

Board of Directors

Principals

Carlos Guillermo Arango Uribe
Javier Suárez Esparragoza
Alvaro Peláez Arango
Gabriel Humberto Zárate Sánchez
Bernard Pasquier

Alternates

Alvaro Carvajal Bonnet
David Peña Rey
Federico Salazar Mejía
Enrique Flórez Camacho
Mark Alloway

Major Figures

3.7 million Customers

\$31.5 billion assets

554 offices in **175** municipalities

1.428 ATMs

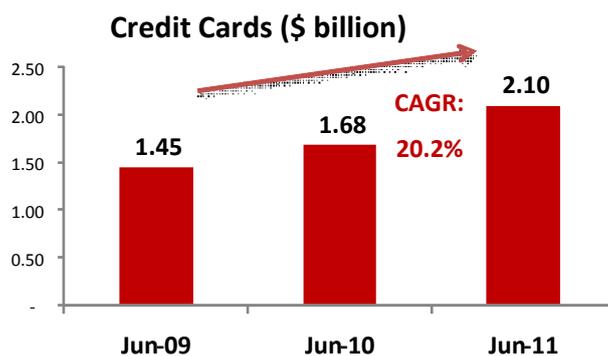
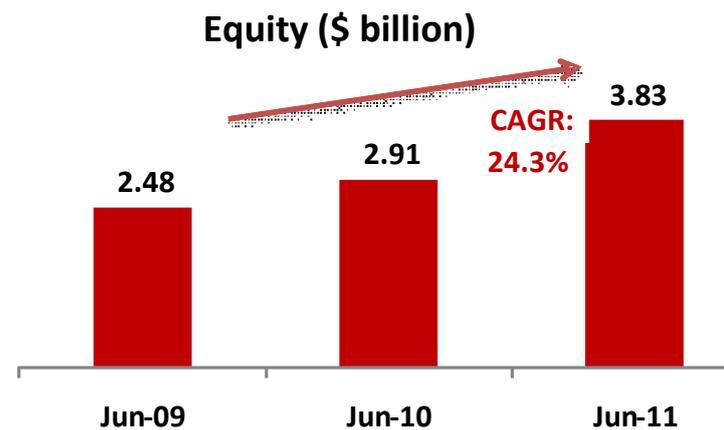
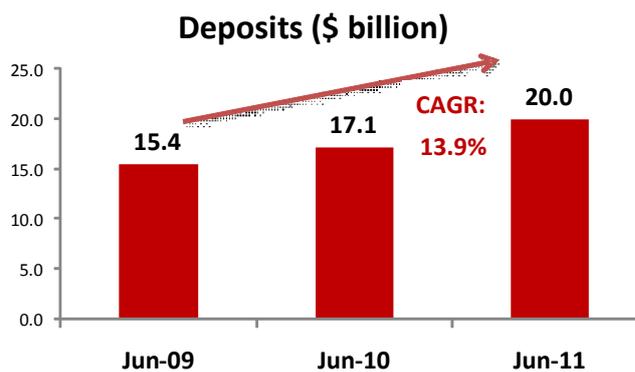
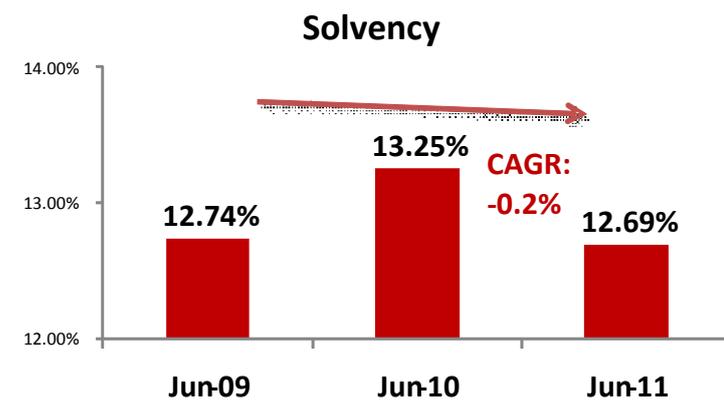
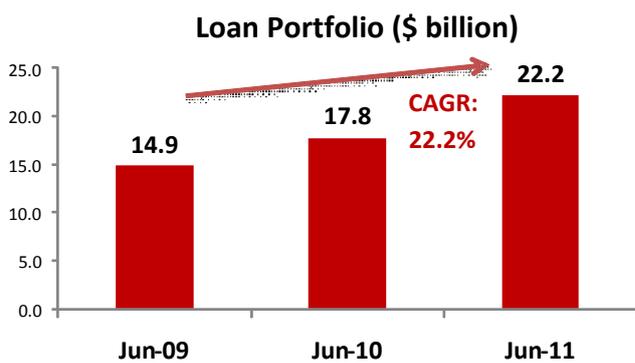
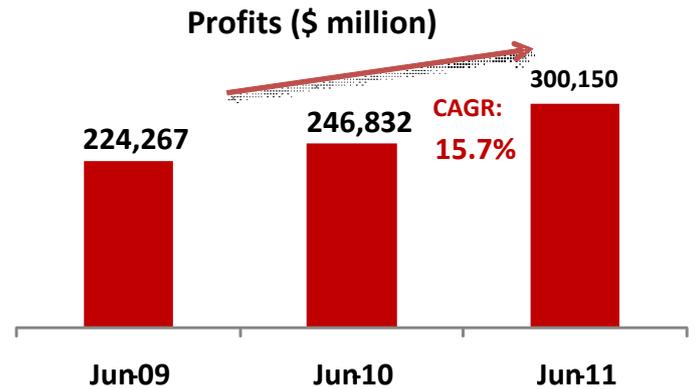
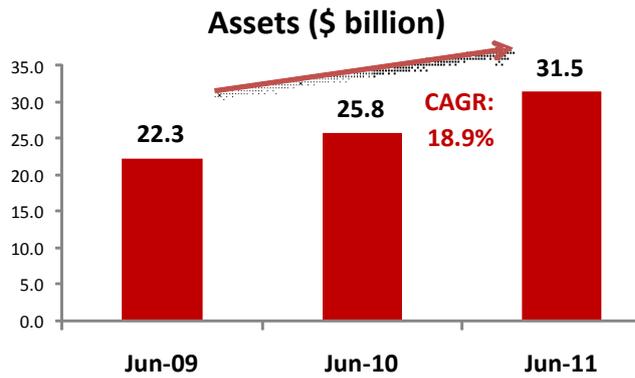
10.657 employees

1.48 million credit cards

2.79 million debit cards

AAA Long term debt rating by BRC and Value & Risk

Evolution of major figures



CAGR = Constant Annual Growth Rate

**Report by the Board of Directors and the President
to the General Stockholders' Meeting
Sixth month period January / June 2011**

Messrs. Shareholders:

During the first semester of year 2011 the Bank implemented innovating strategies that permitted it to obtain good financial and commercial results, which for us is very pleasant to present through this activity report.

In the month of February DaviPlata is successfully launched, which is a new and innovating financial service that seeks to get banking closer to all Colombians who have not yet known its benefits.

DaviPlata, supported on the great coverage that mobile phone companies have, seeks to make cash management easier, more secure, comfortable and economical. This tool offers the possibility of handling cash without having a bank account to transfer money, make national remittances, make payments of public utilities, purchase minutes or withdraw money through Davivienda ATMs. In only 5 months close to 58,000 people are already DaviPlata customers of which 44% were not customers of Davivienda and in many cases form a part of the population that for the first time enters the banking systems.

The Colombian economy, in turn, also had a good performance, notwithstanding the heavy rains that Colombia suffered at the end of last year and beginning of the current one, in fact, the growth of the first quarters is at 5.1% and inflation is between the goals established by the Central Bank.

These good results together with an adequate economic policy, resulting in the country receiving from the credit rating firms, the recognition of the investment degree, which ratifies the good moment that the economic is going through and invites new investors to enter the country.

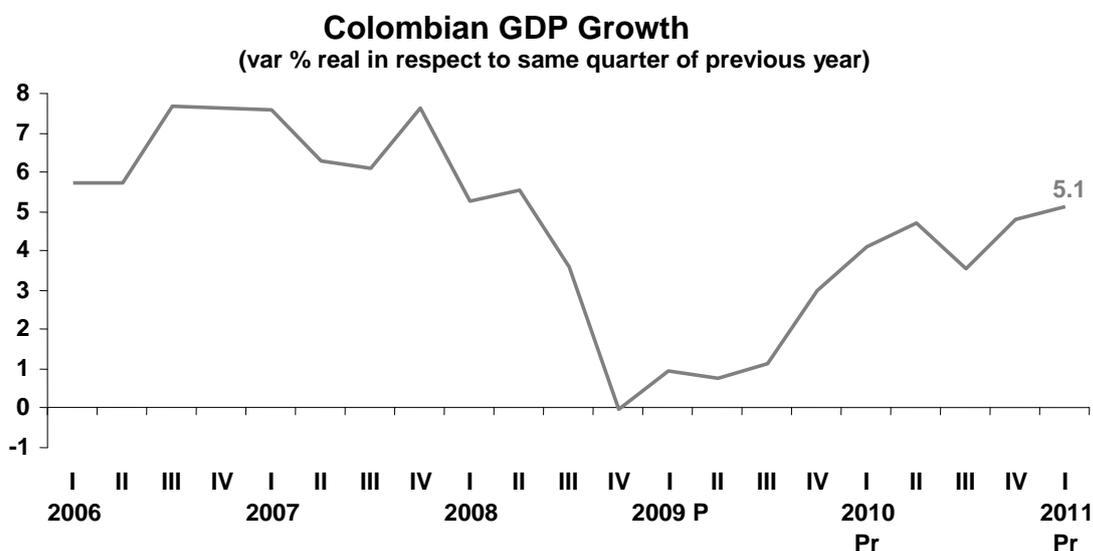
I. Macroeconomic environment

1. Introduction.

Resulting from the low domestic interest rates and the expansion of the mining sector, the Colombian economy is expanding at a good rhythm in the year to date 2011. According to the DANE (National Administrative Department of Statistics) the economy grew 5.1% in the first quarter of the year and the outlook is good for the second. As far as the inflation is concerned, indicators as of June show an annual inflation of 3.24%, a figure that conforms to the ranges established by the Central Bank. The major concerns have to do with the behavior of the exchange rate, the rhythm of expansion of the aggregate demand and the significant growth of credit in the economy.

2. Gross Domestic Product.

In the first quarter of 2011 the Colombian economy had a real growth of 5.1% in respect to the same period in 2010. This result was the highest since the second quarter of 2008. The official results published by the DANE confirmed the good beginning of the year in economic activity for the country, which helps to reaffirm the idea that the GDP in the consolidated year 2011 may grow above 5%.



Source: Dane.

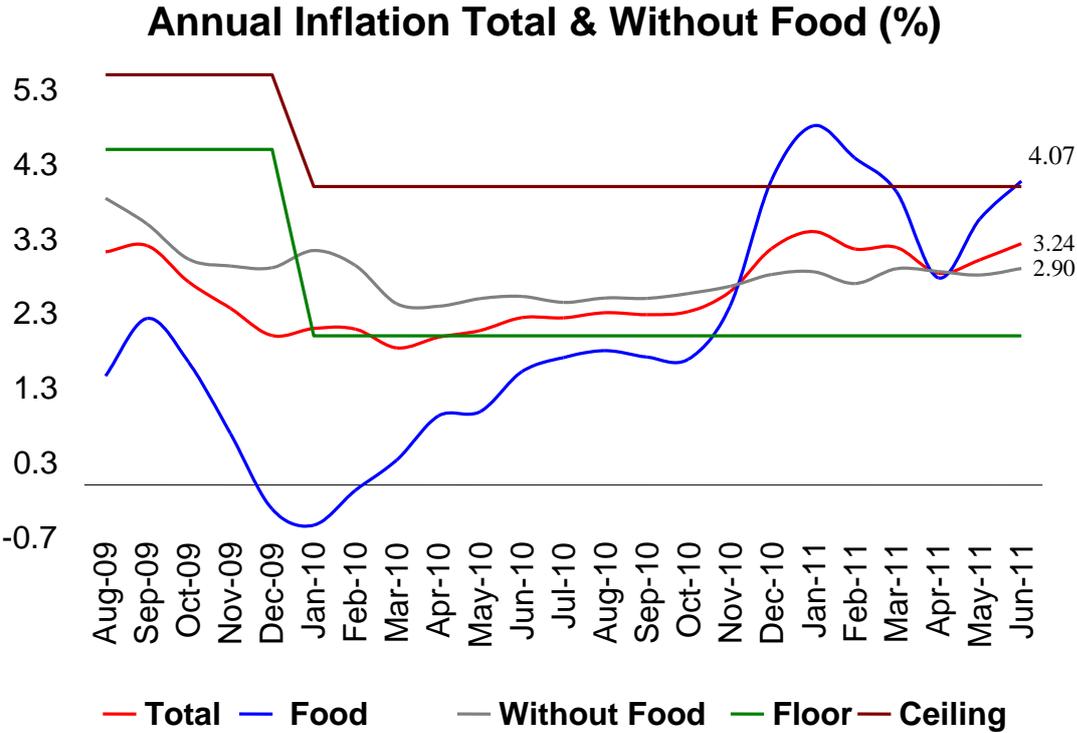
At a sectoral level activities both mining and agricultural were those of the best performance in the first quarter of this year. The oil expansion and the good performance of the coal production were the elements that drove positively the mining GDP, which showed 9.4% real. The agricultural GDP, in turn, the second highest in growth in the first quarter 2011, reached 7.8%. Constructions and the sector that groups electricity, gas and water were the ones that experienced setbacks, the former of 4.5% and the second at a rhythm of 1.3%.

Regarding the components of the demand of the GDP, it continues to be observed that consumption of homes maintained an acceleration in its growth, the 7.3% real annual variation of the first quarter was the highest in the past three years. The gross formation of fixed capital also showed an important percentage variation (8.7% real). A component that

did show a slowdown in respect to the closing of last year was Government expense, which growth was 1.8%.

In summary, the beginning of the year was good for the internal economic activity, it is expected that the consumption of homes continues to drive economic growth. There is also a good outlook in sectors such as mining, construction, trade and transportation which will probably support an increase in excess of 5% real of the GDP for this year.

3. Inflation.



In the first half of year 2011 the annual inflation showed a slight acceleration passing from 3.17% at the closing of year 2010 to 3.24% in June. The inflation increase is the result of the food inflation performance (4.07%) which has been quite above the inflation of one year ago.

Analysts' expectations coincide in that inflation will close the year 2011 slightly above the median of the Central Bank's goal range (3%). The expected performance of inflation in the second half of the year is related to an increase in food inflation produced by the change in the rains regime.

4. Monetary policy

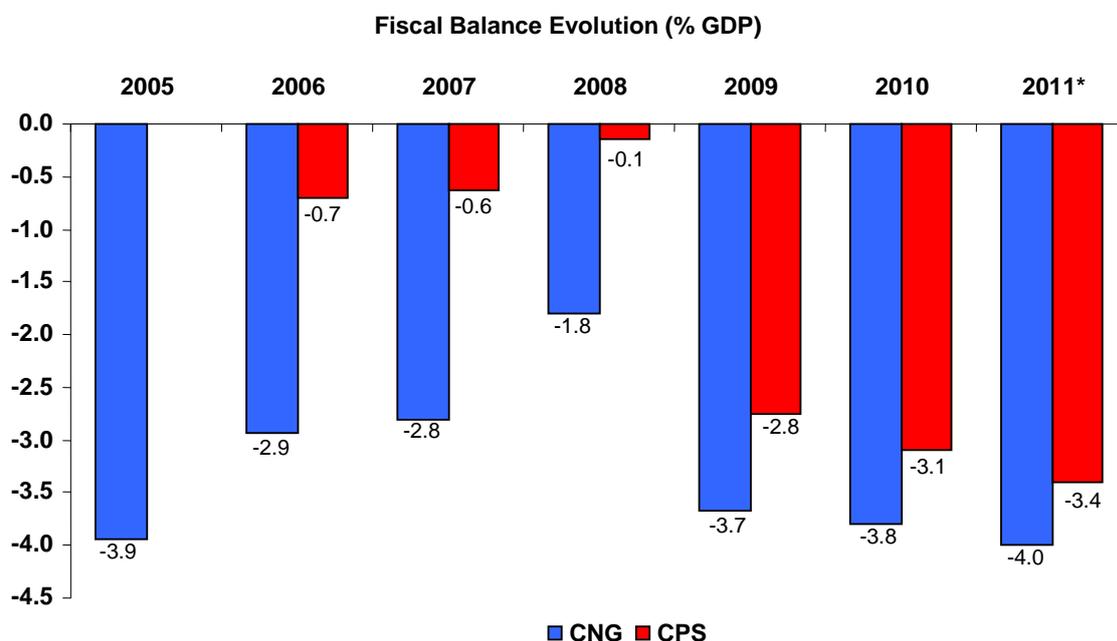
The in current year to date the Central Bank has been eliminating the monetary incentives to growth. As of February its intervention rate (1 day repos) has increased 25 base points per month. This policy is consistent with the performance shown by the economic activity and especially the performance of aggregate demand.

The increase in the Central Bank intervention rate, which very likely will extend to the second half of the year, must produce an increase in active rates corresponding to home mortgages and commercial credits.

5. Fiscal policy

On fiscal matters, year 2010 closed with a deficit of -3.8% GDP for the Central National Government (CNG) and of -3.1 GDP for the Consolidated Public Sector (CPS). With the presentation of the Medium Term Fiscal Framework a deficit of -4.1% GDP for CNG and of -3.2% GDP for CPS were ratified as fiscal goals for year 2011, contemplating the funds that are going to be intended to take care of the strong rains that the country has been suffering.

With the recent approval by Congress of the reform bills to royalties, fiscal sustainability and fiscal rule, the Government has the basis that permit a reduction of the deficit in the upcoming years.



* MFMP Forecasts
Source: Ministry of Finance

6. Foreign trade.

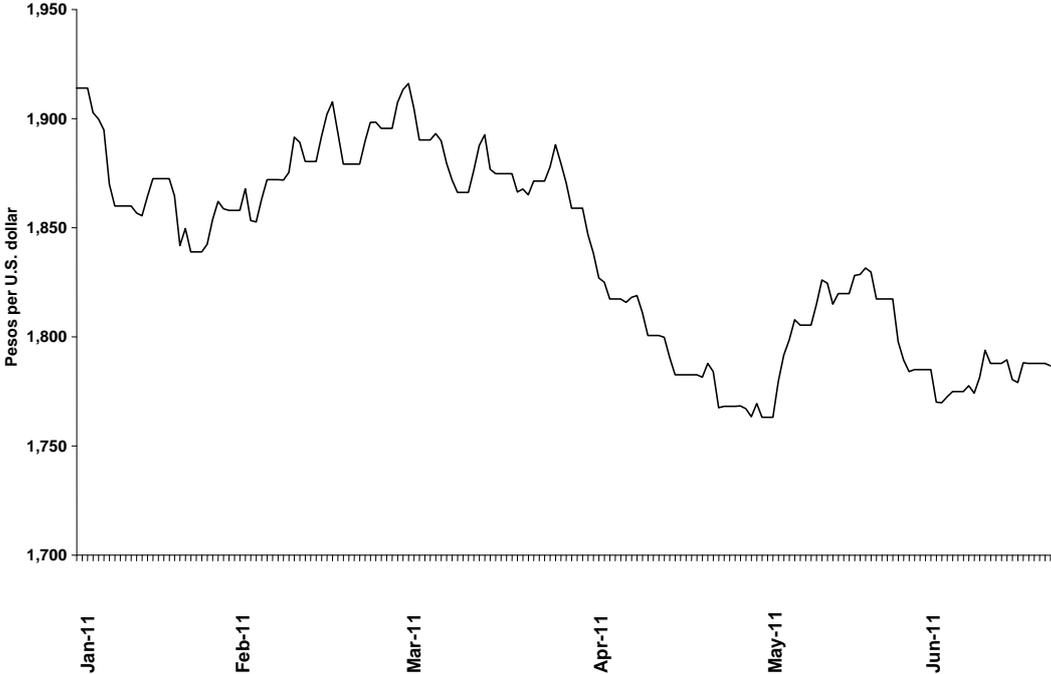
In conformity with the better performance of the economic activity worldwide in year 2010, Colombian foreign trade activities showed an important recovery that led them to have increases of 21.2% in exports and 23.7% in imports throughout the year, as a consequence of the increase in oil sales and purchase of vehicles.

This tendency has been maintained and in the first four months of 2011, Colombian exports were USD \$17,326 million FOB and reached an annual growth of 37.2%; while imports reached a value of USD\$16,396 million CIF and showed a growth of 36.7% in respect to the same period of the previous year.

7. Exchange rate.

Notwithstanding the efforts by the Central Bank, which reinitiated in mid September of last year a program of daily purchases of U.S. dollars that permitted it to accumulate US\$4,060 million in international reserves up to last June 30th, the Colombian peso has shown a revaluation tendency during the year. In fact, the U.S. dollar quotation began the year at \$1,913.98 and for the closing of the first half it was \$1,780.16 per U.S. dollar. There are several factors behind this situation. First of all, the U.S. dollar has been depreciating internationally in a considerable manner. From January to June the Euro quotation increased from 1.33 U.S. dollars per Euro to 1.45. On the other hand, the country continues to receive foreign investment flows associated to oil and mining which are significantly higher than those received in previous years. Finally, Colombia received during the first half the investment degree rating by S&P (March 16th) Moody's (May 31st) and Fitch (June 22nd) which encourages the entry of capitals into the country.

Quotation of the U.S. dollar in Colombian pesos



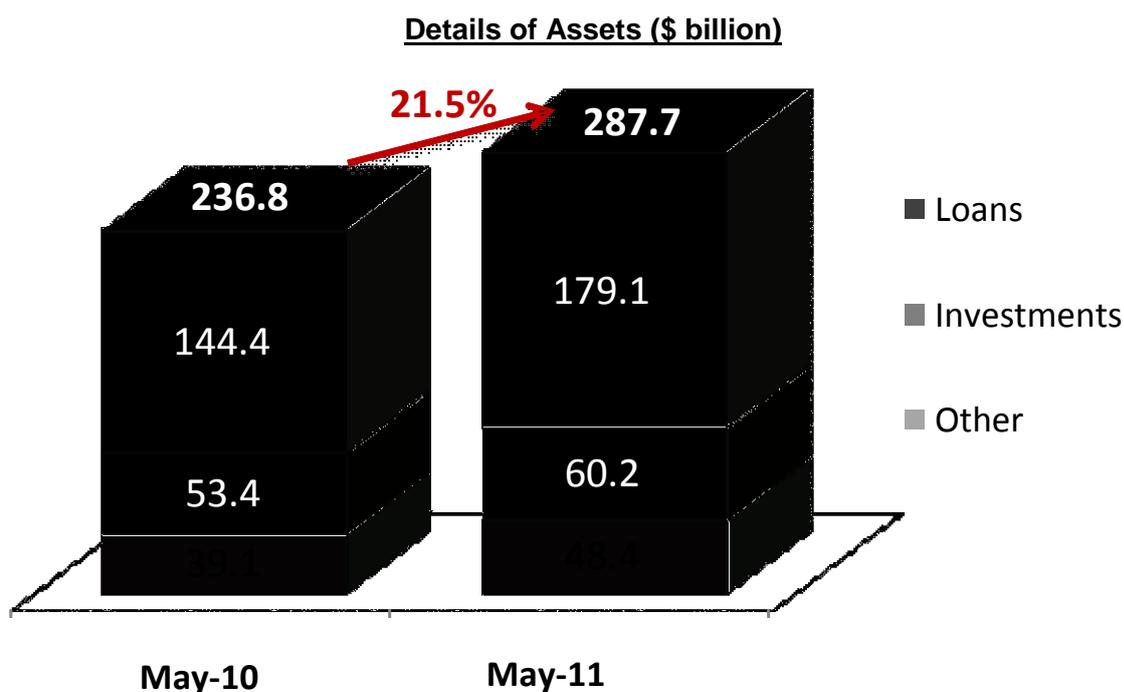
II. Financial Sector first half of 2011

1. Major results

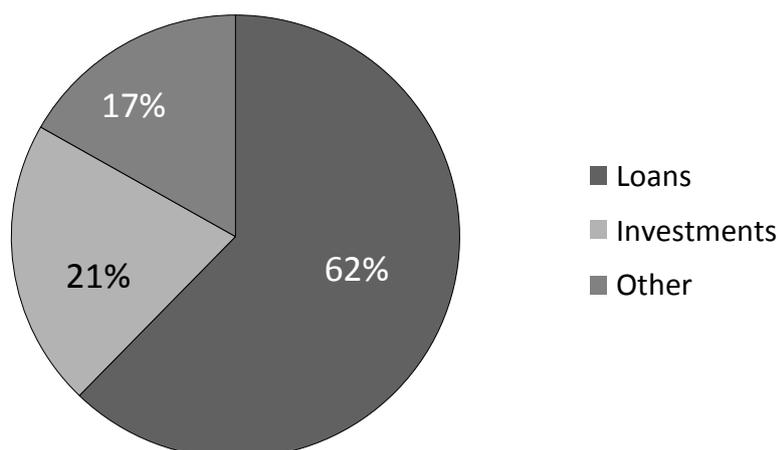
The financial system has had a growth of 21.5% in respect to the same month of last year with \$288 billion in assets and profits for \$3.1 billion, that is 14.9% more than those obtained as of May 2010.

On the other hand, 4 more entities have entered the banking system, whereby a total of 23 banks is reached.

Among the assets, the loan portfolio represents 62.3% as compared to 61% last year, investments reached \$60.2 billion and liabilities were \$247.2 billion.



Asset Composition



2. Loan portfolio

The growth of the economy in the past few months permits the net loan portfolio of the system to grow over 25%. This growth takes place because all loan modalities grow above 20%, even home mortgage loans on which securitizations have been made for close to 2.9 billion pesos.

Loan Portfolio – Credit Institutions (Figures in billions of pesos)

Loan Portfolio	May-10	May-11	Growth	
	Value	Value	Value	Variation
Commercial	80.3	105.0	24.7	30.77%
Consumer	40.5	49.8	9.3	23.01%
Microcredit	3.8	5.1	1.3	33.33%
Home Mortgage	11.6	13.3	1.7	14.62%
Provisions	6.6	6.8	0.3	4.17%
Net Loan portfolio	129.6	166.3	36.7	28.33%
Home Mortgage + Securitized	16.4	19.7	3.3	19.98%
Net Loan Portfolio + Securitized	134.4	172.7	38.3	28.49%

Note: No loan portfolio includes Residential Leasing

Source: Financial Superintendence of Colombia

As of May 2011 the quality of the system's total loan portfolio shows an important improvement, passing from 2.9% to 1.9% in the last year, improvement that is observed in a generalized manner in all modalities.

Loan Portfolio Quality and Coverage

	May-10		May-11	
	Davivienda	System	Davivienda	System
Consumer	3.42%	4.14%	3.05%	2.83%
Commercial	1.69%	2.15%	1.04%	1.32%
Home Mortgages	1.67%	3.70%	1.55%	2.91%
Total	2.29%	2.89%	2.29%	1.94%
Coverage	148.31%	128.27%	161.12%	165.27%

Total Loan Portfolio Quality: Unproductive loan portfolio by age (Consumer > 60 days, Commercial > 90 days and Home Mortgage > 120 days)/Total Loan Portfolio

Coverage: Provisions / Past due Loans (>30 days)

Source: Financial Superintendence of Colombia

3. Borrowings

The growth in the financial system's borrowings was marked by savings accounts, instrument that represents now 44.6% of deposits. In addition bonds had a growth of 50% in the past year, resulting from various issues in debt securities that were made throughout the period.

Financial System Borrowings

(Figures in billions of pesos)

	May-10	May-11	Variación
Savings accounts	70.1	87.4	24.61%
Checking accounts	25.2	29.4	16.40%
CDs	54.1	55.2	1.92%
Other	4.7	5.6	19.48%
Bonds	12.0	18.1	50.42%
Total	166.2	195.7	17.70%

Source: Financial Superintendence of Colombia

4. Equity

The growth of assets in the past year has been supported by an increase in the system's equity which grows 21.1% reaching \$40.5 billion. This permits the solvency ratio to remain at 15.2%.

5. Home Mortgages

As of the month of April, approved construction licenses increased by 67% and the new area obtained as of the Census of Buildings showed an increase of 60.5% from April 2010 to April 2011.

Disbursement of constructor credits as of May 2011 increased 24.8% in respect to the previous year, from \$809 thousand million to \$1,010 thousand million. Gross constructor loan portfolio decreased 2.1% passing from \$2.43 billion in May 2010 to \$2.1 billion in May 2011.

Regarding credit disbursements to individuals, these experienced a growth of 17.4% as compared to the same period of 2010, and for the specific case of disbursements for the purchase of low income housing, they increased 25.2%, result that is explained mainly by the growth of new home credits. In turn, we can say that the number of low income home units financed increased in the first quarter of 2011 by 6.6% exceeding 28,000 homes financed as well as the percentage of low income homes finished, which increased 5.3%.

Accumulated originations of mortgage credit
(Figures in thousand millions of Colombian pesos)

	Jan-May 2010	Jan-May 2011	Growth
Individual	1,914	2,279	19.1%
Subrogation	407	436	7.3%
Leasing	291	350	20.2%
Total	2,612	3,066	17.4%

Source: Bankers' Association

6. Credit cards

The credit card industry has shown a sustained growth in balances (22.3%) and billings (14.3%). The number of cards in effect increased by 12.6% as of May 2011 and the same period in the previous year.

Credit Cards – Financial System
(Figures in billions of pesos)

	May-10	May-11	Growth
Balance	10.1	12.3	22.3%
Billings Jan-April	7.3	8.4	14.3%
Number of CC in effect (April)	5,145,896	5,795,937	12.6%

Source: Financial Superintendence of Colombia

7. Vehicles

The new vehicle market this year projects an unusual credit record. Far from the most optimistic forecasts, its dynamics anticipates the sale of close to 280,000 units; this figure would represent then a growth of 10.2% as compared to the 253,869 units sold in the previous year.

III. Davivienda

1. Major achievements during first half of 2011

During the first semester of 2011, the Bank finalized various projects that permitted the entrance of new segments and markets and continuing with a sustained growth.

- **DaviPlata**

During the month of February 2011 we successfully carried out the launching of a new social inclusion product, DaviPlata. This innovative financial instrument supports itself on the coverage that mobile phone companies have in the country and seeks to make accessible to all people who own a mobile phone the handling of electronic cash.

As of June 2011, DaviPlanta has 63,587 customers of which 44.1% correspond to new customers for the Bank who have carried out in the year to date over 300,000 transactions that correspond, 18% to withdrawals from Davivienda ATMs and 9% to transfers.

- **Placements of Bonds**

In March 2011 Banco Davivienda carried out successfully the first Bond issue of a 3 year issue program with a total amount of \$3 billion pesos. \$600 thousand million were placed in ordinary Bonds, receiving a demand 1.55 times higher than this value. This issue is the second of a bond program of up to \$3 billion that starts this year and has a term of 3 years.

- **New Branch Davivienda International (Miami)**

On January 1, 2011 the affiliate Bancafe International Corp of Miami started to operate as a branch of the Bank increasing its business generation capacity by having the support of the equity of Banco Davivienda. It is the first branch of a Colombian bank in the United States.

The major figures at the closing of June are summarized as follows:

	June 2010	June 2011	Value	%
Assets	111	138	27	24%
Loan Portfolio	26	74	49	190%
Liabilities	99	140	42	42%

Figures in millions of USD

- **Expofamilia 2011**

Expofamilia in its second version gathered over one hundred and fifty thousand visitors and we were able to maintain the spirit of our show as the only event held to generate opportunities and a leisure space for families, where 8,298 credits were approved to obtain thus an increase of 53% in respect to the previous year. In this manner, Expofamilia consolidates as the show that provides thousands of opportunities for families.

- **Customer Service**

Team work, based on the generation of culture and focused on service attributes (expediency, advice, interest and security), has permitted us to have an average quality indicator of 86.82 for the second quarter of the year, and achieve a rating of 90.6 in the INDICA* study that consolidates us as the number one Bank in the rendering of customer services.

Note: (*Study carried out by *Market research*)

2. Bank Results

During the first half of the year the Bank contributed to the acquisition of a home by 17,904 Colombian families, of which 9,736 were low income housing. Also, over 600,000 credits were disbursed to individuals and businesses, over 300,000 new accounts were opened and the total of new Bank customers of the period from January to June 2011 is of 322,578, not including the new customers of DaviPlata.

We have admitted 141,567 SME and business customers offering them possibilities for development thanks to our products.

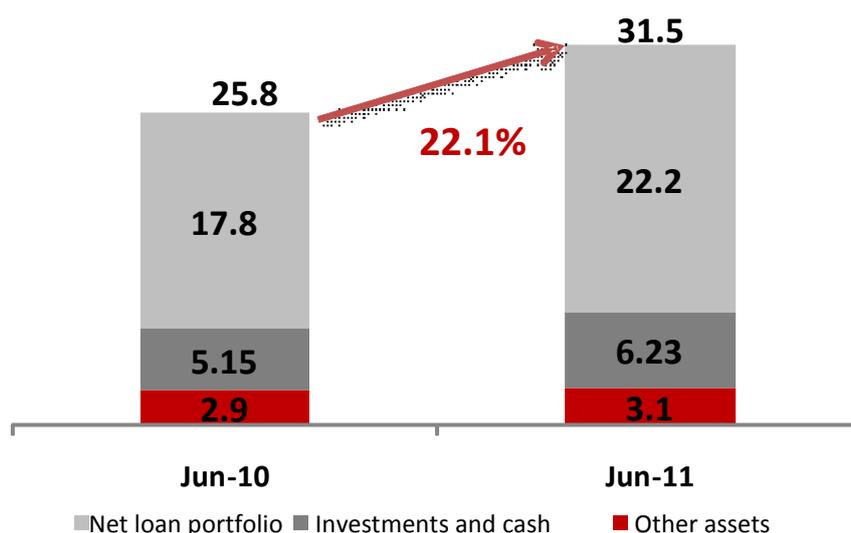
To take care of the needs of this sector, we have lines of credit for Small and medium size companies, with low interest rates to cover the specific financing needs of our customers, through which we have been able to disburse 830 thousand million pesos, reaching a growth of 48% as compared to the first half of 2010, with a coverage of 145 municipalities.

Additionally, we continue working to consolidating ourselves in the SME and business sector through our products specialized for the agricultural sector, with which we were able to disburse 403 thousand million pesos that compared to the first half of 2010 represent a growth of 29% and 37% in the number of credits approved; in this manner we reached a coverage of 172 municipalities.

a. Assets analysis and structure

As of June 2011 Davivienda continues to be the third largest bank in Colombia with \$31.5 billion, a growth of \$5.7 billion in respect to the same month of 2010. This growth is marked mainly by the growth in the loan portfolio given the increase of \$4.4 billion (growth of 25%, 3% over the growth of assets) and represents 70% of the total assets as of June 2011.

Performance of Davivienda assets
(Figures in billions of pesos)



Note: Investments includes asset positions (asset funds)

b. Loan portfolio

As of June 2011 there was a significant increase of 25% in the loan portfolio mainly as a result of the increase in the commercial and consumer portfolio that have been growing at a rate of 29.6% and 26.4% respectively. The home mortgage portfolio grows only 6.8% since during the period securitizations were made for \$1 billion pesos. The growth of home mortgage portfolio, by including the securitized loans is closed to 19%.

Banco Davivienda – Net loan portfolio
(Figures in thousand millions of pesos)

DAVIVIENDA	Jun-10	% Part.	Jun-11	% Part.	Growth
Home mortgage & resident. Leasing	3,531	19.9%	3,772	17.0%	6.8%
Commercial portfolio & microcredits	8,711	49.0%	11,290	50.9%	29.6%
Credit cards	1,679	9.4%	2,099	9.5%	25.0%
Vehicles	744	4.2%	939	4.2%	26.2%
Other personal credits	4,201	23.6%	5,334	24.0%	27.0%
Provision for loan portfolio and financial leasing	-1,101	6.2%	-1,233	5.6%	12.0%
Net Loan Portfolio	17,766		22,201		25.0%

The growth of the portfolio together with the adequate control and follow up of policies for granting credits, has lead to the improvement of the loan portfolio quality indicators for each one of the loan types. In turn, the coverage of unproductive loan portfolio increases, exceeding 150%, this in part by the impact of contracyclic provisions that have permitted a recovery of the provisions levels.

**Banco Davivienda - Unproductive loan portfolio
Indicators and coverage**

	June 2010	June 2011
Consumer	3.15%	2.98%
Commercial	1.23%	0.87%
Home Mort	1.85%	1.68%
Total	2.0%	1.8%
Coverage	142.5%	151.7%

Commercial portfolio includes Microcredits.

Home mortgages include Residential Leasing.

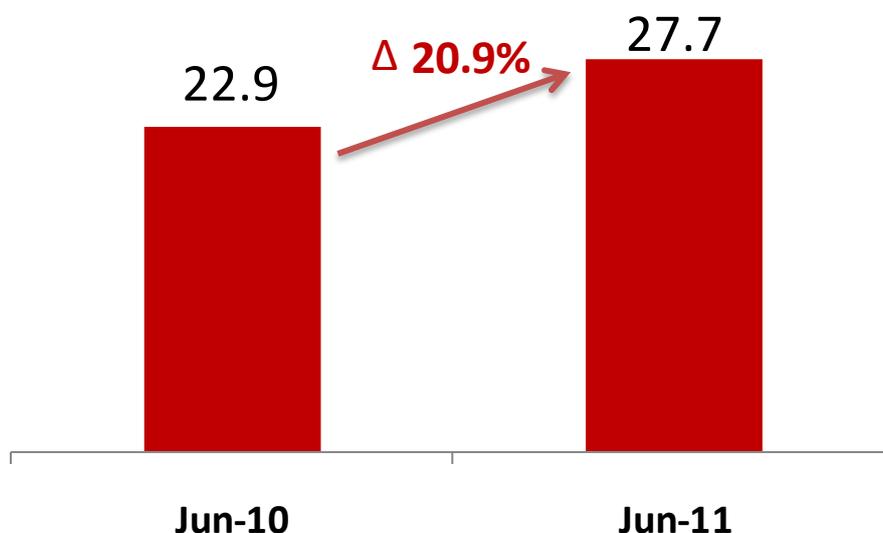
Quality: Consumer >60 Days / Total, Commercial > 90 days / Total,
Home Mortgage > 120 days / Total.

Coverage: Provisions / Unproductive x Rating (C, D and E)

c. Liabilities analysis and structure

As of June 2011 the Bank liabilities showed an increase of \$4.8 billion in respect to those shown as of the same date in 2010, growing 20.9%. The traditional borrowing instrument with the highest growth in the past 12 months in the Bank was savings account with 31%; and among the other instruments, Bonds reached a growth of 26%, with the placement of 600,000 bonds in the first half of this year, and rediscounts with other entities that form a part of the other funding mechanisms, increased 60%.

Banco Davivienda – Liabilities Performance
(Figures in billions of pesos)



Banco Davivienda - Borrowing Instruments
(Figures in thousand millions of pesos)

DAVIVIENDA	Jun-10	%Part.	Jun-11	%Part.	Growth
Savings Accounts & CDAT	8,477	42.6%	11,170	47.6%	31.8%
Checking Accounts	2,655	13.3%	3,019	12.9%	13.7%
CDs	5,881	29.5%	5,605	23.9%	-4.7%
Other	121	0.6%	166	0.7%	37.8%
Bonds	2,774	13.9%	3,491	14.9%	25.9%
Borrowings from the Public	19,908		23,451		17.8%

CDAT = Short Term Savings Deposit Certificate

d. Equity structure

The Bank's equity closed as of June 2011 at \$3.8 billion, \$900 thousand million more than as of June 2010. This is explained due to the capitalization through the issuance of shares that took place in August 2010 for 416 thousand million pesos and to the internal generation of results that reached 300 thousand million pesos accumulated during the year.

As of June 2011 the regulatory capital amounted to \$3.7 billion while assets weighted by risk level added up to \$27 billion. Taking into account a market risk equal to 169,166 million, these figures indicate a Bank solvency ratio (regulated capital over assets weighted by risk level plus value at risk) of 12.7% as compared to regulatory 9%.

e. Income statement

Accumulated results as of June 2011 added up \$300 thousand million. These represent an increase of 21.6% as compared to the results of June 2010 that had reached \$247 thousand million in the accumulated year to date 2010.

Banco Davivienda – Results as of June 2011
(Figures in millions of pesos)

	June 2010	June 2011	Growth	
			Value	%
Income from Loans	1,120,741	1,308,093	187,352	16.7%
Income from Investments*	204,955	148,886	-56,070	-27.4%
Financial Expenses	346,128	365,487	19,359	5.6%
Provisions	294,890	355,959	61,069	20.7%
Net Financial Margin	684,679	735,533	50,854	7.4%
Operating Income	308,878	336,884	28,005	9.1%
Operating Expenses	778,483	791,495	13,012	1.7%
Operating Profit	215,074	280,921	65,847	30.6%
Non Operating Net	91,297	80,129	-11,167	-12.2%
Profit before taxes	306,371	361,051	54,680	17.8%
Taxes and other	59,539	60,900	1,361	2.3%
Profit for the period	246,832	300,150	53,318	21.6%

*Investments include results of derivatives and profit from sale and purchase of securities and foreign currency.

3. Performance of affiliates

a. Bancafé Panama

At the closing of June 2011 Bancafé Panama reached US\$632 million in total assets, which represents a 11.7% growth in respect to the previous year, and the most important items are bank deposits with 15%, investment portfolio with 34% and loan portfolio that represents 48%, as well as in the last few years, the past due receivables in excess of 30 days continues with excellent performance by being below 1%.

The equity value is US\$89 million, that is, 8.5% above that of June 2010; this variation is given by the profits of the six month period, which although lower by 32% to those of the same period of the previous year, is considered a good result taking into account the sharp reduction of placement rates that have been observed in the market and that the results of the trading business cannot be compared to those obtained one year ago by market situations.

(Figures in millions of dollars)

	June 2010	June 2011	Value	%
Assets	524	632	108	20.6%
Liabilities	448	543	95	21.2%
Equity	76	89	13	17.1%
Profits	7,181.0	5,298.0	-1,883.0	-26%

b. Confinanciera

The growth in vehicle sales in the country is being capitalized by Confinanciera, supporting in the manner the development of the economy, by disbursing in the first half of the year \$150,865 million for the financing of vehicles, which represents a growth of 52.68% in respect to that recorded in the same period of the previous year.

The productive vehicle segment takes a good portion of the growth by reaching disbursements for the sum of \$104,133 million that represents an increase of 73.82%. For the case of the private segment, disbursement grew 20.01% being at \$46,733 if compared with the same period of the previous year.

Regarding the quality of the asset, the past due loan portfolio index by age continues to show its downward tendency by being 3.62% at the closing of the month of June, which compares well with the 8.32% of twelve months ago.

Thanks to this dynamic, the quality of the loan portfolio and the administrative efficiency, the entity shows at the closing of the first half of the year profits for \$10,270.6 million, which compared to those obtained in the first half of the previous year of \$6,551.1, represent an increase of 56.77%.

(Figures in millions of pesos)

	June 2010	June 2011	Value	%
Assets	423	430	7	1.7%
Liabilities	362	358	(4)	-1.1%
Equity	61	72	11	18.0%
Profits	6,554	14,926	8,372	127.7%

c. Fiduciaria Davivienda

At the closing of the first half of 2011 its profits grew 8%. The (average) return on equity was of 36% and the (average) return on assets was 30%.

(Figures in millions of pesos)

	June 2010	June 2011	Value	%
Assets	50,904	56,124	5,220	10.3%
Liabilities	6,443	8,207	1,764	27.4%
Equity	44,461	47,917	3,456	7.8%
Assets Administered *	3,036,551	3,536,726	500,175	16.5%
Profits	7,569	8,210	641	8.5%

*Fiduciaria Davivienda does not have any consortia

At the closing of the first half of year 2011, the value of the trusts managed was \$3,536,726, with a growth of 16% in respect to June 2009. This result is explained mainly by the growth of real estate trust businesses by 38%, administration 50% and Voluntary Pension Fund by 5%.

Following is a variation of assets administered:

(Figures in millions of pesos)

	June 2010	June 2011	Value	%
Real Estate	886,856	1,227,627	340,771	38.4%
Administration	274,506	412,540	138,034	50.3%
Voluntary Pension Funds	686,322	717,430	31,108	4.5%
Collective Portfolios	1,188,866	1,179,130	-9,736	-0.8%
Total	3,036,550	3,536,727	500,177	16.5%

d. Fiduciaria Fiducaf 

As of June 30, 2011, the value of the businesses administered by Fiducaf  amounted to \$6.94 billion. Trust that manage pension funds (including consortia) had a participation of 71.5% followed by those of administration and payments with 13.3% and trusts in guarantee 10.6%. Rentacafe collective portfolios with a balance of \$238.8 thousand million and Rentaliquida with \$78.5 thousand million, had a participation of 4.6%.

As the end of the first half of 2011, income received for trust commissions added up to \$11.8 thousand million, higher by 2.4% to those of the first half of the previous year. The highest contribution corresponded to structured trust businesses, which commissions for \$9.7 thousand million grew 8.54%; within this category the business in consortia once again had the highest participation with income for \$6.5 thousand million, higher by 7.3% than those of the same period of year 2010. In respect to Rentacafe and Rentaliquida Collective Portfolios, their commissions passed from \$2.5 thousand million to \$2.0 representing a reduction of 19.4%, setback of \$542 million, while the commissions of Rentaliquida decreased by \$1,200 million. Non operating income add up \$1,066.5 million.

By adding to the business commissions, the net returns of the portfolio, other operating and non operating income, the total company income amounts to \$14,096.0 million. This income was lower by 5.65% to that obtained in the same closing of year 2010.

After discounting operating expenses of \$9,404.7 million, which grew 11.4%, extraordinary and non operating expenses for \$660.0 and the effective tax burden of 34.6%, the period produced net profits of \$2,635 million.

(Figures in millions of pesos)

	June 2010	June 2011	Value	%
Assets Administered	6,062	7,024	962	15.87%
Equity	66	67	1	1.52%
Profits	4,115	2,635	-1,480	-35.97%

e. Davivalores

During the first half of 2011, Davivalores increased its income by 42% in respect to the same period of the previous year, reaching 1,862 million pesos; the execution of customer orders through a commission agreement was the business line that represented the highest percentage of this income with 57%, followed by primary placements with 14%. The values in administration and custody by the company increased 108%, mainly as a consequence of the primary issue of share processes in which it has participated as underwriter.

The company has been making important investments throughout the six month period in order to have the physical, human and technological infrastructure that will support adequately their growth and execution of its strategic plan. These investments are evidenced in the growth the personnel (139%) and administrative (232%) expenses in respect to the same period of the previous year and are the cause why a contrary result of 613 million pesos was obtained for the first half of 2011.

((Figures in millions of pesos))

	June 2010	June 2011	Value	%
Assets	10	11	1	5.3%
Administrated Assets	680	1,391	711	104.6%
Equity	10	10	0	1.0%
Profits	262	(613)	(875)	-334.0%

4. Risk analysis

The risk administration and management in Banco Davivienda follows the guidelines of the Bolivar Group, it is carried out through a strategy of synergy among the companies, consolidates in a single Risk area for all companies optimizing technological and academic resources for the development of measurement, analysis and control tools of the risks assumed. In Note 32 of the Financial Statements are included the detailed indicators for each one of them.

a. Credit Risk Administration System (SARC)

The Bank has continued working in a calibration process of expected loss estimation models. A summary of these models is in Note 32 to the Financial Statements. Davivienda's loan portfolio provisions amounted to \$1.2 billion at the closing of June 2011, providing a coverage of 149% to the unproductive loan portfolio rated C, D, E for all models.

b. Market risk

The Bank's Treasury performs its duties in accordance with the definitions, guidelines and strategies defined by the Board of Directors, the Assets and Liabilities Management Committee, and the Financial and Investment Risks Committee. The control and monitoring of the creation of value of the various business lines and/or portfolios is exercised by the Investment Risks Vice Presidency, as well as the identification, measurement and monitoring of the market risk. As of June 20, 2011 the regulatory value at risk (VeR), calculated according to the methodology of the Financial Superintendence of Colombia, was of \$169.2 thousand million. The summary of the internal model used to calculate the value at risk is in Note 33 of the Financial Statements, as well as the major results of the standard methodology.

c. Liquidity risk

The guidelines established by the Financial Superintendence of Colombia are applied to the liquidity risk measurement; they establish the rules related to the Liquidity Risk Administration System and define the Liquidity Risk Indicator (IRL), which as of June 30, 2011 was of \$3.1 billion. The guidelines of the Liquidity Risk Administration System (SARL), are explained in Note 33 of the Financial Statements.

d. Operating Risk Administration System (SARO)

The evolution of the operating risk administration system has permitted to achieve a higher effectiveness in the mitigation of events that have occurred in some of the Bank's operating processes, to avoid possible losses and/or reduce higher operating costs in accordance with the requirements established in the External Circular 041 of 2007 of the Financial Superintendence of Colombia.

The Operating Risk profile generated by the Bank at the closing of June 30, 2011, permits to verify how most of the risks identified are duly controlled, remaining at low and medium risk levels and in those few risks that still remain at a high level, action plans that will generate their mitigations are being developed and controlled.

It is important to emphasize that the same as every dynamic process affected by the environmental changes, the Bank has been carrying out, through a monitoring system, continuous improvement processes intended to achieve excellent quality and security standards in its operations.

e. Internal Control System (SCI)

The security and reliability of operating processes is based essentially on having an effective internal control system and for this purpose the Bank has constructed and has been optimizing its control structure in all its processes; in this manner, it applies the controls that are required in accordance with the levels of impact and occurrence probability of this risks that may arise, in order to comply with the regulatory requirements established in External Circular 038 of 2009 from the Financial Superintendence.

The internal control system implemented in the Bank has the policies, procedures and methodologies required to create an adequate control environment that will secure the generation, disclosure and custody of the information and consistency in all processes, including the accounting and technological activities.

f. Financial Consumer Service System (SAC)

As an strategic part of the business, the Bank directs its actions to an adequate and effective service and protection of the financial consumer, for which it has created a series of mechanisms that will secure the fulfillment of the following objectives:

- Carrying out financial education programs that will facilitate to financial consumers being able to make adequate decisions.
- Providing understandable, true, sufficient and timely information to financial consumers.
- Exercising due diligence in the offering of products and the rendering of services to financial consumers.
- Securing the quality and effectiveness of communication media defined to take care of the financial consumer information needs.
- Achieving adequate quality standards and timeliness in the resolution of complaints and claims submitted by financial consumers.

The Board of Directors has defined the policies that have been adopted in respect to the financial consumers in order to achieve an adequate an effective attention of all their requirements and needs in accordance with the provisions of Law 1328 and External Circular 015 of 2009 from the Financial Superintendence of Colombia.

g. Information Security Strategies – CE 052 de 2007

The Bank together with the various areas that interact in the sustainability process of the compliance with External Circular 52 of 2007 from the Financial Superintendence, maintains a constant verification and inclusion process of the requirements of said Circular within the ordinary performance of its functions in order to have a continuous and efficient improvement cycle.

With the improvements in the Bank's project methodologies, the identification of the regulatory requirements have become an important and fundamental step to analyze and provide viability to the initiatives presented, which includes the compliance with External Circular 052.

Likewise, the controls implemented for the compliance with phases I, II and III are maintained, and according to the risks identified in the processes, new controls are implemented that may be considered necessary to preserve the security of the Bank's channels and information.

The processes for information exchange with third parties have been strengthened, among which is the control of information delivered to them, in order to maintain always the principles of Confidentiality and Integrity of information when defining the secure channels for delivery of information and the responsibilities of the parties within the agreements that are signed on the protection mechanisms.

Internally a constant disclosure and continuous update is maintained of security procedures related to the management of the Bank's transactional channels through the means established for it, where all Bank officers are covered from their different roles.

The Bank and its Affiliates continue in a research process of new tools and solutions that will help to mitigate the risks generated by the new technologies available to the customers, in order to deliver to them products and services with quality and security.

h. Money Laundering and Terrorism Financing Risks Administration System (SARLAFT)

As an integral part of the Money Laundering and Terrorism Financing Risks Administration System – SARLAFT, activities were carried out in accordance with the plan established for the first half of year 2011.

Among the different functions and tasks performed, we consider relevant to underline:

- Presentation to the Board of Directors of the reports from the Compliance Officer corresponding to the first and second quarters.
- The execution of the training plan on Money Laundering and Terrorism Financing Prevention to Davivienda employees was continued.
- Presentation of mandatory reports to the Financial Information and Analysis Unit (UIAF) according to the regulations in effect.
- Constant follow up and monitoring of operations carried out by Bank customers.
- In the same manner, cooperation was provided with the answer of all requirements to control and monitoring entities.

- Within the risk management activities, the administration of the system implemented was continued, making the identification, measurement and follow up of the risks under the parameters established by the model adopted that covers the matrixes of customer, product and entity. As a result, it was determined that the SARLAFT risk of Davivienda is at a low exposure level.

5. Audit Committee

In compliance with the legal regulations issued by the Financial Superintendence of Colombia, the Board of Directors of the Bank verified the operations of the internal control procedures through the definition, approval and improvement of strategies and policies, pursuant with the recommendations made by the Audit Committee.

The policies defined for the implementation of the Internal Control System, were subject to a continuous follow up in order to secure the fulfillment of the organizational objectives which contemplate aspects related to: human talent (self-control principle), rules, methods and control procedures (self-regulation principle) of the entity's operation (self-management principle), as well as the activities of: control, information, communication, accounting, technological activities and monitoring of the internal control system.

For the verification of the effectiveness of the Internal Control System, the Bank has the Internal Audit, Statutory Audit and the Risk Management areas, which according to their functions carry out the evaluation and monitoring of the different system components. Regarding the monitoring of the application of controls and their effectiveness to mitigate risks, it is established that the same must be continuously verified by the owners of each process. Special attention is paid to the verification of the optimum assurance of the financial-accounting, technology, information and communications activities that are considered as critical for the achievement of the strategic objectives of the business.

During the period evaluated and according to the reports analyzed, no material deficiencies were detected that would impact the Bank's financial statements.

The Audit Committee during the meetings of the first half of 2011 according to the regulations, reported the major activities carried out in those meetings in accordance with the follow up of the entity's risk exposure levels and its implications for the Bank, evaluation of reports presented by Internal Audit, the compliance officer and the Statutory Auditors, carried out the study and analysis of the financial statements and verification of the observations made by the monitoring entity. For all cases a follow up and verification was made of the timely and accurate attention by managers to the observations made.

The Bank has an Audit Vice Presidency certified in processes by the ISO 9001:2008 standard, that reports to the Audit Committee and to the Board of Directors in order to secure its independence. Internal Audit carried out for this first half of the year the program of agreement with the planning submitted by the Audit Committee and delivered evaluation results based on mathematical methods. The plan was the result of the prioritization by risk level of the different Bank processes, based on the Strategic Map, regulatory and legal obligations. The administration followed the recommendations made and developed for each one of them an action plan which is subject to follow up by the different Audit Committees.

6. Administrative Aspects

a. Legal situation

The Bank does not have currently any processes brought against it that could affect its solvency or stability situation. The most important processes are included in Note 19 of the Financial Statements.

b. Administrative situation

As of June 2011, the Bank had 10,049 positions for an indefinite term, 62 fixed term, 414 in training and 102 temporary employees, for a total of 10,657.

c. Intellectual property and copyrights

Davivienda has established internally awareness programs for officers, in order that the fulfillment of rules on Intellectual Property and Copyrights will be achieved through self-regulation. In addition, these programs are reinforced by periodic Audit visits to the different areas of the Bank, in order to assess, among others, this aspect.

d. Operations with shareholders and administrators

The operations carried out by Banco Davivienda with its shareholders and administrators conform to the entity's general policies. These operations are detailed in Note 32 to the Financial Statements.

Credits and deposits with related parties (shareholders, members and advisors of the board of directors, legal representatives and other related parties) amount to \$42,976 and \$380,383 million, respectively.

For their attendance to the Board of Directors meetings, fees and commissions for \$193 million were paid to its members and advisors.

e. Intensity and business group relations

Traditionally, Banco Davivienda maintains business relations with companies of the same group, seeking a greater joint efficiency through the specialization of each company in those areas in which there are competitive advantages.

Following is a summary of the major operations with related parties as of June 30, 2011, which detail is presented in Note 32 to the Financial Statements:

(Figures in millions of pesos)

Assets	693.126
Liabilities	884.601
Income	190.197
Expenses	53.560

There were no significant operations completed during the period ended on June 30, 2011, between Banco Davivienda and other entities by influence or in the interest of Sociedades Bolívar S.A., or Sociedades Bolívar S.A. and other entities in the interest of Davivienda.

There were no decisions of importance made or omitted by Banco Davivienda by influence or in the interest of Sociedades Bolívar S.A., or decisions taken or omitted by Sociedades Bolívar S.A. in the interest of the Bank.

f. Expenses of directors of the corporation

The expenses of directors amounted to \$3,847 million.

g. Expenses of advisors or related officials

The expenses of advisors and officials are listed below:

Board of Directors Fees \$109 million

h. Donations

During the second half of 2009, donations were made for \$3,985 million.

i. Advertising and Public Relations Expenses

Advertising expenses amount to \$33,678 million, and those of public relations to \$354 million.

j. Goods Owned Abroad

The money and other goods of the corporation held abroad amount to \$146,584 million and obligations in foreign currency to \$2,186,137 million.

k. National and/or foreign investments

The detail of investments in participating securities is disclosed in Note 5F of the Financial Statements. These amount to \$297.876 million, as follows:

National investments:	\$245,961
International investments:	\$ 51,915

7. Statement of Business Social Responsibility:

Currently we are working on converting the company's Social Responsibility into a conscious, structured and institutionalized competence, in order to maximize the positive impacts and mitigate or offset the negative ones, for all those implied of the value chain of our business and for the society in general.

Our strategy is based on a Superior Purpose “We enrich life with integrity” with what we are, we make and we believe, taking the Being as inextinguishable Source of growth, wellbeing, and generation of value, with which we seek to perform tasks intended to contribute to the wellbeing and development of our business, of the community and of the country.

Creation of value through our products and services

The bank is also working to help to reduce the impact of the strong rains on our SME and Business Customers for which it has made available to the affected producers a series of financial aids that have been disclosed through its web page, in the bank statements and in advertising for offices and customers. These aids are framed within two fronts, one is the normalization of debts in effect with possibility of access to condoning of interest and the other in new resources with favorable conditions which are the lines of credit with rates compensated or ordinary lines with access to incentives.

Aimed at continuing to construct a responsible and transparent business, we seek to be clear with the information that we deliver to our financial consumer and educate the same in the management of our products and his finances, for the first half of 2011, we continue updating our Products and Service Information Site in order to provide unique and centralized information to our clients; additionally, we had a booth and conferences to educate in the management of family finances in Expofamilia and on the management of money and collective portfolios in Expoinversion.

As part of our commitment we have been actively participating in the consolidation of definitions and strategies of Financial Education through alliances with the Bankers’ Acceptance and the Securities Market Self-regulator (AMV), we have also developed programs with the support of our business lines and other promoting entities such as the Ministry of Education, Financial Superintendence, Central Bank, Fogafin (Guarantee Fund of Financial Institutions) and Fasesolda (Federation of Colombia Insurers), following the directives set forth in the National Development Plan and taking as a basis that the “Financial Education will only be achieved through a set of public and private activities”.

“We are aware of the needs of the company and of the great importance of promoting progress and equity in the country, and because of this we have made contributions focused on the development of the lower income population.”

Donations	2011 30-jun
Bolívar Davivienda Foundation	3,000
Hogar Infantil Bolívar Foundation	549
Dividendo por Colombia	114
Other Donations	378
Business Culture and Development	58
Democracy, Peace and Coexistence	320
Education	-
Childhood, Old age and Health	-
Total Donations	4,041

*Figures in thousand millions

8. Important events occurred subsequent to the period

During the month of August 2011, Davivienda will continue its successful local bond issue program, when 300,000 million pesos will be offered with a possibility to increase to 500,000 million.

In the meeting of August 16, 2011, the Bank's Board of Directors authorized the issue of bonds in the international market for up to US \$350 million; approved to call a General Stockholders' Meeting on August 26, 2011, in order to study the authorization to increase the limit of the program for issuance and placement of shares with preferential dividend and without right to vote, that were approved in the Meeting of April 28, 2010, as well as the issuance of shares with preferential dividend and without right to vote and the conversion of ordinary shares to shares with preferential dividend and without right to vote.

9. Foreseeable evolution of Banco Davivienda

During the second half of 2011 Banco Davivienda will continue focused on supporting the economic strategies of the Government supporting projects in homes, infrastructure and agricultural banking.

In turn, the bank will continue with its effort to make available the bank to the population not using bank services in the country through the promotion of DaviPlata.

10. Certification and Liability of the Financial Information

We certify that the Financial Statements for the period from January 1st to June 30, 2011 do not contain any defects, inaccuracies or errors that may prevent knowing the true equity situation or the operations of Davivienda, in accordance with the provisions of article 46 of Law 964 of 2005.

Pursuant to the provisions of Article 57 of Decree 2649 of 1993, the information and statements integrated in the Financial Statements have been duly verified and obtained from the entity's accounting records, prepared in accordance with accounting standards and principles established in Colombia.

Davivienda has adequate systems for disclosure and control of financial information; for this purpose the corresponding procedures have been designed which permit to assure that this information is adequately presented, which operativeness is verified by General Auditing and the Financial Direction.

Additionally, we inform that there are no significant deficiencies in the design and operation of internal controls that would have prevented the company from adequately recording, processing, summarizing or presenting its financial information, and there were no frauds that affected the quality of the financial information, or changes in its methodology for evaluation.

In the Financial Statements are recorded all assets and liabilities existing as of the closing date and these represent probable rights and future obligations, respectively. In addition, all transactions for the period were recorded and all economic facts have been recognized and correctly classified, described and disclosed. All items have been recognized for the proper amounts, in conformity with article 57 of Decree 2649 of 1993.

The assertions contained therein have been previously verified, pursuant to the regulations and that the same have been faithfully taken from the books in accordance with article 37 of Law 222 of 1995; they have adequate control and financial information disclosure procedures and their operativeness has been verified, in accordance with the provisions of article 46 of Law 964 of 2005.

We appreciate the commitment by all officers and the support from our shareholders, without whom these results would not have been possible.

Carlos Arango Uribe
Chairman Board of Directors

Efraín E. Forero Fonseca
President