



Bogotá February 28<sup>th</sup>, 2014

To  
 Sandra Patricia Perea  
 Deputy Superintendent for Issuers,  
 Investment Portfolios, and Other Agents  
 Finance Superintendent's Office  
 Bogotá, D.C

Ref: 600-001 Titularizadora Colombiana S.A.  
 058 Relevant Information  
 50 Request/Submission  
 No Attachments

Dear Dr. Perea,

In compliance with subsection 5.2.4.1.5 of Decree 2555/2010 as to the obligation to report relevant information, we hereby submit to your Office the probability that not later than in May, 2014 an early liquidation event of the TIPS E-5 issue will occur, in the following terms:

**1. TIPS E-5 Issue Background**

The securitization that produced the TIPS-E5 Issue was carried out on November 17<sup>th</sup>, 2004. This securitization process was based on VIS and NO VIS mortgage loans originated and serviced by Banco Granahorrar (today BBVA), Banco Colpatria, Banco Colmena (today Banco Caja Social) and Banco AV Villas banks. The amount of the issue was 2,542,039,000 UVRs (Actual value units–reference rate) equivalent to COP 370,465,578,900.00 on November 17<sup>th</sup>, 2004, represented in mortgage-backed securities with the following features:

Class	Tranche	Maturity term (months)	Interest rate (Annual Effective)	Payment Method (1)	Amount of the Tranche (UVR)
TIPS A	A 2009	60	3.49%	Monthly in arrears	1,352,061,000
	A 2014	120	3.88%		722,180,000
	A 2019	180	5.05%		296,767,000
TIPS B	B 2019	180	8.00%	Monthly in arrears	24,594,000
TIPS MZ	MZ 2019	180	12.00%	Monthly in arrears	68,517,000
TIPS C	C 2019	180	35.00%	Monthly in arrears	77,920,000

(1) Except for the first payment made the 90th day

- The Rules of Issue for TIPS E-5 established that early liquidation would proceed whenever the result of adding (i) the total principal balance of NO VIS mortgage loans plus (ii) the total principal balance of VIS mortgage loans on the cut-off date, would be equal to or less than 3% of the addition of the same items on the issue date (November 17<sup>th</sup>, 2004).



**Titularizadora  
Colombiana**

- The Rules of Issue of TIPS E-5 established that for the purpose of carrying out the early liquidation of the issue, the underlying assets shall be sold within three months from the formalization of the early liquidation event. The proceeds of the sale will be used for paying the issue's liabilities strictly following the payment priority specified in the Rules of Issue of TIPS E-5. If the underlying asset sale proves impractical within the three (3)-month term after the formalization of the decision to liquidate early, the payment in kind of the obligations will be possible by allocating the underlying assets to the investors up to the concurrence with the obligation value, taking their book value as a reference.
- With respect of the underlying asset sales process, the Rules of Issue TIPS E-5 vested wide powers onto Titularizadora Colombiana for designing and completing that process.
- Full details on the securitization process structure through the TIPS E-5 Issue are available at the internet website [www.titularizadora.com](http://www.titularizadora.com).

**(i) Fact Subject to Relevant Information Report**

Titularizadora Colombiana S.A. as securitization process manager develops statistical projections of cash flow performance of the mortgage loans that comprise the underlying asset of the TIPS E-5 issue. Based on those projections and the collection and payment data of TIPS E-5 issue known on the date of this letter, Titularizadora hereby reports that according to the expected behavior scenario of the issue there is a high probability that not later than in May, 2014 an early liquidation event occurs. For illustration purposes, below are the figures resulted from the theoretical calculation and of the projection to January, 2014.

**TIPS E-5 Issue –Calculation of Early Liquidation Event– Expected Scenario– January 2014 calculation**

<b>Principal Balance NO VIS Mortgage Loans (1)</b>	<b>Principal Balance VIS Mortgage Loans (2)</b>	<b>(1) + (2) as of Issue Date</b>	<b>Liquidation Event Amount (3%)  Theoretical as per Rules</b>	<b>Total Principal Mortgage Loans Balance 31/01/14</b>
1,434,157,389.60	960,799,659.37	2,394,957,048.97	71,848,711.47	76,830,478.69

(1)-(2) Figures in UVRs

**(ii) Procedure for sale of underlying assets on an early liquidation**

In the case that the early liquidation event occurs as described in this letter, a circumstance that will also be a relevant information matter as per the applicable regulations, Titularizadora Colombiana in furtherance of its powers for underlying assets' sale in the terms of the Rules of Issue –TIPS E-5 will make its best effort towards the liquidation aimed at paying the TIPS E-5 issue liabilities simultaneously if possible with the last payment date of the issue.

With the purpose mentioned above, Titularizadora designed a sale scheme for underlying assets based on the appraisal carried out by a third party specialized on these assessments and entirely independent from Titularizadora Colombiana and its shareholders.

Based on the price appraised, the first instance will be calling current servicers of the underlying assets, namely Banco Granahorrar (today BBVA), Banco Colpatría, Banco Colmena (today Banco Caja Social) and Banco AV Villas banks, to offer to purchase the mortgage loans that each is currently servicing under the mortgage loan servicing contracts of the TIPS E-5 Issue. If upon expiration of the term provided for



**Titularizadora  
Colombiana**

submitting the purchase offers, such submission are not received, the next instance will proceed, with the sale to investors specialized in these assets. With this aim, they will be called to submit purchase offers on all the underlying assets not sold in the first instance. In the case that the second instance sale of underlying assets is not achieved in full or in part, Titularizadora Colombiana may submit an offer to purchase the underlying assets for which purpose a Bondholders Meeting for TIPS E-5 mortgage-backed securities will be called, for that Meeting to approve such sale and the applicable conditions.

Finally, if once exhausted the instances mentioned above, the liquidation of the underlying assets is not completed, Titularizadora Colombiana will proceed to the payment in kind of the obligations arising from the TIPS E-5 subject to the terms and conditions of the Rules of Issue.

**(iii) Current conditions of the underlying assets of TIPS E-5 issue**

As of the January 31st, 2014 cutoff, the underlying assets of TIPS E-5 issue are in the following conditions:

<b>Mortgage Loan Portfolio Balance</b>	15,972,679,917.19
<b>in million Colombian pesos</b>	10.79%
<b>Weighted Average Rate</b>	16.23%
<b>LTV (loan to collateral value ratio)</b>	44
<b>Remaining term in months</b>	70%
<b>VIS mortgage loans %</b>	30%
<b>NO VIS mortgage loans %</b>	A) 88.1% B) 4.7% C) 1.1% D) 0.3% E) 5.8%
<b>Mortgage Loans by Rating</b>	0

Please, do not hesitate in contacting us for any further information.

Sincerely,

Alberto Gutiérrez Bernal  
Legal Representative