace Bonds	5.61	COP 6.635.122	4.70	COP 10.836.548
-TRD's - Debt Reduction Certificates	-	22.337.718	-	21.213.062
TES (*) issued by the Ministry of Finance	9.60	157.308.531	7.60	290.402.247
Certificates issued by Fogafin	10.40	2.350.395	8.60	2.341.633
Certificates issued under portfolio securitization process		-	9.15	5.705
Certificates issued by entities under the supervision of the Finance Superintendence	10.67	<u>28.284.262</u>	9.01	<u>37.843.879</u>
Total investments in debt certificates		COP <u>216.919.223</u>		COP <u>362.645.227</u>

During 2006 the Finance Superintendence issued several resolutions through which the methodologies of portfolio assessment were adjusted. The result of the application of these regulations is shown in detail as follows:

<u>Regulation</u>	<u>Impact</u>
Resolution 1227	COP (150.826,9)
Resolution 1822	62.332,5
Resolution 1906	-
Total impact	COP <u>(88.494,4)</u>
	=====

Taking into account the fact that the impact generated by the regulations was low, the Bank's management made the decision of not deferring the results. Thus,

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the financial statements as of December 31, 2006 were affected due to the aggregate of the sums generated.

The maturity of investments in accordance with the future capital flows and interest and pursuant to the GAP form of the Finance Superintendence is as follows:

	2007	2006
0 - 90 days	COP 9.328.118	COP 10.169.640
91 - 180 days	14.787.671	14.311.065
181 - 360 days	28.708.022	33.143.121
Over 360 days	243.260.084	466.925.215

Investments available for sale in shares

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	USD242.315	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 S.A. 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> COP <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>

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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

Entity	Credit Risk Rating	Capital	% Part	2006				
				Adjusted Cost	Equity Value	Appreciation	Devaluation	Provision
Banco Latinoamericano de Exportaciones S.A. BLADEX	A	USD242.315	1.34	COP 7.829.682	18.506.320	10.676.638	-	-
C.F.C.Leasing Bancoldex S.A. ⁽¹⁾	B	24.870.949	86.55	21.160.858	15.417.457	-	-	4.232.172
Fiduciaria Colombiana de Comercio Exterior S.A. FIDUCOLDEX	A	7.678.168	89.11	6.359.199	11.757.756	5.398.557	-	-
Fondo Nacional de Garantías S.A. ⁽²⁾	A	174.316.175	10.20	24.060.494	19.254.236	-	(4.806.258)	-
Segurexpo de Colombia S.A.	B	7.773.764	48.86	<u>4.830.831</u> COP <u>64.241.064</u>	7.046.330	<u>-</u> <u>16.075.095</u>	<u>-</u> <u>(4.806.258)</u>	<u>966.166</u> <u>5.198.338</u>

Notes:

- (1) The Bank received dividends in shares from the F.N.G. for COP 391.620 and COP 680.995 in March and September 2006, respectively.
- (2) In May 2006 the Bank carried out the capitalization for Leasing Bancoldex S.A. for COP 1.000.000. If a provision had no existed, this investment would have registered a devaluation of COP 5.743.401.

Investments as of December 31, 2007 and 2006, do not report restrictions or liens.

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

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	<u>2007</u>	<u>2006</u>
Balance at the beginning of the period	COP 5.198.338	COP 13.959.260
Constitutions (changes and results)	-	11.511
Write-offs	-	(888.492)
Recoveries (credits to results)	<u>(5.198.338)</u>	<u>(7.883.941)</u>
Balance at period closing	COP <u>=====</u>	COP <u>5.198.338</u>

Treasury Business Purpose

The treasury operation of the Bank aims at three main purposes: a) to improve its financial margin in the long term through the establishment of a strategic investment portfolio, to generate profits through the management of day-to-day and short-term positions and seek to timely obtain resources for the operation, and, if necessary, administer the liquidity surplus, as the case may be. The foregoing, in compliance of the regulations issued by the Banking Superintendence, the Central Bank and within the framework of the risk guidelines established by the Board of Directors of the Bank.

Risk Management in Investments Portfolio

The Bank counts with clear cut processes for defining policies, development of new products and implementation of measuring methodologies and risk control monitoring mechanisms. All processes include the participation of different levels within the entity (the directors, senior management, and the areas involved in treasury processes). Likewise, within the organizational structure of the Bank, the relevant roles of front, middle and back offices have been well defined. The Management for Planning and Risk (middle office) is an independent area and it is responsible for the integral risk management process.

The Board of Directors, responsible of the Bank's risk management, decides about the participation in new markets, as well as the negotiation of new products, prior analysis of risk implications, of legal matters and of operational processes. Likewise, the Board of Directors has defined value limits for risk and Stop loss levels (maximum loss allowed in a period of time) and stock loss (maximum monthly aggregate loss) for each treasury product.

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By virtue of the business dynamics and in order to comply the standards regarding treasury risk management, the Bank counts with internal mechanisms for permanent measurement and control of the risks taken by the treasury, in addition to the statutory domestic requirements (External Circular Letter No. 009 of 2007 by the Finance Superintendence and the Market and Liquidity Risk Administration System -MRAS -In Spanish SARM-). The middle office monitors the limits established by the Board of Directors and verifies that the treasury operations are performed within market conditions.

In order to mitigate the credit and counterpart risk of the treasury operation, the Bank may solely carry out investments entities having a treasury allocation approved by the Risk Management Committee. Likewise, the Assets and Liabilities Management Committee defines the concentration limits for each issuer in order to guarantee an adequate portfolio diversification.

Quantitative Information

Exposure levels

Exposure levels are shown as the financial assets appraisal under risk given a potential change in the market curves, in accordance with the standard methodology of the Finance Superintendence. This methodology defines four risk factors: interest rate, type of exchange, stock price and joint portfolios.

The bank's investment portfolio is in legal currency and UVR. Thus it is affected solely by variations in interest rate. The risk value (VaR) for each position is as follows:

<u>Risk Factor</u>	<u>VaR</u>
Interest rate un legal currency	COP 5.185.856
Interest rate UVR	<u>2.939.000</u>
Total	COP <u>8.124.856</u>

Complying with circular letter 009 of 2007 by the Finance Superintendence, the maximum and minimum investment portfolio amounts of BANCÓLDEX as of December 31, 2007 and 2006 are shown as follows:

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	<u>2007</u>		<u>2006</u>
Maximum Amount in pesos	COP 416.581.378	COP	491.445.902
Minimum Amount in pesos	215.484.841		357.436.012
Average Amount in pesos	298.343.438		423.846.440

6. NET LOANS PORTFOLIO

The detail of the loans portfolio is as follows:

Detail table attached

COLOMBIAN FOREIGN TRADE BANK- BANCÓLDEX

NOTE 6 - DETAIL OF LOAN PORTFOLIO

(Thousand COP)

RISK RATING	ADMISSIBLE GUARANTEES															
	LOAN PORTFOLIO								GUARANTEES				PROVISION			
	CAPITAL		INTEREST		OTHER		TOTAL		VALUE		CAPITAL		INTEREST		OTHER	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
1 TYPE A	47.770.039	75.957.851	929.376	1.882.553	0	0	48.699.415	77.840.404	436.726.786	401.495.748	391.864	728.996	9.422	18.814	0	0
2 TYPE B	25.644	122.166	0	0	0	0	25.644	122.166	25.644	17.000	0	3.909	0	0	0	0
3 TYPE C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 TYPE D	0	76.933	0	0	0	0	0	76.933	0	76.933	0	11.540	0	0	0	0
5 TYPE E	0	2.530.279	0	0	0	0	0	2.530.279	0	326.495	0	2.530.279	0	0	0	0
6 TOTAL	47.795.683	78.687.229	929.376	1.882.553	0	0	48.725.059	80.569.782	436.752.430	401.916.176	391.864	3.274.724	9.422	18.814	0	0

RISK RATING	OTRAS GARANTIAS															
	LOAN PORTFOLIO								GUARANTEES				PROVISION			
	CAPITAL		INTEREST		OTHER		TOTAL		VALUE		CAPITAL		INTEREST		OTHER	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
1 TYPE A	4.394.983.006	2.780.868.253	37.969.573	17.720.127	0	0	4.432.952.579	2.798.588.380	30.447.291	15.903.355	44.035.666	27.839.266	379.568	177.213	0	0
2 TYPE B	1.364.563	1.674.109	35.377	38.576	0	0	1.399.940	1.712.685	7.345.927	8.391.757	43.666	53.571	1.132	1.234	0	0
3 TYPE C	598.205	0	0	0	0	0	598.205	0	1.159.628	0	119.641	0	0	0	0	0
4 TYPE D	1.196.241	2.258.948	0	0	0	0	1.196.241	2.258.948	3.503.829	5.222.581	598.121	1.129.474	0	0	0	0
5 TYPE E	13.917.056	14.858.699	31.087	44.947	6.566	9.290	13.954.709	14.912.936	14.915.881	22.605.615	13.917.057	14.858.699	31.087	44.947	6.566	9.290
6 TOTAL	4.412.059.071	2.799.660.009	38.036.037	17.803.650	6.566	9.290	4.450.101.674	2.817.472.949	57.372.555	52.123.308	58.714.150	43.881.010	411.787	223.394	6.566	9.290

TOTAL	COP 4.459.854.754	COP 2.878.347.238	38.965.413	19.686.203	6.566	9.290	4.498.826.733	2.898.042.731	494.124.985	454.039.484	59.106.014	47.155.734	421.209	242.208	6.566	9.290
Provisions	59.106.014	47.155.734	421.209	242.208	6.566	9.290	59.533.789	47.407.232								
General provision	66.897.821	43.175.209	0	0	0	0	66.897.821	43.175.209								
Total provisions	126.003.835	90.330.943	421.209	242.208	6.566	9.290	126.431.610	90.582.441								
Net Total	COP 4.333.850.919	COP 2.788.016.295	38.544.204	19.443.995	0	0	4.372.395.123	2.807.460.290	494.124.985	454.039.484						

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The detail of the loan portfolio provisions is as follows:

	2007	2006
Balance at the beginning of the period	COP 90.330.943	COP 103.930.969
Constitutions (charge to results) *	44.626.824	28.696.006
Write offs	(711.184)	(16.849.124)
Recoveries (credit to results)	<u>(8.242.748)</u>	<u>(25.446.908)</u>
Balance at the period closing	COP <u>126.003.835</u>	COP <u>90.330.943</u>

Composition with creditors and restructuring agreements:

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>

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As of December 31, 2006:

	<u>Capital</u>	<u>Interest</u>	<u>Provisions</u>	<u>Guarantees</u>
<i>General Restructuring Agreements</i>				
Commercial	COP <u>3,497.927</u>	<u>35.961</u>	<u>1.170.272</u>	<u>11.768.270</u>
<i>Clients under Composition with creditors</i>				
Commercial	COP <u>337.915</u>	<u>13.861</u>	<u>351.776</u>	=
<i>Restructured Clients</i>				
Commercial	COP <u>811.516</u>	<u>2.615</u>	<u>653.171</u>	<u>2.060.668</u>
<i>Clients under Law 550/99</i>				
Commercial	COP <u>16.460.751</u>	<u>31.087</u>	<u>16.426.444</u>	<u>20.241.309</u>

As of December 31 of 2007 and 2006, individual and general provisions were recorded pursuant to the "Circular Básica Contable de la Superintendencia Financiera" (Basic accounting Circular Letter by the Finance Superintendence). Similarly, the loans portfolio was assessed 100% as of December 31, of 2007 and 2006.

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:

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<u>Commercial</u>	2007	2006
0 - 30 days	COP 240.663.663	COP 144.456.487
31 - 60 days	207.453.079	166.447.058
61 - 90 days	201.656.396	139.909.573
91 - 180 days	636.471.519	434.668.232
181 - 360 days	1.204.320.296	618.471.982
Over 360 days	2.410.322.434	1.601.165.999

The meeting of the Board of Directors dated August 2006, approved the sale of portfolio charged to Refinería Naré, entity under mandatory liquidation, operation formalized in January 2007. The sale was carried out to the corporation Aeromall Building Construcciones C.A., for COP 4.596.044.

The aggregate debt charged to Refinare S.A. reached COP 4.453.770, reporting a profit due to the sale of COP 142.274.

Likewise, the Board of Directors of the bank approved write-offs of the loan portfolio for an amount of COP 725.084.

7. BANK ACCEPTANCES AND DERIVATIVES

The detail of acceptances and derivatives is as follows:

	<u>2007</u>	<u>2006</u>
Bank Acceptances within term- Exports	COP 5,887,049	COP 5,459,697
Bank Acceptances within term- Imports		
	<u>1.451.478</u>	<u>1.473.012</u>
Total Bank Acceptances within term	<u>7.338.527</u>	<u>6.932.709</u>
	-----	-----
<u>Cash operations</u>		

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Foreign currency sale rights		1,120,997
Foreign currency sale obligations	-	<u>(1,119,395)</u>
Total cash operations	-	<u>1,602</u>
	-----	-----

Forward Agreements

Foreign currency purchase rights	67.494.460	96,491,849
Foreign currency sale rights	89.455.375	108,885,525
Foreign currency purchase obligations	(68.227.696)	(120,374,268)
Foreign currency sale obligations	<u>(88.649.440)</u>	<u>(103,655,977)</u>
Total Forward Agreements	<u>72.699</u>	<u>(18,652,871)</u>
Total acceptances and derivatives	COP <u>7.411.226</u>	COP <u>(11,718,560)</u>

The following is the detail of the derivatives:

	<u>2007</u>		<u>2006</u>	
	Balance	Average	Balance	Average
Cash Operations				
Foreign currency purchases				
Rights	COP	-	COP	11,474,810
Obligations		12.229.924	-	11,471,433
		=		=
Foreign currency sales				
Rights		7.979.195	1.120.997	8,720,743
Obligations		7.978.697	<u>(1.119.395)</u>	8,723,533
Total cash operations	COP	=	COP	<u>1.602</u>

Forward Agreements

Foreign currency purchases					
Rights	COP	67.494.460	117.506.881	COP	95.845.705
Obligations		<u>(68.227.696)</u>	(133.090.951)	<u>(120.374.268)</u>	(116.503.007)

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	<u>2007</u>		<u>2006</u>	
	Balance	Average	Balance	Average
	(733.236)		(23.882.419)	
Foreign currency sales	89.455.375	135.366.058	108.885.525	(113.536.123)
Rights	<u>(88.649.440)</u>	(132.703.299)	<u>(103.655.977)</u>	(115.280.311)
Obligations	<u>805.935</u>		<u>5.229.548</u>	
Total <i>Forward</i>	COP <u>72.699</u>		COP	
Agreements			<u>(18.652.871)</u>	

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

	<u>2007</u>	<u>2006</u>	Variation %
Operations in cash			
Sales of foreign currency	COP <u>(134)</u>	COP <u>134</u>	0.2
Average yield of operations in cash	COP <u>(134)</u>	COP <u>134</u>	
Forward derivatives			
Purchases of foreign currency	COP (2.215.708)	COP 93.458	104.20
Sales of foreign currency	1.489.004	(250.878)	116.80
Sales of Securities	-	<u>9.214</u>	-
Average yield of derivative operations	COP <u>(726.704)</u>	COP <u>(148.206)</u>	79.60

The average term of forward purchases is 58 days, and for forward sales is 47 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

Following the policies defined by the Board of Directors, Bancóldex may perform derivative operations to cover financial risks associated to its operations, in order to offer coverage for third parties or as an investment alternative, always

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provided it complies with the risk parameters and limits established by the Board of Directors, by the Risk Management Committee or the Assets and Liabilities management Committee.

Risk Management of Derivative Operations

The Board of Directors has established policies relating to derivative operations, among which the definition of limits, mechanisms to instrument operations, counterparts with whom it operates, attributions to those participating in the negotiation, etc are highlighted.

The market risk of derivative operations, generated by movements in exchange and interest rates is administered through limits of risk value (VaR), which are monitored on a daily basis.

Furthermore, in order to control liquidity risk of these operations, under stress situations, certain concentration limits for open positions by terms are available.

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Quantitative Information

Exposure levels

Exposure levels are presented as derivative operations risk value, given a likely change in the market curves, in accordance with the standard methodology of the Financing Superintendence.

As of December 31, 2007 the risk value (VaR) for foreign currency forward operations reached COP 380. This figure is not comparable with that reported for December 2006, due to the change in methodology for the calculation.

Maximum and Minimum Acceptances and Derivatives

<u>Commercial</u>	2007	2006
0 - 30 days	COP 8.968.803	COP -

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<u>Commercial</u>	2007	2006
31 - 60 days	2.324.207	6.411.212
61 - 90 days	1.236.238	541.815
91 - 180 days	3.269.299	-272.794
181 - 360 days	3.940.669	-
Over 360 days	-	-51.966.200

The maturity of bank acceptances and derivatives 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.

	<u>2007</u>	<u>2006</u>
0 - 30 days	COP 17.376.928	COP -
31 - 60 days	627	6.411.212
61 - 90 days	564	541.815
91 - 180 days	3.941.018	(272.794)
181 - 360 days	-	(51.966.200)

:

8. ACCOUNTS RECEIVABLE

The detail of the accounts receivable is as follows:

	<u>2007</u>	<u>2006</u>
Interest:		
Interbank funds sold and resale agreements	COP 26.643	COP 76.532
Loan portfolio (note 6)	38.965.413	19.686.203
Other Interest	<u>32.609</u>	<u>20.203</u>
	<u>39.024.665</u>	<u>19.782.938</u>
Plus: Commission	37.703	84.054
Dividends and shares	216.547	-
Leasing	602	-
Payments on account of clients	1.210	10.511

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Advanced payments of agreements and suppliers	11.040	12.500
Advanced payments to personnel	7.620	4.474
Inter-administrative Agreement - Min Commerce	50.884	169.422
L/C Capital pending of collection	-	4.453.076
Miscellaneous	<u>1.328.698</u>	<u>557.429</u>
	1.654.304	5.291.466
	COP <u>40.678.969</u>	COP <u>25.074.404</u>
Less: Provision Commercial Accounts Receivable		
Commercial	(421.208)	(242.209)
Housing	(1.519)	(13.900)
Other	<u>(6.816)</u>	<u>(9.290)</u>
	<u>(429.543)</u>	<u>(265.399)</u>
	COP <u>40.249.426</u>	COP <u>24.809.005</u>

The movement of provisions of accounts receivable is as follows:

	<u>2007</u>	<u>2006</u>
Balance at the beginning of the period	COP 265.399	COP 462.215
Constitutions (charged to results)	220.148	193.199
Write offs	(13.901)	(314.818)
Recoveries (credits to results)	<u>(42.103)</u>	<u>(75.197)</u>
Balance at the end of the period	COP <u>429.543</u>	COP <u>265.399</u>

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

	<u>2007</u>	<u>2006</u>
0 - 30 days	COP 897.470	COP 1.651.991
31 - 60 days	872.890	597.906
61 - 90 days	353.874	242.394
91 - 180 days	1.415.497	969.578
181 - 360 days	259.508	177.756
Over 360 days	660.565	452.470

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9. GOODS RECEIVED AS PAYMENT IN KIND

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

	<u>2007</u>	<u>2006</u>
Cost		
Real Estate Property	COP 674.431	COP 801.079
Personal Property	<u>726.785</u>	<u>726.785</u>
Adjusted Cost	1.401.216	1.527.864
Minus: Provisions (*)	<u>(1.401.216)</u>	<u>(1.527.864)</u>
	COP <u> -</u>	COP <u> -</u>

(1) Corresponds to industrial machinery received from Incelt S.A.

(*) The movement of the provisions as follows:

	<u>2007</u>	<u>2006</u>
Balance at the beginning of the period	COP 1.527.864	COP 6.171.727
Constitutions (charges to results)	-	721.270
Write-offs (1)	-	(683.482)
Recoveries	<u>(126.648)</u>	<u>(4.681.651)</u>
Balance at the period closing	COP <u>1.401.216</u>	COP <u>1.527.864</u>

(1) Corresponds to write-offs of goods received as payment from Banco Andino

As a result of the Bank's management work, alienation of goods received as payment in kind was carried out during 2007 in one per cent (1.0%).

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The opportunity cost for the Bank has consisted in not receiving yields over these goods approximately for COP 124.691 and COP 415.748 during the periods ending December 31, 2007 and 2006 respectively. Generally the real property is well conserved.

10. PROPERTIES AND EQUIPMENT

The detail of property and equipment is as follows:

	<u>2007</u>	<u>2006</u>
Land	COP 339.484	COP 339.484
Buildings	5.318.590	5.318.590
Equipment, office furniture and office gear	2.431.992	2.040.553
Computers	2.035.093	1.751.912
Vehicles	<u>648.190</u>	<u>522.880</u>
	10.773.349	9.973.419
Less: Aggregate depreciation	<u>(8.820.836)</u>	<u>(8.496.518)</u>
	COP <u>1.952.513</u>	COP <u>1.476.901</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 407.084 and COP 410.724 for the periods ended on December 31, 2007 and December 31, 2006 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:

<u>2007</u>	<u>2006</u>
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Permanent contributions ⁽¹⁾	COP 92.218	COP 92.218
Advanced payments ⁽²⁾	3.281.013	1.201.935
Deferred charges ⁽³⁾	8.492.240	6.151.955
Letters of credit for deferred payment	56.046.544	48.704.721
Credits to employees ⁽⁴⁾	3.942.561	4.236.988
Guarantee deposits	70.955	70.955
Cultural goods and art works	111.059	111.058
Goods received in commodatum	63.339	63.339
Rights in Trusts ⁽⁵⁾	1.040.073	11.986.040
Remainders of advance payments and withholdings	6.977.932	-
Petty cash	9.000	10.000
Other	<u>6.133</u>	<u>6.222</u>
	80.133.067	72.635.431
Less:		
Provision employees credits	(27.220)	(66.088)
Provision rights in trust	<u>(872.200)</u>	<u>(7.681.802)</u>
	<u>(899.420)</u>	<u>(7.747.890)</u>
	COP <u>79.233.647</u>	COP <u>64.887.541</u>

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

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

	<u>2006</u>	<u>Charges</u>	<u>Amortization</u>	<u>2076</u>
Interest	COP 819.678	6.022.607	6.217.097	625.188
Insurance	294.184	2.201.158	2.192.174	303.168
Other	88.073	2.529.885	265.301	2.352.657
	COP <u>1.201.935</u>	10.753.650	8.674.572	3.281.013

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

	<u>2006</u>	<u>Charges</u>	<u>Amortization</u>	<u>2007</u>
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Software	COP	959.237	392.762	479.576	872.423
Discount Placement of Investment Certificates		5.155.563	5.791.011	3.328.248	7.618.326
Advertising and Propaganda		-	22.905	21.414	1.491
Other		<u>37.155</u>	<u>-</u>	<u>37.155</u>	<u>-</u>
	COP	<u>6.151.955</u>	<u>6.206.678</u>	<u>3.866.393</u>	<u>8.492.240</u>

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

	<u>2007</u>	<u>2006</u>
Housing credit	COP 3.552.659	COP 3.855.533
Vehicle credit	<u>389.902</u>	<u>381.455</u>
	COP <u>3.942.561</u>	COP <u>4.236.988</u>

(5)

Assessment of credits to employees:

The Bank carried out the assessment of credits to employees with closing as of December 31 2007 and 2006, awarding the following ratings

	<u>2007</u>	<u>2006</u>
Housing Credit		
A	COP 3.514.215	COP 3.716.740
B	11.595	75.108
E	26.849	63.685
Vehicle Credit		
A	<u>389.902</u>	<u>381.455</u>
	COP <u>3.942.561</u>	COP <u>4.236.988</u>

The movement of other assets provisions is as follows:

<u>2007</u>	<u>2006</u>
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Balance at the beginning of the period	COP 7.747.890	COP 5.133.523
Constitutions (charges to results)	165.692	3.139.228
Write-offs	-	(517.433)
Recoveries	(148.310)	(7.428)
Cancellation of fiduciary right	<u>(6.865.852)</u>	<u>-</u>
Balance at the period closing	COP <u>899.420</u>	COP <u>7.747.890</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 are as follows:

	<u>2007</u>	<u>2006</u>
0 - 30 days	COP 810.943	COP 10.148.063
31 - 60 days	171.277	6.642.155
61 - 90 days	104.813	5.774.780
91 - 180 days	375.992	12.228.583
181 - 360 days	618.483	582.367
Over 360 days	58.156.493	45.507.625

12. INCREASES IN VALUE

The detail of increases in value is as follows:

	<u>2007</u>	<u>2006</u>
Property and Equipment	COP 12.138.733	COP 12.138.733
Investments	17.468.671	16.075.195
Cultural goods and art works	<u>1.268.807</u>	<u>1.268.807</u>
	COP <u>30.876.211</u>	COP <u>29.482.735</u>

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

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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>2007</u>	<u>2006</u>
Issued for terms less than 6 months	COP -	COP 34.387
Issued for terms equal to or greater than 12 months	11.500.000	-
Issued for terms equal to or greater than 18 months	<u>641.900.000</u>	<u>436.641.480</u>
Total fixed term certificates	<u>653.400.000</u>	<u>436.675.867</u>
Guarantee Deposits	2.268.983	836.848
Callabilities for banking services	50.647	42.358
Banking Collection Services	-	<u>34.698</u>
	COP <u>655.719.630</u>	COP <u>437.589.771</u>

During 2007 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 are as follows:

	<u>2007</u>	<u>2006</u>
0 - 30 days	COP 17.110.310	COP 110.433.731

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31 - 60 days	3.095.032	10.803.356
61 - 90 days	37.948.966	10.491.410
91 - 180 days	17.148.120	22.417.839
181 - 360 days	141.487.432	71.213.057
Over 360 days	628.112.699	322.391.214

14. INTERBANK FUNDS PURCHASED AND REPURCHASE AGREEMENTS

The detail of interbank funds purchased and repurchase agreements as of December 31, 2006 is as follows:

<u>Int. Rate</u> <u>(%)</u>	<u>2006</u> <u>Negotiation term</u> <u>(Days)</u>		<u>Amount</u>
7.17	30	COP	<u>144.000.000</u>

15. BANK CREDITS AND OTHER FINANCIAL LIABILITIES

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

	<u>2007</u>			<u>2006</u>		
	<u>Int. rate</u> <u>(%)</u>	<u>Amount</u> <u>USD (miles)</u>	<u>Amount</u> <u>Pesos</u>	<u>Int. rate</u> <u>(%)</u>	<u>Amount</u> <u>USD (miles)</u>	<u>Amount</u> <u>Pesos</u>
In Foreign Currency						
SHORT TERM						
Bladex-Banco Latinoamericano de Export.	5.90	10.895	21.950.612	6.61	143	320.147
C. A. F. Corp. Andina de Fomento	5.59	54.203	109.205.960	6.03	19.936	44.632.976
Toronto Dominion Bank	5.17	20.255	40.809.836	5.77	5.191	11.621.881
Commerzbank A.G., New York	5.71	8.961	18.054.264	5.65	2.500	5.596.975
Standard Chartered Bank, USA	5.24	74.510	150.119.625	5.60	1.617	3.619.377

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	2007			2006		
	Int. rate (%)	Amount USD (miles)	Amount Pesos	Int. rate (%)	Amount USD (miles)	Amount Pesos
Banesto USA Banco Español	5.35	2.453	4.942.961	--	--	--
Citibank New York	5.46	61.249	123.402.387	5.71	2.946	6.595.379
Wachovia Bank	5.28	32.368	65.213.811	5.25	2.700	6.044.733
Natexis Banque BFCE, USA	5.85	20.853	42.014.462	--	--	--
Mizuho Corporate Bank	5.25	14.838	29.894.384	5.49	11.900	26.641.601
Unión Planters Bank USA	--	--	--	5.56	3.542	7.930.284
Bank of Nov	4.85	2.954	5.951.601	--	--	--
Dresdner Bank	5.40	25.319	51.011.656	--	--	--
Cobank ACB USA	5.44	394	793.274	--	--	--
Bayerische Lan	5.63	6.665	13.428.768	--	--	--
Interamerican Investment	<u>5.91</u>	<u>12.951</u>	<u>26.092.373</u>	--	--	--
	5.44	<u>348.868</u>	<u>702.885.974</u>	<u>5.75</u>	<u>50.475</u>	<u>113.003.353</u>
MEDIUM TERM						
Bladex-Banco Latinoamericano de Export	5.92	38.692	77.955.200	7.08	593	1.328.505
C A F Corporación Andina de Fomento	5.79	76.913	154.961.907	9.22	1.815	4.063.404
Interamerican Investment	6.01	14.972	30.164.987	6.13	1.667	3.731.317
Cobank USA	5.32	68.307	137.621.527	5.60	787	1.762.964
Standard Chartered Bank, USA	5.41	50.000	100.738.000	--	--	--
Natexis Banque BFCE, USA	--	--	--	7.58	2.067	4.626.833
Mizuho Corporate Bank	5.58	2.500	5.036.900	--	--	--
Dresdner Bank	5.83	10.000	20.147.600	--	--	--
Commerzbank A.G., New York	5.96	15.000	30.221.400	--	--	--
JBIC Japan Bank	<u>6.79</u>	<u>5.500</u>	<u>11.081.180</u>	--	--	--
	<u>5.67</u>	<u>281.884</u>	<u>567.928.701</u>	<u>7.40</u>	<u>6.929</u>	<u>15.513.023</u>

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	<u>2007</u>			<u>2006</u>		
	<u>Int. rate</u> <u>(%)</u>	<u>Amount</u> <u>USD (miles)</u>	<u>Amount</u> <u>Pesos</u>	<u>Int. rate</u> <u>(%)</u>	<u>Amount</u> <u>USD (miles)</u>	<u>Amount</u> <u>Pesos</u>
LONG TERM						
Instituto de Crédito Oficial - ICO	4.00	38.912	78.398.809	4.39	41.312	92.489.412
C. A. F. Corp. Andina de Fomento	6.13	3.301	6.650.724	--	---	---
Banco Interamericano de Exportaciones	--	--	--	7.13	5.939	13.296.174
Interamerican Investment	<u>6.59</u>	<u>12.535</u>	<u>25.254.698</u>	<u>6.91</u>	<u>12.935</u>	<u>28.958.394</u>
	<u>4.72</u>	<u>54.748</u>	<u>110.304.231</u>	<u>4.93</u>	<u>60.186</u>	<u>134.743.980</u>
TOTAL IN FOREIGN CURRENCY	<u>5.48</u>	<u>685.500</u>	<u>1.381.118.905</u>	<u>4.83</u>	<u>117.590</u>	<u>263.260.356</u>
IN LEGAL CURRENCY						
MEDIUM TERM						
BBVA Colombia	<u>5.64</u>	<u>---</u>	<u>412.797</u>	<u>2.88</u>	<u>---</u>	<u>1.126.364</u>
TOTAL IN LEGAL CURRENCY	<u>5.64</u>	<u>---</u>	<u>4.12.797</u>	<u>2.88</u>	<u>---</u>	<u>1.126.364</u>
		<u>685.500</u>	<u>1.381.531.703</u>		<u>117.590</u>	<u>264.386.720</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 are as follows:

	<u>2007</u>	<u>2006</u>
0 - 30 days	COP 78.283.804	COP 17.775.702
31 - 60 days	61.244.797	24.345.183
61 - 90 days	21.214.345	7.294.768
91 - 180 days	247.181.445	61.807.761
181 - 360 days	547.471.211	377.865

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Over 360 days	503.956.388	156.473.289
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16. ACCOUNTS PAYABLE

The detail of accounts payable is as follows:

	<u>2007</u>	<u>2006</u>
Interest	COP 30.766.037	COP 14.533.304
Commissions and fees	6.717	26.033
Income and stamp tax	7.762.002	126.678
Dividends	54.144	48.242
Contributions on operations	6	-
Sales Tax Payable	86.959	59.699
Suppliers	88.935	182.678
Withholdings and labor contributions	477.434	369.117
Miscellaneous	<u>1.843.971</u>	<u>5.361.042</u>
	COP <u>41.086.205</u>	COP <u>20.706.793</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 are as follows:

	<u>2007</u>	<u>2006</u>
0 - 30 days	COP 1.549.745	COP 1.989.349
31 - 60 days	355.825	316.309
61 - 90 days	125.573	102.816
91 - 180 days	251.087	163.500
181 - 360 days	21.104	13.623
Over 360 days	243.473	98.544

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17. OUTSTANDING INVESTMENT SECURITIES

The detail of outstanding investment securities is as follows:

	<u>2007</u>		<u>2006</u>
Ordinary bonds in local currency second issue 2002 ^(C)	COP 81,000,000	COP	222,500,000
Ordinary bonds in local currency, third issue 2004 ^(E)	-		168,330,000
Ordinary bonds in local currency, fourth issue 2005 ^(F)	800,000,000		753,770,000
Ordinary bonds in local currency, fifth issue 2007 ^(F)	<u>400,000,000</u>		<u>-</u>
	COP <u>1,281,000,000</u>	COP	<u>1,144,600,000</u>

Ordinary bonds issued in 2002, 2004, 2005 and 2007 registered discounts and premiums, which were amortized with charges and payment to the statement of results, as follows:

	<u>2007</u>		<u>2006</u>
By amortization of discounts	COP 3.328,248	COP	1.918.771
By amortization of premiums	4,012,736		4.276.301

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 local currency	COP 39.471.594	31-Dec-93	12 years	10 annual installments from 31-12-96	DT F(E.A)-3,5% ⁽¹⁾ DTF (E.A)-3,0% ⁽²⁾
^(B) Optionally convertible in shares in local currency	55.554.626	31-Dec-93	12 years	10 annual installments as from 31-12-96	DTF (E.A)-3,5% ⁽¹⁾ DTF (E.A)-3,0% ⁽²⁾

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(C) Ordinary in local currency issue 2002	Up to 400.000.000	30-Oct-02	Up to 12 years	At maturity or partial	Indexed at DTF pursuant to placement term (3)
(D) Ordinary in foreign currency	45.452.914.13	31-Dec-93	12 years	10 annual installments	Libor +0.3%
(E) Ordinary in legal currency issued 2004	Up to 500.000.000	17-May-04	Up to 7 years	At maturity	Indexed to DTF -CPI TF pursuant to placement term (4)
(F) Ordinary in legal currency issued 2005	Up to 1.000.000.000	22-Sep-05	Up to 7 years	At maturity	Indexed to DTF pursuant to placement term (5)
(G) Ordinary in legal currency issued 2007	Up to 3.000.000.000	19-Sep-07	Up to 10years	At maturity	Indexed to DTF -CPI -UVR-TF pursuant to placement term (5)

- (1) Applicable to the first 6 years
- (2) Applicable to the last 6 years
- (3) Issued with discount
- (4) Issued with premium and discount
- (5) Issued with premium

There are no guarantees granted on bonds. The authorized amounts correspond to amounts issued.

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 are as follows:

	<u>2007</u>	<u>2006</u>
0 - 30 days	COP 2.229.475	COP -
31 - 60 days	-	79.660.213
61 - 90 days	30.987.153	14.922.715
91 - 180 days	33.508.675	309.143.269
181 - 360 days	247.749.536	180.228.241
Over 360 days	1.264.661.040	726.620.368

18. OTHER LIABILITIES

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The detail of other liabilities is as follows:

	<u>2007</u>	<u>2006</u>
Consolidated labor obligations	COP 1.016.718	COP 876.452
Advanced income	69.659.560	16.076.637
Deferred partial payments	7.054.241	10.750.295
Deferred payment letters of credit	56.046.544	48.704.721
Credit Lines Agreements	<u>64.957.128</u>	<u>41.496.683</u>
	COP <u>198.734.191</u>	COP <u>117.904.788</u>

(*) The increase originates due to the entering into new agreements during 2007.

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 are as follows:

	<u>2007</u>	<u>2006</u>
0 - 30 days	COP 5.284.617	COP 11.619.480
31 - 60 days	5.568.407	8.891.711
61 - 90 days	4.854.523	7.856.435
91 - 180 days	11.992.216	17.112.301
181 - 360 days	16.700.714	8.101.303
Over 360 days	104.757.141	53.279.888

19. ESTIMATED LIABILITIES AND PROVISIONS

The detail of estimated liabilities and provisions is as follows:

<u>2007</u>	<u>2006</u>
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Notes to the Financial Statements

Income and supplementary Tax ⁽¹⁾	COP	-	COP	6.630.266
Industry and Commerce Tax		836.188		507.260
Penalties and Sanctions		4.696		-
Several estimated liabilities ⁽²⁾		<u>2.053.692</u>		<u>5.518.517</u>
	COP	<u>2.894.576</u>	COP	<u>12.656.043</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 **Management of Assets and Liabilities** form of the Finance Superintendence are as follows:

	<u>2007</u>	<u>2006</u>
0 - 30 days	COP 196.680	COP 860.611
31 - 60 days	124.371	544.210
61 - 90 days	57.847	253.121
91 - 180 days	367.329	1.607.317
181 - 360 days	63.632	278.433
Over 360 days	2.082.493	9.112.351

20. CAPITAL

The detail of the capital as of December 31 2007 and 2006 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
	=====

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Notes to the Financial Statements

The number of subscribed and paid shares as of December 31, 2007 and 2006 is 855.669.623 not existing any re-acquired shares.

As of December 31, 2007 and 2006, 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 have a preferential dividend equivalent to 3.5% of their equity value as of December 31 of the previous year, and shall be enforceable in first instance, during eight years counted as from the date of distribution of profits charged to the economic period of 1994, after which the Bank shall purchase the average value listed in the stock exchange of Colombia during the 12 months previous 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 the minimum preferential dividend shall be suspended; otherwise, the privilege shall be extended for five 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 successive two-year periods, being it understood that at the closing of each of said periods the Bank shall perform the comparison of average values.

If the average stock exchange listing continues to be less than 110% of the average equity value at the expiration of 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.

The General Meeting of Shareholders of the Bank, in its meeting on August 21, 2002, as stated in Minutes No. 27, decided to extend the privilege for five additional years as from that date.

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Notes to the Financial Statements

21. OTHER OPERATIONAL INCOME

The detail of other operational income is as follows:

	<u>2007</u>	<u>2006</u>
Recoveries		
Loan Portfolio	COP 8.242.748	COP 25.446.908
Accounts Receivable	42.103	75.197
Cables, postage, telephone	45.174	75.283
Loan and credit portfolio prepayments	142.688	166.329
Management of securitized portfolio	178.010	292.080
F.N.G premium devolution	1.447.543	1.795.741
Other	<u>20.214</u>	<u>5.846</u>
	COP <u>10.118.480</u>	COP <u>27.857.384</u>

22. OTHER OPERATIONAL EXPENSES

The detail of other operational expenses is as follows:

	<u>2007</u>	<u>2006</u>
Fees	COP 1.517.730	COP 593.859
Taxes (*)	24.503.308	14,712,387
Leasing	805.879	790.426
Contributions and affiliations	1.956.927	2.015.196
Insurance	2.192.174	4.309.075
Maintenance and repair	1.212.539	861,101
Adapting and fitting of offices	656.791	332.637
Cleaning and Surveillance	421.298	388,153
Temporary Services	180.388	261.852
Advertising and Propaganda	1.197.480	1.197.399
Public Relations	25.234	20.921
Utilities	568.808	465.244
Travel expenses and lodging	711.500	602.248
Transportation	647.429	466.011
Stationery and props	92.047	75.987
Photocopying Services	15.777	14.562

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	<u>2007</u>	<u>2006</u>
Microfilming Services	69.767	44.865
Subscriptions and registrations	98.427	111.606
Consultation books	6.444	23.772
Work lunches	82.539	58.601
Cafeteria elements	70.301	55.887
Cleaning elements	23.007	19.674
Legal and Notarial expenses	7.089	6.930
Mail and delivery postage	202.090	189.522
Telex, Tas, SWIFT data transmission	382.496	317,097
Building Administration	406.176	469.553
Social welfare	705.922	935.177
Commercial information	219.940	161,108
Custody and Storage of magnetic files	102.030	58.885
Enrollment in stock exchange	54.412	55.334
Enrollment with Finance Superintendence	31.710	75.450
Contingencies processing alternate service	19.046	2.687
Other minor	<u>45.664</u>	<u>19.662</u>
	COP <u>39.441.198</u>	COP <u>29.785,269</u>

(*) As of December 31, 2007, includes the tax on equity (Law 863 of 1993) for COP 14.914.544 and for year ended on December 31, 2006 includes over-rate of income tax for COP 2.607.325 and equity tax for COP 2.607.325.

23. NON OPERATIONAL INCOME

The detail of non operational income is as follows:

	<u>2007</u>	<u>2006</u>
Profit in sale of goods received as payment in kind	COP 37.902	COP 12.060
Profit in sale of property and equipment	5.132	4.180
Leasing goods owned	253.593	186.476
Recoveries		
Reimbursements		
Write-off goods	3.244.984	227.909
Goods received as payment in kind	126.648	4.681.651
Investments	5.198.338	7.883.941
Other provisions	45.445	2.111

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Other assets	148.310	7.428
Devolutions	33.920	61.296
Recovery due to Casualties	33.833	-
Other recovery		
Expenses from previous periods	44.367	242.708
Suppliers conditioned discount	5.958	7.004
Reimbursement of insurance premium deposit	1.097.840	2.248.347
Other	250	160
Miscellaneous		
Income of goods received as payment in kind	56.108	6.016
Interest, loan portfolio previous periods	204.329	73.017
Reimbursement due to telephone calls	4.972	5.527
Reimbursement due to employee training	17	-
Fiduciary rights	-	140.770
Other	<u>68.958</u>	<u>186.729</u>
	COP <u>10.610.904</u>	COP <u>15.977.330</u>
	<u>2007</u>	<u>2006</u>
	COP 15.977.330	COP 11.109.566

24. RECONCILIATION BETWEEN ACCOUNTING AND FISCAL ITEMS

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

	<u>2007</u>	<u>2006</u>
Income before taxes	COP 65.655.785	COP 81.990.596
Plus or (minus) entries that increase (decrease) fiscal profit:		
Non-deductible provisions that constitute a temporary difference	1.193.929	3.418.452
Lesser fiscal income for		
Investments accrual	13.021.051	(10.048.929)
Investment provision	-	11.511
Dividends and participations	(3.324.809)	(2.221.913)
Reimbursement of provisions	(5.204.670)	(34.549.268)
Greater expense of monetary and fiscal correction	-	(55.244.587)
Interest of security and peace bonds	(627.003)	(1.438.446)
Other	<u>40.740.114</u>	<u>15.459.050</u>
Ordinary liquid income (loss)	111.454.397	(2.623.534)

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Notes to the Financial Statements

Compensation due to presumptive income	(111.454.397)	-
Liquid Income (loss)	-	(2.623.534)
Applicable presumptive income	<u>37.014.310</u>	<u>74.494.987</u>
Estimated Taxable Base	COP <u>37.014.310</u>	COP <u>74.494.987</u>
Current tax (upon estimated taxable base) Tax expenses	COP <u>12.584.865</u>	COP <u>26.073.245</u>

The effective income tax rate on December 31, 2007 and 2006 was 19.17% and 31.80% respectively. The variation in income tax with respect to the previous year is due to a decrease in the rate for calculating presumptive income which changed from 6.0% to 3.0% and to a decrease in the rate of the income tax in one per cent (1.0%).

Tax returns of fiscal years 2006 and 2005 are within the two-year 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. Reason for which following is the detail of the fiscal monetary correction account for the year ended in December 31, 2006.

	<u>2006</u>
Additional fiscal income due to adjustments made to fixed assets and other assets	COP 463.748
Additional adjustment to the fiscal equity over the accountancy equity	(57.787.772)
Additional income variable rate investments	2.079.437

Fiscal monetary correction account expense	COP (55.244.587)
	=====

As of December 31, 2007 and 2006, the accounting equity differed from the fiscal equity, due to the following:

	<u>2007</u>	<u>2006</u>
Accountancy Equity	COP 1.272.077.555	COP 1.224.999.179

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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	69.861.944	47.094.591
Estimated liabilities and provisions	2.058.388	2.911.192
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	COP <u>1.330.590.347</u>	COP <u>1.261.597.422</u>

25. CONTINGENT ACCOUNTS

Debtors

The detail of contingent accounts is as follows:

	<u>2007</u>	<u>2006</u>
Credit portfolio interests	COP 1.134.581	COP 3.888.531
Tax losses to be amortized	1.853.617	-
Excess of presumptive rent or liquidation	311.669.728.296.40	296.404.877
Litigation under process (*)	19.627.704	24.379.449
Other	<u>10.025</u>	<u>49.378</u>
	COP	COP
	<u>334.295.655</u>	<u>324.722.235</u>

(*) Corresponds to four and seven civil proceedings as of December 31, 2007 y 2006, respectively.

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Creditors

The detail of contingent accounts is as follows:

	<u>2007</u>	<u>2006</u>
Bank Guarantees	COP 54.203.058	COP 64.630.128
Letters of Credit	57.637.818	77.288.247
Credits approved not disbursed	11.837.942	2.938.500
Credit Openings	40.295.200	44.775.800
Other contingencies -creditors -litigations (*)	1.126.094	1.242.944
Other	<u>464</u>	<u>464</u>
	COP <u>165.100.576</u>	COP <u>190.876.083</u>

(*) Corresponds to four civil and seven labor proceedings as of December 31, 2007 and two civil and seven labor proceedings as of December 31, 2006.

26. ORDER ACCOUNTS

The detail of order accounts is as follows:

	<u>2007</u>	<u>2006</u>
<u>DEBTOR</u>		
Goods and Securities given for custody	COP 77.670.154	COP 77.670.154
Goods and Securities given as guarantee	-	136.385.685
Remittances and other items for collection	575.255	505.403
Assets reduced in value (Write-Offs)	80.887.214	87.429.701
Non used credits in favor	1.000.150.582	1.289.367.894
Investment certificates not placed	2.600.000.000	246.230.000
Amortized Investment certificates	1.961.171.934	1.523.452.948
Assets adjustments due to inflation	7.352.689	8.163.106
Credits for affiliates and subordinates	23.929.818	26.528.124
Property and equipment totally depreciated	7.981.085	7.808.201
Difference between fiscal and accounting value	3.407.492.521	3.745.363.741
non-monetary assets		
Negotiable investments debt certificates	28.569.667	26.936.169
Investments to be kept until maturity	76.167.478	104.108.982
Investments available for sale debt certificates	112.182.078	231.600.076
Active reciprocal operations with subordinates	32.273.176	28.533.415
Reciprocal operations that affect expenses	127	4.550

(Continued)

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	<u>2007</u>	<u>2006</u>
Investment Program Banca de Oportunidades	136.933.829	-
Other	<u>4.201.750.656</u>	<u>2.041.911.921</u>
	COP <u>13.755.088.263</u>	COP <u>9.582.000.070</u>

CREDITORS

Goods and securities received in custody	137.773	38
Guarantees pending cancellation	372.932	-
Goods and securities received as guarantee	448.990.683	414.201.752
Goods and securities received as guarantee - other	57.372.555	52.123.308
Equity adjustments due to inflation	895.894.056	895.894.056
Fiscal monetary correction	-	(55.244.682)
Capitalization due to equity revaluation	689.006.072	689.006.072
Yields received in advance for payment of fixed yield negotiable securities	28.792.637	24.667.495
Difference fiscal and accounting equity value	1.261.626.889	1.267.694.998
Total Commercial Credits Rating Qualified guarantee	48.725.059	80.569.782
Total Commercial Credit Ratings other guarantees	4.513.580.936	2.877.825.611
Reciprocal operations of liabilities with subordinates	8.862.572	3.834.684
Investment Program Banca de Oportunidades	136.933.829	-
Other	<u>488.365.440</u>	<u>468.584.020</u>
	COP <u>8.578.661.433</u>	COP <u>6.719.157.134</u>

27. 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.

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The items of the financial statements including balances or transactions with related parties are shown in detail as follows:

a. Operations with shareholders

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Investments		
Ministry of Trade, Industry and Tourism	COP 3.195	COP 2.153
Ministry of Finance and Public Credit	186.281.371	322.451.857
Accounts receivable		
Ministry of Trade, Industry and Tourism	50.884	169.422
Other ASSETS		
Ministry of Finance and Public Credit	<u>6.977.932</u>	<u>-</u>
	COP <u>193.313.382</u>	COP <u>322.623.433</u>
<u>LIABILITIES</u>		
Income received in advance		
Ministry of Trade, Industry and Tourism	COP 56.142.363	COP -
Ministry of Finance and Public Credit	-	-
Other LIABILITIES		
Ministry of Trade, Industry and Tourism	54.628.968	39.974.788
Ministry of Finance and Public Credit	<u>-</u>	<u>23.044</u>
	COP <u>110.771.331</u>	COP <u>39.997.832</u>
<u>EQUITY</u>		
Subscribed and paid capital		
Ministry of Trade, Industry and Tourism	COP 786.080.862	COP 786.080.862
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>(6.237.616)</u>	<u>788.742</u>
	COP <u>847.020.888</u>	COP <u>854.047.246</u>
<u>INCOME</u>		
Other interests		
Ministry of Trade, Industry and Tourism	COP 18.388.455	COP 4.911.355
Profit of investment appreciation and sale		
Ministry of Trade, Industry and Tourism	1.236	-
Ministry of Finance and Public Credit	<u>22.526.793</u>	<u>30.534.663</u>
	COP <u>40.916.484</u>	COP <u>35.446.018</u>
<u>EXPENSES</u>		
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>

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	<u>2007</u>		<u>2006</u>
	COP	<u>2.938.936</u>	COP
			<u>3.893.728</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 9.40%.

b. Operations with administrators

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

	<u>2007</u>		<u>2006</u>
<u>ASSETS</u>			
Accounts receivable			
Interests	COP	266	COP
Labor advanced payments		540	-
Other		10.369	-
Other ASSETS			
Credits for employees	COP	<u>228.292</u>	COP
		<u>239.467</u>	<u>300.086</u>
			<u>304.981</u>
<u>LIABILITIES</u>			
Consolidated labor benefits			
Holidays	COP	<u>181.147</u>	COP
	COP	<u>181.147</u>	COP
			<u>158.137</u>
<u>INCOME</u>			
Operational Income			
Loan Interests	COP	10.243	COP
Non operational Income			
leasing		450	-
Other income		<u>2.652</u>	-
	COP	<u>13.345</u>	COP
			<u>13.401</u>
<u>EXPENSES</u>			
Personnel expenses	COP	<u>2.192.755</u>	COP
	COP	<u>2.192.755</u>	COP
			<u>1.885.536</u>
			<u>1.885.536</u>

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

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The conditions for the credit program for officers are: housing interest rate – the lowest between 50% of DTF and 6%; for vehicle, the lowest between 75% of DTF and 7%; term – housing 15 years and vehicle 5 years.

c. Operations with affiliates

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Investments		
Fiducoldex	COP 8.615.146	COP 6.359.199
Leasing Bancóldex	21.160.858	21.160.858
Investment Provision		
Leasing Bancóldex	-	(4.232.172)
Credit portfolio		
Leasing Bancóldex	23.929.818	26.528.124
Loan portfolio provisions		
Leasing Bancóldex	(239.298)	(265.281)
Accounts receivable		
Leasing Bancóldex	127.950	113.382
Provision accounts receivable		
Leasing Bancóldex	(1.256)	(1.129)
Appraisal of investments		
Fiducoldex	4.876.225	5.398.557
Loss of value of investments		
Leasing Bancóldex	<u>(2.266.449)</u>	<u>-</u>
	COP <u>56.202.994</u>	COP <u>55.061.538</u>
<u>EQUITY</u>		
Appraisal of investments		
Fiducoldex	COP 4.876.225	COP 5.398.557
Loss of value of investments		
Leasing Bancóldex	<u>(2.266.449)</u>	<u>-</u>
	COP <u>2.609.776</u>	COP <u>5.398.557</u>

INCOME

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	<u>2007</u>	<u>2006</u>
Portfolio interests		
Leasing Bancóldex	COP 2.093.608	COP 2.344.642
Appraisal of investments		
Leasing Bancóldex	47.788	-
Commissions		
Leasing Bancóldex	75.000	37.500
Dividends		
Fiducoldex	2.255.947	1.321.829
Recovery of provisions		
Leasing Bancóldex	25.983	
Other income		
Leasing Bancóldex	-	19.206
Fiducoldex	-	111.507
Non operational income		
Fiducoldex	118.132	-
Leasing Bancóldex	<u>4.246.342</u>	<u>-</u>
	COP <u>8.862.800</u>	COP <u>3.834.684</u>
<u>EXPENSES</u>		
Interests		
Leasing Bancóldex	COP -	COP 4.550
Provisions		
Leasing Bancóldex	<u>127</u>	<u>-</u>
	COP <u>127</u>	COP <u>4.550</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+2.60%.

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

d. Operations with members of the Board of Directors

	<u>2007</u>	<u>2006</u>
<u>EXPENSES</u>		
Fees	COP <u>50.526</u>	COP <u>53.541</u>

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	<u>2007</u>		<u>2006</u>	
	COP	<u>50.526</u>	COP	<u>53.541</u>

Correspond to fees paid and to the attendance to the meetings of the Board of Directors, of the Credit Committee and to the Audit Committee.

During the period, the following did not occur between the Bank and related parties mentioned:

- Free or Compensated Services
- Loans without interest or without any consideration whatsoever
- Operations whose characteristics differ from those performed with third parties.

RISK MANAGEMENT

The Risk Management procedure is performed in an integral manner and it is supported by four components: the Credit Risk Management System (CRAS - SARC in Spanish: *Sistema de Administración de Riesgo de Crédito*), the Market and Liquidity Risk Management System (MLRMS - SARM in Spanish: *Sistema de Administración de Riesgo de Mercado y Liquidez*), the Operational Risk Administration System (ORAS - SARO in Spanish: *Sistema de Administración de Riesgo Operativo* and the Asset Laundering and Terrorism Funding Risk Management System (ALTFRMS - SARLAFT in Spanish: *Sistema de Administración de Riesgos de Lavado de Activos y Financiación del Terrorismo*). Likewise, it comprises the existence of clear risk exposure policies, and an organizational structure with independent functions and qualified people for each office, the development of measurement and risk follow-up technical models and the utilization of adequate technology, among others.

Organizational Structure of Risk Management

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Bancóldex counts with an organizational structure clearly defined that allows an adequate risk management. There are different offices, each of which has specific functions and roles.

The Board of Directors is the main office, thus it is in charge of defining the policies and establishing the general principles for risk management in house, as well as approving the structural organization to guarantee full compliance of an adequate risk management. Likewise, other Committees exist to support the Board of Directors for managing different risk categories.

<u>Risk Category</u>	<u>Office</u>	<u>Main Functions</u>
Credit Risk	Risk Management Committee of the Board of Directors	<ul style="list-style-type: none">• Analyze credit policies proposals and submit recommendations to the Board of Directors• Approve credit and counterpart quotas.• Approve credit risk management methodologies.
Market and Liquidity Risk	Assets and Liabilities Management Committee	<ul style="list-style-type: none">• Approve procedures and methodologies to mitigate market risk.• Approve placement, funding and hedging strategies• Follow-up the Bank's liquidity situation.
Operational Risk	Operational Quality and Risk Committee	<ul style="list-style-type: none">• Follow-up the Bank's operational risk profile.• Analyze risk events and approve mitigation plans.

Credit Risk

For Credit Risk Management Bancóldex counts with the Credit Risk Administration System (CRAS). This system is aligned with the provisions set forth by the Finance Superintendence and comprises four main elements: policies, processes, measuring methodologies and audit.

Pursuant to Circular External Letter No. 035 of 2006 by the Finance Superintendence, Bancóldex, as a rediscount entity, is exempt from the obligation of submitting internal models or to implement the reference models established by the regulating authority.

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Without prejudice of the foregoing, Bancóldex counts with an internal model to calculate the expected loss. The results of such model are useful to feed the model for fixing prices for the different products and services. The calculation of the expected loss are supported by an econometric model and a broad database of customers of different segments.

Currently, the Bank relies in policies to evaluate, assume, rate, control and cover credit risk. The Board of Directors is in charge of their approval, and the Bank's management reviews and supplements them.

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), pursuant to methodologies used for such purpose. These methodologies, besides credit granting, are also useful for follow up, control and recovery, since they are updated periodically (monitored) and allow performing a rating for each type of customer: intermediaries, finance entities, countries, companies, etc.

Bancóldex Customers

Bancóldex credit risk is focused in national or foreign financial entities. As of December 31, 2007, besides Colombia, Bancóldex maintains commercial relationships in 35 countries.

<u>Type of Financial Entity</u>	<u>No. of entities</u>	
	<u>With quota</u>	<u>With balance</u>
Financial intermediaries abroad	158	55
National credit establishments	41	34
Entities oriented towards micro credit	98	65

Market and Liquidity Risk

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During 2007 Bancóldex continued strengthening the System for Administration of Market Risk and Liquidity (SARM - *Sistema de Administración de Riesgos de Mercado y Liquidez*) which was initiated in 2003. The efforts focused in identifying, measuring and controlling risks associated to treasury operation, by virtue of the new business strategy.

a. Methodologies used to measure market and liquidity risk

Bancóldex uses standard methodologies proposed by the Finance Superintendence in order to measure these risks.

▪ *Market Risk*

In April 2007 through the External Circular Letter 009 of 2007 the Finance Superintendence modified the standard methodology. The new model for measuring market risk is based on the best international practices disclosed by the Bassel Committee. The change in the regulations meant a new technologic development for Bancóldex and a greater operational dedication, taking into account the fact that the calculations and transmittal of results to the Superintendence shall be carried out daily.

In general terms, with the new standard, the market risk is measured taking into account the following:

- The risk values are the summation of the exposure to interest rate risk, price of shares, type of exchange and joint portfolios². It should be calculated on a daily basis.
- For interest rate risk ³ a methodology based on the modified duration of the instruments, the sensitiveness⁴ defined for some bands, positions in pesos, UVR and foreign currency and to the set off of long and short positions in a band ladder and zones.

² Does not apply to Bancóldex. These portfolios correspond to funds administered by Fiduciaries

³ For the calculation, it only includes treasury book positions (negotiable investments, available for sale and derivatives)

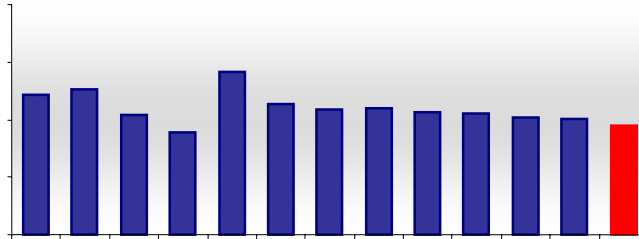
⁴ Published by the Financing Superintendence

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- For type of exchange risk and price of shares, the market risk exposure is defined as the product of the position in each of these risks times sensitivities defined by the Superintendence.

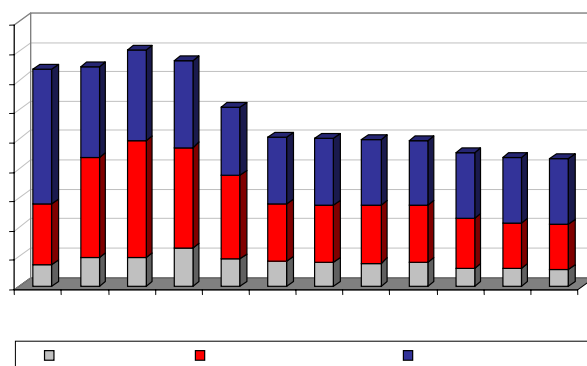
During 2007 the Value Risk (VaR) of Bancoldex showed a decreasing trend. This behavior was due to a reduction of investments of Public Debt Certificates and (CDTs) agreed upon at a fixed rate.



The VaR growth observed in April is due to the change in methodology for measuring market risk. Nonetheless, as from May a sustained decrease is observed, corresponding to the gradual reduction of investments, especially those classified until expiration.

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The risk value in Bancóldex as of December 31, 2007 was COP 9,519 compared to that registered in December 2006 (COP 12,172) shows a decrease of 27.88%. It is worth mentioning that the figures cannot be compared, taking into account the change in methodology.

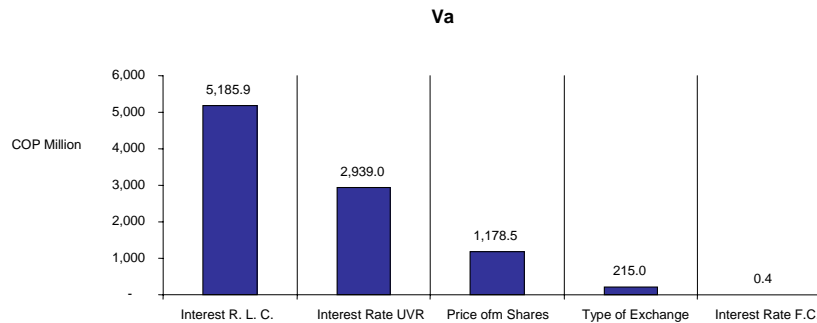
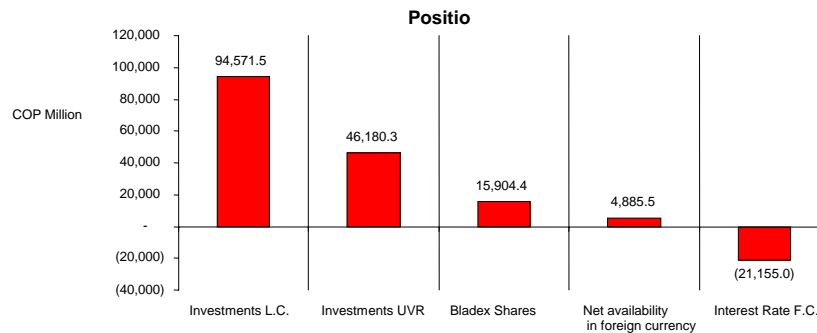
Factor Code	Risk Factor	December 05	December 06
1	DTF	876	1,523
2	REPOS rate	0	(189)
3	Interbanking rate	(7)	10
4	Real rate	259	475
5	Libor	(616)	(1,095)
6	Consumption credit rate	-	-
7	Money Market USD	5	16
8	TES rate	7,693	11,600
9	UVR	2,630	4,178
10	TRM	968	75
11	EURO	-	-
12	YEN	-	-
13	IBC	3,804	4,229
14	FCO Profitability	-	-
15	DJIA	-	-
	VaR diversified	7,349	12,172

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The value in risk corresponded 55% to investments in legal currency, 31% to investments in UVR, 12% to price of shares and 3% to type of exchange.



▪ *Liquidity Risk*

In order to measure liquidity risk, Bancoldex uses a standard methodology proposed by the Finance Superintendence

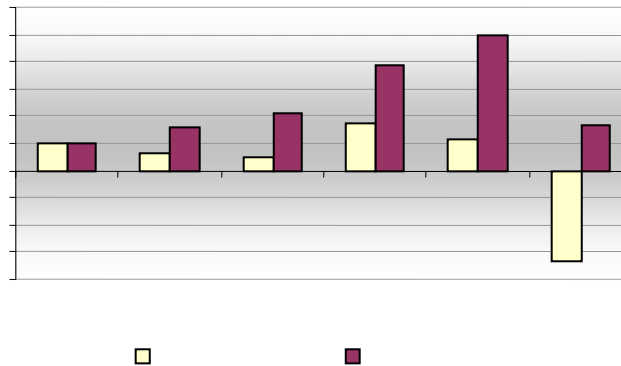
As of December 2007 the remaining monthly liquidity gaps are positive, except the last one wherein equity reaches maturity. The aggregate liquidity gap for more than twelve months is positive, which means that

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Bancoldex is able to cover all its liabilities with its assets and generates a liquidity surplus of COP 331 Billion.



In Addition, and in order to decision taking by the Bank's Management, an analysis of liquidity of cash projected inputs and outputs is carried out weekly, to obtain surplus or lack of resources during determined periods of time. This analysis is also used to plan the funding of resources through CDTs or through issues of bonds.

b. Internal Management of Market risk for the Treasury Operation.

For market risk management in the treasury operations, the Board of Directors and the Assets and Liabilities Management Committee of Bancoldex established exposure limits due to risk value and *stop loss* (maximum loss allowed within a period of time) levels. These limits and levels are defined globally and for each of the treasury products and are monitored on a daily basis.

During 2007, pursuant to the new dynamism of the Bank's treasury, the risk area worked refining the calculation methodologies, risk control and

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monitoring of treasury operations and developing new mechanisms for liquidity risk control and mitigation. This so that the financial area may take investment decisions within a controlled risk scenario.

Operational Risk

As of December 2006, the Financing Superintendence issued the External Circular Setter 049 demanding the implementation of the Operational Risk Management System (ORMS – In Spanish SARO: *Sistema de Administración de Riesgo Operativo*). Taking into account the reference framework the regulation requirements. During 2007, the Bank designed and implemented its operational risk policies and methodologies, defined the organizational structure, revised and updated the processes, performed the drafting of risk maps for processes, started gathering loss events and acquired a technological tool to facilitate the management. Additionally, work was carried out developing the operational risk culture within the entity through several training meetings.

With regards to the Organizational Structure, the Bank's Risk Department is responsible of designing and managing the risk administration tools. Likewise, it coordinates the implementation and operation of the SARO, work carried out with the support of the risk administrators appointed in each area and by the owners of the processes. In addition, the Quality and Operational Risk was created, office that among other functions monitors the operational risk profile of the entity and analyzes the mitigation plans for the risk events that are deemed as significant.

The management of operational risk is carried out from two perspectives in Bancóldex; from the qualitative view, which allows identifying the risks before they happen, with the aid of self-evaluations, and the quantitative view, which seeks to gather information of risk events that already occurred.

The qualitative approach seeks to identify and mitigate the risks in a preventive manner, through risk maps. These maps are drafted and updated through self-evaluations performed with each officer. During 2007 the drafting of risk maps of the Bank's processes was started, using as general framework the methodology suggested by the risk management standard AS/NZ:4360 (Australian standard) which, among other aspects, includes the identification, appraisal and measurement of risks, identification of

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controls, assessment and measurement risks with controls and design and implementation of mitigation plans.

On the other hand, the quantitative approach manages risk in a reactive manner and uses information generated by operational risk events reported by the officers. As from August 1, 2007, the areas of the bank are reporting operational risk events. This information shall allow the building of a database to be used in the future to adopt the Basel II advanced methodologies.

In order to facilitate data handling and risk management, Bancóldex counts with a specialized software (ERA - Enterprise Risk Assessor). This tool allows feeding the information relating to the identification, assessment, risk measurement, controls and mitigation plans for each process and to develop consolidated reports. Furthermore, it allows to save the information related to risk events reported by the officers.

Asset Laundering and Terrorism Funding Risk

During 2007, the Bank followed the policies and procedures to apply the Integral System to Prevent Asset Laundering (ISPAL - SIPLA in Spanish: *Sistema Integral para la Prevención del Lavado de Activos*). 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, relating to different activities and the management results carried out with respect to the Bank's SIPLA..

Likewise, the diagnostic was performed and the support elements of the Bank were identified pursuant to the new Asset Laundering and Terrorism Funding Risk Management System (ALTEFMS - SARLAFT in Spanish :*Sistema de Administración del Riesgo de Lavado de Activos y de la Financiación al Terrorismo*), required by Circular External Letter 022 dated April 2007 and amended by Circular External Letter 061 of December 2007, about which the Internal Comptroller Office submitted a report of progress to the Board of Directors. All the necessary activities were scheduled for preventing and managing these risks in the Bank's business, and to comply with the regulations. Activities were carried out for the migration to the new system, such as sensitivity workshops for all officers, adjustment of the administrative structure for support with the creation of the Compliance Unit SARLAFT, design of the SARLAFT model, definition of the risk factors, definition of the methodology to identify laundering

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and terrorism funding risks, identification of ways in which such risks may occur in pilot tests, and the way to mitigate them..

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 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 Planning and Financial Risk Management is the area specialized in identifying, estimating, administering and controlling risks inherent to different types of business.

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

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compliance, among others. The banks 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.

The Departments of Risk and Planning, under the Planning and Risk Management perform 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

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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 taping 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.

Audit

The Bank's internal comptroller focuses its function taking into account the processes of the business and the risks associated thereto. As a measure of self-control, the operations relating to the mission's objectives of the Bank are registered and controlled in information systems that allow interested parties to evidence all transactions performed that commit the Bank, disclosing such information on a daily basis to any instances interested thereto. Similarly, the

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Bank's systems for operation management record the legal and internal limits previously established, thus facilitating their control.

The Bank's Internal Comptroller has remained vigilant of the operations carried out by the Bank and during 2007 and 2006, it carried out selective sampling and audit tests over the operations performed. Its recommendations to the management did not manifest any non-compliance of limits, of closing of operations, nor any existence of operations carried out between enterprises or individuals linked to the entity, which could affect significantly its safety, accounting or disclosure.

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 2007 and 2006.

CONTROL APPLIED BY OPERATION OF THE LAW

During 2007 and 2006, 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 "Banca de las Oportunidades", 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

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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 "Banca de las Oportunidades" 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 "Banca de las Oportunidades" only the real financial yields of the investment of contributions made by the Nacional Government may be utilized. Exceptionally, prior approval by the Ministry of Finance and Public Credit, items corresponding to such contributions may be used. The 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.

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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, 2007.

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.